



# Australian Engineering, Contractors & Service Providers

Edition 250 for the week ending 09 Mar 2018 | Published 12 Mar 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            | 0.6%              | (1.7%) | 3.9%      | (Australia) 2-year gov bonds  | 2.02%  | 0.05                   | 0.03  | 0.10      |
| (Japan) Topix                       | 0.4%              | (5.6%) | 10.3%     | (Australia) 5-year gov bonds  | 2.42%  | 0.09                   | 0.06  | (0.03)    |
| (Singapore) FTSE Strait Times Index | 0.2%              | 2.4%   | 11.8%     | (Australia) 10-year gov bonds | 2.80%  | 0.08                   | 0.13  | (0.14)    |
| (Hong Kong) Hang Seng               | 1.3%              | 3.6%   | 31.9%     |                               |        |                        |       |           |
| (South Korea) Kospi 200             | 3.0%              | (2.2%) | 17.0%     |                               |        |                        |       |           |
| (US) S&P 500                        | 3.5%              | 4.2%   | 17.8%     |                               |        |                        |       |           |
| (US) Dow Jones Industrial           | 3.3%              | 2.5%   | 21.5%     |                               |        |                        |       |           |
| (UK) FTSE 100                       | 2.2%              | (6.0%) | (1.2%)    |                               |        |                        |       |           |
|                                     |                   |        |           | AUD to USD                    | 0.7849 | 1.12%                  | 0.59% | 4.60%     |

## M&A Rumour and Activity

The Australian market finished the week 0.58% higher with the S&P/ASX200 ending at 5963 points as the markets warmed to the view that the White House is backing down from starting an outright trade war and on news that Australia would be spared tariffs after the US President indicated close defence allies including Australia will be exempted. The Australian dollar finished the week 1.12% higher to end at US78.49 as ANZ research suggested the growth in 2018 is likely to be faster than last year.

And in celebration of issue number 250 of this report (*running continually into its 6<sup>th</sup> year now*) the Contractors & Service Providers Sector had an incredibly slow week on the news front ! Nothing to report so let's move on.....

Thanks to all those who have provided positive feedback on the report over the years – as a firm LCC Asia Pacific has specialised in the sector for a considerable period, and will continue to do so.

You can view one of our latest corporate videos here : <https://www.youtube.com/watch?v=SbPcfzgxFsw>

## News Headlines and Key Sector Developments

| Ticker | News/Event  | Ticker | News/Event   |
|--------|---|--------|--|
| CIM    | Awarded a contract to continue to provide asset management and project-related services at BP fuel terminals across Australia by Australian Terminal Operations Management. The contract is expected to generate revenue of c. \$150 million  | RUL    | RUL and MineWare (MW), a Komatsu company released a comprehensive integration between RUL's short term scheduling solutions and MW's weighing and positioning solutions for Draglines, Shovels and Hydraulic loading equipment |
| MYE    | Announced that the Isaac Plains East mining leases and Commonwealth Environmental Protection and Biodiversity Conservation Act 1999 (EPBC) approvals have been granted  | VMX    | Announced that it has secured a renewal of its long term services contract from Origin Energy Resources Limited on behalf of the Australia Pacific LNG Joint Venture, for its APLNG Project                                    |
| NWH    | Announced that its wholly owned subsidiary Golding Contractors Pty Ltd has executed a limited notice to proceed with Wonbindi Coal Pty Ltd and Baralaba Coal Company Pty Ltd in respect of the Baralaba North coal project in Queensland. If an agreement is reached, the contract is expected to generate revenue or c. \$350 million over 3 years |        |  |

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                        | 272                | 0.34             | 0.37              | 0.38            | 0.34           | ▲ 4.3%            | ■ ■ ■ ■      | n.m.       | n.m.     |
| BOL.AX                                      | Boom Logistics Ltd                        | 87                 | 0.20             | 0.19              | 0.19            | 0.18           | ▼ (7.5%)          | ■ ■ ■ ■      | 10.5x      | n.m.     |
| BSA.AX                                      | BSA Ltd                                   | 144                | 0.34             | 0.34              | 0.34            | 0.33           | ▲ 4.6%            | ■ ■ ■ ■      | 9.2x       | 14.4x    |
| CDD.AX                                      | Cardno Ltd                                | 671                | 1.40             | 1.40              | 1.40            | 1.38           | — 0.0%            | ■ ■ ■ ■      | 14.2x      | 23.8x    |
| CIM.AX                                      | CIMIC Group Ltd                           | 14,898             | 45.10            | 46.30             | 45.40           | 44.52          | ▲ 2.5%            | ■ ■ ■ ■      | 8.9x       | 13.0x    |
| DCG.AX                                      | Decmil Group Ltd                          | 208                | 1.13             | 1.20              | 1.20            | 1.11           | ▲ 6.2%            | ■ ■ ■ ■      | 112.6x     | n.m.     |
| DOW.AX                                      | Downer EDI Ltd                            | 3,931              | 6.69             | 6.61              | 6.52            | 6.37           | ▼ (1.2%)          | ■ ■ ■ ■      | 8.8x       | 17.5x    |
| EGN.AX                                      | Engenco Ltd                               | 165                | 0.535            | 0.53              | 0.54            | 0.52           | ▼ (0.9%)          | ■ ■ ■ ■      | 9.7x       | 12.6x    |
| FWD.AX                                      | Fleetwood Corp Ltd                        | 162                | 2.47             | 2.65              | 2.57            | 2.47           | ▲ 5.6%            | ■ ■ ■ ■      | 8.4x       | 13.0x    |
| GCS.AX                                      | Global Construction Services Ltd          | 169                | 0.79             | 0.80              | 0.80            | 0.78           | ▲ 0.6%            | ■ ■ ■ ■      | 5.2x       | 6.8x     |
| GNG.AX                                      | GR Engineering Services Ltd               | 238                | 1.50             | 1.55              | 1.56            | 1.49           | ▲ 5.1%            | ■ ■ ■ ■      | 10.6x      | 11.4x    |
| LCM.AX                                      | LogiCamms Ltd                             | 20                 | 0.25             | 0.24              | 0.24            | 0.22           | ▼ (4.0%)          | ■ ■ ■ ■      | n.m.       | n.m.     |
| LLC.AX                                      | LendLease Group                           | 10,424             | 17.80            | 17.85             | 17.70           | 17.51          | ▼ (0.2%)          | ■ ■ ■ ■      | 13.0x      | 14.8x    |
| LYL.AX                                      | Lycopodium Ltd                            | 206                | 5.31             | 5.18              | 5.31            | 5.01           | ▼ (2.8%)          | ■ ■ ■ ■      | 5.0x       | 5.3x     |
| MND.AX                                      | Monadelphous Group Ltd                    | 1,392              | 15.84            | 14.81             | 15.67           | 14.34          | ▼ (6.7%)          | ■ ■ ■ ■      | 10.7x      | 12.6x    |
| OTR.AX                                      | Onterran Ltd                              | 20                 | 0.32             | 0.32              | 0.32            | 0.32           | — 0.0%            | ■ ■ ■ ■      | n.m.       | n.m.     |
| RDG.AX                                      | Resource Development Group Ltd            | 13                 | 0.02             | 0.02              | 0.02            | 0.02           | — 0.0%            | ■ ■ ■ ■      | n.m.       | n.m.     |
| SND.AX                                      | Saunders International Ltd                | 60                 | 0.59             | 0.59              | 0.59            | 0.59           | ▼ (0.8%)          | ■ ■ ■ ■      | 26.1x      | 56.2x    |
| SSM.AX                                      | Service Stream Ltd                        | 597                | 1.64             | 1.64              | 1.61            | 1.60           | ▲ 0.9%            | ■ ■ ■ ■      | 9.0x       | 10.5x    |
| SXE.AX                                      | Southern Cross Electrical Engineering Ltd | 171                | 0.74             | 0.74              | 0.74            | 0.71           | ▲ 1.4%            | ■ ■ ■ ■      | 9.0x       | 23.4x    |
| TPP.AX                                      | Tempo Australia Ltd                       | 48                 | 0.20             | 0.20              | 0.20            | 0.20           | — 0.0%            | ■ ■ ■ ■      | 14.6x      | 16.4x    |
| VMG.AX                                      | VDM Group Ltd                             | 5                  | 0.00             | 0.00              | 0.00            | 0.00           | — 0.0%            | ■ ■ ■ ■      | n.m.       | n.m.     |
| VMX.AX                                      | Valmec Ltd                                | 44                 | 0.35             | 0.36              | 0.36            | 0.34           | ▲ 1.4%            | ■ ■ ■ ■      | 7.7x       | 9.3x     |
| VRS.AX                                      | Veris Ltd                                 | 56                 | 0.17             | 0.17              | 0.17            | 0.17           | ▲ 3.0%            | ■ ■ ■ ■      | 6.9x       | 74.3x    |
| WOR.AX                                      | WorleyParsons Ltd                         | 3,989              | 14.70            | 14.62             | 14.66           | 14.42          | ▼ (1.2%)          | ■ ■ ■ ■      | 14.2x      | 18.7x    |
| WTP.AX                                      | Waipac Ltd                                | 138                | 0.81             | 0.76              | 0.76            | 0.75           | ▼ (1.9%)          | ■ ■ ■ ■      | (13.6x)    | n.m.     |
| <b>Mining Services</b>                      |   |                    |                  |                   |                 |                |                   |              |            |          |
| ASL.AX                                      | Ausdrill Ltd                              | 995                | 2.67             | 2.75              | 2.66            | 2.46           | ▲ 5.8%            | ■ ■ ■ ■      | 8.7x       | 17.1x    |
| ANG.AX                                      | Austin Engineering Ltd                    | 148                | 0.27             | 0.26              | 0.26            | 0.25           | ▼ (5.6%)          | ■ ■ ■ ■      | 9.0x       | 18.3x    |
| BLY.AX                                      | Boart Longyear Ltd                        | 263                | 0.01             | 0.01              | 0.01            | 0.01           | ▼ (9.1%)          | ■ ■ ■ ■      | 18.3x      | n.m.     |
| EHL.AX                                      | Emeco Holdings Ltd                        | 845                | 0.30             | 0.30              | 0.30            | 0.29           | — 0.0%            | ■ ■ ■ ■      | 80.1x      | n.m.     |
| IMD.AX                                      | Imdex Ltd                                 | 436                | 1.19             | 1.18              | 1.19            | 1.14           | ▼ (0.8%)          | ■ ■ ■ ■      | 11.2x      | 16.8x    |
| MAH.AX                                      | Macmahon Holdings Ltd                     | 503                | 0.25             | 0.24              | 0.24            | 0.23           | ▼ (4.1%)          | ■ ■ ■ ■      | 7.7x       | 62.5x    |
| MIN.AX                                      | Mineral Resources Ltd                     | 3,197              | 17.56            | 17.05             | 17.28           | 16.82          | ▼ (4.1%)          | ■ ■ ■ ■      | 7.4x       | 11.0x    |
| MLD.AX                                      | MACA Ltd                                  | 375                | 1.47             | 1.40              | 1.44            | 1.31           | ▼ (4.8%)          | ■ ■ ■ ■      | 4.4x       | 19.2x    |
| MSV.AX                                      | Mitchell Services Ltd                     | 69                 | 0.04             | 0.04              | 0.04            | 0.04           | ▲ 2.6%            | ■ ■ ■ ■      | 37.8x      | n.m.     |
| MYE.AX                                      | Mastermyne Group Ltd                      | 94                 | 0.95             | 0.93              | 0.94            | 0.90           | — 0.0%            | ■ ■ ■ ■      | 10.2x      | 31.9x    |
| NWH.AX                                      | NRW Holdings Ltd                          | 630                | 1.70             | 1.70              | 1.67            | 1.59           | ▲ 0.9%            | ■ ■ ■ ■      | 9.6x       | 19.1x    |
| RUL.AX                                      | RPMGlobal Holdings Ltd                    | 144                | 0.66             | 0.67              | 0.67            | 0.66           | ▲ 1.5%            | ■ ■ ■ ■      | 78.4x      | n.m.     |
| SRG.AX                                      | SRG Ltd                                   | 111                | 1.73             | 1.71              | 1.72            | 1.68           | ▲ 0.6%            | ■ ■ ■ ■      | 6.1x       | 9.3x     |
| SWK.AX                                      | Swick Mining Services Ltd                 | 51                 | 0.21             | 0.22              | 0.21            | 0.19           | ▲ 15.8%           | ■ ■ ■ ■      | 6.3x       | n.m.     |
| <b>Marine Services</b>                      |   |                    |                  |                   |                 |                |                   |              |            |          |
| ASB.AX                                      | Austal Ltd                                | 626                | 1.80             | 1.80              | 1.79            | 1.78           | ▲ 0.3%            | ■ ■ ■ ■      | 7.94       | 12.77    |
| MBO.AX                                      | Mobilarm Ltd                              | 9                  | 0.02             | 0.02              | 0.02            | 0.02           | ▼ (5.3%)          | ■ ■ ■ ■      | n.m.       | n.m.     |
| MCE.AX                                      | Matrix Composites & Engineering Ltd       | 46                 | 0.50             | 0.49              | 0.50            | 0.44           | ▼ (4.9%)          | ■ ■ ■ ■      | n.m.       | n.m.     |
| MRM.AX                                      | MMA Offshore Ltd                          | 189                | 0.23             | 0.22              | 0.23            | 0.22           | ▼ (6.4%)          | ■ ■ ■ ■      | 14.8x      | n.m.     |
| NMS.AX                                      | Neptune Marine Services Ltd               | 43                 | 0.705            | 0.7               | 0.70            | 0.70           | — 0.0%            | ■ ■ ■ ■      | n.m.       | n.m.     |
| VEE.AX                                      | VEEM Ltd                                  | 59                 | 0.48             | 0.46              | 0.48            | 0.46           | ▼ (4.2%)          | ■ ■ ■ ■      | 10.1x      | 12.9x    |
| ZGL.AX                                      | Zicom Group Ltd                           | 28                 | 0.13             | 0.13              | 0.13            | 0.12           | ▲ 4.0%            | ■ ■ ■ ■      | n.m.       | n.m.     |
| <b>Facilities Management &amp; Services</b> |   |                    |                  |                   |                 |                |                   |              |            |          |
| AEI.AX                                      | Aeris Environmental Ltd                   | 34                 | 0.25             | 0.22              | 0.24            | 0.21           | — 0.0%            | ■ ■ ■ ■      | n.m.       | n.m.     |
| ALQ.AX                                      | ALS Ltd                                   | 3,595              | 7.07             | 7.33              | 7.22            | 7.03           | ▲ 3.2%            | ■ ■ ■ ■      | 19.0x      | 31.1x    |
| GMG.AX                                      | Goodman Group Pty Ltd                     | 15,270             | 8.28             | 8.48              | 8.41            | 8.23           | ▲ 2.2%            | ■ ■ ■ ■      | 51.7x      | 51.7x    |
| HIL.AX                                      | Hills Ltd                                 | 52                 | 0.23             | 0.23              | 0.22            | 0.22           | — 0.0%            | ■ ■ ■ ■      | 13.1x      | n.m.     |
| MIL.AX                                      | Millennium Services Group Ltd             | 44                 | 0.99             | 0.97              | 0.99            | 0.97           | ▼ (2.0%)          | ■ ■ ■ ■      | 4.7x       | 9.0x     |
| SKS.AX                                      | Stokes Ltd                                | 7                  | 0.17             | 0.17              | 0.17            | 0.17           | — 0.0%            | ■ ■ ■ ■      | n.m.       | n.m.     |
| TPS.AX                                      | Threat Protect Australia Ltd              | 17                 | 0.17             | 0.17              | 0.17            | 0.17           | — 0.0%            | ■ ■ ■ ■      | 12.2x      | 33.0x    |
| UBN.AX                                      | Urbanise com Ltd                          | 17                 | 0.04             | 0.03              | 0.04            | 0.03           | ▼ (8.3%)          | ■ ■ ■ ■      | n.m.       | n.m.     |

Source: Thomson Reuters, LCC research



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