



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	0.7%	(3.2%)	0.8%	(Australia) 2-year gov bonds	2.13%	0.05	0.14	0.47
(Japan) Topix	1.3%	(3.7%)	18.9%	(Australia) 5-year gov bonds	2.47%	0.05	0.11	0.38
(Singapore) FTSE Strait Times Index	2.1%	5.0%	13.9%	(Australia) 10-year gov bonds	2.82%	0.09	0.15	0.30
(Hong Kong) Hang Seng	(1.3%)	1.7%	26.4%					
(South Korea) Kospi 200	1.0%	(2.1%)	14.4%					
(US) S&P 500	0.5%	(0.1%)	13.3%					
(US) Dow Jones Industrial	0.4%	(1.0%)	18.9%	AUD to USD	0.7672	(1.21%)	(1.68%)	1.94%
(UK) FTSE 100	1.4%	(4.2%)	3.5%					

M&A Rumour and Activity

The Australian market finished the week 0.68% higher with the S&P/ASX200 ending at 5869 points, bolstered by strong performance by the mining stocks on the back of improving commodity prices including multi-year highs for aluminium and nickel.

The *Wall Street Journal* reported during the week on various bottlenecks appearing in the USA Shale Gas / Permian Basin sector. Whilst drillers and service providers were enjoying positive market conditions, the producers and explorers were both facing constraints in terms of available drill rigs, crews – extending to securing space on pipelines to pump product.

As we went to print speculation has arisen through a variety of sources including *The Australian Newspaper* on Downer EDI testing the market selling its Mining Services business – more on that in next week's report if anything develops.

News Headlines and Key Sector Developments

Ticker	News/Event	Ticker	News/Event
ASB	Awarded contract for an additional two Guardian Class Pacific Patrol Boats for Timor Leste. The contract is worth \$29.7 million and increases the total program from 19 to 21 vessels	GNG	Confirmed it has entered into a settlement agreement with Wolf Minerals (UK) Limited to fully and finally settle all claims in relation to the EPC contract of the Hemerdon Tungsten & Tin Project mineral processing plant in Devon, England, without admission of liability by either party
BLY	Reported FY2017 results with revenue of \$739.1 million (up 15.1% from pcp) and LBITDA of \$36.6 million (from EBITDA of \$1.6 million in pcp)	MAH	Advised that is has commenced Phase 2 of the Batu Hijau contract in Indonesia
CIM	Reported 1Q18 results with revenue of \$3.2 billion (up 7% from pcp) and NPAT of \$172 million (up 7% from pcp)	MIN	Announced that the pre-pilot plant has achieved fully continuous operation, successfully demonstrating on-line injection of iron ore catalyst and sustained graphite movement out of the reactor
DOW	Awarded the Carrapateena underground mining services contract with OZ Minerals. The contract is expected to generate \$660 million in revenue over a period of six and a half years	NWH	Announced that its subsidiaries Golding Contractors Pty Ltd and Wonbindi Coal Pty Ltd have extended their Limited Notice to proceed with respect to the Baralaba North Coal Mine in Queensland to 5 May 2018 to allow the parties time to further optimise the mine plan and finalise the contract mining agreement
GCS	Announced the resignation of Mrs. Susan Cameron as Company Secretary	VRS	Announced that Aqura Technologies has entered into a three-year services contract with BHP (and its related body corporates) for the Joint Procurement for Minerals Australia and the provision of services for Technology Infrastructure upgrades

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	257	0.36	0.34	0.36	0.34	▼ (4.2%)	█	n.m.	n.m.
BOL.AX	Boom Logistics Ltd	98	0.20	0.21	0.21	0.20	— 0.0%	█	11.3x	n.m.
BSA.AX	BSA Ltd	145	0.34	0.34	0.34	0.34	▲ 1.5%	█	9.2x	14.4x
CDD.AX	Cardno Ltd	628	1.28	1.30	1.31	1.26	▼ (5.8%)	█	13.2x	22.1x
CIM.AX	CIMIC Group Ltd	14,453	44.10	44.25	43.87	43.06	▲ 0.1%	█	8.5x	12.4x
DCG.AX	Decmil Group Ltd	218	1.24	1.25	1.25	1.24	— 0.0%	█	117.8x	n.m.
DOW.AX	Downer EDI Ltd	4,014	6.49	6.70	6.66	6.47	▲ 3.2%	█	8.9x	17.6x
EGN.AX	Engenco Ltd	161	0.5	0.51	0.50	0.48	▲ 1.0%	█	9.3x	12.1x
FWD.AX	Fleetwood Corp Ltd	145	2.72	2.35	2.70	2.15	▼ (15.2%)	█	7.5x	11.6x
GCS.AX	Global Construction Services Ltd	157	0.68	0.74	0.72	0.67	▲ 12.1%	█	4.7x	6.1x
GNG.AX	GR Engineering Services Ltd	220	1.34	1.43	1.38	1.34	▲ 4.0%	█	9.5x	10.3x
LCM.AX	LogiCamms Ltd	21	0.25	0.25	0.25	0.23	— 0.0%	█	n.m.	n.m.
LLC.AX	LendLease Group	10,460	17.60	17.84	17.83	17.46	▲ 1.4%	█	12.9x	14.7x
LYL.AX	Lycopodium Ltd	196	4.85	4.90	4.89	4.76	▲ 0.4%	█	4.6x	4.8x
MND.AX	Monadelphous Group Ltd	1,486	15.23	15.79	15.50	15.02	▲ 3.5%	█	11.5x	13.6x
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	54	0.52	0.53	0.52	0.52	▲ 1.0%	█	22.6x	48.7x
SSM.AX	Service Stream Ltd	564	1.55	1.56	1.55	1.52	▲ 1.0%	█	8.6x	9.9x
SXE.AX	Southern Cross Electrical Engineering Ltd	160	0.70	0.69	0.70	0.68	▼ (3.2%)	█	8.0x	20.8x
TPP.AX	Tempo Australia Ltd	46	0.19	0.19	0.19	0.19	— 0.0%	█	n.m.	n.m.
VMG.AX	VDM Group Ltd	18	0.00	0.00	0.00	0.00	▲ 20.0%	█	n.m.	n.m.
VMX.AX	Valmec Ltd	43	0.34	0.35	0.35	0.33	▲ 4.5%	█	7.5x	9.0x
VRS.AX	Veris Ltd	69	0.20	0.20	0.20	0.19	▲ 2.6%	█	8.4x	90.0x
WOR.AX	WorleyParsons Ltd	4,242	15.05	15.43	15.24	14.80	▲ 2.6%	█	14.9x	19.5x
WTP.AX	Walpac Ltd	148	0.80	0.80	0.80	0.79	▲ 0.6%	█	(12.6x)	n.m.
Mining Services										
ASL.AX	Ausdrill Ltd	1,021	2.77	2.82	2.79	2.72	▲ 2.5%	█	8.9x	17.5x
ANG.AX	Austin Engineering Ltd	143	0.24	0.25	0.24	0.23	▲ 2.1%	█	8.7x	17.7x
BLY.AX	Boart Longyear Ltd	265	0.01	0.01	0.01	0.01	— 0.0%	█	18.3x	n.m.
EHL.AX	Emeco Holdings Ltd	851	0.27	0.30	0.29	0.26	▲ 11.1%	█	80.5x	n.m.
IMD.AX	Imdex Ltd	462	1.21	1.24	1.20	1.18	▲ 4.6%	█	11.8x	17.7x
MAH.AX	Macmahon Holdings Ltd	467	0.22	0.22	0.21	0.21	▲ 2.4%	█	7.0x	56.9x
MIN.AX	Mineral Resources Ltd	3,403	16.80	18.00	17.33	16.51	▲ 7.2%	█	7.8x	11.7x
MLD.AX	MACA Ltd	366	1.22	1.36	1.32	1.20	▲ 11.1%	█	4.3x	18.4x
MSV.AX	Mitchell Services Ltd	69	0.04	0.04	0.04	0.04	▲ 5.3%	█	37.8x	n.m.
MYE.AX	Mastermyne Group Ltd	97	0.95	0.95	0.95	0.94	▼ (2.6%)	█	10.4x	32.6x
NWH.AX	NRW Holdings Ltd	511	1.36	1.37	1.36	1.27	▲ 0.4%	█	7.9x	15.7x
RUL.AX	RPMGlobal Holdings Ltd	137	0.68	0.63	0.67	0.63	▼ (6.7%)	█	72.9x	n.m.
SRG.AX	SRG Ltd	145	1.73	1.82	1.80	1.72	▲ 4.9%	█	8.0x	12.2x
SWK.AX	Swick Mining Services Ltd	50	0.20	0.22	0.22	0.20	▲ 2.4%	█	6.2x	n.m.
Marine Services										
ASB.AX	Austal Ltd	636	1.64	1.80	1.73	1.64	▲ 8.4%	█	7.94	12.77
MBO.AX	Mobilarm Ltd	7	0.02	0.01	0.01	0.01	▼ (6.7%)	█	n.m.	n.m.
MCE.AX	Matrix Composites & Engineering Ltd	42	0.48	0.45	0.48	0.43	▲ 2.3%	█	n.m.	n.m.
MRM.AX	MMA Offshore Ltd	194	0.22	0.225	0.23	0.22	▲ 4.7%	█	15.0x	n.m.
NMS.AX	Neptune Marine Services Ltd	45	0.7	0.72	0.79	0.70	▲ 2.9%	█	n.m.	n.m.
VEE.AX	VEEM Ltd	58	0.435	0.44	0.44	0.43	▲ 4.8%	█	9.7x	12.5x
ZGL.AX	Zicom Group Ltd	26	0.12	0.12	0.12	0.12	— 0.0%	█	n.m.	n.m.
Facilities Management & Services										
AEI.AX	Aeris Environmental Ltd	33	0.20	0.21	0.21	0.20	▲ 5.0%	█	n.m.	n.m.
ALQ.AX	ALS Ltd	3,779	7.27	7.65	7.56	7.23	▲ 5.7%	█	19.8x	32.3x
GMG.AX	Goodman Group Pty Ltd	15,799	8.53	8.71	8.68	8.48	▲ 2.1%	█	53.1x	53.1x
HIL.AX	Hills Ltd	49	0.22	0.21	0.22	0.21	▼ (4.5%)	█	12.4x	n.m.
MIL.AX	Millennium Services Group Ltd	43	0.88	0.94	0.92	0.88	▲ 10.6%	█	4.6x	8.9x
SKS.AX	Stokes Ltd	8	0.17	0.18	0.17	0.17	— 0.0%	█	n.m.	n.m.
TPS.AX	Threat Protect Australia Ltd	18	0.20	0.17	0.20	0.17	▼ (15.0%)	█	12.4x	33.7x
UBN.AX	Urbanise.com Ltd	19	0.03	0.04	0.04	0.03	▲ 16.7%	█	n.m.	n.m.

Source: Thomson Reuters, LCC research



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