



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	1.1%	(2.7%)	1.5%	(Australia) 2-year gov bonds	2.03%	0.04	0.04	0.15
(Japan) Topix	0.3%	(4.4%)	12.0%	(Australia) 5-year gov bonds	2.43%	0.04	0.07	0.09
(Singapore) FTSE Strait Times Index	2.0%	1.2%	11.2%	(Australia) 10-year gov bonds	2.90%	0.05	0.23	0.08
(Hong Kong) Hang Seng	5.4%	4.0%	29.1%					
(South Korea) Kospi 200	3.1%	(3.2%)	16.9%					
(US) S&P 500	4.3%	2.2%	16.4%					
(US) Dow Jones Industrial	4.3%	2.0%	22.3%					
(UK) FTSE 100	2.9%	(5.1%)	0.2%					
				AUD to USD	0.791	1.25%	1.37%	2.81%

M&A Rumour and Activity

The Australian market finished the week 1.13% higher with the S&P/ASX200 ending at 5904 points as investors became a bit more relaxed about the prospects of higher inflation and interest rates. Additionally, the unwinding of short volatility trades also ran its course. The Australian dollar finished the week 1.25% higher to end at US79.10 mainly due to the weakening of the US Dollar amid increasing worries about the burgeoning budget and current account deficits in the US.

Macmahon Holdings Limited (MAH.AX) announced on 13 February 2018 that it had signed an agreement to purchase **TMM Group** ("TMM"), a Brisbane-based group of companies which provides civil, construction and operations, and maintenance services to the Queensland coal mining industry, for an undisclosed amount. TMM's revenue is in the order of \$60 million per annum.

Stokes Limited (SKS.AX) on 15 February 2018 updated the market in relation to an outstanding debt of c. \$1.2 million (exc. GST) owing by **Badtwn Nominees Pty Ltd** ("BM") to SKS against a series of invoices rendered for goods and services completed as part of the Stage 4 redevelopment of Geelong Simonds Stadium. SKS has made a written demand under a Guarantee and Indemnity for the "Guaranteed Moneys" (\$800,000) and related security documents. SKS understands that BM has appointed a liquidator under a Creditor's Voluntary Liquidation, and is obtaining further legal advice about its rights and looks forward to working with the liquidators.

Mobilarm Limited (MSV.AX) announced on 16 February 2018 that it had entered into a binding heads of agreement for the proposed acquisition of **Jaxsta Holdings Pty Ltd** (Jaxsta), for an undisclosed amount. The Acquisition of Jaxsta will constitute a change in the nature and scale of MSV's activities from a man overboard business to the Jaxsta Business. Additionally, MSV has entered into a binding heads of agreement to sell its man overboard subsidiary **Marine Rescue Technologies** for \$6.0 million to **Secure2Go Pty Ltd**.

News Headlines and Key Sector Developments

Ticker	News/Event	Ticker	News/Event
CDD	Announced the appointment of Rebecca Ranich as the Non-Executive Director of the company	MAH	Announced that it has launched a Live Talent Community using LiveHire technology across whole of organisation
CIM	Awarded a contract by Equis Energy to build and maintain the Tailem Bend 127MW (DC) Solar Farm in South Australia. The contract is expected to generate revenue of c. 170 million	MLD	Announced that it has supported the proposed recapitalisation of Blackham Resources Limited (BLK.AX) through the provision of a secured \$14.3 million loan on commercial terms
EGN	Announced the resignation of Mr. Graeme Campbell as the Chief Financial Officer of the company	SSM	Reported 1HFY18 results with EBITDA of \$32.1 million and EBIT of \$28.4 million (each up 52% from PcP)
EHL	Announced that it has secured the requisite consent of the holders of its 9.25% senior secured notes due 2022 to certain amendments to the indenture governing its Notes	VMX	Reported 1HFY18 results with revenue of \$49.7 million (up 66% from PcP) and EBITDA of \$3.4 million (each up 209% from PcP)
GMG	Reported 1HFY18 results with operating EBITDA of \$476.1 million (down 0.4% from PcP) and statutory profit of \$542.7 million (down 2.5% from PcP)		

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	280	0.37	0.37	0.39	0.34	▼ (1.3%)	■ ■ ■ ■	n.m.	n.m.
BOL.AX	Boom Logistics Ltd	114	0.23	0.24	0.25	0.22	▲ 4.3%	■ ■ ■ ■	12.6x	n.m.
BSA.AX	BSA Ltd	159	0.34	0.38	0.35	0.33	▲ 8.7%	■ ■ ■ ■	11.0x	17.7x
BYL.AX	Brierty Ltd	10	0.08	0.08	0.08	0.08	— 0.0%	■ ■ ■ ■	n.m.	n.m.
CDD.AX	Cardno Ltd	592	1.23	1.24	1.24	1.17	— 0.0%	■ ■ ■ ■	19.9x	87.9x
CIM.AX	CIMIC Group Ltd	14,721	45.21	45.21	45.08	44.52	▼ (0.8%)	■ ■ ■ ■	8.7x	12.7x
DCG.AX	Decmil Group Ltd	199	1.05	1.15	1.06	1.03	▲ 4.1%	■ ■ ■ ■	134.8x	n.m.
DOW.AX	Downer EDI Ltd	3,812	6.35	6.41	6.39	6.35	▲ 0.2%	■ ■ ■ ■	9.9x	17.5x
EGN.AX	Engenco Ltd	151	0.455	0.48	0.48	0.45	▲ 6.7%	■ ■ ■ ■	11.5x	16.4x
FWD.AX	Fleetwood Corp Ltd	176	2.83	2.87	2.79	2.73	▼ (0.7%)	■ ■ ■ ■	8.0x	12.0x
GCS.AX	Global Construction Services Ltd	177	0.78	0.84	0.84	0.78	▲ 6.3%	■ ■ ■ ■	5.9x	7.5x
GNG.AX	GR Engineering Services Ltd	209	1.41	1.37	1.44	1.30	▼ (3.2%)	■ ■ ■ ■	10.4x	11.3x
LCM.AX	LogiCamms Ltd	23	0.32	0.28	0.32	0.28	▼ (11.1%)	■ ■ ■ ■	n.m.	n.m.
LLC.AX	LendLease Group	9,093	15.45	15.57	15.74	15.39	▲ 0.4%	■ ■ ■ ■	11.3x	12.7x
LYL.AX	Lycopodium Ltd	197	4.88	4.95	4.94	4.70	▲ 0.4%	■ ■ ■ ■	4.7x	5.0x
MND.AX	Monadelphous Group Ltd	1,650	16.76	17.55	17.50	16.59	▲ 3.7%	■ ■ ■ ■	14.4x	17.8x
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	12	0.02	0.02	0.02	0.02	▼ (5.0%)	■ ■ ■ ■	n.m.	n.m.
SND.AX	Saunders International Ltd	62	0.61	0.60	0.61	0.59	— 0.0%	■ ■ ■ ■	77.4x	n.m.
SSM.AX	Service Stream Ltd	562	1.28	1.54	1.45	1.12	▲ 21.3%	■ ■ ■ ■	8.4x	9.8x
SXE.AX	Southern Cross Electrical Engine	174	0.74	0.75	0.73	0.72	▲ 1.4%	■ ■ ■ ■	30.8x	n.m.
TPP.AX	Tempo Australia Ltd	51	0.22	0.21	0.22	0.21	▼ (2.3%)	■ ■ ■ ■	14.5x	16.3x
VMG.AX	VDM Group Ltd	5	0.00	0.00	0.00	0.00	— 0.0%	■ ■ ■ ■	n.m.	n.m.
VMX.AX	Valmec Ltd	45	0.29	0.36	0.34	0.29	▲ 20.0%	■ ■ ■ ■	7.8x	9.4x
VRS.AX	Veris Ltd	53	0.17	0.16	0.18	0.16	▼ (5.9%)	■ ■ ■ ■	5.2x	39.4x
WOR.AX	WorleyParsons Ltd	3,749	13.80	13.74	13.67	13.53	▼ (1.4%)	■ ■ ■ ■	13.7x	18.3x
Mining Services										
ASL.AX	Ausdrill Ltd	935	2.39	2.59	2.53	2.37	▲ 6.6%	■ ■ ■ ■	9.7x	20.5x
ANG.AX	Austin Engineering Ltd	148	0.24	0.26	0.25	0.23	▲ 4.1%	■ ■ ■ ■	16.0x	216.8x
BLY.AX	Boart Longyear Ltd	342	0.01	0.01	0.01	0.01	▲ 8.3%	■ ■ ■ ■	32.7x	n.m.
EHL.AX	Emeco Holdings Ltd	761	0.26	0.27	0.27	0.25	▲ 5.9%	■ ■ ■ ■	n.m.	n.m.
IMD.AX	Imdex Ltd	379	0.96	1.03	1.01	0.95	▲ 5.1%	■ ■ ■ ■	11.7x	18.2x
MAH.AX	Macmahon Holdings Ltd	509	0.23	0.24	0.24	0.22	▲ 2.2%	■ ■ ■ ■	17.5x	n.m.
MIN.AX	Mineral Resources Ltd	3,709	19.30	19.78	19.77	18.95	▲ 2.4%	■ ■ ■ ■	8.6x	12.8x
MLD.AX	MACA Ltd	426	1.60	1.59	1.58	1.55	▲ 0.6%	■ ■ ■ ■	4.7x	14.3x
MSV.AX	Mitchell Services Ltd	68	0.04	0.04	0.04	0.04	▲ 2.6%	■ ■ ■ ■	36.6x	n.m.
MYE.AX	Mastermyne Group Ltd	86	0.77	0.85	0.84	0.77	▲ 1.8%	■ ■ ■ ■	20.2x	n.m.
NWH.AX	NRW Holdings Ltd	562	1.36	1.52	1.45	1.34	▲ 10.2%	■ ■ ■ ■	9.8x	18.2x
RUL.AX	RPMGlobal Holdings Ltd	144	0.69	0.67	0.67	0.64	▼ (1.5%)	■ ■ ■ ■	26.5x	68.6x
SRG.AX	SRG Ltd	115	1.77	1.75	1.77	1.75	▼ (4.4%)	■ ■ ■ ■	5.9x	8.4x
SWK.AX	Swick Mining Services Ltd	52	0.23	0.23	0.23	0.23	▼ (2.2%)	■ ■ ■ ■	5.9x	n.m.
Marine Services										
ASB.AX	Austal Ltd	611	1.77	1.74	1.76	1.70	▼ (3.1%)	■ ■ ■ ■	7.34	11.36
MBO.AX	Mobilarm Ltd	10	0.02	0.02	0.02	0.02	— 0.0%	■ ■ ■ ■	n.m.	n.m.
MCE.AX	Matrix Composites & Engineerin	59	0.70	0.63	0.66	0.63	▼ (8.7%)	■ ■ ■ ■	n.m.	n.m.
MRM.AX	MMA Offshore Ltd	215	0.25	0.25	0.25	0.25	▲ 2.0%	■ ■ ■ ■	24.0x	n.m.
NMS.AX	Neptune Marine Services Ltd	43	0.72	0.7	0.72	0.70	▼ (2.8%)	■ ■ ■ ■	n.m.	n.m.
VEE.AX	VEEM Ltd	67	0.5	0.51	0.51	0.50	▲ 2.0%	■ ■ ■ ■	9.4x	11.5x
ZGL.AX	Zicom Group Ltd	28	0.14	0.13	0.13	0.13	▼ (3.7%)	■ ■ ■ ■	n.m.	n.m.
Facilities Management & Services										
AEI.AX	Aeris Environmental Ltd	38	0.27	0.24	0.27	0.23	— 0.0%	■ ■ ■ ■	n.m.	n.m.
ALQ.AX	ALS Ltd	3,399	6.50	6.84	6.75	6.31	▲ 5.2%	■ ■ ■ ■	18.1x	29.5x
GMG.AX	Goodman Group Pty Ltd	14,568	7.69	8.09	8.08	7.57	▲ 4.4%	■ ■ ■ ■	49.5x	49.5x
HIL.AX	Hills Ltd	57	0.24	0.25	0.25	0.23	▲ 2.1%	■ ■ ■ ■	n.m.	n.m.
MIL.AX	Millennium Services Group Ltd	64	1.45	1.39	1.43	1.39	▼ (2.8%)	■ ■ ■ ■	5.0x	7.6x
SKS.AX	Stokes Ltd	9	0.22	0.22	0.22	0.22	— 0.0%	■ ■ ■ ■	35.3x	67.1x
TPS.AX	Threat Protect Australia Ltd	17	0.16	0.16	0.16	0.16	▲ 6.7%	■ ■ ■ ■	7.1x	9.9x
UBN.AX	Urbanise com Ltd	21	0.04	0.04	0.04	0.04	▼ (2.5%)	■ ■ ■ ■	n.m.	n.m.

Source: Thomson Reuters, LCC research



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