



M&A Rumour and Activity

The Australian market finished the week 1.64% lower with the S&P/ASX200 ending at 5854 points, in a week which saw broad-based selling from ongoing geopolitical tension, plunge in iron ore prices, and market caution heading into the first stage of the French presidential election over the weekend. The Australian dollar decreased 1.03% for the week to end at US75.42 cents, following widespread falls in commodity prices.

On 24 April 2017, Board of Directors of **Spotless Group Holdings Ltd (SPO.AX)** advised its shareholders to reject Downer EDI Ltd (DOW.AX)'s takeover offer for Spotless. The Board considered Downer's offer to be opportunistic and timed to take advantage of Spotless's historical share price low. Additionally, Spotless advised that Coltrane Asset Management has accumulated relevant interests in 10.37% of Spotless shares on issue and currently intends to reject the offer at the current offer price.

The Australian Financial Review reported on 23 April 2017 that **WorleyParsons Ltd (WOR.AX)** is "not a seller" but will consider teaming up with Dar Group to work on global engineering and infrastructure projects.

The Australian reported on 21 April 2017 that Quadrant Private Equity has appointed an advisor to sell **CQMS Razer**, which supplies parts and consumables to the mining extraction and mineral processing industries. It was speculated that CQMS Razer may be worth up to \$300 million.

The Australian reported on 20 April 2017 that **Laing O'Rourke**, the UK-based builder, is said to be considering a sale of its Australian operations amid a period of rampant activity in the residential construction industry. Previous speculation suggests the business could be worth \$1 billion, with Spain's Ferrovial, French's Bouygues and China Communications Construction Co named as potential interested parties.

Out of interest we are also watching the potential impact of the shift in policy by the Australian government on the 457 Visa Waiver programme. We are aware many Australian engineering and mining services companies were taking advantage of this programme historically. The impact of this policy shift is unclear at this stage, but with employment tightening in a number of Resource locations (*such as parts of the Hunter Valley and Bowen Basin*) the inability to continue to access skilled foreign labour may additionally impact domestic pay rates.

News Headlines and Key Sector Developments

Ticker	News/Event	Ticker	News/Event
BYL	Announced the suspension of its securities traded on the ASX pending an announcement concerning additional funding	IMD	Reported its 3QFY17 results with revenue of \$43.1 million (up 39% from pcp) and EBITDA of \$8.0 million (up 196% from pcp)
DOW	Announced the completion of the retail component of the 2 for 5 accelerated renounceable entitlement offer to raise c.\$1,011 million, previously announced on 21 March 2017	MAH	Announced the first shipment of 113,933 wet metric tonnes of Lithium Direct Shipping Ore from the Wodgina operation bound for China
GNG	Announced that it has entered into a \$107.1 million EPC contract to design, construct and commission the mineral processing plant and certain infrastructure associated with Dacian Gold Limited's (DCN.ASX) Mt Morgans Gold Project.	MND	Announced that an extension to the sunset date for the completion of the XEPT transaction has been agreed and the parties have agreed a revised date by which all conditions precedent shall be satisfied, which is 15 July 2017
HIL	Announced that it has extended the capabilities of its nurse call solution through the development of an industry leading dementia software platform targeted at the growing aged care market	MSV	Announced that it has entered into a one-year contract containing two one-year extension options with BHP Billiton at its Olympic Dam mine in South Australia for providing underground diamond drilling services

Source: Thomson Reuters, Company Announcements, LCC research



LCC APAC
CONTRIBUTES



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Australian Engineering, Contractors & Service Providers

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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	113	0.30	0.29	0.35	0.29	▼ (3.3%)	■ ■ ■ ■	30.2x	n.m.
BOL.AX	Boom Logistics Ltd	52	0.12	0.11	0.12	0.11	▼ (4.3%)	■ ■ ■ ■	11.8x	n.m.
BSA.AX	BSA Ltd	146	0.36	0.35	0.36	0.35	▼ (4.2%)	■ ■ ■ ■	17.7x	98.3x
BYL.AX	Brierty Ltd	12	0.10	0.10	0.09	0.09	— 0.0%	■ ■ ■ ■	n.m.	n.m.
CDD.AX	Cardno Ltd	633	1.37	1.32	1.32	1.31	— 0.0%	■ ■ ■ ■	47.1x	n.m.
CIM.AX	CIMIC Group Ltd	11,577	36.40	35.78	36.23	35.60	▼ -0.02	■ ■ ■ ■	11.2x	16.9x
DCG.AX	Decmil Group Ltd	149	0.90	0.87	0.92	0.85	▼ (4.4%)	■ ■ ■ ■	66.5x	n.m.
DOW.AX	Downer EDI Ltd	3,348	5.59	5.63	5.47	5.17	▲ 4.3%	■ ■ ■ ■	6.9x	12.7x
EAL.AX	E&A Ltd	8	0.06	0.06	0.06	0.05	▲ 5.6%	■ ■ ■ ■	n.m.	n.m.
EGN.AX	Engenco Ltd	59	0.18	0.19	0.19	0.18	▲ 5.6%	■ ■ ■ ■	5.9x	10.8x
GCS.AX	Global Construction Services Ltd	111	0.58	0.56	0.58	0.55	▼ (4.3%)	■ ■ ■ ■	3.1x	4.3x
GNG.AX	GR Engineering Services Ltd	245	1.56	1.60	1.60	1.56	▲ 1.6%	■ ■ ■ ■	8.6x	9.2x
LCM.AX	LogiCamms Ltd	28	0.36	0.35	0.36	0.35	▼ (2.8%)	■ ■ ■ ■	n.m.	n.m.
LLC.AX	LendLease Group	9,301	15.86	15.94	15.79	15.54	▲ 0.01	■ ■ ■ ■	12.1x	13.5x
LYL.AX	Lycopodium Ltd	126	3.25	3.16	3.25	3.16	▼ (2.8%)	■ ■ ■ ■	2.3x	2.5x
MCE.AX	Matrix Composites & Engineerin	51	0.54	0.54	0.56	0.53	▲ 0.9%	■ ■ ■ ■	5.8x	n.m.
MND.AX	Monadelphous Group Ltd	1,149	12.33	12.24	12.09	11.77	▼ (0.2%)	■ ■ ■ ■	9.2x	11.4x
OTR.AX	Onterran Ltd	20	0.32	0.32	0.32	0.32	— 0.0%	■ ■ ■ ■	n.m.	n.m.
RCR.AX	RCR Tomlinson Ltd	406	3.07	2.90	3.01	2.86	▼ (4.0%)	■ ■ ■ ■	16.6x	64.8x
RDG.AX	Resource Development Group L	13	0.02	0.02	0.02	0.02	— 0.0%	■ ■ ■ ■	0.0x	0.0x
SND.AX	Saunders International Ltd	41	0.55	0.49	0.55	0.49	▼ (10.9%)	■ ■ ■ ■	10.3x	13.4x
SSM.AX	Service Stream Ltd	455	1.19	1.25	1.23	1.18	▲ 1.2%	■ ■ ■ ■	9.9x	11.9x
SWL.AX	Seymour Whyte Ltd	116	1.28	1.32	1.28	1.26	▲ 3.5%	■ ■ ■ ■	16.3x	81.4x
SXE.AX	Southern Cross Electrical Engin	77	0.49	0.49	0.49	0.48	▼ (1.0%)	■ ■ ■ ■	10.8x	n.m.
STS.AX	SRG Ltd	88	1.42	1.38	1.40	1.38	▼ (1.4%)	■ ■ ■ ■	4.7x	7.1x
TPP.AX	Tempo Australia Ltd	44	0.19	0.19	0.19	0.19	▼ (2.6%)	■ ■ ■ ■	3.0x	3.1x
VMG.AX	VDM Group Ltd	5	0.00	0.00	0.00	0.00	— 0.0%	■ ■ ■ ■	n.m.	n.m.
VRS.AX	Veris Ltd	46	0.14	0.14	0.14	0.13	— 0.0%	■ ■ ■ ■	4.0x	9.6x
WOR.AX	WorleyParsons Ltd	2,788	11.80	11.29	11.59	11.08	▼ (3.8%)	■ ■ ■ ■	10.4x	13.8x
Mining Services										
ASL.AX	Ausdrill Ltd	422	1.41	1.35	1.35	1.32	▼ (2.9%)	■ ■ ■ ■	5.0x	10.5x
ANG.AX	Austin Engineering Ltd	93	0.17	0.16	0.17	0.15	▼ (5.9%)	■ ■ ■ ■	n.m.	n.m.
BLY.AX	Boart Longyear Ltd	42	0.05	0.04	0.05	0.04	▼ (10.2%)	■ ■ ■ ■	32.3x	n.m.
BKN.AX	Bradken Ltd	675	3.21	3.24	3.21	3.21	— 0.0%	■ ■ ■ ■	8.0x	8.0x
DSB.AX	Delta SBD Ltd	7	0.15	0.12	0.14	0.09	▼ (17.9%)	■ ■ ■ ■	64.2x	n.m.
EHL.AX	Emeco Holdings Ltd	188	0.09	0.09	0.09	0.08	▼ (3.4%)	■ ■ ■ ■	8.1x	165.0x
IMD.AX	Imdex Ltd	239	0.61	0.65	0.62	0.57	▲ 5.7%	■ ■ ■ ■	12.3x	29.8x
MAH.AX	Macmahon Holdings Ltd	192	0.16	0.16	0.16	0.16	▼ (3.0%)	■ ■ ■ ■	5.9x	n.m.
MIN.AX	Mineral Resources Ltd	1,971	11.05	10.54	10.25	10.01	▲ 1.9%	■ ■ ■ ■	4.4x	6.8x
MLD.AX	MACA Ltd	390	1.67	1.67	1.65	1.62	▲ 0.3%	■ ■ ■ ■	4.2x	14.5x
MSV.AX	Mitchell Services Ltd	49	0.03	0.03	0.03	0.03	▲ 10.0%	■ ■ ■ ■	20.6x	n.m.
MYE.AX	Mastermyne Group Ltd	27	0.30	0.30	0.30	0.30	— 0.0%	■ ■ ■ ■	28.2x	n.m.
NWH.AX	NRW Holdings Ltd	182	0.61	0.57	0.57	0.55	▼ (0.9%)	■ ■ ■ ■	4.2x	8.1x
RUL.AX	RPMGlobal Holdings Ltd	127	0.60	0.60	0.60	0.59	— 0.0%	■ ■ ■ ■	n.m.	n.m.
SWK.AX	Swick Mining Services Ltd	61	0.29	0.29	0.29	0.29	— 0.0%	■ ■ ■ ■	5.6x	n.m.
VMX.AX	Valmec Ltd	11	0.14	0.14	0.14	0.14	— 0.0%	■ ■ ■ ■	6.2x	12.2x
Marine Services										
ASB.AX	Austal Ltd	590	1.70	1.70	1.69	1.66	▼ -0.01	■ ■ ■ ■	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	82	0.22	0.22	0.22	0.22	▲ 2.3%	■ ■ ■ ■	33.5x	n.m.
NMS.AX	Neptune Marine Services Ltd	58	0.88	0.95	0.95	0.88	▲ 1.6%	■ ■ ■ ■	97.0x	n.m.
VEE.AX	VEEM Ltd	87	0.65	0.67	0.67	0.65	— 0.0%	■ ■ ■ ■	10.2x	12.6x
ZGL.AX	Zicom Group Ltd	29	0.14	0.14	0.14	0.14	▼ (3.6%)	■ ■ ■ ■	n.m.	n.m.
Facilities Management										
AEI.AX	Aeris Environmental Ltd	47	0.30	0.30	0.30	0.30	— 0.00	■ ■ ■ ■	n.m.	n.m.
GMG.AX	Goodman Group Pty Ltd	14,796	8.21	8.27	8.27	8.17	▼ -0.01	■ ■ ■ ■	52.5x	52.5x
HIL.AX	Hills Ltd	44	0.18	0.19	0.19	0.17	▲ 0.12	■ ■ ■ ■	7.9x	39.0x
MIL.AX	Millennium Services Group Ltd	82	1.69	1.80	1.80	1.69	▼ 0.00	■ ■ ■ ■	12.0x	15.0x
PRG.AX	Programmed Maintenance Serv	434	1.82	1.69	1.81	1.69	▼ -0.07	■ ■ ■ ■	6.8x	10.4x
SKS.AX	Stokes Ltd	10	0.33	0.33	0.33	0.33	— 0.00	■ ■ ■ ■	21.6x	28.2x
SPO.AX	Spotless Group Holdings Ltd	1,217	1.09	1.11	1.10	1.09	▲ 0.00	■ ■ ■ ■	7.4x	12.2x
TPS.AX	Threat Protect Australia Ltd	20	0.03	0.03	0.03	0.03	— 0.00	■ ■ ■ ■	26.0x	52.8x
UBN.AX	Urbanise com Ltd	30	0.10	0.08	0.10	0.08	▼ -0.13	■ ■ ■ ■	n.m.	n.m.

Source: Thomson Reuters, LCC research

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