



Australian Engineering, Contractors & Service Providers

Edition 218 for the week ending 7 July 2017 | Published 10 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	(0.3%)	0.7%	9.1%	(Australia) 2-year gov bonds	1.75%	0.5	(16.4)	18.1
(Japan) Topix	(0.3%)	5.8%	31.1%	(Australia) 5-year gov bonds	2.25%	6.0	(7.8)	65.6
(Singapore) FTSE Strait Times Index	0.1%	12.1%	12.8%	(Australia) 10-year gov bonds	2.68%	7.5	(9.6)	79.3
(Hong Kong) Hang Seng	(1.6%)	15.2%	22.4%					
(South Korea) Kospi 200	(0.4%)	19.5%	27.0%					
(US) S&P 500	0.1%	8.3%	15.6%					
(US) Dow Jones Industrial	0.3%	8.4%	19.7%					
(UK) FTSE 100	0.5%	2.9%	12.5%					
				AUD to USD	0.7605	(1.1%)	5.4%	1.7%

M&A Rumour and Activity

The Australian market finished the week 0.31% lower with the S&P/ASX200 ending at 5704 points as a global government bond sell-off that gathered pace late in the week weighed on equity prices. The Australian dollar finished the week 1.05% lower to end at US76.05 cents following the Reserve Bank of Australia's decision to leave interest rates on hold at 1.5% with a 'neutral' bias. **In 2 current sell side engagements, LCC is seeing a continued strong interest in Australian deals from international players, in particular from Asia, Europe (including Russia) and North America.**

On 6 July 2017, CIMIC Group Limited (CIM.AX) announced that it has sold its 23.64% shareholding in **Macmahon Holdings Limited (MAH.AX)** at a price of \$0.165 per share, or a premium of 65% to the 3-month volume weighted average price of MAH as at 23 January 2017 (the trading day prior to the announcement of CIM's takeover offer of \$0.145 per MAH share).

MAH's shareholders is set to vote for a transaction with Indonesian miner PT Amman Mineral Nusa Tenggara (AMNT), which will deliver AMNT a 44.3% stake in MAH. *The Australian Financial Review* reported that it is understood that MAH's transaction with AMNT is likely to secure shareholders' approval on 12 July 2017 even if CIM voted against it, which will leave CIM holding just 13.2% of MAH.

Downer EDI Limited (DOW.AX) announced on 7 July 2017 that it had a shareholding of 61.4% in **Spotless Group Holdings Limited (SPO.AX)** as at 7 pm on 6 July 2017, and recommends that SPO's remaining shareholders accept its takeover offer of \$1.15 per SPO share.

Emeco Holdings Limited (EHL.AX) announced on 3 July 2017 that it has entered into a strategic asset swap and sale transaction in respect of its Chile fleet on 30 June 2017, which will enhance its Australian fleet by generating net cash proceeds of approximately \$12 million and reduce EHL's FY18 capital expenditure by approximately \$5 million.

The Australian Financial Review reported on 6 July 2017 that **Bis Industries** is in the final stages of its long-awaited restructure of its balance sheet, with a proposed debt-for-equity swap that will hand a large chunk of equity to its three largest senior lenders Varde Partners, Metrics Credit Partners and The Carlyle Group (leaving KRR with only a small slice of equity).

Boart Longyear Limited (BLY.AX) advised on 3 July 2017 that it expects some delay in the implementation of its recapitalisation proposal. BLY is still in the process of concluding a number of prerequisites to the implementation of the recapitalisation, including finalising the new and increased asset-based loan facilities.

Siemens AG (SIEGn.DE) acquired Perth-based **MRX Technologies**, a provider of digitised conditioning monitoring and measurement data for rail infrastructure, for an undisclosed value on 26 June 2017.

News Headlines and Key Sector Developments

Ticker	News/Event	Ticker	News/Event
ASB	Delivered the 2 nd high speed passenger ferry for the 2Go Group in the Philippines	GNG	Entered into an EPC contract with Gascoyne Resources Ltd in relation to the design and construction of the Dalgarranga Gold Project mineral processing facilities. The contract is based on a guaranteed maximum price basis, with a contract sum of c.\$66.5 million
CIM	Thiess secured a contract extension (to 2020) at Fortescue Metal Group's Solomon Hub in Western Australia, which is expected to generate revenue of c.\$650m	VRS	Established Aqura Technologies Pty Ltd ("Aqura") following the restructure of its subsidiary. Aqura will provide specialist IT, communications, managed services and consulting to clients
CIM	CPB Contractors has been awarded the \$400m Airfield Works contract by Brisbane Airport Corporation Pty Ltd to construct the New Parallel Runway in a 50/50 JV with BMD Constructions (the contract will generate revenue of c.\$200m to CPB Contractors)	WTP	Appointed Mr Peter Watson as an independent non-executive director
GCS	51% subsidiary Gallery Facades has executed a contract with Multiplex Constructions to the value of c.\$40m for the supply and installation of facades to Swanston Central, a 72 level residential, mixed user tower located on the Melbourne CBD fringe	WTP	Awarded a \$187m contract by the NSW Department of Education to build 2 new schools in Parramatta, NSW

Source: Thomson Reuters, Company Announcements, LCC research



2017
Finalist in multiple categories including
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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	146	0.23	0.25	0.29	0.23	▲ 13.6%	■ ■ ■ ■	34.7x	n.m.
BOL.AX	Boom Logistics Ltd	50	0.09	0.11	0.11	0.09	▲ 12.9%	■ ■ ■ ■	11.5x	n.m.
BSA.AX	BSA Ltd	133	0.34	0.32	0.34	0.32	▼ (7.4%)	■ ■ ■ ■	15.8x	87.8x
BYL.AX	Brierty Ltd	9	0.06	0.07	0.07	0.06	▲ 16.1%	■ ■ ■ ■	n.m.	n.m.
CDD.AX	Cardno Ltd	590	1.23	1.23	1.23	1.21	▲ 0.8%	■ ■ ■ ■	43.9x	n.m.
CIM.AX	CIMIC Group Ltd	12,354	38.81	38.20	38.97	37.51	▼ (1.6%)	■ ■ ■ ■	12.0x	18.0x
DCG.AX	Decmil Group Ltd	163	0.93	0.95	0.95	0.93	▲ 2.2%	■ ■ ■ ■	73.0x	n.m.
DOW.AX	Downer EDI Ltd	3,616	6.41	6.08	6.33	6.02	▼ (5.1%)	■ ■ ■ ■	7.4x	13.6x
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	0.195	0.21	0.20	0.20	— 0.0%	■ ■ ■ ■	6.7x	12.3x
GCS.AX	Global Construction Services Ltd	122	0.58	0.58	0.59	0.58	▼ (3.3%)	■ ■ ■ ■	3.5x	4.8x
GNG.AX	GR Engineering Services Ltd	233	1.45	1.52	1.57	1.40	▲ 3.4%	■ ■ ■ ■	8.1x	8.7x
LCM.AX	LogiCams Ltd	14	0.17	0.18	0.18	0.17	▲ 2.9%	■ ■ ■ ■	n.m.	n.m.
LLC.AX	LendLease Group	9,872	16.63	16.92	16.82	16.25	▲ 1.6%	■ ■ ■ ■	12.8x	14.3x
LYL.AX	Lycopodium Ltd	127	3.15	3.20	3.30	3.12	▲ 1.6%	■ ■ ■ ■	2.4x	2.5x
MND.AX	Monadelphous Group Ltd	1,363	14.00	14.51	14.67	14.00	▲ 3.7%	■ ■ ■ ■	11.3x	14.0x
OTR.AX	Onterran Ltd	20	0.32	0.32	0.32	0.32	— 0.0%	■ ■ ■ ■	n.m.	n.m.
RCR.AX	RCR Tomlinson Ltd	483	3.36	3.45	3.40	3.35	▲ 1.2%	■ ■ ■ ■	19.3x	75.4x
RDG.AX	Resource Development Group L	12	0.02	0.02	0.02	0.02	▼ (9.5%)	■ ■ ■ ■	(0.1x)	(0.1x)
SND.AX	Saunders International Ltd	47	0.54	0.55	0.54	0.53	▲ 10.1%	■ ■ ■ ■	12.2x	15.9x
SSM.AX	Service Stream Ltd	493	1.32	1.35	1.32	1.30	▲ 2.3%	■ ■ ■ ■	10.9x	13.1x
SWL.AX	Seymour Whyte Ltd	117	1.36	1.33	1.35	1.33	▼ (2.2%)	■ ■ ■ ■	16.4x	82.2x
SXE.AX	Southern Cross Electrical Engine	91	0.57	0.57	0.58	0.57	▼ (1.7%)	■ ■ ■ ■	13.8x	n.m.
STS.AX	SRG Ltd	82	1.25	1.28	1.29	1.25	▼ (1.5%)	■ ■ ■ ■	4.3x	6.5x
TPP.AX	Tempo Australia Ltd	43	0.18	0.18	0.18	0.18	▲ 2.9%	■ ■ ■ ■	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	49	0.15	0.15	0.15	0.15	— 0.0%	■ ■ ■ ■	4.3x	10.3x
WOR.AX	WorleyParsons Ltd	2,631	11.16	10.65	11.23	10.54	▼ (5.1%)	■ ■ ■ ■	10.0x	13.2x
Mining Services										
ASL.AX	Ausdrill Ltd	600	1.84	1.92	1.87	1.77	▲ 4.6%	■ ■ ■ ■	6.5x	13.5x
ANG.AX	Austin Engineering Ltd	136	0.22	0.24	0.23	0.21	▲ 6.8%	■ ■ ■ ■	n.m.	n.m.
BLY.AX	Boart Longyear Ltd	25	0.03	0.03	0.03	0.03	▲ 4.0%	■ ■ ■ ■	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	0.11	0.12	0.12	0.11	▲ 14.3%	■ ■ ■ ■	9.7x	197.0x
IMD.AX	Imdex Ltd	259	0.78	0.71	0.73	0.70	▼ (6.6%)	■ ■ ■ ■	13.3x	32.3x
MAH.AX	Macmahon Holdings Ltd	210	0.17	0.18	0.17	0.17	▲ 6.1%	■ ■ ■ ■	6.7x	n.m.
MIN.AX	Mineral Resources Ltd	2,104	10.71	11.23	10.86	10.28	▲ 3.5%	■ ■ ■ ■	4.7x	7.2x
MLD.AX	MACA Ltd	393	1.65	1.68	1.66	1.62	▲ 1.5%	■ ■ ■ ■	4.2x	14.6x
MSV.AX	Mitchell Services Ltd	59	0.03	0.04	0.04	0.03	▲ 21.2%	■ ■ ■ ■	24.0x	n.m.
MYE.AX	Mastermyne Group Ltd	35	0.31	0.39	0.39	0.31	▲ 25.8%	■ ■ ■ ■	34.2x	n.m.
NWH.AX	NRW Holdings Ltd	206	0.66	0.64	0.66	0.62	▼ (0.8%)	■ ■ ■ ■	4.6x	8.9x
RUL.AX	RPMGlobal Holdings Ltd	123	0.56	NULL	0.56	0.55	▲ -	■ ■ ■ ■	n.m.	n.m.
SWK.AX	Swick Mining Services Ltd	67	0.24	0.29	0.28	0.24	▲ 23.4%	■ ■ ■ ■	6.0x	n.m.
Marine Services										
ASB.AX	Austal Ltd	633	1.83	1.82	1.82	1.80	▼ (0.8%)	■ ■ ■ ■	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	41	0.42	0.44	0.44	0.42	▲ 7.4%	■ ■ ■ ■	n.m.	n.m.
MRM.AX	MMA Offshore Ltd	65	0.16	0.175	0.18	0.16	▲ 12.9%	■ ■ ■ ■	32.3x	n.m.
NMS.AX	Neptune Marine Services Ltd	49	0.82	0.805	0.81	0.81	— 0.0%	■ ■ ■ ■	76.1x	n.m.
VEE.AX	VEEM Ltd	82	0.64	0.63	0.64	0.62	▼ (1.6%)	■ ■ ■ ■	9.6x	11.9x
ZGL.AX	Zicom Group Ltd	26	0.12	0.12	0.12	0.12	— 0.0%	■ ■ ■ ■	n.m.	n.m.
Facilities Management										
AEI.AX	Aeris Environmental Ltd	39	0.28	0.25	0.28	0.25	▼ (9.1%)	■ ■ ■ ■	n.m.	n.m.
GMG.AX	Goodman Group Pty Ltd	14,224	7.89	7.95	7.91	7.79	▲ 1.0%	■ ■ ■ ■	50.6x	50.6x
HIL.AX	Hills Ltd	36	0.15	0.16	0.16	0.15	— 0.0%	■ ■ ■ ■	6.9x	34.1x
MIL.AX	Millennium Services Group Ltd	73	1.59	1.59	1.60	1.59	▼ (3.6%)	■ ■ ■ ■	10.9x	13.6x
PRG.AX	Programmed Maintenance Serv	464	1.87	1.80	1.83	1.71	▼ (3.5%)	■ ■ ■ ■	6.9x	10.1x
SKS.AX	Stokes Ltd	12	0.29	0.30	0.30	0.29	— 0.0%	■ ■ ■ ■	24.8x	32.3x
SPO.AX	Spotless Group Holdings Ltd	1,263	1.15	1.15	1.15	1.15	— 0.0%	■ ■ ■ ■	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	20	0.05	0.06	0.06	0.05	▲ 14.0%	■ ■ ■ ■	n.m.	n.m.

Source: Thomson Reuters, LCC research



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