



M&A Rumour and Activity

The Australian market finished the week 0.04 % lower with the S&P/ASX200 ending at 5862 points, recovering from earlier losses as investors shrug off the geo-political uncertainty caused by news of US military strikes on a Syrian airbase, the hints by banking regulators at higher capital requirements for banks, and the fall in iron ore prices. The Australian dollar decreased 1.74% for the week to end at US74.95 cents, as investors turn to the safe haven assets and currencies in the wake of the US missile strikes.

On 3 April 2017, **Spotless Group (SPO.AX)** made an announcement to its shareholders in relation to Downer EDI Limited (DOW.AX)'s takeover offer for the company. SPO advised its shareholders to take no action in regards to the offer while the Board of Spotless is undertaking a detailed review and evaluation of the offer. *The Australian Financial Review* reported on 4 April 2017 that while Spotless is gearing up to formally reject the takeover offer, a new threat has emerged in the form of Coltrane Asset Management, which has built a stake of 10.4% in Spotless and is seen as unreceptive to the proposal.

Boart Longyear Limited (BLY.AX) announced on 3 April 2017 that it has reached a recapitalisation agreement with its key creditors (affiliates of Ares Management, L.P., Ascribe II Investments, LLC and affiliates of Centerbridge Partners, L.P.) to reduce debt and interest costs, improve liquidity and extend debt maturities. Among other outcomes, BLY's current outstanding debt will be permanently reduced by the exchange of US\$196 million of BLY's 7% Senior Unsecured Notes for 42% of BLY's post-recapitalisation ordinary equity before the issue of warrants.

HRL Holdings Limited (HLR.AX) announced on 3 April 2017 that it has completed the purchase of Morrison Geotechnic Holdings Pty Ltd, a provider of geotechnical investigations and studies for the civil, engineering and construction industries. HRL will pay a maximum purchase price of \$4.5 million for Morrison Geotechnic, which include an initial payment of \$3.75 million in cash and \$0.75 million in earn-out cash consideration.

Saunders International (SND.AX) announced on 3 April 2017 that it has completed the acquisition of the business and assets of Civilbuild Pty Ltd and Civilbuild Precast Pty Ltd on 31 March 2017. The upfront consideration was \$6 million, comprising of \$3.7 million in cash and the issue of 4.3 million SND's ordinary shares currently valued at approximately \$2.3 million.

Mineral Resources Limited (MIN.AX) announced on 7 April 2017 that its wholly owned subsidiary, Process Minerals International Pty Ltd, received a sales notice on 23 March 2017 from Neometals Ltd (NMT.AX), advising that NMT proposes to sell its 13.8% stake in the Mt Marion Lithium project vehicle, Reed Industrial Minerals Pty Ltd (RIM), for US\$96 million (\$128 million).

News Headlines and Key Sector Developments

Ticker	News/Event	Ticker	News/Event
BKN	Announced the suspension of its securities from ASX following despatch of the compulsory acquisition notices by Hitachi Construction Machinery Co. Ltd	GCS	Announced that the group's contracting division, CASC, has executed a \$59m formal contract with Probuild for the supply and installation of formwork and concrete for the Ritz-Carlton Hotel and The Towers at Elizabeth Quay in Perth. Further, GCS received a Letter of Intent from Probuild for the installation of the external façade valued at c.\$7m
BLY	S&P Global lowered BLY's corporate credit rating to "CC". Additionally, S&P lowered BLY's ratings on senior secured notes and senior unsecured notes to "CCC" and "C", respectively	IMD	Announced that the Federal Court of Australia ruled in the favour of IMD's subsidiaries Australian Mud Company Pty Ltd and REFLEX Instruments Asia Pacific Pty Ltd in relation to an appeal heard in Nov 2016
BYL	Announced the appointment of Mr. Jarrod Seymour as Chief Operating Officer of the company	MAH	Announced its selection as the preferred mining contractor by Qcoal Pty Ltd for the establishment and operation of the new Byerwen Coal Mine near Glenden in Queensland's Bowen Basin, subject to the grant of mining leases
CIM	Announced that CPB Contractors has been selected by Transurban as the preferred contractor to deliver Victoria's multi-billion dollar West Gate Tunnel Project in a 50:50 joint venture with John Holland	MLD	Advised that it has been confirmed as the preferred contractor for the bulk earthworks package for the Gruyere Joint Venture
CIM	Announced that Leighton Asia has been selected by the Airport Authority Hong Kong to deliver the Terminal 1 Annex Building and CarPark 4 expansion project at Hong Kong International Airport. The contract is expected to generate revenue of \$278m	VMX	Announced that it has been awarded a new government infrastructure contract in Western Australia and has secured additional works from current customers in the East Coast gas sector. The new awards, valued at \$12m, include a \$6m contract for Water Corporation for the construction of pump station facilities at its Stirling Dam operations
EHL	Notes that Fitch Ratings downgraded the company's long-term issuer default rating to "RD" but upgraded EHL's rating to "CCC", while Moody's affirmed EHL's corporate family rating at "Caa1" and upgraded EHL's outlook from "negative" to "stable"		

Source: Thomson Reuters, Company Announcements, LCC research



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Ticker	Company Name	Market Cap (A\$ m)	Open Price (A\$)	Close Price (A\$)	Week High (A\$)	Week Low (A\$)	Weekly change (%)	Volume Trend	EV/ EBITDA	EV/ EBIT
Engineering Services										
AJL.AX	AJ Lucas Group Ltd	118	0.31	0.30	0.31	0.29	— 0.0%	■ ■ ■ ■	30.7x	n.m.
BOL.AX	Boom Logistics Ltd	55	0.12	0.12	0.12	0.12	— 0.0%	■ ■ ■ ■	12.1x	n.m.
BSA.AX	BSA Ltd	152	0.36	0.36	0.36	0.35	▲ 2.9%	■ ■ ■ ■	18.7x	103.6x
BYL.AX	Brierty Ltd	13	0.11	0.11	0.11	0.11	— 0.0%	■ ■ ■ ■	n.m.	n.m.
CDD.AX	Cardno Ltd	671	1.32	1.40	1.39	1.30	▲ 9.4%	■ ■ ■ ■	49.9x	n.m.
CIM.AX	CIMIC Group Ltd	11,829	35.72	36.24	36.05	35.41	▲ 0.01	■ ■ ■ ■	11.5x	17.2x
DCG.AX	Decmil Group Ltd	163	0.95	0.95	0.95	0.94	▲ 0.5%	■ ■ ■ ■	73.0x	n.m.
DOW.AX	Downer EDI Ltd	3,283	5.77	5.52	5.61	5.49	▼ (4.7%)	■ ■ ■ ■	6.8x	12.4x
EAL.AX	E&A Ltd	7	0.05	0.05	0.05	0.05	▼ (5.8%)	■ ■ ■ ■	n.m.	n.m.
EGN.AX	Engenco Ltd	59	0.21	0.19	0.20	0.19	▼ (5.0%)	■ ■ ■ ■	5.9x	10.8x
GCS.AX	Global Construction Services Ltd	115	0.59	0.58	0.58	0.54	▼ (1.7%)	■ ■ ■ ■	3.3x	4.5x
GNG.AX	GR Engineering Services Ltd	238	1.56	1.56	1.58	1.55	▼ (1.0%)	■ ■ ■ ■	8.3x	8.9x
LCM.AX	LogiCamms Ltd	29	0.36	0.36	0.36	0.35	— 0.0%	■ ■ ■ ■	n.m.	n.m.
LLC.AX	LendLease Group	9,114	15.54	15.62	15.46	15.36	▲ 0.00	■ ■ ■ ■	11.9x	13.3x
LYL.AX	Lycopodium Ltd	124	3.23	3.12	3.23	3.06	▲ 0.6%	■ ■ ■ ■	2.2x	2.4x
MCE.AX	Matrix Composites & Engineerin	50	0.53	0.53	0.56	0.53	▲ 0.9%	■ ■ ■ ■	5.8x	n.m.
MND.AX	Monadelphous Group Ltd	1,163	12.10	12.39	12.29	12.03	▲ 0.5%	■ ■ ■ ■	9.3x	11.6x
OTR.AX	Onterran Ltd	20	0.32	0.32	0.32	0.32	— 0.0%	■ ■ ■ ■	n.m.	n.m.
RCR.AX	RCR Tomlinson Ltd	431	3.16	3.08	3.12	3.04	▼ (2.5%)	■ ■ ■ ■	17.5x	68.3x
RDG.AX	Resource Development Group L	11	0.02	0.02	0.02	0.02	— 0.0%	■ ■ ■ ■	(0.1x)	(0.2x)
SND.AX	Saunders International Ltd	44	0.53	0.52	0.52	0.52	▼ (1.9%)	■ ■ ■ ■	11.3x	14.6x
SSM.AX	Service Stream Ltd	442	1.16	1.21	1.18	1.15	▲ 5.2%	■ ■ ■ ■	9.6x	11.6x
SWL.AX	Seymour Whyte Ltd	112	1.27	1.28	1.28	1.27	▼ (1.5%)	■ ■ ■ ■	15.5x	77.8x
SXE.AX	Southern Cross Electrical Engine	80	0.54	0.50	0.54	0.49	▼ (3.8%)	■ ■ ■ ■	11.3x	n.m.
STS.AX	SRG Ltd	91	1.55	1.41	1.53	1.41	▼ (8.7%)	■ ■ ■ ■	4.9x	7.3x
TPP.AX	Tempo Australia Ltd	46	0.21	0.19	0.20	0.19	▼ (2.6%)	■ ■ ■ ■	3.2x	3.3x
VMG.AX	VDM Group Ltd	6	0.00	0.00	0.00	0.00	— 0.0%	■ ■ ■ ■	n.m.	n.m.
VRS.AX	Veris Ltd	49	0.15	0.15	0.15	0.15	▼ (3.2%)	■ ■ ■ ■	4.3x	10.2x
WOR.AX	WorleyParsons Ltd	2,727	10.87	11.04	10.76	10.41	▲ 0.3%	■ ■ ■ ■	10.3x	13.6x
Mining Services										
ASL.AX	Ausdrill Ltd	425	1.42	1.36	1.41	1.34	▼ (4.2%)	■ ■ ■ ■	5.0x	10.6x
ANG.AX	Austin Engineering Ltd	98	0.17	0.17	0.17	0.16	▲ 3.0%	■ ■ ■ ■	n.m.	n.m.
BLY.AX	Boart Longyear Ltd	49	0.08	0.05	0.06	0.05	▼ (36.6%)	■ ■ ■ ■	32.6x	n.m.
BKN.AX	Bradken Ltd	676	3.25	3.24	3.24	3.07	▼ (0.3%)	■ ■ ■ ■	8.0x	8.0x
DSB.AX	Delta SBD Ltd	8	0.20	0.14	0.20	0.14	▼ (30.0%)	■ ■ ■ ■	72.6x	n.m.
EHL.AX	Emeco Holdings Ltd	67	0.08	0.09	0.09	0.08	▲ 1.2%	■ ■ ■ ■	6.3x	128.1x
IMD.AX	Imdex Ltd	235	0.65	0.64	0.64	0.62	▼ (1.5%)	■ ■ ■ ■	12.1x	29.3x
MAH.AX	Macmahon Holdings Ltd	193	0.16	0.16	0.16	0.16	▲ 3.2%	■ ■ ■ ■	5.9x	n.m.
MIN.AX	Mineral Resources Ltd	2,076	10.60	11.10	10.89	10.55	▲ 3.3%	■ ■ ■ ■	4.7x	7.1x
MLD.AX	MACA Ltd	387	1.54	1.65	1.63	1.54	▲ 8.2%	■ ■ ■ ■	4.1x	14.4x
MSV.AX	Mitchell Services Ltd	46	0.03	0.03	0.03	0.03	▼ (3.1%)	■ ■ ■ ■	19.6x	n.m.
MYE.AX	Mastermyne Group Ltd	29	0.30	0.32	0.33	0.30	▲ 6.7%	■ ■ ■ ■	29.5x	n.m.
NWH.AX	NRW Holdings Ltd	198	0.66	0.62	0.65	0.58	▼ (8.2%)	■ ■ ■ ■	4.5x	8.7x
RUL.AX	RPMGlobal Holdings Ltd	128	0.59	0.60	0.60	0.59	▲ 0.8%	■ ■ ■ ■	n.m.	n.m.
SWK.AX	Swick Mining Services Ltd	62	0.28	0.29	0.29	0.28	▲ 3.6%	■ ■ ■ ■	5.6x	n.m.
VMX.AX	Valmec Ltd	12	0.12	0.15	0.15	0.12	▲ 7.4%	■ ■ ■ ■	6.4x	12.5x
Marine Services										
ASB.AX	Austal Ltd	590	1.73	1.68	1.71	1.66	▼ -0.03	■ ■ ■ ■	n.m.	n.m.
MBO.AX	Mobilarm Ltd	12	0.02	0.03	0.02	0.02	— 0.0%	■ ■ ■ ■	62.0x	n.m.
MRM.AX	MMA Offshore Ltd	86	0.22	0.23	0.22	0.22	▲ 4.5%	■ ■ ■ ■	33.8x	n.m.
NMS.AX	Neptune Marine Services Ltd	59	0.9	0.95	0.95	0.90	— 0.0%	■ ■ ■ ■	97.0x	n.m.
VEE.AX	VEEM Ltd	82	0.635	0.63	0.64	0.62	▼ (1.6%)	■ ■ ■ ■	9.6x	11.9x
ZGL.AX	Zicom Group Ltd	32	0.15	0.15	0.15	0.15	— 0.0%	■ ■ ■ ■	n.m.	n.m.
Facilities Management										
AEI.AX	Aeris Environmental Ltd	48	0.33	0.30	0.30	0.29	▲ 0.03	■ ■ ■ ■	n.m.	n.m.
GMG.AX	Goodman Group Pty Ltd	14,385	7.74	8.04	7.98	7.71	▲ 0.04	■ ■ ■ ■	51.1x	51.1x
HIL.AX	Hills Ltd	45	0.22	0.20	0.21	0.20	▼ -0.07	■ ■ ■ ■	8.1x	39.7x
MIL.AX	Millennium Services Group Ltd	76	1.67	1.65	1.67	1.65	▼ -0.02	■ ■ ■ ■	11.2x	14.0x
PRG.AX	Programmed Maintenance Serv	464	1.86	1.81	1.83	1.76	▼ -0.04	■ ■ ■ ■	7.1x	10.9x
SKS.AX	Stokes Ltd	10	0.30	0.33	0.33	0.30	— 0.00	■ ■ ■ ■	21.6x	28.2x
SPO.AX	Spotless Group Holdings Ltd	1,192	1.09	1.09	1.09	1.08	— 0.00	■ ■ ■ ■	7.3x	12.0x
TPS.AX	Threat Protect Australia Ltd	18	0.03	0.03	0.03	0.03	— 0.00	■ ■ ■ ■	23.4x	47.6x
UBN.AX	Urbanise com Ltd	32	0.10	0.10	0.10	0.09	— 0.00	■ ■ ■ ■	n.m.	n.m.

Source: Thomson Reuters, LCC research

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