



Australian Engineering, Contractors & Service Providers

Edition 229 for the week ending 22 Sept 2017 | Published 25 Sept 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	(0.2%)	0.3%	5.7%	(Australia) 2-year gov bonds	1.98%	0.03	0.06	0.37
(Japan) Topix	1.6%	9.6%	23.1%	(Australia) 5-year gov bonds	2.37%	0.06	0.04	0.53
(Singapore) FTSE Strait Times Index	0.3%	11.8%	13.1%	(Australia) 10-year gov bonds	2.81%	0.06	0.04	0.71
(Hong Kong) Hang Seng	0.3%	26.7%	17.3%					
(South Korea) Kospi 200	1.0%	21.8%	22.6%					
(US) S&P 500	0.1%	11.8%	14.9%					
(US) Dow Jones Industrial	0.4%	13.1%	21.5%					
(UK) FTSE 100	1.3%	2.3%	5.8%					
					Rate	Week	YTD	12-months
				AUD to USD	0.7962	(0.49%)	10.35%	4.19%

M&A Rumour and Activity

The Australian market finished the week 0.23% lower with the S&P/ASX200 ending at 5682 points, as investors sought to integrate changing interest rate expectations into their stock choices. The financial sector was the strongest performer of the week, with gains offsetting losses for interest rate-sensitive sectors such as utilities and real estate. The Australian dollar finished the week 0.49% lower to end at US79.62 cents, mainly due to the strengthening of the US Dollar following hawkish comments by the US Federal Reserve, which marked a symbolic historic end to 10 years of "easy money" as the Fed starts to wind back its balance sheet.

Seven Group Holdings (SVW.AX) on 20 September 2017 announced that it has entered into a binding agreement to acquire the remaining 53.3% of the securities of **Coates Group Holdings** which it does not already own for \$517 million from an affiliate of Carlyle Asia Partners II. The purchase consideration implies a valuation of 6.5x EV/FY17 EBITDA, and will provide a 15% accretion to SVW's underlying EPS in FY17 on a full year pro-forma basis.

Barmingo, an underground hard-rock mining contractor backed by Gresham Private Equity, announced the appointment of Mr. Paul Muller as the Chief Executive Officer of the company, succeeding Mr Peter Stokes who resigned in August. Barmingo has been rumoured to be pursuing plans for an IPO in 2018, after calling off an IPO back in 2011 due to market conditions.

Goodman Group (GMG.AX) announced that it has priced the issue of two tranches of notes in the US 144A/Reg S market with an expected settlement date of 27 September 2017; \$660 million (US\$525 million) 10.5 year notes with a fixed coupon rate of 3.7%, maturing 15 March 2028 and \$408 million (US\$325 million) 20 year notes with a fixed coupon rate of 4.5%, maturing 15 October 2037. As at the early participation close for the tender of existing US 144A/Reg S notes, GMG has agreed to repurchase; \$408 million (US\$325 million) of the \$628 million (US\$500 million) 6.3% 2021 notes; and \$276 million (US\$220 million) of the \$628 million (US\$500 million) 6.0% 2022 notes, with an expected settlement on 4 October 2017. Additionally, GMG has agreed to repurchase \$219 million (GBP129 million) of the \$424 million (GBP250 million) 9.7% 2018 notes with expected settlement on 21 September 2017 and has priced the issue of \$749 million (Euro500 million) 8 year notes at an annual fixed interest rate of 1.4%.

News Headlines and Key Sector Developments

Ticker	News/Event	Ticker	News/Event
ASB	Announced that it has delivered its sixth Littoral Combat Ship to the U.S. Navy during a ceremony in Mobile at Austal's manufacturing facility	CIM	Announced that CPB Contractors has been selected by Queensland Corrective Services to deliver significant facility upgrades at the Capricornia Correctional Centre. The contract is expected to generate revenue of c. \$145 million
CIM	Announced the appointment of Ms Kate Spargo to its Board of Directors as an Independent Non-Executive Director	MYE	Announced the completion of a \$6.0 million placement through the issue of 10 million shares at \$0.60 per share. The issue price represents a 3.2% discount to the close price of \$0.62 on Monday, 18 September 2017 and a 2.6% premium to the five day volume weighted average price of \$0.58
CIM	Announced that Thiess has been awarded a \$189 million contract extension (30 months) by Jellinbah Mining to continue to operate the Jellinbah Plains pit at the Jellinbah East Mine near Blackwater in Central Queensland	SRG	Announced that it has entered into an agreement with Traylor Bros Inc. to target the dam strengthening market in the US and Canada through the establishment of a 50/ 50 JV company

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
Engineering Services										
AJL.AX	AJ Lucas Group Ltd	146	0.22	0.25	0.25	0.20	▲ 13.6%	---	n.m.	n.m.
BOL.AX	Boom Logistics Ltd	78	0.15	0.17	0.15	0.15	▲ 6.5%	---	12.1x	n.m.
BSA.AX	BSA Ltd	152	0.40	0.36	0.38	0.36	▼ (8.9%)	---	10.5x	16.9x
BYL.AX	Brierty Ltd	10	0.08	0.08	0.08	0.08	— 0.0%	---	n.m.	n.m.
CDD.AX	Cardno Ltd	705	1.43	1.47	1.46	1.43	▲ 1.4%	---	23.6x	104.2x
CIM.AX	CIMIC Group Ltd	14,037	43.19	43.29	43.10	42.83	▲ 0.2%	---	10.5x	15.8x
DCG.AX	Decmil Group Ltd	203	1.16	1.18	1.18	1.14	▲ 1.3%	---	137.9x	n.m.
DOW.AX	Downer EDI Ltd	3,848	6.55	6.47	6.53	6.43	▼ (1.1%)	---	9.8x	17.1x
EAL.AX	E&A Ltd	6	0.05	0.05	0.05	0.05	— 0.0%	---	n.m.	n.m.
EGN.AX	Engenco Ltd	105	0.32	0.335	0.30	0.29	▲ 15.5%	---	7.9x	11.3x
GCS.AX	Global Construction Services Ltd	147	0.63	0.70	0.70	0.62	▲ 11.1%	---	4.9x	6.3x
GNG.AX	GR Engineering Services Ltd	175	1.20	1.14	1.23	1.14	▼ (5.4%)	---	8.3x	9.1x
LCM.AX	LogiCamms Ltd	22	0.27	0.27	0.27	0.27	— 0.0%	---	n.m.	n.m.
LLC.AX	LendLease Group	10,444	17.65	17.90	17.90	17.55	▲ 1.2%	---	12.8x	14.4x
LYL.AX	Lycopodium Ltd	187	4.35	4.70	4.50	4.35	▲ 10.6%	---	4.3x	4.6x
MND.AX	Monadelphous Group Ltd	1,395	14.92	14.85	14.80	14.65	▼ (0.7%)	---	11.8x	14.5x
OTR.AX	Onterran Ltd	20	0.32	0.32	0.32	0.32	— 0.0%	---	n.m.	n.m.
RCR.AX	RCR Tomlinson Ltd	668	4.55	4.15	4.55	4.10	▼ (9.2%)	---	12.6x	19.9x
RDG.AX	Resource Development Group L	10	0.02	0.02	0.02	0.02	— 0.0%	---	n.m.	n.m.
SND.AX	Saunders International Ltd	57	0.58	0.59	0.63	0.58	▼ (2.5%)	---	33.9x	69.1x
SSM.AX	Service Stream Ltd	535	1.48	1.47	1.46	1.43	▼ (1.0%)	---	10.0x	11.8x
SWL.AX	Seymour Whyte Ltd	113	1.33	1.28	1.29	1.25	▼ (3.4%)	---	31.3x	n.m.
SXE.AX	Southern Cross Electrical Engin	126	0.72	0.70	0.70	0.66	▼ (2.8%)	---	19.8x	n.m.
STS.AX	SRG Ltd	90	1.36	1.38	1.38	1.32	▼ (1.8%)	---	4.4x	6.3x
TPP.AX	Tempo Australia Ltd	42	0.18	0.18	0.18	0.18	▼ (2.8%)	---	10.2x	11.5x
VMG.AX	VDM Group Ltd	5	0.00	0.00	0.00	0.00	— 0.0%	---	n.m.	n.m.
VMX.AX	Valmec Ltd	19	0.23	0.24	0.24	0.23	▲ 4.4%	---	5.8x	8.0x
VRS.AX	Veris Ltd	59	0.16	0.18	0.18	0.16	▲ 12.5%	---	5.9x	44.6x
WOR.AX	WorleyParsons Ltd	3,343	13.36	13.53	13.69	13.29	▲ 3.0%	---	12.6x	16.7x
Mining Services										
ASL.AX	Ausdrill Ltd	748	2.15	2.08	2.12	2.05	▼ (2.8%)	---	8.2x	17.2x
ANG.AX	Austin Engineering Ltd	133	0.23	0.23	0.23	0.22	▲ 2.2%	---	14.8x	200.6x
BLY.AX	Boart Longyear Ltd	664	0.04	0.03	0.04	0.03	▼ (27.0%)	---	40.5x	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%	---	n.m.	n.m.
EHL.AX	Emeco Holdings Ltd	487	0.18	0.20	0.20	0.17	▲ 11.1%	---	17.3x	550.3x
IMD.AX	Imdex Ltd	338	0.92	0.92	0.95	0.90	▼ (1.6%)	---	8.7x	12.4x
MAH.AX	Macmahon Holdings Ltd	408	0.19	0.19	0.19	0.18	▲ 5.6%	---	15.6x	n.m.
MIN.AX	Mineral Resources Ltd	2,913	16.73	15.55	16.41	15.32	▼ (6.9%)	---	6.1x	9.4x
MLD.AX	MACA Ltd	549	2.08	2.05	2.06	2.02	▼ (1.4%)	---	6.3x	19.2x
MSV.AX	Mitchell Services Ltd	66	0.04	0.04	0.04	0.04	▼ (0.5%)	---	36.0x	n.m.
MYE.AX	Mastermyne Group Ltd	68	0.61	0.75	0.73	0.61	▲ 21.0%	---	14.5x	n.m.
NWH.AX	NRW Holdings Ltd	424	1.18	1.16	1.23	1.15	▼ (2.1%)	---	7.8x	15.0x
RUL.AX	RPMGlobal Holdings Ltd	148	0.68	0.70	0.70	0.68	▲ 2.9%	---	28.1x	72.7x
SWK.AX	Swick Mining Services Ltd	65	0.28	0.28	0.28	0.28	— 0.0%	---	7.0x	n.m.
Marine Services										
ASB.AX	Austal Ltd	547	1.67	1.57	1.64	1.54	▼ (7.1%)	---	6.64	10.25
MBO.AX	Mobilarm Ltd	12	0.02	0.03	0.02	0.02	— 0.0%	---	7.3x	n.m.
MCE.AX	Matrix Composites & Engineerin	48	0.48	0.52	0.52	0.48	▲ 7.3%	---	n.m.	n.m.
MRM.AX	MMA Offshore Ltd	82	0.22	0.22	0.23	0.21	▲ 2.3%	---	17.7x	n.m.
NMS.AX	Neptune Marine Services Ltd	57	0.93	0.93	0.93	0.93	— 0.0%	---	n.m.	n.m.
VEE.AX	VEEM Ltd	69	0.575	0.53	0.58	0.52	▼ (7.8%)	---	10.0x	12.3x
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	38	0.26	0.24	0.26	0.20	▼ (14.3%)	---	n.m.	n.m.
GMG.AX	Goodman Group Pty Ltd	14,496	8.34	8.05	8.30	7.96	▼ (3.5%)	---	55.1x	56.8x
HIL.AX	Hills Ltd	42	0.19	0.18	0.19	0.18	▼ (5.3%)	---	n.m.	n.m.
MIL.AX	Millennium Services Group Ltd	78	1.65	1.70	1.67	1.60	▲ 1.2%	---	6.3x	9.9x
PRG.AX	Programmed Maintenance Serv	775	3.00	3.01	3.00	2.99	▲ 0.7%	---	10.1x	14.8x
SKS.AX	Stokes Ltd	11	0.28	0.27	0.28	0.27	▼ (1.8%)	---	40.4x	76.9x
SPO.AX	Spotless Group Holdings Ltd	1,208	1.11	1.10	1.10	1.06	— 0.0%	---	8.9x	17.6x
TPS.AX	Threat Protect Australia Ltd	19	0.03	0.03	0.03	0.02	▼ (10.3%)	---	10.3x	10.3x
UBN.AX	Urbanise com Ltd	18	0.05	0.05	0.05	0.05	▼ (2.0%)	---	n.m.	n.m.

Source: Thomson Reuters, LCC research



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