



# 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	0.1%	5.7%	8.9%	(Australia) 2-year gov bonds	1.78%	0.01	(0.13)	(0.09)
(Japan) Topix	0.9%	18.3%	21.1%	(Australia) 5-year gov bonds	2.17%	0.02	(0.16)	(0.15)
(Singapore) FTSE Strait Times Index	0.2%	19.7%	17.8%	(Australia) 10-year gov bonds	2.55%	0.03	(0.23)	(0.26)
(Hong Kong) Hang Seng	(2.7%)	32.2%	27.1%					
(South Korea) Kospi 200	(3.2%)	24.9%	27.6%					
(US) S&P 500	1.5%	18.0%	20.6%	AUD to USD	0.7609	(0.04%)	5.46%	2.63%
(US) Dow Jones Industrial	2.9%	22.6%	26.3%					
(UK) FTSE 100	(1.5%)	2.2%	8.1%					

## M&A Rumour and Activity

The Australian market finished the week 0.12% higher with the S&P/ASX200 ending at 5990 points, in a volatile trading week dominated by news of a royal commission into the banking sector, the positive progress of the tax reform bill in the US and news that OPEC and Russia had agreed to extend oil production output cuts. The Australian dollar finished the week 0.04% lower to end at US76.12 cents amid concerns over China's growth prospects as the Caixin manufacturing purchasing managers' index hit a five-month low.

Dar Group, in a filing to the ASX on 27 November 2017, said that it has acquired additional shares in **WorleyParsons Limited (WOR.AX)**, which increased its stake in WOR from 15.15% to 19.90%. *The Australian Financial Review* reported that the shares were acquired at \$15.50 per share, or a 4% premium to the WOR's prior close share price of \$14.89. The notice to the ASX also includes the disclosure that Samurai Investments, a related body corporate of Dar Group, has a cash-settled equity swap that relates to notional shares equivalent to 2.97% of WOR. One can refer to the Takeover Panel Guidance Notes on equity derivatives in relation to whether a relevant interest is created or not [<http://takeovers.gov.au/>]

Canada's WSP Global Inc (WSP.TO) said on 27 November 2017 that it has gained the consent of the Overseas Investment Office for its NZ\$283.9 million takeover of **Opus International Consultants Limited (OIC.NZ)**, a New Zealand-listed engineering consultancy company. The transaction has now been declared unconditional, and WSP said that it will exercise its right to compulsorily acquire the shares held by remaining shareholders (given that it has also received acceptances of more than the 90% in respect of the shares of Opus).

## News Headlines and Key Sector Developments

Ticker	News/Event	Ticker	News/Event
<b>AEI</b>	Awarded Master Service Agreement in Australia by Sodexo for its environmental hygiene protection systems to be utilised for on-site camps	<b>MAH</b>	Announced that it has executed the final mining services contract for the Byerwen Coal project. The 3-year contract is expected to generate revenue of c. \$350 million
<b>ASL</b>	Announced that it has secured contract extensions for the following contracts; Evolution mining – Mungari, AngloGold Ashanti – Iduapriem and Resolute Mining – Syama	<b>MAH</b>	Announced that it has received a letter of award from a subsidiary of Dacian Gold Limited, for the provision of open pit contract mining services at the Mount Morgans Gold Mine in the WA goldfields
<b>CIM</b>	Announced that with its joint venture partners Chun Wo Construction and Engineering Company Limited, CIM has been selected by the Airport Authority Hong Kong to construct the \$390 million Terminal 2 foundation and substructure works at Hong Kong International Airport	<b>OTR</b>	Requested the extension of the voluntary suspension of its securities quoted on the ASX pending completion of the wind down and closure of McGrath subsidiary and likely recapitalisation of Onterran
<b>GNG</b>	Announced that PNX Metals (PNX.AX) has appointed GNG as the Study Manager for its Hayes Creek DFS	<b>RCR</b>	Awarded a contract valued at c. \$33 million to design, manufacture and construct a 5km relocatable conveyor system for Fortescue Metals Group

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
<b>Engineering Services</b>										
AJL.AX	AJ Lucas Group Ltd	163	0.29	0.28	0.30	0.27	▼ (3.5%)	■ ■ ■ ■	n.m.	n.m.
BOL.AX	Boom Logistics Ltd	97	0.17	0.21	0.21	0.17	▲ 20.6%	■ ■ ■ ■	11.1x	n.m.
BSA.AX	BSA Ltd	150	0.37	0.37	0.37	0.36	▲ 1.4%	■ ■ ■ ■	10.4x	16.7x
BYL.AX	Brierty Ltd	10	0.08	0.08	0.08	0.08	— 0.0%	■ ■ ■ ■	n.m.	n.m.
CDD.AX	Cardno Ltd	674	1.38	1.39	1.37	1.36	▲ 0.7%	■ ■ ■ ■	22.6x	99.7x
CIM.AX	CIMIC Group Ltd	16,624	49.68	50.63	50.44	49.45	▲ 0.9%	■ ■ ■ ■	12.6x	18.9x
DCG.AX	Decmil Group Ltd	198	1.09	1.13	1.13	1.07	▼ (1.7%)	■ ■ ■ ■	134.2x	n.m.
DOW.AX	Downer EDI Ltd	4,199	6.70	6.73	6.68	6.62	▼ (0.7%)	■ ■ ■ ■	10.5x	18.3x
EGN.AX	Engenco Ltd	135	0.39	0.435	0.43	0.38	▲ 8.7%	■ ■ ■ ■	10.3x	14.9x
GCS.AX	Global Construction Services Ltd	186	0.82	0.81	0.81	0.79	▼ (1.2%)	■ ■ ■ ■	6.1x	7.8x
GNG.AX	GR Engineering Services Ltd	196	1.35	1.28	1.35	1.26	▼ (5.2%)	■ ■ ■ ■	9.6x	10.4x
LCM.AX	LogiCamms Ltd	25	0.31	0.32	0.32	0.30	▲ 4.9%	■ ■ ■ ■	n.m.	n.m.
LLC.AX	LendLease Group	9,309	16.12	16.05	16.22	15.78	▼ (1.2%)	■ ■ ■ ■	11.5x	13.0x
LYL.AX	Lycopodium Ltd	171	4.11	4.14	4.15	4.09	▼ (0.2%)	■ ■ ■ ■	3.7x	3.9x
MND.AX	Monadelphous Group Ltd	1,730	17.74	19.48	19.22	17.53	▲ 9.4%	■ ■ ■ ■	15.2x	18.7x
OTR.AX	Onterran Ltd	20	0.32	0.32	0.32	0.32	— 0.0%	■ ■ ■ ■	n.m.	n.m.
RCR.AX	RCR Tomlinson Ltd	647	4.15	4.18	4.26	4.14	▲ 0.7%	■ ■ ■ ■	12.2x	19.3x
RDG.AX	Resource Development Group Ltd	13	0.02	0.02	0.02	0.02	▲ 5.9%	■ ■ ■ ■	n.m.	n.m.
SND.AX	Saunders International Ltd	59	0.55	0.57	0.56	0.55	▲ 3.6%	■ ■ ■ ■	35.5x	72.2x
SSM.AX	Service Stream Ltd	482	1.45	1.42	1.44	1.40	▼ (2.4%)	■ ■ ■ ■	8.9x	10.5x
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 Engin	169	0.72	0.73	0.73	0.71	▲ 1.4%	■ ■ ■ ■	29.7x	n.m.
STS.AX	SRG Ltd	106	1.65	1.75	1.74	1.65	▲ 7.7%	■ ■ ■ ■	5.4x	7.7x
TPP.AX	Tempo Australia Ltd	48	0.20	0.21	0.20	0.20	▲ 5.1%	■ ■ ■ ■	13.3x	14.9x
VMG.AX	VDM Group Ltd	11	0.00	0.00	0.00	0.00	▲ 100.0%	■ ■ ■ ■	n.m.	n.m.
VMX.AX	Valmec Ltd	21	0.25	0.24	0.24	0.24	▼ (6.0%)	■ ■ ■ ■	6.3x	8.7x
VRS.AX	Veris Ltd	57	0.17	0.18	0.18	0.17	▲ 2.9%	■ ■ ■ ■	5.7x	43.3x
WOR.AX	WorleyParsons Ltd	4,137	14.66	14.89	14.79	14.48	▲ 3.5%	■ ■ ■ ■	15.0x	19.8x
<b>Mining Services</b>										
ASL.AX	Ausdrill Ltd	831	2.49	2.49	2.53	2.49	▼ (0.8%)	■ ■ ■ ■	8.9x	18.7x
ANG.AX	Austin Engineering Ltd	148	0.25	0.25	0.25	0.24	▼ (2.0%)	■ ■ ■ ■	13.5x	62.5x
BLY.AX	Boart Longyear Ltd	289	0.01	0.01	0.01	0.01	▼ (8.3%)	■ ■ ■ ■	31.2x	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	718	0.24	0.24	0.24	0.24	▼ (2.0%)	■ ■ ■ ■	21.7x	687.8x
IMD.AX	Imdex Ltd	342	0.93	0.95	0.93	0.92	▲ 1.6%	■ ■ ■ ■	8.8x	12.5x
MAH.AX	Macmahon Holdings Ltd	471	0.23	0.21	0.22	0.17	▼ (10.9%)	■ ■ ■ ■	18.5x	n.m.
MIN.AX	Mineral Resources Ltd	3,666	17.31	20.23	19.21	16.72	▲ 15.6%	■ ■ ■ ■	7.8x	11.9x
MLD.AX	MACA Ltd	457	1.75	1.66	1.67	1.61	▼ (6.8%)	■ ■ ■ ■	5.1x	15.5x
MSV.AX	Mitchell Services Ltd	72	0.04	0.04	0.04	0.04	— 0.0%	■ ■ ■ ■	38.9x	n.m.
MYE.AX	Mastermyne Group Ltd	90	0.82	0.84	0.86	0.80	▲ 2.4%	■ ■ ■ ■	18.6x	n.m.
NWH.AX	NRW Holdings Ltd	483	1.33	1.41	1.41	1.33	▲ 7.2%	■ ■ ■ ■	8.9x	17.0x
RUL.AX	RPMGlobal Holdings Ltd	164	0.75	0.77	0.77	0.74	▲ 0.7%	■ ■ ■ ■	31.6x	81.8x
SWK.AX	Swick Mining Services Ltd	61	0.28	0.27	0.27	0.26	▼ (3.6%)	■ ■ ■ ■	6.7x	n.m.
<b>Marine Services</b>										
ASB.AX	Austal Ltd	599	1.75	1.84	1.80	1.66	▲ 4.0%	■ ■ ■ ■	7.24	11.18
MBO.AX	Mobilarm Ltd	12	0.02	0.02	0.02	0.02	▼ (8.3%)	■ ■ ■ ■	n.m.	n.m.
MCE.AX	Matrix Composites & Engineerin	48	0.60	0.51	0.57	0.51	▼ (14.4%)	■ ■ ■ ■	n.m.	n.m.
MRM.AX	MMA Offshore Ltd	172	0.22	0.23	0.24	0.22	▲ 5.8%	■ ■ ■ ■	22.0x	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	69	0.52	0.52	0.52	0.51	▼ (4.6%)	■ ■ ■ ■	10.0x	12.3x
ZGL.AX	Zicom Group Ltd	29	0.14	0.14	0.14	0.14	▲ 3.7%	■ ■ ■ ■	n.m.	n.m.
<b>Facilities Management</b>										
AEI.AX	Aeris Environmental Ltd	41	0.26	0.27	0.26	0.25	▲ 1.9%	■ ■ ■ ■	n.m.	n.m.
GMG.AX	Goodman Group Pty Ltd	15,631	8.63	8.71	8.67	8.56	▲ 0.7%	■ ■ ■ ■	59.1x	61.0x
HIL.AX	Hills Ltd	45	0.20	0.20	0.20	0.19	▲ 2.6%	■ ■ ■ ■	n.m.	n.m.
MIL.AX	Millennium Services Group Ltd	71	1.62	1.51	1.57	1.51	▼ (6.6%)	■ ■ ■ ■	5.9x	9.3x
PRG.AX	Programmed Maintenance Serv	747	2.85	2.85	2.85	2.85	— 0.0%	■ ■ ■ ■	n.m.	n.m.
SKS.AX	Stokes Ltd	10	0.25	0.25	0.25	0.24	— 0.0%	■ ■ ■ ■	38.6x	73.5x
SPO.AX	Spotless Group Holdings Ltd	1,244	1.08	1.11	1.08	1.08	▲ 2.8%	■ ■ ■ ■	9.0x	18.0x
TPS.AX	Threat Protect Australia Ltd	20	0.03	0.03	0.03	0.03	▼ (3.7%)	■ ■ ■ ■	8.1x	11.2x
UBN.AX	Urbanise com Ltd	21	0.05	0.04	0.05	0.04	▼ (10.2%)	■ ■ ■ ■	n.m.	n.m.

Source: Thomson Reuters, LCC research



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