



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	(2.2%)	(4.0%)	2.0%	(Australia) 2-year gov bonds	2.05%	0.08	0.06	0.27
(Japan) Topix	(4.1%)	(8.4%)	8.8%	(Australia) 5-year gov bonds	2.37%	0.04	0.01	0.08
(Singapore) FTSE Strait Times Index	(2.6%)	0.5%	9.4%	(Australia) 10-year gov bonds	2.66%	(0.04)	(0.02)	(0.09)
(Hong Kong) Hang Seng	(3.8%)	1.3%	24.6%					
(South Korea) Kospi 200	(3.2%)	(3.8%)	10.5%					
(US) S&P 500	(6.0%)	(3.2%)	10.3%					
(US) Dow Jones Industrial	(5.7%)	(4.8%)	13.9%					
(UK) FTSE 100	(3.4%)	(10.0%)	(5.7%)					
					Rate	Week	YTD	12-months
				AUD to USD	0.7696	(0.25%)	(1.37%)	0.92%

M&A Rumour and Activity

The Australian market finished the week 2.16% lower with the S&P/ASX200 ending at 5821 points. The Dow Jones also continued to trade down on Friday night. The Australian dollar finished the week 0.25% lower to end at US76.96.

Whilst much of the dialogue has been on “trade wars” the canary in the coal mine LCC has been looking at for some time is the shift in interest rates. The USA is on a tightening bias, whilst we remain flat. The USA goes into reporting season in April, and it will be interesting to gauge operational performance (which we expect to be sound) although valuations may not continue to climb as the heat comes out of the overall market.

From a supply perspective (bulk ores) we continue to believe in the gradual lift in consumption from emerging Asian nations – stimulated by the China Belt & Road Initiative. Numerous large scale infrastructure projects that will need to import both steel (*for construction*) and energy coal (*for power stations*). We believe this will be an emerging theme where contractors and service providers will be able to position themselves with good strategic planning.

News Headlines and Key Sector Developments

Ticker	News/Event	Ticker	News/Event
ASB	Announced the eighth Independence Class Littoral Combat Ship, the future USS Tulsa (LCS 16), has successfully completed acceptance trials in the Gulf of Mexico	TPP	Announced the appointment of Mr. Ian Lynass as the Chief Executive Officer of the company
BSA	Secured the largest Fire Protection contract in its history for the Project Management, Procurement, Installation and commissioning of the sprinkler deluge system for over 18km of main line road tunnel for the North Connex Project	VMG	Announced that a total of 400 million new shares have been issued to CF International Development Ltd at \$0.01 per share to raise \$4 million. The issue price represents a 900% premium to the last traded price to VDM prior to trading halt
CIM	Announced that it has been selected by MPCALA Holdings Inc. to construct the Cavite Laguna Expressway project in the Philippines. The contract is expected to generate revenue of c. \$182 million	WOR	Awarded a project management consultancy contract by Kuwait Oil Company for the Kuwait Environmental Remediation Program. The contract is expected to generate revenue of c. \$127 million (US\$ 98 million) over a five-year period
SKS	Announced that its subsidiary Stokes Technologies Pty Ltd has successfully secured two significant audio visual contracts comprising the Vision 2020 Victorian State Library Redevelopment and a high tech multi-storey student accommodation facility in Carlton	WOR	ADNOC Refining has awarded WOR the project management consultancy contract for the Crude Flexibility Project at the Ruwais Refinery

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	270	0.35	0.36	0.36	0.35	▲ 4.3%	■ ■ ■ ■	n.m.	n.m.
BOL.AX	Boom Logistics Ltd	93	0.20	0.20	0.20	0.19	▲ 2.6%	■ ■ ■ ■	10.9x	n.m.
BSA.AX	BSA Ltd	144	0.36	0.34	0.35	0.34	▼ (5.6%)	■ ■ ■ ■	9.2x	14.4x
CDD.AX	Cardno Ltd	647	1.41	1.35	1.39	1.26	▼ (3.9%)	■ ■ ■ ■	13.7x	22.9x
CIM.AX	CIMIC Group Ltd	14,673	46.82	45.28	46.35	45.14	▼ (3.1%)	■ ■ ■ ■	8.7x	12.7x
DCG.AX	Decmil Group Ltd	199	1.18	1.15	1.21	1.14	▼ (3.0%)	■ ■ ■ ■	107.4x	n.m.
DOW.AX	Downer EDI Ltd	3,883	6.65	6.53	6.58	6.49	▼ (1.1%)	■ ■ ■ ■	8.7x	17.3x
EGN.AX	Engenco Ltd	163	0.505	0.52	0.51	0.50	— 0.0%	■ ■ ■ ■	9.5x	12.4x
FWD.AX	Fleetwood Corp Ltd	175	2.78	2.86	2.85	2.72	▲ 2.9%	■ ■ ■ ■	9.0x	13.9x
GCS.AX	Global Construction Services Ltd	160	0.80	0.76	0.80	0.71	▼ (4.4%)	■ ■ ■ ■	4.9x	6.3x
GNG.AX	GR Engineering Services Ltd	203	1.36	1.33	1.36	1.31	▼ (7.3%)	■ ■ ■ ■	8.7x	9.4x
LCM.AX	LogiCamms Ltd	18	0.25	0.23	0.25	0.22	▼ (10.0%)	■ ■ ■ ■	n.m.	n.m.
LLC.AX	LendLease Group	9,951	17.76	17.04	17.74	16.88	▼ (3.9%)	■ ■ ■ ■	12.4x	14.1x
LYL.AX	Lycopodium Ltd	199	4.90	5.00	4.99	4.85	▲ 2.0%	■ ■ ■ ■	4.8x	5.0x
MND.AX	Monadelphous Group Ltd	1,428	15.89	15.19	15.40	15.05	▼ (4.1%)	■ ■ ■ ■	11.0x	13.0x
OTR.AX	Onterran Ltd	20	0.32	0.32	0.32	0.32	— 0.0%	■ ■ ■ ■	n.m.	n.m.
RDG.AX	Resource Development Group Ltd	13	0.02	0.02	0.02	0.02	▼ (4.8%)	■ ■ ■ ■	n.m.	n.m.
SND.AX	Saunders International Ltd	58	0.56	0.57	0.57	0.56	▲ -	■ ■ ■ ■	25.0x	53.7x
SSM.AX	Service Stream Ltd	579	1.65	1.59	1.63	1.58	▼ (2.5%)	■ ■ ■ ■	8.7x	10.1x
SXE.AX	Southern Cross Electrical Engineering Ltd	155	0.74	0.67	0.73	0.62	▼ (6.9%)	■ ■ ■ ■	7.6x	19.9x
TPP.AX	Tempo Australia Ltd	47	0.19	0.20	0.20	0.19	— 0.0%	■ ■ ■ ■	n.m.	n.m.
VMG.AX	VDM Group Ltd	22	0.00	0.00	0.00	0.00	▲ 300.0%	■ ■ ■ ■	n.m.	n.m.
VMX.AX	Valmec Ltd	40	0.34	0.32	0.32	0.31	▼ (5.9%)	■ ■ ■ ■	7.0x	8.4x
VRS.AX	Veris Ltd	64	0.20	0.20	0.20	0.20	— 0.0%	■ ■ ■ ■	7.8x	84.2x
WOR.AX	WorleyParsons Ltd	3,982	15.01	14.59	14.88	14.40	▼ (1.8%)	■ ■ ■ ■	14.2x	18.7x
WTP.AX	Watpac Ltd	138	0.79	0.76	0.77	0.76	▼ (1.9%)	■ ■ ■ ■	(13.6x)	n.m.
Mining Services										
ASL.AX	Ausdrill Ltd	934	2.78	2.58	2.74	2.55	▼ (6.2%)	■ ■ ■ ■	8.3x	16.2x
ANG.AX	Austin Engineering Ltd	139	0.24	0.24	0.25	0.24	▼ (2.0%)	■ ■ ■ ■	8.6x	17.4x
BLY.AX	Boart Longyear Ltd	263	0.01	0.01	0.01	0.01	— 0.0%	■ ■ ■ ■	18.3x	n.m.
EHL.AX	Emeco Holdings Ltd	831	0.30	0.30	0.31	0.29	▼ (1.7%)	■ ■ ■ ■	79.1x	n.m.
IMD.AX	Imdex Ltd	436	1.18	1.18	1.17	1.15	▼ (1.7%)	■ ■ ■ ■	11.2x	16.8x
MAH.AX	Macmahon Holdings Ltd	463	0.23	0.22	0.23	0.22	▼ (6.5%)	■ ■ ■ ■	7.0x	56.9x
MIN.AX	Mineral Resources Ltd	3,285	17.44	17.50	17.90	17.28	▲ 0.7%	■ ■ ■ ■	7.6x	11.3x
MLD.AX	MACA Ltd	348	1.39	1.30	1.37	1.28	▼ (7.1%)	■ ■ ■ ■	4.0x	17.4x
MSV.AX	Mitchell Services Ltd	66	0.04	0.04	0.04	0.04	— 0.0%	■ ■ ■ ■	36.3x	n.m.
MYE.AX	Mastermyne Group Ltd	98	0.98	0.97	0.97	0.95	▲ 2.1%	■ ■ ■ ■	10.6x	33.2x
NWH.AX	NRW Holdings Ltd	523	1.60	1.41	1.60	1.39	▼ (12.1%)	■ ■ ■ ■	8.1x	16.1x
RUL.AX	RPMGlobal Holdings Ltd	138	0.67	0.64	0.67	0.62	▼ (3.8%)	■ ■ ■ ■	74.3x	n.m.
SRG.AX	SRG Ltd	113	1.70	1.70	1.70	1.66	— 0.0%	■ ■ ■ ■	6.1x	9.3x
SWK.AX	Swick Mining Services Ltd	53	0.23	0.23	0.23	0.23	▼ (4.2%)	■ ■ ■ ■	6.5x	n.m.
Marine Services										
ASB.AX	Austal Ltd	631	1.80	1.80	1.78	1.75	▲ 0.6%	■ ■ ■ ■	7.94	12.77
MBO.AX	Mobilarm Ltd	9	0.02	0.02	0.02	0.02	— 0.0%	■ ■ ■ ■	n.m.	n.m.
MCE.AX	Matrix Composites & Engineering Ltd	43	0.49	0.46	0.47	0.45	▼ (5.2%)	■ ■ ■ ■	n.m.	n.m.
MRM.AX	MMA Offshore Ltd	206	0.22	0.24	0.22	0.21	▲ 9.1%	■ ■ ■ ■	15.5x	n.m.
NMS.AX	Neptune Marine Services Ltd	43	0.8	0.7	0.80	0.70	▼ (12.5%)	■ ■ ■ ■	n.m.	n.m.
VEE.AX	VEEM Ltd	61	0.47	0.47	0.47	0.47	— 0.0%	■ ■ ■ ■	10.3x	13.2x
ZGL.AX	Zicom Group Ltd	25	0.12	0.12	0.12	0.12	▼ (8.0%)	■ ■ ■ ■	n.m.	n.m.
Facilities Management & Services										
AEI.AX	Aeris Environmental Ltd	36	0.22	0.23	0.23	0.22	▲ 9.5%	■ ■ ■ ■	n.m.	n.m.
ALQ.AX	ALS Ltd	3,693	7.54	7.53	7.55	7.36	▲ 0.4%	■ ■ ■ ■	19.5x	31.8x
GMG.AX	Goodman Group Pty Ltd	14,928	8.56	8.29	8.48	8.25	▼ (2.6%)	■ ■ ■ ■	50.6x	50.6x
HIL.AX	Hills Ltd	50	0.22	0.22	0.21	0.21	▼ (2.3%)	■ ■ ■ ■	12.7x	n.m.
MIL.AX	Millennium Services Group Ltd	43	0.95	0.93	0.94	0.93	▼ (1.6%)	■ ■ ■ ■	4.6x	8.8x
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	21	0.20	0.20	0.20	0.20	▲ 5.3%	■ ■ ■ ■	13.8x	37.5x
UBN.AX	Urbanise com Ltd	16	0.03	0.03	0.03	0.03	▼ (11.8%)	■ ■ ■ ■	n.m.	n.m.

Source: Thomson Reuters, LCC research



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