



Australian Engineering, Contractors & Service Providers

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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	(1.2%)	5.1%	11.6%	(Australia) 2-year gov bonds	1.79%	(0.01)	(0.12)	0.02
(Japan) Topix	(2.0%)	16.1%	23.9%	(Australia) 5-year gov bonds	2.19%	(0.01)	(0.14)	0.08
(Singapore) FTSE Strait Times Index	(1.1%)	17.4%	20.2%	(Australia) 10-year gov bonds	2.58%	(0.04)	(0.19)	(0.01)
(Hong Kong) Hang Seng	0.3%	32.7%	31.2%					
(South Korea) Kospi 200	(0.5%)	28.5%	33.4%					
(US) S&P 500	(0.1%)	15.2%	17.9%					
(US) Dow Jones Industrial	(0.3%)	18.2%	23.6%					
(UK) FTSE 100	(0.7%)	3.3%	8.6%					
					Rate	Week	YTD	12-months
				AUD to USD	0.7565	(1.25%)	4.85%	2.17%

M&A Rumour and Activity

The Australian market finished the week 1.20% lower with the S&P/ASX200 ending at 5957 points, as sharp falls in global metals and oil markets weighed heavily on the bourse throughout the week. The Australian dollar finished the week 1.25% lower to end at US75.65 cents, mainly due to weak wages data on Wednesday which led to the sinking of the local currency and reinforced the idea that the central bank was in no rush to tighten the monetary policy anytime soon.

Panorama Synergy Limited (PSY.AX) announced on 13 November 2017 that it has completed the acquisition of **Hydrix Group** (Hydrix), a Melbourne based product engineering consultancy firm, to deliver comprehensive IoT solutions to its clients, for an undisclosed amount. As part of the acquisition, PSY issued 50 million new ordinary shares to the nominee of Hydrix vendors of which 25 million shares will be subject to voluntary escrow restrictions for 12 months from the date of issue, while the remaining 25 million for a period of 24 months from the date of issue.

The *Australian Financial Review* reported on 13 November 2017 that a consortium led by **Aurizon** and **Macquarie Group** (Brookfield is also believed to be a part of the consortium) have made a takeover proposal to the board and a number of shareholders of **Wiggins Island Coal Export Terminal** (WICET) in Queensland, to take control of the terminal and its feeder coal mines for a price consideration of \$4 billion, ahead of WICET's debt deadline that could leave the company bankrupt. The proposal would see Aurizon take control of WICET's port operations, while Macquarie and Brookfield would buy a number of the port's biggest contracted customers including mines owned by Glencore and Westfarmers to shore up their mining future.

The *Australian Financial Review* reported on 14 November 2017 that **Tandem Corp** (Company), a telecommunications contractor spearheaded by IFM investors (Investors) will not be joining the ASX board this year as the Investors opted to cancel the listing plans after testing institutional investor demand at a pricing bookbuild on Monday 13 November 2017. Additionally, the company is seeking to raise up to \$168 million at 11.5x – 12.5x forecast profit.

News Headlines and Key Sector Developments

Ticker	News/Event	Ticker	News/Event
AEI	Announced that it has received its first material order from its new platinum partner in Vietnam, Ecotis Company Limited, for a value of over \$230,000 for the delivery of the Aeris ecosystem including SmartENERGY, AerisGuard and AerisCoat	MRM	Announced a fully underwritten \$97 million equity raising (\$74.6 million in a 1 for 1 pro-rata, accelerated, non-renounceable entitlement offer and \$22.4 million in institutional placement) at a price of \$0.20 per share to reduce the company's net debt position and strengthen its balance sheet
ANG	Announced the successful completion of a refinance of its Australian debt facilities provided by Assetsecure Pty Limited and Bibby Financial Services Inc in North America	NWH	Following Altura Mining Ltd's announcement regarding a potential doubling of the Pilgangoora Lithium Project, with a Definitive Feasibility Study to commence immediately, NWH announced that the proposed expansion would potentially generate c. \$20 million of additional revenue for NWH
GCS	Announced that GCS Summit Contracting executed its first major contract with Lendlease to the value of c. \$13.5 million for the supply and erection of the concrete structure for the new Melbourne Conservatorium of Music	RCR	Announced that it has been selected as the preferred EPC Contractor for two major contracts, totalling c. \$260 million for the EPC and O&M for the 75MWac Clermont Solar Farm and the 88MWac Wemen Solar Farm, being developed by Wirsol Energy Ltd
MBO	Announced that it secured a \$0.9 million contract for Submarine Escape and Survival Beacons and Services for the Canadian Submarine Fleet	SXE	Announced that it has received binding commitments to raise \$33.2 million (before costs) through a placement of shares to institutional and sophisticated investors at a price of \$0.75 per share (representing a 9.1% discount to the closing price on 13 November 2017)
MLD	Reaffirmed its previous revenue guidance of \$560 million for FY18 and expects EBITDA and NPAT in the range of \$39-\$41 million and \$10-\$12 million for 1HFY18, respectively		

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	167	0.28	0.29	0.29	0.26	▲ 5.6%	■ ■ ■ ■	n.m.	n.m.
BOL.AX	Boom Logistics Ltd	81	0.18	0.17	0.17	0.17	— 0.0%	■ ■ ■ ■	9.8x	n.m.
BSA.AX	BSA Ltd	155	0.38	0.37	0.37	0.36	▼ (3.9%)	— ■ ■ ■	10.7x	17.2x
BYL.AX	Brierty Ltd	10	0.08	0.08	0.08	0.08	— 0.0%	— ■ ■ ■	n.m.	n.m.
CDD.AX	Cardno Ltd	662	1.40	1.38	1.39	1.37	▼ (2.1%)	— ■ ■ ■	22.2x	98.0x
CIM.AX	CIMIC Group Ltd	16,325	51.52	50.20	50.78	49.00	▼ (2.5%)	— ■ ■ ■	12.3x	18.5x
DCG.AX	Decmil Group Ltd	199	1.30	1.15	1.19	1.05	▼ (11.9%)	— ■ ■ ■	134.8x	n.m.
DOW.AX	Downer EDI Ltd	4,032	7.15	6.78	7.04	6.66	▼ (5.7%)	— ■ ■ ■	10.2x	17.7x
EGN.AX	Engenco Ltd	126	0.415	0.4	0.40	0.39	▼ (1.2%)	— ■ ■ ■	9.6x	13.7x
GCS.AX	Global Construction Services Ltd	173	0.80	0.82	0.80	0.78	▲ 2.5%	— ■ ■ ■	5.7x	7.2x
GNG.AX	GR Engineering Services Ltd	207	1.31	1.35	1.33	1.25	▲ 3.1%	— ■ ■ ■	10.2x	11.1x
LCM.AX	LogiCamms Ltd	25	0.32	0.31	0.32	0.31	▼ (1.6%)	— ■ ■ ■	n.m.	n.m.
LLC.AX	LendLease Group	9,484	16.74	16.24	16.50	16.10	▼ (2.1%)	— ■ ■ ■	11.7x	13.2x
LYL.AX	Lycopodium Ltd	165	4.15	4.15	4.20	4.04	▼ (2.8%)	— ■ ■ ■	3.4x	3.6x
MND.AX	Monadelphous Group Ltd	1,673	18.05	17.80	18.20	16.91	▼ (1.5%)	— ■ ■ ■	14.6x	18.0x
OTR.AX	Onterran Ltd	20	0.32	0.32	0.32	0.32	— 0.0%	— ■ ■ ■	n.m.	n.m.
RCR.AX	RCR Tomlinson Ltd	686	4.53	4.15	4.31	4.06	▼ (6.7%)	— ■ ■ ■	12.9x	20.4x
RDG.AX	Resource Development Group L	11	0.02	0.02	0.02	0.02	— 0.0%	— ■ ■ ■	n.m.	n.m.
SND.AX	Saunders International Ltd	57	0.53	0.55	0.55	0.53	▲ 3.8%	— ■ ■ ■	33.7x	68.6x
SSM.AX	Service Stream Ltd	530	1.44	1.45	1.45	1.44	▼ (1.0%)	— ■ ■ ■	9.8x	11.6x
SWL.AX	Seymour Whyte Ltd	81	0.94	0.93	0.92	0.92	— 0.0%	— ■ ■ ■	n.m.	n.m.
SXE.AX	Southern Cross Electrical Engine	135	0.82	0.72	0.80	0.70	▼ (12.2%)	— ■ ■ ■	21.8x	n.m.
STS.AX	SRG Ltd	107	1.51	1.63	1.59	1.49	▲ 8.3%	— ■ ■ ■	5.4x	7.7x
TPP.AX	Tempo Australia Ltd	47	0.22	0.20	0.21	0.20	▼ (7.1%)	— ■ ■ ■	12.7x	14.3x
VMG.AX	VDM Group Ltd	5	0.00	0.00	0.00	0.00	— 0.0%	— ■ ■ ■	n.m.	n.m.
VMX.AX	Valmec Ltd	21	0.23	0.25	0.25	0.23	▲ 8.7%	— ■ ■ ■	6.1x	8.4x
VRS.AX	Veris Ltd	56	0.17	0.17	0.17	0.16	▲ 3.0%	— ■ ■ ■	5.6x	42.0x
WOR.AX	WorleyParsons Ltd	3,923	15.24	14.38	15.17	14.27	▼ (5.2%)	— ■ ■ ■	14.4x	19.0x
Mining Services										
ASL.AX	Ausdrill Ltd	903	2.50	2.51	2.49	2.46	▼ (0.8%)	— ■ ■ ■	9.5x	20.0x
ANG.AX	Austin Engineering Ltd	148	0.27	0.26	0.27	0.26	▼ (1.9%)	— ■ ■ ■	13.5x	62.5x
BLY.AX	Boart Longyear Ltd	315	0.01	0.01	0.01	0.01	▲ 9.1%	— ■ ■ ■	31.7x	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	690	0.25	0.25	0.25	0.24	▲ 2.1%	— ■ ■ ■	21.1x	671.1x
IMD.AX	Imdex Ltd	342	0.95	0.93	0.96	0.91	▼ (2.1%)	— ■ ■ ■	8.8x	12.5x
MAH.AX	Macmahon Holdings Ltd	497	0.24	0.23	0.23	0.22	▼ (2.1%)	— ■ ■ ■	19.4x	n.m.
MIN.AX	Mineral Resources Ltd	3,282	17.90	17.50	17.99	17.42	▼ (2.8%)	— ■ ■ ■	6.9x	10.6x
MLD.AX	MACA Ltd	475	1.88	1.78	1.70	1.62	▼ (19.7%)	— ■ ■ ■	5.3x	16.2x
MSV.AX	Mitchell Services Ltd	75	0.04	0.04	0.04	0.04	▲ 2.4%	— ■ ■ ■	39.6x	n.m.
MYE.AX	Mastermyne Group Ltd	83	0.90	0.82	0.87	0.82	▼ (8.4%)	— ■ ■ ■	17.2x	n.m.
NWH.AX	NRW Holdings Ltd	481	1.44	1.32	1.38	1.26	▼ (7.7%)	— ■ ■ ■	8.8x	17.0x
RUL.AX	RPMGlobal Holdings Ltd	162	0.75	0.76	0.75	0.71	▲ 1.3%	— ■ ■ ■	30.9x	80.0x
SWK.AX	Swick Mining Services Ltd	64	0.28	0.28	0.27	0.27	▼ (1.8%)	— ■ ■ ■	6.9x	n.m.
Marine Services										
ASB.AX	Austal Ltd	622	1.80	1.77	1.80	1.72	▼ (0.6%)	— ■ ■ ■	7.44	11.48
MBO.AX	Mobilarm Ltd	12	0.02	0.02	0.02	0.02	— 0.0%	— ■ ■ ■	n.m.	n.m.
MCE.AX	Matrix Composites & Engineerin	55	0.55	0.59	0.57	0.55	▲ 11.3%	— ■ ■ ■	n.m.	n.m.
MRM.AX	MMA Offshore Ltd	88	0.24	0.235	0.24	0.23	▲ 2.2%	— ■ ■ ■	17.9x	n.m.
NMS.AX	Neptune Marine Services Ltd	55	0.9	0.9	0.90	0.90	— 0.0%	— ■ ■ ■	n.m.	n.m.
VEE.AX	VEEM Ltd	71	0.555	0.545	0.56	0.55	▼ (2.7%)	— ■ ■ ■	10.3x	12.6x
ZGL.AX	Zicom Group Ltd	29	0.14	0.14	0.14	0.14	— 0.0%	— ■ ■ ■	n.m.	n.m.
Facilities Management										
AEI.AX	Aeris Environmental Ltd	41	0.26	0.26	0.27	0.24	— 0.0%	— ■ ■ ■	n.m.	n.m.
GMG.AX	Goodman Group Pty Ltd	15,577	8.74	8.65	8.68	8.61	▼ (0.6%)	— ■ ■ ■	58.9x	60.8x
HIL.AX	Hills Ltd	44	0.20	0.19	0.20	0.19	▼ (7.3%)	— ■ ■ ■	n.m.	n.m.
MIL.AX	Millennium Services Group Ltd	75	1.58	1.62	1.62	1.57	▲ 1.6%	— ■ ■ ■	6.1x	9.5x
PRG.AX	Programmed Maintenance Serv	747	2.85	2.85	2.85	2.85	— 0.0%	— ■ ■ ■	n.m.	n.m.
SKS.AX	Stokes Ltd	11	0.26	0.25	0.25	0.24	▼ (2.0%)	— ■ ■ ■	38.6x	73.5x
SPO.AX	Spotless Group Holdings Ltd	1,194	1.08	1.08	1.10	1.08	— 0.0%	— ■ ■ ■	8.8x	17.4x
TPS.AX	Threat Protect Australia Ltd	20	0.03	0.03	0.03	0.03	▼ (3.6%)	— ■ ■ ■	8.0x	11.2x
UBN.AX	Urbanise com Ltd	26	0.05	0.05	0.05	0.05	▲ 4.3%	— ■ ■ ■	n.m.	n.m.

Source: Thomson Reuters, LCC research



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