



Australian Engineering, Contractors & Service Providers

Edition 246 for the week ending 09 Feb 2018 | Published 12 Feb 2018 WWW.LCCASIAPACIFIC.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	(4.6%)	(3.7%)	3.1%	(Australia) 2-year gov bonds	1.99%	(0.03)	(0.00)	0.20
(Japan) Topix	(7.1%)	(4.7%)	14.4%	(Australia) 5-year gov bonds	2.39%	(0.02)	0.03	0.20
(Singapore) FTSE Strait Times Index	(4.3%)	(0.8%)	9.7%	(Australia) 10-year gov bonds	2.85%	0.03	0.18	0.20
(Hong Kong) Hang Seng	(9.5%)	(1.4%)	25.4%					
(South Korea) Kospi 200	(6.8%)	(6.1%)	13.9%					
(US) S&P 500	(5.2%)	(2.0%)	13.5%					
(US) Dow Jones Industrial	(5.2%)	(2.1%)	19.9%					
(UK) FTSE 100	(4.7%)	(7.7%)	(1.9%)					
				AUD to USD	0.7812	(1.36%)	0.12%	2.49%

M&A Rumour and Activity

The Australian market finished the week 4.63% lower with the S&P/ASX200 ending at 5838 points after it had its worst week since January 2016 as the global equities rout resumed on Friday in the aftermath of a correction on Wall Street (DJIA lost 2,426 points in the past two weeks and is down 9.1% to 24,191 points from 26,617 points 2 week ago on 26 Jan 2018) and amid a huge selloff in Asian stocks. Conspiracy theories of what drove the volatility are a dime a dozen. The Australian dollar finished the week 1.36% lower to end at US78.12.

AWE Limited (AWE.AX) announced on 5 February 2018 that Mineral Resources Limited (MIN.AX) did not match the proposal from Mitsui & Co., Ltd (Mitsui) within the time period specified in MIN's scheme implementation deed. AWE's Board determined that Mitsui's takeover bid is superior to MIN's scheme proposal and unanimously recommended that AWE's shareholders accept the Mitsui Takeover Bid at \$0.95 per share, in the absence of a superior proposal and subject to the independent expert concluding that Mitsui's offer price is fair and reasonable. Mitsui's bid represents a premium of 74.3% to AWE's closing price of \$0.55 per share on 29 November 2017, being the day prior to the disclosure that China Energy Reserve and Chemical Group Australia had approached AWE with a proposal to acquire the company.

Mitchell Services Limited (MSV.AX) announced on 12 February 2018 that Well Drilled Pty Ltd, a wholly owned subsidiary of MSV, has entered into an agreement to acquire 100% of the shares in Radco Technologies Pty Ltd and Radco Group Pty Ltd (collectively Radco Drilling), a privately-owned drilling business, for a purchase price consideration of \$5.3 million in cash, representing an EV/EBITDA valuation multiple of 2.0x for Radco Drilling's financial year ending 30 June 2017.

On a trend front the level of interest in the Engineering and Mining / Energy Services sectors from offshore continues to grow, in particular around higher margin niche areas where expertise or client base can be leveraged by a larger player on the international stage. LCC Asia Pacific expects that activity around these niche areas to rise across 2018 and into 2019 and beyond. Robotics, optimisation and efficiency continue to be central agenda items we have on calls with Northern Hemisphere players.

News Headlines and Key Sector Developments

Ticker	News/Event	Ticker	News/Event
ASL	Announced the retirement of Mr. Ron Sayers as the Managing Director of the company	VMG	Reported 1HFY18 results with revenue of \$0.34 million (down 41.8% from PcP) and net loss of \$1.23 million (up 24.9% from PcP)
CIM	Reported FY17 results with revenue of \$13.4 billion (up 24% YoY) and EBITDA of \$1.5 billion (up 38% YoY). CIM provided FY18 NPAT guidance in the range of \$720-\$780 million, (up 3% YoY) subject to market conditions	VMG	Announced that Mr. Michael Fry (Director, VMG) assumed the role of Company Secretary following the resignation of Mr. Pdraig O' Donoghue as the Chief Financial Officer and Company Secretary of VMG
DCG	Awarded contracts for 2 infrastructure projects; \$29 million by VicRoads for the design and construction of Plenty Road Upgrade, and \$8 million contract by Melton City Council for the construction of Westwood Drive Extension	VRS	Announced its appointment to the Western Sydney Airport project for the provision of Land Survey Services to WSA Co Ltd
MIL	Announced that Mr. Damien Gray is stepping down from his position as the Chief Financial Officer and Company Secretary of MIL	WOR	Announced that it has been awarded a new engineering and project management agreement with QGC Pty Limited for three years with options for two additional one-year terms. WOR will provide EPC and project management services to support QGC across the upstream and midstream facilities from the Surat Basin to Curtis Island

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	282	0.35	0.38	0.38	0.34	▲ 5.6%	■■■■■	n.m.	n.m.
BOL.AX	Boom Logistics Ltd	109	0.25	0.23	0.23	0.21	▼ (13.2%)	■- - -	12.2x	n.m.
BSA.AX	BSA Ltd	146	0.37	0.35	0.37	0.33	▼ (6.8%)	■■- - -	10.0x	16.1x
BYL.AX	Brierty Ltd	10	0.08	0.08	0.08	0.08	— 0.0%	- - - -	n.m.	n.m.
CDD.AX	Cardno Ltd	592	1.35	1.24	1.35	1.23	▼ (9.2%)	- - ■-■	19.9x	87.9x
CIM.AX	CIMIC Group Ltd	14,773	48.20	45.56	47.05	44.54	▼ (6.1%)	- - ■-■	8.7x	12.7x
DCG.AX	Decmil Group Ltd	191	1.14	1.10	1.07	0.93	▼ (4.3%)	- - ■-■	129.1x	n.m.
DOW.AX	Downer EDI Ltd	3,806	6.77	6.40	6.57	6.25	▼ (7.0%)	■■■■■	9.9x	17.5x
EGN.AX	Engenco Ltd	140	0.49	0.45	0.48	0.42	▼ (10.0%)	- - ■-■	10.7x	15.3x
FWD.AX	Fleetwood Corp Ltd	177	2.95	2.89	2.93	2.77	▼ (6.8%)	■- - - -	8.1x	12.1x
GCS.AX	Global Construction Services Ltd	167	0.85	0.79	0.83	0.79	▼ (8.1%)	- - - -■	5.5x	7.1x
GNG.AX	GR Engineering Services Ltd	216	1.43	1.41	1.43	1.35	▼ (2.8%)	- - -■-	10.8x	11.7x
LCM.AX	LogiCamms Ltd	26	0.30	0.32	0.32	0.30	▼ (1.6%)	■- - -	n.m.	n.m.
LLC.AX	LendLease Group	9,058	15.76	15.51	15.64	15.15	▼ (2.5%)	- - ■-■	11.3x	12.7x
LYL.AX	Lycopodium Ltd	196	4.96	4.93	4.95	4.89	▼ (1.4%)	■-■-■	4.7x	5.0x
MND.AX	Monadelphous Group Ltd	1,592	18.50	16.93	18.00	16.34	▼ (9.8%)	- - ■-■	13.9x	17.0x
OTR.AX	Onterran Ltd	20	0.32	0.32	0.32	0.32	— 0.0%	- - - -	n.m.	n.m.
RDG.AX	Resource Development Group L	13	0.02	0.02	0.02	0.02	▼ (4.8%)	■- - -	n.m.	n.m.
SND.AX	Saunders International Ltd	62	0.60	0.60	0.60	0.58	— 0.0%	■■- -■	77.4x	n.m.
SSM.AX	Service Stream Ltd	464	1.29	1.27	1.27	1.21	▼ (2.3%)	- - ■-■	8.5x	10.0x
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	171	0.79	0.74	0.76	0.71	▼ (7.5%)	■■■■■	30.2x	n.m.
TPP.AX	Tempo Australia Ltd	52	0.21	0.22	0.22	0.21	▼ (4.4%)	■- - - -	15.1x	17.0x
VMG.AX	VDM Group Ltd	5	0.00	0.00	0.00	0.00	— 0.0%	- - - -	n.m.	n.m.
VMX.AX	Valmec Ltd	37	0.31	0.30	0.31	0.28	▼ (6.3%)	- - - -■	10.3x	14.0x
VRS.AX	Veris Ltd	56	0.17	0.17	0.17	0.17	▼ (2.9%)	■■- -■	5.6x	42.0x
WOR.AX	WorleyParsons Ltd	3,804	15.00	13.94	14.84	13.85	▼ (8.7%)	- - ■-■	13.9x	18.5x
Mining Services										
ASL.AX	Ausdrill Ltd	877	2.75	2.43	2.66	2.30	▼ (13.5%)	- - -■-	9.2x	19.5x
ANG.AX	Austin Engineering Ltd	142	0.25	0.25	0.24	0.22	▼ (5.8%)	- - -■-	15.5x	210.3x
BLY.AX	Boart Longyear Ltd	315	0.01	0.01	0.01	0.01	▼ (7.7%)	■■■■■	32.0x	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	0.28	0.26	0.27	0.24	▼ (12.1%)	■- - - -	n.m.	n.m.
IMD.AX	Imdex Ltd	360	1.04	0.98	0.98	0.95	▼ (8.0%)	- - ■-■	11.1x	17.3x
MAH.AX	Macmahon Holdings Ltd	494	0.23	0.23	0.23	0.22	▲ 2.2%	- - -■-	17.1x	n.m.
MIN.AX	Mineral Resources Ltd	3,621	18.20	19.31	17.91	16.82	▲ 3.2%	- - ■-■	8.3x	12.5x
MLD.AX	MACA Ltd	423	1.57	1.58	1.59	1.52	▼ (2.5%)	■■- -■	4.6x	14.2x
MSV.AX	Mitchell Services Ltd	66	0.04	0.04	0.04	0.04	▼ (2.6%)	- - ■-■	35.8x	n.m.
MYE.AX	Mastermyne Group Ltd	84	0.88	0.84	0.83	0.75	▼ (4.6%)	■■■■■	19.8x	n.m.
NWH.AX	NRW Holdings Ltd	510	1.48	1.38	1.46	1.34	▼ (10.1%)	■■- -■	9.0x	16.6x
RUL.AX	RPMGlobal Holdings Ltd	145	0.70	0.68	0.75	0.68	▼ (7.5%)	■- - - -	26.9x	69.8x
STS.AX	SRG Ltd	120	1.77	1.83	1.80	1.65	— 0.0%	- - ■-■	6.2x	8.8x
SWK.AX	Swick Mining Services Ltd	53	0.25	0.23	0.25	0.22	▼ (8.0%)	- - ■-■	6.0x	n.m.
Marine Services										
ASB.AX	Austal Ltd	625	1.77	1.79	1.73	1.72	— 0.0%	■- - -■	7.56	11.69
MBO.AX	Mobilarm Ltd	10	0.02	0.02	0.02	0.02	— 0.0%	- - - -	n.m.	n.m.
MCE.AX	Matrix Composites & Engineerin	64	0.72	0.69	0.70	0.66	▼ (4.2%)	■- - - -	n.m.	n.m.
MRM.AX	MMA Offshore Ltd	210	0.27	0.245	0.26	0.24	▼ (9.3%)	■■- -■	23.8x	n.m.
NMS.AX	Neptune Marine Services Ltd	44	0.72	0.72	0.72	0.72	— 0.0%	- - - -	n.m.	n.m.
VEE.AX	VEEM Ltd	65	0.53	0.5	0.53	0.50	▲ -	■- - -	9.3x	11.3x
ZGL.AX	Zicom Group Ltd	29	0.15	0.14	0.14	0.14	▼ (10.0%)	■- - -	n.m.	n.m.
Facilities Management & Services										
AEI.AX	Aeris Environmental Ltd	38	0.25	0.24	0.24	0.24	▼ (9.4%)	■- - -	n.m.	n.m.
ALQ.AX	ALS Ltd	3,230	7.00	6.50	6.69	6.47	▼ (7.7%)	■■■■■	17.3x	28.2x
GMG.AX	Goodman Group Pty Ltd	13,956	7.92	7.75	7.82	7.64	▼ (3.0%)	■■■■■	60.2x	60.2x
HIL.AX	Hills Ltd	56	0.26	0.24	0.25	0.24	▼ (9.4%)	■■- -■	n.m.	n.m.
MIL.AX	Millennium Services Group Ltd	65	1.41	1.43	1.47	1.35	▼ (2.1%)	■- - - -	5.2x	7.8x
PRG.AX	Programmed Maintenance Serv	747	2.85	2.85	2.85	2.85	— 0.0%	- - - -	n.m.	n.m.
SKS.AX	Stokes Ltd	9	0.22	0.22	0.22	0.22	▲ 2.3%	■- - -	35.3x	67.1x
TPS.AX	Threat Protect Australia Ltd	16	0.16	0.15	0.16	0.15	▼ (9.1%)	■- - -■	6.8x	9.4x
UBN.AX	Urbanise com Ltd	21	0.04	0.04	0.04	0.04	▼ (2.4%)	■- - -	n.m.	n.m.

Source: Thomson Reuters, LCC research



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