



Australian Engineering, Contractors & Service Providers

Edition 217 for the week ending 30 June 2017 | Published 03 July 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	0.1%	1.0%	9.3%	(Australia) 2-year gov bonds	1.74%	4.4%	(8.8%)	9.1%
(Japan) Topix	0.0%	6.1%	29.4%	(Australia) 5-year gov bonds	2.19%	8.4%	(5.9%)	31.6%
(Singapore) FTSE Strait Times Index	0.5%	12.0%	13.6%	(Australia) 10-year gov bonds	2.60%	9.0%	(6.2%)	29.6%
(Hong Kong) Hang Seng	0.4%	17.1%	23.9%					
(South Korea) Kospi 200	0.5%	19.9%	27.7%					
(US) S&P 500	(0.6%)	8.2%	15.5%					
(US) Dow Jones Industrial	(0.2%)	8.0%	19.1%					
(UK) FTSE 100	(1.5%)	2.4%	12.4%					
					Rate	Week	YTD	12-months
				AUD to USD	0.7686	1.6%	6.5%	3.2%

M&A Rumour and Activity

The Australian market finished the week 0.10% higher with the S&P/ASX200 ending at 5721 points, boosted by the strengthening of commodity prices over the week before suffering a 1.7% slump on Friday following a global sell-off. The Australian dollar finished the week 1.60% higher to end at US76.85 cents following hawkish comments by global central banks in the UK, Canada and New Zealand.

Downer EDI Ltd (DOW.AX) announced on 28 June 2017 that, as at 2.30pm on that day, it had a relevant interest of 59.64% in the issued capital of Spotless Group Holdings Ltd (SPO.AX). DOW is encouraging SPO's shareholders to accept the offer to avoid the underlying risks of retaining a minority stake in the company. SPO maintains that DOW's offer does not represent adequate value for SPO.

Delta SBD Limited (DSB.AX) announced on 28 June 2017 that its joint administrators have been granted an extension of time by the court to hold the second meeting of creditors of DSB. The administrators advised that their sale campaign and negotiations with interested parties were ongoing and expects that sale negotiations will be completed in the next few weeks.

Seymour Whyte Limited (SWL.AX) announced on 26 June 2017 that it has entered into a Scheme Implementation Agreement with VINCI Construction International Network ("VINCI") under which it is proposed that VINCI will acquire all the issued ordinary shares in SWL for a total consideration of \$1.285 cash per share. The scheme represents a premium of 40% to Seymour Whyte's volume weighted average share price of \$0.92 in the three months up to and including 14 March 2017 (the last day of trading before SWL announced it had received an indicative proposal from VINCI), and values the equity value of SWL at approximately \$113 million. The board of directors of SWL considers the scheme is in the best interests of the company's shareholders, and unanimously recommends that shareholders vote in favour of the scheme in the absence of a superior proposal and subject to an independent expert concluding (and continuing to conclude) that the scheme is in the best interests of the shareholders. *LCC note: Based on SWL's net cash of \$30.4 million as at 31 December 2016, the takeover enterprise value of SWL is \$82.6 million, which represents an acquisition multiple of 9.1x EV/EBITDA (based on annualising SWL's 1HFY17 EBITDA of \$2.9 million).*

Veris Limited (VRS.AX) announced on 28 June 2017 that it has agreed to acquire LANDdata Surveys, a surveying consultancy with operations in ACT and NSW, for cash and performance payments of up to \$4.8 million. The purchase price represents a multiple of approximately 3.8x FY2017F EBITDA

The Australian reported on 29 June 2017 that **Monadelphous Group Limited (MND.AX)** is rumoured to be working on an acquisition of a civil engineering company worth about \$300 million. In response to the media speculation, MND said that it continues to pursue opportunities to diversify its revenue but is not pursuing any acquisitions to the value speculated by the media.

News Headlines and Key Sector Developments

Ticker	News/Event	Ticker	News/Event
ASB	Announced that it has won a contract worth up to \$779 million (US\$584m) to build the Independence Class Littoral Combat Ship (LCS 28) for the United States Navy	MIN	Revised its guidance for FY17 with EBITDA in the range of \$460 - \$480 million
GCS	Announced the resignation of Mr. Sam Mangione as the Non-Executive Director of the Company	MND	Announced that it has secured new construction and fabrication contracts with a combined value of c. \$170 million (including a new contract with JKC Australia LNG for structural, mechanical, piping, electrical and instrumentation works for the completion of the gas turbine generators and associated steam piping of the power plant at the Ichthys Project Onshore LNG Facilities in Darwin
GNG	Awarded an EPC contract with AngloGold Ashanti Australia Limited to undertake the design and construction of a brownfields upgrade to processing facilities at the Sunrise Dam Gold Mine, located 55km south of Laverton in Western Australia. The contract price is c. \$31.3 million with completion scheduled for June 2018	RCR	Announced a \$50 million increase in the multicurrency contingent instrument facility that brings the company's total banking facility to \$195 million
MIL	Announced the appointment of Mr. Craig Hanley as the CEO of the company	SKS	Announced that its convertible notes (SKSG.AX) will be suspended from quotation at close of trade on 26 June 2017

Source: Thomson Reuters, Company Announcements, LCC research



Finalist in multiple categories including
BOUTIQUE INVESTMENT BANKING FIRM OF THE YEAR
9TH ANNUAL INTERNATIONAL M&A AWARDS



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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	129	0.24	0.22	0.24	0.22	▼ (8.3%)	■	32.3x	n.m.
BOL.AX	Boom Logistics Ltd	44	0.09	0.09	0.09	0.09	▲ 3.3%	■	10.9x	n.m.
BSA.AX	BSA Ltd	144	0.33	0.34	0.33	0.32	▲ 3.0%	■	17.4x	96.6x
BYL.AX	Brierty Ltd	8	0.07	0.06	0.07	0.06	▼ (12.7%)	■	n.m.	n.m.
CDD.AX	Cardno Ltd	585	1.20	1.22	1.21	1.17	▲ 1.7%	■	43.6x	n.m.
CIM.AX	CIMIC Group Ltd	12,588	39.01	38.84	39.35	38.52	▼ (0.9%)	■	12.2x	18.3x
DCG.AX	Decmil Group Ltd	160	0.91	0.93	0.92	0.90	▲ 3.3%	■	71.4x	n.m.
DOW.AX	Downer EDI Ltd	3,812	6.13	6.41	6.34	6.03	▲ 4.4%	■	7.8x	14.3x
EAL.AX	E&A Ltd	6	0.05	0.05	0.05	0.05	— 0.0%	■	n.m.	n.m.
EGN.AX	Engenco Ltd	66	0.185	0.21	0.20	0.16	▲ 16.7%	■	6.7x	12.3x
GCS.AX	Global Construction Services Ltd	126	0.58	0.60	0.59	0.58	▲ 3.4%	■	3.6x	5.0x
GNG.AX	GR Engineering Services Ltd	225	1.41	1.47	1.46	1.40	▲ 1.4%	■	7.8x	8.3x
LCM.AX	LogiCamms Ltd	14	0.20	0.17	0.19	0.17	▼ (15.0%)	■	n.m.	n.m.
LLC.AX	LendLease Group	9,715	16.27	16.65	16.69	16.13	▲ 2.4%	■	12.6x	14.1x
LYL.AX	Lycopodium Ltd	125	3.08	3.15	3.12	3.08	▲ 1.6%	■	2.3x	2.4x
MND.AX	Monadelphous Group Ltd	1,314	13.87	13.99	13.97	13.43	▲ 0.6%	■	10.8x	13.4x
OTR.AX	Onterran Ltd	20	0.32	0.32	0.32	0.32	— 0.0%	■	n.m.	n.m.
RCR.AX	RCR Tomlinson Ltd	477	3.34	3.41	3.36	3.31	▲ 1.5%	■	19.1x	74.7x
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	0.50	0.50	0.50	▼ (1.0%)	■	10.7x	13.8x
SSM.AX	Service Stream Ltd	482	1.32	1.32	1.30	1.28	— 0.0%	■	10.6x	12.7x
SWL.AX	Seymour Whyte Ltd	120	1.35	1.36	1.37	1.35	▲ 8.8%	■	16.9x	84.5x
SXE.AX	Southern Cross Electrical Engine	92	0.57	0.58	0.57	0.55	▲ 2.7%	■	14.2x	n.m.
STS.AX	SRG Ltd	83	1.21	1.30	1.21	1.15	▲ 7.9%	■	4.4x	6.6x
TPP.AX	Tempo Australia Ltd	42	0.18	0.18	0.18	0.17	▼ (5.4%)	■	2.6x	2.7x
VMG.AX	VDM Group Ltd	5	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	0.14	▲ 3.4%	■	4.3x	10.3x
WOR.AX	WorleyParsons Ltd	2,772	11.01	11.22	11.18	10.73	▲ 1.3%	■	10.4x	13.7x
Mining Services										
ASL.AX	Ausdrill Ltd	573	1.72	1.84	1.80	1.71	▲ 7.0%	■	6.2x	13.1x
ANG.AX	Austin Engineering Ltd	127	0.21	0.22	0.21	0.20	▲ 7.3%	■	n.m.	n.m.
BLY.AX	Boart Longyear Ltd	24	0.03	0.03	0.03	0.03	▼ (16.7%)	■	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	256	0.09	0.11	0.11	0.09	▲ 22.1%	■	9.1x	185.9x
IMD.AX	Imdex Ltd	277	0.70	0.76	0.71	0.70	▲ 6.3%	■	14.3x	34.6x
MAH.AX	Macmahon Holdings Ltd	198	0.17	0.17	0.17	0.17	— 0.0%	■	6.2x	n.m.
MIN.AX	Mineral Resources Ltd	2,033	9.31	10.85	10.30	9.15	▲ 17.7%	■	4.6x	7.0x
MLD.AX	MACA Ltd	387	1.62	1.65	1.64	1.61	▲ 2.5%	■	4.1x	14.4x
MSV.AX	Mitchell Services Ltd	49	0.03	0.03	0.03	0.03	▲ 6.5%	■	20.6x	n.m.
MYE.AX	Mastermyne Group Ltd	28	0.28	0.31	0.31	0.27	▲ 6.9%	■	28.9x	n.m.
NWH.AX	NRW Holdings Ltd	208	0.58	0.65	0.61	0.57	▲ 10.3%	■	4.7x	9.0x
RUL.AX	RPMGlobal Holdings Ltd	116	0.57	0.55	0.55	0.54	▼ (9.2%)	■	n.m.	n.m.
SWK.AX	Swick Mining Services Ltd	54	0.26	0.24	0.26	0.22	▲ -	■	5.1x	n.m.
Marine Services										
ASB.AX	Austal Ltd	639	1.82	1.83	1.82	1.78	▲ 1.4%	■	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	38	0.42	0.41	0.41	0.38	▼ (1.2%)	■	n.m.	n.m.
MRM.AX	MMA Offshore Ltd	58	0.16	0.155	0.16	0.15	— 0.0%	■	31.7x	n.m.
NMS.AX	Neptune Marine Services Ltd	49	0.89	0.805	0.89	0.81	▼ (12.5%)	■	n.m.	n.m.
VEE.AX	VEEM Ltd	83	0.635	0.64	0.64	0.64	▲ 0.8%	■	9.7x	12.1x
ZGL.AX	Zicom Group Ltd	26	0.12	0.12	0.12	0.12	▼ (4.0%)	■	n.m.	n.m.
Facilities Management										
AEI.AX	Aeris Environmental Ltd	43	0.30	0.28	0.28	0.28	— 0.0%	■	n.m.	n.m.
GMG.AX	Goodman Group Pty Ltd	14,080	8.28	7.87	8.27	7.87	▼ (4.7%)	■	50.2x	50.2x
HIL.AX	Hills Ltd	36	0.15	0.16	0.16	0.15	▲ 3.3%	■	6.9x	34.1x
MIL.AX	Millennium Services Group Ltd	76	1.67	1.65	1.67	1.59	▼ (2.7%)	■	11.2x	14.0x
PRG.AX	Programmed Maintenance Serv	480	1.85	1.87	1.86	1.83	▼ (0.8%)	■	7.1x	10.3x
SKS.AX	Stokes Ltd	11	0.30	0.30	0.30	0.30	— 0.0%	■	23.3x	30.5x
SPO.AX	Spotless Group Holdings Ltd	1,263	1.15	1.15	1.15	1.15	▼ (0.4%)	■	7.5x	12.5x
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	18	0.06	0.05	0.06	0.05	▼ (20.6%)	■	n.m.	n.m.

Source: Thomson Reuters, LCC research



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