



# Australian Engineering, Contractors & Service Providers

Edition 219 for the week ending 14 July 2017 | Published 17 July 2017

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## Market Performance - Overview

Index	Percentage change			Fixed Income	Yield	Change in basis points		
	Week	YTD	12 months			Week	YTD	12 months
(Australia) S&P / ASX200	1.1%	1.8%	6.5%	(Australia) 2-year gov bonds	1.84%	0.09	(0.07)	0.20
(Japan) Topix	1.1%	7.0%	24.0%	(Australia) 5-year gov bonds	2.23%	(0.02)	(0.10)	0.58
(Singapore) FTSE Strait Times Index	1.8%	14.1%	13.1%	(Australia) 10-year gov bonds	2.73%	0.05	(0.05)	0.78
(Hong Kong) Hang Seng	4.1%	19.9%	22.4%					
(South Korea) Kospi 200	2.2%	22.1%	27.0%					
(US) S&P 500	1.4%	9.8%	13.7%	AUD to USD	0.7828	0.02	0.06	0.02
(US) Dow Jones Industrial	1.0%	9.5%	16.9%					
(UK) FTSE 100	0.4%	3.3%	10.9%					

## M&A Rumour and Activity

The Australian market finished the week 1.08% higher with the S&P/ASX200 ending at 5765 points, as dovish comments from US Federal Reserve chair, Janet Yellen, sparked a rally in global share markets. The Australian dollar finished the week 2.93% higher to end at US78.28 cents capping off its best weekly performance since mid-march, following the release of strong Chinese trade numbers and the weakening US dollar following the dovish comments from US Fed chair Janet Yellen.

**Programmed Maintenance Services Ltd (PRG.AX)** announced on 14 July 2017 that it has entered into a scheme implementation deed with PERSOL HOLDINGS CO., LTD (PERSOL) under which PERSOL proposes to acquire 100% of the issued share capital of PRG for a cash price of \$3.02 (Offer Price) per share by way of a scheme of arrangement. The Offer Price represents 68% premium to the last closing price of PRG shares on 13 July 2017 of \$1.80, and represents an enterprise value of \$992 million, implying a FY17 EV/EBITDA multiple of 10.3x.

**Programmed Maintenance Services Ltd (PRG.AX)** on 10 July 2017 announced the execution of agreements relating to the formation of a 50/50 marine services joint venture in Australia and New Zealand with Atlas Professionals, a global provider of staffing services to the offshore oil and gas industry, headquartered in the Netherlands. As part of these agreements, PRG has sold Atlas 100% of its international marine activities and 50% of its Australian and New Zealand marine services business for \$7.5 million cash up-front, and \$21.5 million in a vendor finance arrangement. PRG's vendor finance will carry 5% interest.

**Macmahon Holdings Limited (MAH.AX)** announced on 12 July 2017 that its shareholders have voted in favour of the proposed transaction with PT Amman Mineral Nusa Tenggara (AMNT), which will deliver AMNT a 44.3% stake in MAH. The shareholders' approval means that the completion of the AMNT transaction is now only subject to 2 remaining conditions precedent (Indonesian legal opinion and AMNT's lenders' consents) which are expected to be satisfied shortly.

**Downer EDI Limited (DOW.AX)** announced on 12 July 2017 that it has a relevant interest in 66.657% in the issued share capital of **Spotless Group Holdings Limited (SPO.AX)**. DOW announced on 11 July 2017 that it has decided to extend the offer period to 7.00pm on 21 July 2017 (unless further extended) and recommends that SPO's remaining shareholders accept its takeover offer of \$1.15 per SPO share.

*The Australian Financial Review* reported on 17 July 2017 that **Jaybro**, which supplies consumables such as road safety signs, barriers, building equipment and workwear to civil and building contractors, is seeking a capital partner to support its growth strategy.

**Goodman Group (GMG.AX)** announced on 12 July 2017 that it intends to issue an issuer realisation notice on or before 21 July 2017 to repurchase all Goodman PLUS (quoted hybrid securities on AXS) (GMPPA) on 2 October 2017 in accordance with the terms of issue of GMPPA. The holders of GMPPA on the Record Date of 25 September 2017 will receive the realisation amount of \$100 per GMPPA on transfer of their GMPPA to a Goodman entity. Holders of GMPPA will also be entitled to receive the Distribution Amount of \$1.414 per GMPPA for the 30 September 2017 Distribution Payment Date.

## News Headlines and Key Sector Developments

Ticker	News/Event	Ticker	News/Event
BYL	Announced on 12 July 2017 that its mining operations at Western Turner Syncline Stage 2 will recommence early next week	GNG	Announced that it has commenced proceedings in the Supreme Court of Western Australia against Eastern Goldfields Limited (ASX:EGS) and others to recover payments associated with outstanding progress and variation claims in relation to the Davyhurst Gold Project refurbishment contract entered into by GNG and EGS on 22 September 2016
CIM	Announced that HLG Contractors, in which CIM has a 45% investment has been awarded a contract with revenue of AED619 million (A\$224 million) for the construction of the EXPO Village Parcels 10 and 11 residential towers, by Dubai World Trade Centre	SKS	Announced the removal of the convertible notes (SKSG.AX) from the official quotation at the close of trading on Thursday, 13 July 2017
GCS	Announced the appointment of Mr. John Derwin as the Non-Executive Director of the company effective immediately	SPO	Announced contract wins and renewals with a combined total contract value of over \$250 million. Contracts include works at Taronga Zoo, three metropolitan Adelaide hospitals, Port Authority of NSW and Myer

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
<b>Engineering Services</b>										
AJL.AX	AJ Lucas Group Ltd	156	0.25	0.27	0.28	0.25	▲ 8.0%	■ ■ ■ ■	36.3x	n.m.
BOL.AX	Boom Logistics Ltd	54	0.11	0.12	0.12	0.11	▲ 9.5%	■ ■ ■ ■	12.1x	n.m.
BSA.AX	BSA Ltd	134	0.32	0.32	0.32	0.32	▲ 1.6%	■ ■ ■ ■	16.1x	89.5x
BYL.AX	Brierty Ltd	10	0.07	0.08	0.07	0.06	▲ 6.9%	■ ■ ■ ■	n.m.	n.m.
CDD.AX	Cardno Ltd	595	1.23	1.24	1.23	1.18	▲ 0.8%	■ ■ ■ ■	44.3x	n.m.
CIM.AX	CIMIC Group Ltd	12,184	38.75	38.07	38.35	37.62	▼ (0.3%)	■ ■ ■ ■	12.0x	18.0x
DCG.AX	Decmil Group Ltd	161	0.95	0.94	0.94	0.93	▼ (1.1%)	■ ■ ■ ■	72.2x	n.m.
DOW.AX	Downer EDI Ltd	3,693	6.08	6.21	6.18	6.07	▲ 2.1%	■ ■ ■ ■	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	59	0.195	0.19	0.19	0.19	▼ (9.5%)	■ ■ ■ ■	5.9x	10.9x
GCS.AX	Global Construction Services Ltd	114	0.59	0.54	0.58	0.54	▼ (6.9%)	■ ■ ■ ■	3.2x	4.4x
GNG.AX	GR Engineering Services Ltd	220	1.53	1.44	1.48	1.40	▼ (5.3%)	■ ■ ■ ■	7.6x	8.1x
LCM.AX	LogiCamms Ltd	14	0.19	0.17	0.18	0.17	▼ (2.9%)	■ ■ ■ ■	n.m.	n.m.
LLC.AX	LendLease Group	10,123	16.98	17.35	17.28	16.69	▲ 2.5%	■ ■ ■ ■	13.1x	14.6x
LYL.AX	Lycopodium Ltd	126	3.19	3.18	3.19	3.18	▼ (0.6%)	■ ■ ■ ■	2.4x	2.5x
MND.AX	Monadelphous Group Ltd	1,388	14.72	14.78	14.70	14.38	▲ 1.9%	■ ■ ■ ■	11.6x	14.4x
OTR.AX	Onterran Ltd	20	0.32	0.32	0.32	0.32	— 0.0%	■ ■ ■ ■	n.m.	n.m.
RCR.AX	RCR Tomlinson Ltd	525	3.47	3.75	3.66	3.44	▲ 8.7%	■ ■ ■ ■	20.8x	81.2x
RDG.AX	Resource Development Group L	12	0.02	0.02	0.02	0.02	— 0.0%	■ ■ ■ ■	(0.1x)	(0.1x)
SND.AX	Saunders International Ltd	46	0.53	0.54	0.54	0.53	▼ (1.8%)	■ ■ ■ ■	11.9x	15.5x
SSM.AX	Service Stream Ltd	488	1.35	1.34	1.34	1.31	▼ (1.1%)	■ ■ ■ ■	10.7x	12.9x
SWL.AX	Seymour Whyte Ltd	118	1.34	1.35	1.34	1.34	▲ 1.1%	■ ■ ■ ■	16.7x	83.3x
SXE.AX	Southern Cross Electrical Engine	89	0.57	0.56	0.57	0.56	▼ (1.8%)	■ ■ ■ ■	13.5x	n.m.
STS.AX	SRG Ltd	79	1.28	1.24	1.28	1.23	▼ (3.1%)	■ ■ ■ ■	4.1x	6.2x
TPP.AX	Tempo Australia Ltd	43	0.19	0.18	0.19	0.18	— 0.0%	■ ■ ■ ■	2.8x	2.9x
VMG.AX	VDM Group Ltd	5	0.00	0.00	0.00	0.00	— 0.0%	■ ■ ■ ■	n.m.	n.m.
VRS.AX	Veris Ltd	45	0.15	0.14	0.15	0.14	▼ (6.7%)	■ ■ ■ ■	4.0x	9.6x
WOR.AX	WorleyParsons Ltd	2,799	10.65	11.33	10.78	10.45	▲ 6.4%	■ ■ ■ ■	10.5x	13.8x
<b>Mining Services</b>										
ASL.AX	Ausdrill Ltd	568	1.92	1.82	1.87	1.81	▼ (5.2%)	■ ■ ■ ■	6.2x	13.0x
ANG.AX	Austin Engineering Ltd	130	0.23	0.23	0.23	0.22	▼ (4.3%)	■ ■ ■ ■	n.m.	n.m.
BLY.AX	Boart Longyear Ltd	25	0.03	0.03	0.03	0.03	— 0.0%	■ ■ ■ ■	31.8x	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	292	0.12	0.12	0.12	0.12	— 0.0%	■ ■ ■ ■	9.7x	197.0x
IMD.AX	Imdex Ltd	265	0.70	0.72	0.72	0.70	▲ 2.1%	■ ■ ■ ■	13.6x	33.0x
MAH.AX	Macmahon Holdings Ltd	213	0.18	0.18	0.18	0.18	▲ 2.9%	■ ■ ■ ■	6.9x	n.m.
MIN.AX	Mineral Resources Ltd	2,263	11.31	12.08	11.93	11.21	▲ 7.6%	■ ■ ■ ■	5.1x	7.8x
MLD.AX	MACA Ltd	391	1.67	1.67	1.66	1.62	▼ (0.3%)	■ ■ ■ ■	4.2x	14.6x
MSV.AX	Mitchell Services Ltd	57	0.04	0.04	0.04	0.04	▼ (2.5%)	■ ■ ■ ■	23.5x	n.m.
MYE.AX	Mastermyne Group Ltd	36	0.40	0.40	0.40	0.38	▲ 2.6%	■ ■ ■ ■	34.9x	n.m.
NWH.AX	NRW Holdings Ltd	201	0.63	0.63	0.64	0.62	▼ (2.3%)	■ ■ ■ ■	4.5x	8.8x
RUL.AX	RPMGlobal Holdings Ltd	132	0.58	0.63	0.62	0.57	▲ -	■ ■ ■ ■	n.m.	n.m.
SWK.AX	Swick Mining Services Ltd	72	0.30	0.31	0.32	0.29	▲ 6.9%	■ ■ ■ ■	6.4x	n.m.
<b>Marine Services</b>										
ASB.AX	Austal Ltd	628	1.83	1.82	1.82	1.80	▲ 0.3%	■ ■ ■ ■	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	42	0.44	0.45	0.47	0.44	▲ 3.4%	■ ■ ■ ■	n.m.	n.m.
MRM.AX	MMA Offshore Ltd	67	0.17	0.18	0.18	0.17	▲ 2.9%	■ ■ ■ ■	32.4x	n.m.
NMS.AX	Neptune Marine Services Ltd	49	0.805	0.805	0.81	0.81	— 0.0%	■ ■ ■ ■	n.m.	n.m.
VEE.AX	VEEM Ltd	81	0.63	0.63	0.63	0.63	— 0.0%	■ ■ ■ ■	9.6x	11.9x
ZGL.AX	Zicom Group Ltd	26	0.12	0.12	0.12	0.12	— 0.0%	■ ■ ■ ■	n.m.	n.m.
<b>Facilities Management</b>										
AEI.AX	Aeris Environmental Ltd	42	0.26	0.27	0.27	0.26	▲ 8.0%	■ ■ ■ ■	n.m.	n.m.
GMG.AX	Goodman Group Pty Ltd	14,134	8.00	7.90	7.91	7.66	▼ (0.6%)	■ ■ ■ ■	50.3x	50.3x
HIL.AX	Hills Ltd	36	0.16	0.16	0.16	0.16	— 0.0%	■ ■ ■ ■	6.9x	34.1x
MIL.AX	Millennium Services Group Ltd	66	1.59	1.46	1.59	1.45	▼ (7.9%)	■ ■ ■ ■	10.2x	12.8x
PRG.AX	Programmed Maintenance Serv	765	1.80	2.97	2.96	1.73	▲ 65.0%	■ ■ ■ ■	10.0x	14.6x
SKS.AX	Stokes Ltd	12	0.30	0.30	0.30	0.30	— 0.0%	■ ■ ■ ■	24.8x	32.3x
SPO.AX	Spotless Group Holdings Ltd	1,278	1.15	1.16	1.15	1.15	▲ 0.9%	■ ■ ■ ■	7.6x	12.6x
TPS.AX	Threat Protect Australia Ltd	19	0.03	0.03	0.03	0.03	— 0.0%	■ ■ ■ ■	24.5x	49.8x
UBN.AX	Urbanise com Ltd	24	0.06	0.07	0.07	0.06	▲ 22.8%	■ ■ ■ ■	n.m.	n.m.

Source: Thomson Reuters, LCC research



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