



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	1.8%	(0.0%)	3.2%	(Australia) 2-year gov bonds	2.04%	(0.05)	0.05	0.32
(Japan) Topix	(0.3%)	(2.5%)	14.3%	(Australia) 5-year gov bonds	2.43%	(0.05)	0.08	0.25
(Singapore) FTSE Strait Times Index	(0.9%)	4.2%	9.8%	(Australia) 10-year gov bonds	2.78%	(0.05)	0.11	0.13
(Hong Kong) Hang Seng	(1.2%)	0.0%	21.2%					
(South Korea) Kospi 200	(1.3%)	(2.5%)	8.3%					
(US) S&P 500	(0.2%)	(0.4%)	11.5%					
(US) Dow Jones Industrial	(0.2%)	(1.8%)	15.8%					
(UK) FTSE 100	0.9%	(1.6%)	4.4%					
				AUD to USD	0.754	(0.54%)	(3.37%)	1.80%

M&A Rumour and Activity

The Australian market finished the week 1.84% higher with the S&P/ASX200 ending at 6063 points supported by strong performance from Technology stocks. The Australian dollar finished the week 0.54% lower to end at US75.40, mainly due to strengthening of the US Dollar after the US unemployment rate dropped to 17 ½ year low of 3.9%.

Austal Limited (ASB.AX) announced on 2 May 2018 that it has reached an agreement to acquire ElectraWatch Inc. a United States based aluminum non-destructive testing technology company for an all cash consideration of US\$6.75 million, with no debt. The acquisition is expected to be earnings accretive in CY18 and beyond.

Ausdrill Limited (ASL.AX) announced on 1 May 2018 that it has completed a transaction to sell its Diamond Communications Pty Ltd ("Diamond") business to private group Powerlines Plus Pty Ltd ("PLP") for an undisclosed amount. Additionally, in a separate transaction ASL agreed to purchase majority of shares in mining services company HiSeis Pty Ltd, an end to end seismic hard rock exploration service provider for an undisclosed amount.

Emeco Holdings Limited announced on 1 May 2018 that it has successfully completed the Institutional Entitlement Offer to raise c. \$77 million at \$0.25 per share. EHL seeks to raise a further \$13 million through the Retail Entitlement Offer. Proceeds will be applied to the acquisition of Matilda Equipment Limited for an Enterprise Value of \$80 million, and associated transactions cost and working capital requirements.

Mineral Resources Limited (MIN.AX) announced on 1 May 2018 that it has commenced a process to sell up to 49% of its 100%-owned Wodgina Lithium Project (Wodgina) as part of an offtake and partnering process. MIN's Managing Director Mr. Chris Ellison said "This minority sales process is in line with MRL's strategy of investing in early-stage projects, adding significant value and then seeking equity partners to share in the value from a full development plan."

News Headlines and Key Sector Developments

Ticker	News/Event	Ticker	News/Event
ASB	Delivered its eighth Independence-variant littoral combat ship (LCS) to the U.S. Navy. The future USS Tulsa (LCS 16) is the second Austal designed and built LCS delivered to the Navy this year and will be the thirteenth LCS to enter the fleet	MIN	Reported quarterly production update with total Lithium and Iron Ore production for the quarter at 3.95 million wet tonnes with 3.34 million wet tonnes shipped – In line with the operational targets
BLY	Reported 1Q18 unaudited financial results with revenue of US\$188 million (up 15% from pcp) and adjusted EBITDA of US\$15 million (up 67% from pcp)	NWH	Announced the award by Rio Tinto of an Early Contract Involvement (ECI) contract for the provision of project development services
DCG	Selected by New Zealand's Ministry of Education as contractor for the design and construction of two school projects on Waiheke Island. The contract is valued at NZ\$24.3 million and design works are scheduled to begin in May 2018	TPS	Provided quarterly market activity update for march quarter with operating revenue of \$3.5 million (YoY revenue growth of 23%) and monitoring revenue of \$1.8 million (YoY revenue growth of 65%)
GCS	Gallery Facades, GCS's 51% owned division has been awarded a contract with Lendlease Building Contractors Pty Ltd to the value of c. \$25 million for the design, supply and installation of facade to the 34-level commercial office tower at Wesley Place in Melbourne	WOR	Together with its joint venture partner Special Technical Services (STS), awarded a contract by BP Oman to provide services to the BP Khazzan facility

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	247	0.35	0.33	0.36	0.33	▼ (2.9%)	■ ■ ■	n.m.	n.m.
BOL.AX	Boom Logistics Ltd	88	0.20	0.19	0.20	0.18	▼ (5.1%)	■ ■ ■ ■	10.5x	n.m.
BSA.AX	BSA Ltd	140	0.34	0.33	0.34	0.32	▼ (2.9%)	■ ■ ■	8.9x	13.9x
CDD.AX	Cardno Ltd	599	1.18	1.25	1.24	1.18	▲ 5.9%	■ ■ ■ ■	12.7x	21.2x
CIM.AX	CIMIC Group Ltd	14,709	45.61	45.43	45.50	45.07	▲ 0.2%	■ ■ ■ ■	8.7x	12.8x
DCG.AX	Decmil Group Ltd	205	1.24	1.18	1.24	1.18	▼ (4.8%)	■ ■ ■ ■	110.9x	n.m.
DOW.AX	Downer EDI Ltd	4,234	6.90	7.12	7.11	6.82	▲ 3.6%	■ ■ ■ ■	9.3x	18.5x
EGN.AX	Engenco Ltd	156	0.5	0.5	0.50	0.49	— 0.0%	■ ■ ■ ■	9.1x	11.8x
FWD.AX	Fleetwood Corp Ltd	137	2.18	2.23	2.21	2.15	▲ 1.4%	■ ■ ■ ■	7.2x	11.0x
GCS.AX	Global Construction Services Ltd	159	0.71	0.76	0.76	0.70	▲ 6.3%	■ ■ ■ ■	4.8x	6.2x
GNG.AX	GR Engineering Services Ltd	222	1.40	1.45	1.43	1.40	▲ 4.3%	■ ■ ■ ■	9.7x	10.5x
LCM.AX	LogiCamms Ltd	18	0.25	0.23	0.25	0.23	▼ (10.0%)	■ ■ ■	n.m.	n.m.
LLC.AX	LendLease Group	10,588	17.60	18.19	18.26	17.48	▲ 3.6%	■ ■ ■ ■	13.2x	15.0x
LYL.AX	Lycopodium Ltd	189	4.70	4.75	4.70	4.56	▲ 3.5%	■ ■ ■ ■	4.4x	4.6x
MND.AX	Monadelphous Group Ltd	1,562	16.10	16.60	16.51	15.91	▲ 3.4%	■ ■ ■ ■	12.2x	14.4x
OTR.AX	Onterrian 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	54	0.54	0.53	0.54	0.51	▼ (2.8%)	■ ■ ■ ■	22.6x	48.6x
SSM.AX	Service Stream Ltd	584	1.56	1.62	1.61	1.55	▲ 4.5%	■ ■ ■ ■	8.9x	10.3x
SXE.AX	Southern Cross Electrical Engine	167	0.68	0.72	0.72	0.68	▲ 7.5%	■ ■ ■ ■	8.6x	22.4x
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	▲ 50.0%	■ ■ ■ ■	n.m.	n.m.
VMX.AX	Valmec Ltd	44	0.35	0.35	0.35	0.34	▲ 1.4%	■ ■ ■ ■	7.6x	9.1x
VRS.AX	Veris Ltd	71	0.20	0.21	0.21	0.20	▲ 2.5%	■ ■ ■ ■	8.6x	92.1x
WOR.AX	WorleyParsons Ltd	4,462	16.09	16.35	16.30	16.04	▲ 1.9%	■ ■ ■ ■	15.6x	20.5x
WTP.AX	Watpac Ltd	145	0.80	0.79	0.79	0.79	— 0.0%	■ ■ ■ ■	(12.8x)	n.m.
Mining Services										
ASL.AX	Ausdrill Ltd	992	2.77	2.74	2.77	2.71	▼ (1.1%)	■ ■ ■ ■	8.7x	17.1x
ANG.AX	Austin Engineering Ltd	150	0.25	0.26	0.26	0.24	▲ 6.1%	■ ■ ■ ■	9.1x	18.5x
BLY.AX	Boart Longyear Ltd	289	0.01	0.01	0.01	0.01	▲ 10.0%	■ ■ ■ ■	18.6x	n.m.
EHL.AX	Emeco Holdings Ltd	938	0.28	0.30	0.29	0.26	▲ 6.7%	■ ■ ■ ■	79.1x	n.m.
IMD.AX	Imdex Ltd	477	1.25	1.29	1.29	1.23	▲ 4.0%	■ ■ ■ ■	12.3x	18.4x
MAH.AX	Macmahon Holdings Ltd	452	0.22	0.21	0.22	0.21	▼ (2.3%)	■ ■ ■ ■	6.8x	55.5x
MIN.AX	Mineral Resources Ltd	3,692	17.73	19.67	19.60	17.56	▲ 11.2%	■ ■ ■ ■	8.5x	12.7x
MLD.AX	MACA Ltd	352	1.33	1.32	1.32	1.28	▼ (0.4%)	■ ■ ■ ■	4.1x	17.6x
MSV.AX	Mitchell Services Ltd	68	0.04	0.04	0.04	0.04	▲ 2.6%	■ ■ ■ ■	37.0x	n.m.
MYE.AX	Mastermyne Group Ltd	88	0.89	0.87	0.89	0.87	▼ (2.8%)	■ ■ ■ ■	9.6x	30.0x
NWH.AX	NRW Holdings Ltd	476	1.31	1.29	1.31	1.26	▼ (0.8%)	■ ■ ■ ■	7.5x	14.8x
RUL.AX	RPMGlobal Holdings Ltd	142	0.66	0.66	0.68	0.66	▼ (0.8%)	■ ■ ■ ■	77.0x	n.m.
SRG.AX	SRG Ltd	148	1.82	1.87	1.85	1.81	▲ 2.7%	■ ■ ■ ■	8.2x	12.5x
SWK.AX	Swick Mining Services Ltd	59	0.23	0.26	0.25	0.23	▲ 15.9%	■ ■ ■ ■	7.0x	n.m.
Marine Services										
ASB.AX	Austal Ltd	617	1.76	1.76	1.76	1.73	▲ 0.6%	■ ■ ■ ■	7.78	12.52
MBO.AX	Mobilarm Ltd	7	0.01	0.01	0.01	0.01	— 0.0%	■ ■ ■ ■	n.m.	n.m.
MCE.AX	Matrix Composites & Engineerin	41	0.44	0.44	0.45	0.44	— 0.0%	■ ■ ■ ■	n.m.	n.m.
MRM.AX	MMA Offshore Ltd	202	0.24	0.235	0.24	0.23	— 0.0%	■ ■ ■ ■	15.3x	n.m.
NMS.AX	Neptune Marine Services Ltd	44	0.715	0.715	0.72	0.72	— 0.0%	■ ■ ■ ■	n.m.	n.m.
VEE.AX	VEEM Ltd	53	0.415	0.41	0.42	0.41	▼ (4.7%)	■ ■ ■ ■	9.2x	11.7x
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	30	0.20	0.19	0.20	0.19	▼ (2.6%)	■ ■ ■ ■	n.m.	n.m.
ALQ.AX	ALS Ltd	3,933	7.82	8.02	8.00	7.69	▲ 2.4%	■ ■ ■ ■	20.6x	33.6x
GMG.AX	Goodman Group Pty Ltd	16,297	9.00	9.05	9.19	8.98	▲ 1.0%	■ ■ ■ ■	55.0x	55.0x
HIL.AX	Hills Ltd	49	0.22	0.21	0.22	0.21	▼ (2.3%)	■ ■ ■ ■	12.4x	n.m.
MIL.AX	Millennium Services Group Ltd	48	1.05	1.05	1.05	1.04	▲ 4.5%	■ ■ ■ ■	5.0x	9.5x
SKS.AX	Stokes Ltd	8	0.19	0.19	0.19	0.19	▼ (2.6%)	■ ■ ■ ■	n.m.	n.m.
TPS.AX	Threat Protect Australia Ltd	21	0.18	0.20	0.20	0.18	▲ 14.3%	■ ■ ■ ■	13.8x	37.5x
UBN.AX	Urbanise com Ltd	14	0.03	0.03	0.03	0.03	▼ (6.9%)	■ ■ ■ ■	n.m.	n.m.

Source: Thomson Reuters, LCC research



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