



Australian Engineering, Contractors & Service Providers

Edition 214 for the week ending 9 June 2017 | Published 14 June 2017

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Market Performance - Overview

Index	Percentage change			Fixed Income	Yield	Percentage change		
	Week	YTD	12 months			Week	YTD	12 months
(Australia) S&P / ASX200	(1.9%)	0.2%	5.9%	(Australia) 2-year gov bonds	1.63%	2.6%	(14.8%)	(1.6%)
(Japan) Topix	(1.3%)	4.8%	19.0%	(Australia) 5-year gov bonds	1.98%	1.7%	(15.0%)	13.9%
(Singapore) FTSE Strait Times Index	0.4%	13.0%	14.4%	(Australia) 10-year gov bonds	2.42%	(0.3%)	(12.9%)	14.4%
(Hong Kong) Hang Seng	0.4%	18.3%	22.2%					
(South Korea) Kospi 200	0.5%	19.0%	23.7%					
(US) S&P 500	(0.3%)	8.6%	15.0%					
(US) Dow Jones Industrial	0.3%	7.6%	18.3%					
(UK) FTSE 100	(0.3%)	5.4%	20.8%					
					Rate	Week	YTD	12-months
				AUD to USD	0.7526	1.1%	4.3%	1.3%

M&A Rumour and Activity

The Australian market finished the week 1.91% lower with the S&P/ASX200 ending at 5678 points, weighted down by political uncertainty following an unexpected general election result in the UK and a brewing conflict between Qatar and its Middle-east neighbours. The Australian dollar finished the week 1.14% higher to end at US75.26 cents mainly due to better than expected GDP growth figures.

Spotless Group Holdings (SPO.AX) announced on 5 June 2017 that the Board of Directors of Spotless continues to unanimously recommend its shareholders to REJECT the current takeover offer from Downer EDI Ltd (DOW.AX), as it believes the current offer does not represent adequate value for Spotless. This was in response to Downer's announcement regarding a potential variation to the minimum acceptance condition for its takeover offer. Spotless estimates the Downer's shareholders will be benefit from material synergies worth \$0.11 to \$0.33 cents per spotless share, or approximately 10 to 30% of the offer price.

The administrators of **Delta SBD Ltd (DSB.AX)** announced on 7 June 2017 that it have commenced an urgent sale process for DSB and are inviting expressions of interests in the business, assets or recapitalisation of DSB.

Westgold Resources Limited (WGX.AX) announced on 8 June 2017 that it has signed an agreement to acquire privately owned specialist underground mining contractor, Australian Contract Mining Pty Ltd for a net consideration of \$2.5 million in cash plus 14 million fully paid ordinary WGX shares. Australian Contract Mining Pty currently has mining contracts in place at three of Westgold's underground gold mines.

The Australian Financial Review reported that **Onsite Rental Group** has hired a debt restructuring adviser to assist it to consider its options. Onsite Rental group, which hires equipment to miners and construction companies, is expected to look at options including a potential recapitalisation, a debt-to-equity swap or new equity injection. PE firm Next Capital acquired a 60% stake in Onsite Rental Group in July 2007.

Nicholas Assef was speaking this week at the **2017 International M & A Symposium in New York** on China's "One Belt One Road" initiative, with a focus on both complex geopolitical risks and the large opportunities that are emerging for the engineering & contracting sector. A detailed paper will be issued in the coming weeks.

News Headlines and Key Sector Developments

Ticker	News/Event	Ticker	News/Event
AJL	Announced the completion of the retail component of its 1 for 2 accelerated pro rata non-renounceable entitlements offer of new fully paid ordinary shares priced at \$0.275/ share. The total amount raised under the offer was \$48.2 million	DOW	Announced that it has received an updated Letters of Award from Adani Mining Pty Ltd in relation to the mining services component of the Carmichael Coal Mine in the Galilee Basin in Central Queensland
ASB	Joined ASC Shipbuilding to announce its teaming agreement for the build of the \$35 billion SEA5000 Future Frigates Program for the Australian Government	GMG	Reaffirmed FY17 operating earnings of \$0.43/share (up 7.5% on FY16). Additionally, it announced a credit rating upgrade from both S&P and Moody's off the back of strategic initiatives and lower gearing targets for the group
CIM	Appointed Ms. Lyn Nikolopoulos as an additional CIMIC Group Company Secretary	MLD	Announced that it has been appointed as the preferred contractor by Ramelius Resources Limited (RMS.AX) in relation to open pit mining Services at the Mt Magnet Gold Project and surrounding satellite pits including Milky Way, Stellar, Stellar West, Brown Hill, Vegas and Shannon. The project is expected to generate revenue of \$100 million

Source: Thomson Reuters, Company Announcements, LCC research



2017
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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	152	0.27	0.26	0.28	0.25	▼ (5.5%)	■ ■ ■ ■ ■	35.6x	n.m.
BOL.AX	Boom Logistics Ltd	48	0.11	0.10	0.11	0.10	▼ (9.1%)	■ ■ ■ ■ ■	11.3x	n.m.
BSA.AX	BSA Ltd	140	0.33	0.33	0.34	0.33	— 0.0%	■ ■ ■ ■ ■	16.8x	93.1x
BYL.AX	Brierty Ltd	12	0.10	0.10	0.09	0.09	— 0.0%	■ ■ ■ ■ ■	n.m.	n.m.
CDD.AX	Cardno Ltd	602	1.26	1.26	1.22	1.20	▼ (0.4%)	■ ■ ■ ■ ■	44.8x	n.m.
CIM.AX	CIMIC Group Ltd	12,751	40.62	39.24	40.26	38.50	▼ (3.8%)	■ ■ ■ ■ ■	12.4x	18.5x
DCG.AX	Decmil Group Ltd	159	0.88	0.93	0.89	0.85	▲ 5.1%	■ ■ ■ ■ ■	71.0x	n.m.
DOW.AX	Downer EDI Ltd	3,705	6.44	6.23	6.44	6.08	▼ (3.4%)	■ ■ ■ ■ ■	7.6x	13.9x
EAL.AX	E&A Ltd	6	0.05	0.05	0.05	0.05	— 0.0%	■ ■ ■ ■ ■	n.m.	n.m.
EGN.AX	Engenco Ltd	61	0.195	0.195	0.20	0.20	— 0.0%	■ ■ ■ ■ ■	6.1x	11.3x
GCS.AX	Global Construction Services Ltd	118	0.58	0.56	0.58	0.56	▼ (2.6%)	■ ■ ■ ■ ■	3.4x	4.6x
GNG.AX	GR Engineering Services Ltd	227	1.50	1.49	1.48	1.47	▼ (1.0%)	■ ■ ■ ■ ■	7.9x	8.4x
LCM.AX	LogiCamms Ltd	20	0.27	0.25	0.27	0.25	▼ (10.7%)	■ ■ ■ ■ ■	n.m.	n.m.
LLC.AX	LendLease Group	9,347	16.55	16.02	16.28	15.69	▼ (3.1%)	■ ■ ■ ■ ■	12.1x	13.6x
LYL.AX	Lycopodium Ltd	124	3.15	3.13	3.15	3.10	▲ 0.6%	■ ■ ■ ■ ■	2.3x	2.4x
MND.AX	Monadelphous Group Ltd	1,270	13.30	13.52	13.29	13.05	▲ 2.1%	■ ■ ■ ■ ■	10.4x	12.9x
OTR.AX	Onterran Ltd	20	0.32	0.32	0.32	0.32	— 0.0%	■ ■ ■ ■ ■	n.m.	n.m.
RCR.AX	RCR Tomlinson Ltd	484	3.54	3.46	3.47	3.40	▼ (2.8%)	■ ■ ■ ■ ■	19.3x	75.6x
RDG.AX	Resource Development Group L	13	0.02	0.02	0.02	0.02	— 0.0%	■ ■ ■ ■ ■	0.1x	0.1x
SND.AX	Saunders International Ltd	42	0.50	0.49	0.50	0.49	▼ (1.0%)	■ ■ ■ ■ ■	10.5x	13.6x
SSM.AX	Service Stream Ltd	471	1.37	1.29	1.36	1.16	▼ (5.8%)	■ ■ ■ ■ ■	10.3x	12.4x
SWL.AX	Seymour Whyte Ltd	106	1.15	1.20	1.17	1.15	▲ 3.4%	■ ■ ■ ■ ■	14.4x	71.9x
SXE.AX	Southern Cross Electrical Engine	86	0.54	0.54	0.54	0.54	▼ (3.6%)	■ ■ ■ ■ ■	12.7x	n.m.
STS.AX	SRG Ltd	82	1.26	1.28	1.28	1.21	▲ 1.6%	■ ■ ■ ■ ■	4.3x	6.5x
TPP.AX	Tempo Australia Ltd	41	0.17	0.17	0.17	0.17	— 0.0%	■ ■ ■ ■ ■	2.4x	2.5x
VMG.AX	VDM Group Ltd	5	0.00	0.00	0.00	0.00	— 0.0%	■ ■ ■ ■ ■	n.m.	n.m.
VRS.AX	Veris Ltd	39	0.12	0.12	0.12	0.12	— 0.0%	■ ■ ■ ■ ■	3.4x	8.2x
WOR.AX	WorleyParsons Ltd	2,942	12.19	11.91	12.16	11.78	▼ (2.4%)	■ ■ ■ ■ ■	10.9x	14.3x
Mining Services										
ASL.AX	Ausdrill Ltd	514	1.49	1.65	1.64	1.46	▲ 10.4%	■ ■ ■ ■ ■	5.8x	12.1x
ANG.AX	Austin Engineering Ltd	107	0.17	0.19	0.19	0.17	▲ 8.8%	■ ■ ■ ■ ■	n.m.	n.m.
BLY.AX	Boart Longyear Ltd	28	0.04	0.03	0.03	0.03	▼ (17.1%)	■ ■ ■ ■ ■	31.9x	n.m.
BKN.AX	Bradken Ltd	676	3.21	3.24	3.21	3.21	— 0.0%	■ ■ ■ ■ ■	n.m.	n.m.
DSB.AX	Delta SBD Ltd	8	0.14	0.14	0.14	0.14	— 0.0%	■ ■ ■ ■ ■	72.6x	n.m.
EHL.AX	Emeco Holdings Ltd	193	0.08	0.08	0.08	0.08	▼ (1.3%)	■ ■ ■ ■ ■	8.2x	166.5x
IMD.AX	Imdex Ltd	239	0.64	0.65	0.64	0.62	▲ 1.6%	■ ■ ■ ■ ■	12.3x	29.8x
MAH.AX	Macmahon Holdings Ltd	187	0.17	0.16	0.16	0.16	▼ (3.1%)	■ ■ ■ ■ ■	5.7x	n.m.
MIN.AX	Mineral Resources Ltd	1,858	10.12	9.92	9.78	9.53	▼ (1.6%)	■ ■ ■ ■ ■	4.2x	6.4x
MLD.AX	MACA Ltd	375	1.54	1.60	1.60	1.49	▲ 4.2%	■ ■ ■ ■ ■	4.0x	13.8x
MSV.AX	Mitchell Services Ltd	44	0.03	0.03	0.03	0.03	— 0.0%	■ ■ ■ ■ ■	19.1x	n.m.
MYE.AX	Mastermyne Group Ltd	29	0.31	0.32	0.32	0.31	▲ 6.7%	■ ■ ■ ■ ■	29.5x	n.m.
NWH.AX	NRW Holdings Ltd	188	0.59	0.59	0.59	0.56	▼ (0.8%)	■ ■ ■ ■ ■	4.3x	8.3x
RUL.AX	RPMGlobal Holdings Ltd	114	0.57	0.54	0.54	0.51	▼ (5.3%)	■ ■ ■ ■ ■	n.m.	n.m.
SWK.AX	Swick Mining Services Ltd	58	0.26	0.25	0.26	0.25	▼ (2.0%)	■ ■ ■ ■ ■	5.3x	n.m.
Marine Services										
ASB.AX	Austal Ltd	641	1.74	1.83	1.76	1.67	▲ 5.5%	■ ■ ■ ■ ■	n.m.	n.m.
MBO.AX	Mobilarm Ltd	12	0.02	0.03	0.02	0.02	— 0.0%	■ ■ ■ ■ ■	62.0x	n.m.
MCE.AX	Matrix Composites & Engineerin	45	0.47	0.48	0.47	0.46	▲ 2.1%	■ ■ ■ ■ ■	n.m.	n.m.
MRM.AX	MMA Offshore Ltd	67	0.20	0.18	0.18	0.17	▼ (10.0%)	■ ■ ■ ■ ■	32.4x	n.m.
NMS.AX	Neptune Marine Services Ltd	50	0.8	0.805	0.81	0.80	▼ (13.4%)	■ ■ ■ ■ ■	n.m.	n.m.
VEE.AX	VEEM Ltd	78	0.6	0.6	0.60	0.60	— 0.0%	■ ■ ■ ■ ■	9.1x	11.3x
ZGL.AX	Zicom Group Ltd	29	0.13	0.14	0.14	0.13	▲ 8.0%	■ ■ ■ ■ ■	n.m.	n.m.
Facilities Management										
AEI.AX	Aeris Environmental Ltd	44	0.31	0.28	0.31	0.28	▼ (9.7%)	■ ■ ■ ■ ■	n.m.	n.m.
GMG.AX	Goodman Group Pty Ltd	14,921	8.65	8.34	8.64	8.30	▼ (3.2%)	■ ■ ■ ■ ■	52.9x	52.9x
HIL.AX	Hills Ltd	44	0.18	0.19	0.18	0.18	▲ 5.6%	■ ■ ■ ■ ■	7.9x	39.0x
MIL.AX	Millennium Services Group Ltd	74	1.58	1.60	1.60	1.56	▼ (4.8%)	■ ■ ■ ■ ■	10.9x	13.7x
PRG.AX	Programmed Maintenance Serv	485	1.86	1.89	1.86	1.85	▲ 1.6%	■ ■ ■ ■ ■	7.1x	10.4x
SKS.AX	Stokes Ltd	10	0.30	0.31	0.31	0.30	▲ 3.3%	■ ■ ■ ■ ■	20.8x	27.1x
SPO.AX	Spotless Group Holdings Ltd	1,258	1.15	1.15	1.14	1.14	— 0.0%	■ ■ ■ ■ ■	7.5x	12.4x
TPS.AX	Threat Protect Australia Ltd	19	0.03	0.03	0.03	0.03	— 0.0%	■ ■ ■ ■ ■	24.3x	49.3x
UBN.AX	Urbanise com Ltd	19	0.06	0.05	0.06	0.05	▼ (10.0%)	■ ■ ■ ■ ■	n.m.	n.m.

Source: Thomson Reuters, LCC research



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