



Australian Engineering, Contractors & Service Providers

Edition 224 for the week ending 18 August 2017 | Published 21 August 2017 WWW.LCCAPAC.COM

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	0.9%	1.4%	4.3%	(Australia) 2-year gov bonds	1.81%	0.03	(0.11)	0.38
(Japan) Topix	(1.2%)	5.2%	23.8%	(Australia) 5-year gov bonds	2.17%	0.03	(0.16)	0.55
(Singapore) FTSE Strait Times Index	(0.8%)	12.9%	14.6%	(Australia) 10-year gov bonds	2.63%	0.03	(0.15)	0.69
(Hong Kong) Hang Seng	0.6%	22.9%	17.5%					
(South Korea) Kospi 200	1.9%	18.6%	19.5%					
(US) S&P 500	(0.6%)	8.3%	10.9%					
(US) Dow Jones Industrial	(0.8%)	9.7%	16.5%					
(UK) FTSE 100	0.2%	2.5%	6.6%					
				AUD to USD	0.7927	0.48%	9.87%	3.15%

M&A Rumour and Activity

The Australian market finished the week 0.95% higher with the S&P/ASX200 ending at 5747 points, following a week driven by local company earnings and strong performance by the consumer discretionary and consumer staples sector which drove the bourse higher. The Australian dollar finished the week 0.48% higher to end at US79.27 cents, mainly due to the weakening of US Dollar amid rising political turmoil in Washington.

NRW Holdings Limited (NWH.AX) announced on 14 August 2017 that it has agreed to acquire **Golding Group Pty Ltd**, a leading civil infrastructure, urban and mining services company operating in QLD and NSW, from Champ Private Equity for an enterprise value of \$85.0 million. The implied acquisition multiple is 1.6 EV/EBITDA and the acquisition will be funded via new debt facilities (\$48.0 million) and equity placement (\$25.0 million). Additionally, NRW announced on 15 August 2017 that it has received binding commitments to place approximately 36.8 million new ordinary shares at a price of \$0.68 per share, to raise \$25 million towards the acquisition of Golding Group Pty Ltd. The transaction is expected to be earnings accretive for NRW (over 60% on a pro forma FY17 basis).

WSP Global Inc. (WSP.TSX), a Canadian-based engineering consultancy firm on 13 August 2017 made a takeover offer of NZ\$1.78/ share in cash for 100% of the share capital of **Opus International Consultants Ltd (OIC)**. The offer values OIC at NZ\$263.2 million (c. \$243.4 million) and represents a premium of 86.9% to OIC's closing price of NZ\$0.99/ share on 11 August 2017. The implied acquisition multiple is 9.3x EV/EBITDA. WSP has entered into an agreement to buy OIC's major shareholder, Malaysian-based UEM Edgenta's 61.2% stake in the company. However, OIC's board has advised its shareholders to take no action in regard to the offer until an independent adviser's report is presented.

Downer EDI Limited (DOW.AX) announced on 14 August 2017 that it has extended its offer for **Spotless Group Holdings Limited (SPO.AX)** until 7.00pm (Sydney time) on Monday, 21 August 2017 (unless further extended under the Corporations Act 2001). As at 4.30pm on 14 August 2017, DOW had a shareholding of 87.3% in the issued share capital of SPO.

In relation to work currently being undertaken by the LCC team, we are continuing to see increased appetite for mining technology companies, in particular those that are focussed on the optimisation of operations inside the mine pit, or alternatively the optimisation of operating costs – including in such areas as hauler consumables. LCC will be producing a stand alone report on Mining Services Technology in the coming months.

News Headlines and Key Sector Developments

Ticker	News/Event	Ticker	News/Event
AJL	Announced that Cuadrilla Resources has commenced drilling the first exploration well at Bowland's Preston New Road in the UK. AJL has effective 48% interest in Bowland shale gas tenements	NWH	Reported FY17 results with revenue of \$344.6 million (up 19.6% from pcp) and PAT of \$28.5 million (up 33.0% from pcp)
ANG	Announced the appointment of Mr. Peter Forsyth (current CEO of ANG) as the Managing Director of the company	SSM	Reported FY17 results with revenue of \$501.8 million (up 14.3% from pcp) and PAT of \$28.4 million (up 42.0% from pcp)
CDD	Reported FY17 results with EBITDA of \$44.0 million (up 4.8% from pcp) and NPAT of \$8.6 million (up 104.4% from pcp)	SWL	Announced that it has been awarded additional packages of work on the Woolgoolga to Ballina – Pacific Highway Upgrade, valued at \$136 million in total
DCG	Announced that it has secured a c. \$13 million contract with BHP Billiton Iron Ore Pty Ltd to conduct initial works at its South Flank project	SWL	Reported FY17 results with revenue of \$433.0 million (up 20.0% from pcp) and NLAT of \$1.3 million
GMG	Reported FY17 results with EBIT of \$776.0 million (up 8.6% from pcp) and provided guidance for FY18 with operating profit of \$828.0 million	SXE	Announced that it has entered into a three year service agreement, valued at c. \$20 million, for the provision of asset inspection and maintenance services on the Ergon Energy electricity distribution network in the Northern Region of Queensland
GNG	Announced the suspension of its securities from the ASX pending the release of an announcement	VRS	Reported FY17 results with revenue of \$107.9 million (down 10.7% from pcp) and PAT of \$0.48 million
IMD	Reported FY17 results with revenue of \$186.5 million (up 7% from pcp) and PAT of \$3.6 million (up 106% from pcp)	WOR	Announced that it has been awarded the project management and front end engineering and design services contract for the offshore oil and gas facilities portion and the onshore upstream and downstream pipelines portion of Saudi Aramco's Marjan Oil Field Development Program
MIN	Reported FY17 results with revenue of \$1.46 billion (up 24% from pcp) and EBITDA of \$464.0 million (up 62% from pcp)	WOR	Advised that the shareholder class action brought against the Company, funded by BSL Litigation Partners Limited, has been discontinued by the applicant, Ms Walsh, with undertakings from Mr Mark Elliott
MYE	Reported FY17 results with revenue of \$124.2 million (down 26.3% from pcp) and NLAT of \$2.0 million (up 84.7% from pcp)		

Source: Thomson Reuters, Company Announcements, LCC research



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	148	0.25	0.26	0.26	0.24	▲ 10.9%	■ ■ ■ ■ ■	35.1x	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	148	0.35	0.35	0.35	0.34	— 0.0%	■ ■ ■ ■ ■	18.0x	100.1x
BYL.AX	Brierty Ltd	9	0.07	0.08	0.07	0.07	▲ 13.6%	■ ■ ■ ■ ■	n.m.	n.m.
CDD.AX	Cardno Ltd	556	1.16	1.16	1.14	1.11	▲ 0.9%	■ ■ ■ ■ ■	41.4x	n.m.
CIM.AX	CIMIC Group Ltd	13,450	42.30	41.48	42.27	41.33	▼ (1.6%)	■ ■ ■ ■ ■	10.1x	15.1x
DCG.AX	Decmil Group Ltd	163	0.89	0.95	0.92	0.89	▲ 7.3%	■ ■ ■ ■ ■	73.2x	n.m.
DOW.AX	Downer EDI Ltd	4,050	6.73	6.81	6.84	6.73	▲ 2.1%	■ ■ ■ ■ ■	8.2x	15.1x
EAL.AX	E&A Ltd	6	0.05	0.05	0.05	0.05	— 0.0%	■ ■ ■ ■ ■	n.m.	n.m.
EGN.AX	Engenco Ltd	81	0.25	0.26	0.26	0.25	▲ 2.0%	■ ■ ■ ■ ■	8.5x	15.8x
GCS.AX	Global Construction Services Ltd	116	0.55	0.55	0.55	0.53	— 0.0%	■ ■ ■ ■ ■	3.3x	4.5x
GNG.AX	GR Engineering Services Ltd	219	1.45	1.44	1.44	1.42	▼ (0.7%)	■ ■ ■ ■ ■	7.6x	8.1x
LCM.AX	LogiCamms Ltd	28	0.31	0.34	0.34	0.30	▲ 6.3%	■ ■ ■ ■ ■	n.m.	n.m.
LLC.AX	LendLease Group	9,511	16.19	16.30	16.45	16.02	▲ 1.4%	■ ■ ■ ■ ■	12.3x	13.8x
LYL.AX	Lycopodium Ltd	133	3.25	3.35	3.30	3.20	▲ 1.5%	■ ■ ■ ■ ■	2.7x	2.9x
MND.AX	Monadelphous Group Ltd	1,315	14.19	14.00	14.19	13.67	▼ (1.3%)	■ ■ ■ ■ ■	10.8x	13.5x
OTR.AX	Onterran Ltd	20	0.32	0.32	0.32	0.32	— 0.0%	■ ■ ■ ■ ■	n.m.	n.m.
RCR.AX	RCR Tomlinson Ltd	518	3.70	3.70	3.74	3.68	▼ (0.8%)	■ ■ ■ ■ ■	20.5x	80.3x
RDG.AX	Resource Development Group L	11	0.02	0.02	0.02	0.02	▼ (15.0%)	■ ■ ■ ■ ■	(0.2x)	(0.3x)
SND.AX	Saunders International Ltd	51	0.59	0.60	0.60	0.56	▲ 5.3%	■ ■ ■ ■ ■	14.0x	18.1x
SSM.AX	Service Stream Ltd	535	1.40	1.47	1.41	1.32	▲ 4.6%	■ ■ ■ ■ ■	10.0x	11.8x
SWL.AX	Seymour Whyte Ltd	121	1.38	1.38	1.37	1.36	▼ (0.4%)	■ ■ ■ ■ ■	17.1x	85.7x
SXE.AX	Southern Cross Electrical Engine	101	0.61	0.64	0.62	0.60	▲ 4.1%	■ ■ ■ ■ ■	16.1x	n.m.
STS.AX	SRG Ltd	89	1.35	1.40	1.40	1.35	▲ 8.5%	■ ■ ■ ■ ■	4.8x	7.3x
TPP.AX	Tempo Australia Ltd	44	0.18	0.19	0.19	0.18	▼ (5.1%)	■ ■ ■ ■ ■	3.0x	3.1x
VMG.AX	VDM Group Ltd	5	0.00	0.00	0.00	0.00	— 0.0%	■ ■ ■ ■ ■	n.m.	n.m.
VMX.AX	Valmec Ltd	11	0.14	0.14	0.14	0.14	▼ (3.6%)	■ ■ ■ ■ ■	6.1x	11.8x
VRS.AX	Veris Ltd	55	0.15	0.17	0.17	0.15	▲ 9.7%	■ ■ ■ ■ ■	4.9x	11.7x
WOR.AX	WorleyParsons Ltd	2,938	12.00	11.89	11.96	11.78	▼ (1.4%)	■ ■ ■ ■ ■	10.8x	14.3x
Mining Services										
ASL.AX	Ausdrill Ltd	650	2.16	2.08	2.16	2.00	▼ (5.0%)	■ ■ ■ ■ ■	6.9x	14.4x
ANG.AX	Austin Engineering Ltd	130	0.25	0.23	0.24	0.23	▼ (11.8%)	■ ■ ■ ■ ■	n.m.	n.m.
BLY.AX	Boart Longyear Ltd	54	0.06	0.06	0.06	0.05	▲ 3.7%	■ ■ ■ ■ ■	32.8x	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	341	0.14	0.14	0.14	0.14	— 0.0%	■ ■ ■ ■ ■	10.4x	211.9x
IMD.AX	Imdex Ltd	294	0.78	0.80	0.79	0.76	▲ 3.2%	■ ■ ■ ■ ■	15.2x	36.7x
MAH.AX	Macmahon Holdings Ltd	375	0.18	0.18	0.18	0.18	▼ (2.8%)	■ ■ ■ ■ ■	13.6x	n.m.
MIN.AX	Mineral Resources Ltd	2,729	13.60	14.57	14.26	13.12	▲ 9.3%	■ ■ ■ ■ ■	5.7x	8.8x
MLD.AX	MACA Ltd	417	1.62	1.78	1.68	1.61	▲ 8.9%	■ ■ ■ ■ ■	4.5x	15.7x
MSV.AX	Mitchell Services Ltd	54	0.04	0.04	0.04	0.04	— 0.0%	■ ■ ■ ■ ■	22.5x	n.m.
MYE.AX	Mastermyne Group Ltd	48	0.53	0.53	0.53	0.46	▲ 1.0%	■ ■ ■ ■ ■	10.8x	n.m.
NWH.AX	NRW Holdings Ltd	306	0.68	0.95	0.88	0.65	▲ 43.9%	■ ■ ■ ■ ■	6.5x	12.6x
RUL.AX	RPMGlobal Holdings Ltd	150	0.62	0.71	0.70	0.62	▲ 10.9%	■ ■ ■ ■ ■	n.m.	n.m.
SWK.AX	Swick Mining Services Ltd	72	0.31	0.31	0.32	0.31	— 0.0%	■ ■ ■ ■ ■	6.4x	n.m.
Marine Services										
ASB.AX	Austal Ltd	626	1.76	1.80	1.78	1.70	▲ 3.2%	■ ■ ■ ■ ■	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	46	0.50	0.49	0.53	0.48	▼ (1.0%)	■ ■ ■ ■ ■	n.m.	n.m.
MRM.AX	MMA Offshore Ltd	67	0.18	0.18	0.18	0.17	— 0.0%	■ ■ ■ ■ ■	32.4x	n.m.
NMS.AX	Neptune Marine Services Ltd	46	0.76	0.76	0.76	0.76	— 0.0%	■ ■ ■ ■ ■	n.m.	n.m.
VEE.AX	VEEM Ltd	78	0.58	0.6	0.58	0.57	— 0.0%	■ ■ ■ ■ ■	9.1x	11.3x
ZGL.AX	Zicom Group Ltd	29	0.14	0.14	0.14	0.13	▲ 3.8%	■ ■ ■ ■ ■	n.m.	n.m.
Facilities Management										
AEI.AX	Aeris Environmental Ltd	44	0.28	0.28	0.28	0.28	▲ 3.7%	■ ■ ■ ■ ■	n.m.	n.m.
GMG.AX	Goodman Group Pty Ltd	15,261	8.26	8.53	8.43	8.14	▲ 3.9%	■ ■ ■ ■ ■	54.0x	54.0x
HIL.AX	Hills Ltd	42	0.17	0.18	0.18	0.17	▲ 5.9%	■ ■ ■ ■ ■	7.6x	37.6x
MIL.AX	Millennium Services Group Ltd	70	1.47	1.54	1.54	1.47	▲ 5.1%	■ ■ ■ ■ ■	10.6x	13.3x
PRG.AX	Programmed Maintenance Serv	773	2.97	3.00	2.98	2.97	▲ 1.0%	■ ■ ■ ■ ■	10.1x	14.7x
SKS.AX	Stokes Ltd	12	0.28	0.30	0.28	0.28	— 0.0%	■ ■ ■ ■ ■	24.8x	32.3x
SPO.AX	Spotless Group Holdings Ltd	1,261	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	▼ (7.1%)	■ ■ ■ ■ ■	24.5x	49.8x
UBN.AX	Urbanise com Ltd	25	0.09	0.07	0.09	0.06	▼ (21.3%)	■ ■ ■ ■ ■	n.m.	n.m.

Source: Thomson Reuters, LCC research



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