



# Australian Engineering, Contractors & METS Providers

Australia

Week Ending  
29 May 2020

Date Published  
1 June 2020

Edition  
360

## Market Performance – Edition 360 – Contract Wins, HK Questions, USA In Turmoil

Index	Percentage change			Fixed income	Yield	Change in basis point		
	Week	YTD	12-months			Week	YTD	12-months
(Australia) S&P / ASX200	4.7%	1.9%	(10.0%)	(Australia) 2-year gov bonds	0.28%	0.00	(1.63)	(0.87)
(Japan) Topix	5.8%	4.7%	2.1%	(Australia) 5-year gov bonds	0.40%	0.01	(1.52)	(0.81)
(Singapore) FTSE Strait Times Index	0.4%	(18.2%)	(20.1%)	(Australia) 10-year gov bonds	0.90%	0.02	(1.42)	(0.64)
(Hong Kong) Hang Seng	0.1%	(11.2%)	(15.3%)					
(South Korea) Kospi 200	3.4%	2.4%	1.7%					
(US) S&P 500	3.0%	21.4%	9.2%					
(US) Dow Jones Industrial	3.8%	8.8%	0.8%					
(UK) FTSE 100	1.4%	(9.7%)	(15.8%)					

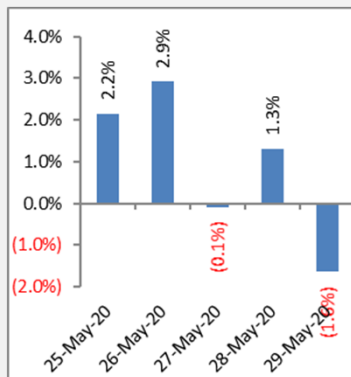
	Rate	Week	YTD	12-months
AUD to USD	0.6666	2.0%	(5.5%)	(3.5%)

Whilst US economic data continued to be poor and COVID cases continued to rise, the global stage was captured by riots across major USA cities associated with a tragic death of a black American, China flexing its muscles on Hong Kong and Brazil's *economy continuing to be impacted by COVID 19*. The AUD had a stronger week, and FMG a key beneficiary as a result of Vale's issues in Brazil. Infrastructure spend continues to be front and centre with the NSW Government shelving a major stadium project in order to support a wider cross section of projects (*associated with a \$3 billion special infrastructure fund that announced*).

### ASX200 INDEX



### DAILY PERFORMANCE OF ASX200



## M&A Rumour, Industry News and Private Activity

No new M & A activity amongst listed companies during the week, although capital raisings, COVID 19 updates and contract wins continued. Noteworthy as follows:

**Acrow Formwork** provided a market update noting that it had secured record levels of new work across March/April 2020

**Decmil** launched a \$50m equity raising following its suspension from quotation on 25 May. Request for extension that suspension made 29 May.

**Downer** announced \$450m mining services contract (Early Mining & Maintenance) at FMG's Eliwana mine.

**Lycopodium** provides updated guidance for FY20 – NPAT of approx. \$11.5m

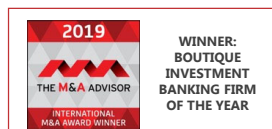
**Saunders** provided a 2<sup>nd</sup> market update, slightly adjusting February guidance of \$70m revenue to \$65m to \$70m – and noting a solid order book moving forward on increasing margins.

**Boart Longyear** confirmed its “cash preservation” strategies in response to COVID 19 – including temporary partial or full stand down of parts of their workforce where has been or likely to be a material change in workload.

**EMECO** noted the recently acquired Pit & Portal operation executed a 5 year contract with Mincor Resources at Kambalda Nickel Operations – no value given.

**Millenium Services** provided a COVID 19 update – Revenue for 2HFY20 approx. 15 – 20% lower than same time last year and Gross Margin expected reduce by approximately 200 to 250 basis points compared to same time last year.

**Enevis** announced a small capital raising





## News Headlines and Key Sector Developments

Ticker	News/ Event	Ticker	News/ Event
ACF	Market Update 25 May	LYL	Provides updated guidance as a result COVID 19
CIM	Buyback notices filed across the week	SND	Provides 2 <sup>nd</sup> Business Update post COVID 19
DCG	Requests extension Voluntary Suspension	TPP	Files various Substantial Shareholder Notices
DCG	Issues prospectus for proposed capital raising	VRS	Secures new works worth \$4.3m
DOW	Announces contract win	ALQ	Releases Full Year Results
FWD	Announces Board & Management changes	BLY	Announces amendments to Senior Secured Notes & COVID 19 update
JLG	Change Directors Interest Notice	EHL	Updates on FY20 guidance and announces contract award
LLC	Announces completion of SPP	IPL	Change of Directors Interest Notice
PRN	Barmenco releases Q3 results	MIL	Provides COVID 19 Market Update

### Offshore & Oilfield Oil & Gas Services News – Australia & Abroad

- **Flowtex Industries** acquires JP3 Measurement LLC for US \$43 m
- **Koch Engineering Solutions** acquires Darkvision Technologies Inc
- **Nascent Exploration** acquires 10% stake in Candente Copper Corp
- **Irving Oil** acquires North Atlantic Refining
- **Secure Energy Services** authorised a share buyback of USD \$9m
- **Crestwood Equity Partners** acquires Plains – NGL & LPG Assets for USD \$160m

### LCC's Sector Association Involvement



Opportunity runs deep™

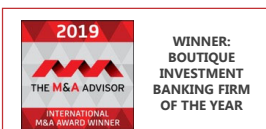


We are driven to improve our technical knowledge of the Resource Services, Oilfield Services, Electrical Services, Infrastructure Services, Engineering and Resources Sectors, and seek to be an active member within key industry peak bodies.

Not only does this strategy reinforce our fundamental enjoyment and drive to better service clients within these Sectors, but it allows us to continually build deep operational and business knowledge of both broad and niche industries.

This differentiates LCC from other Advisory Firms as we deliver much more to the Client Leadership Team and Board of Directors than “commoditised” transactional experience and “general advice”

Sources: Thomson Reuters Eikon, Company Announcements, LCC research

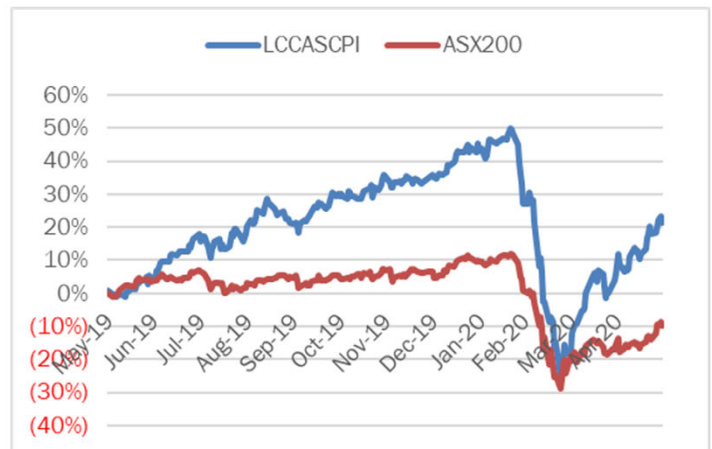
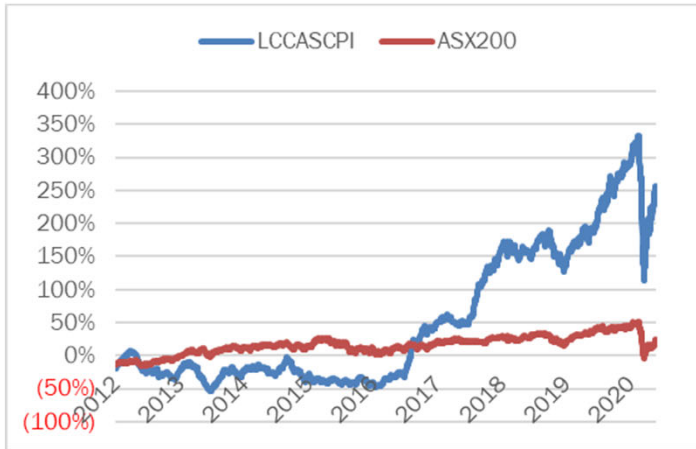




## LCC Australian Contractors & Service Providers Index® (LCCACSPI)

Market Data Since 2011

Rolling 1 Year Market Data

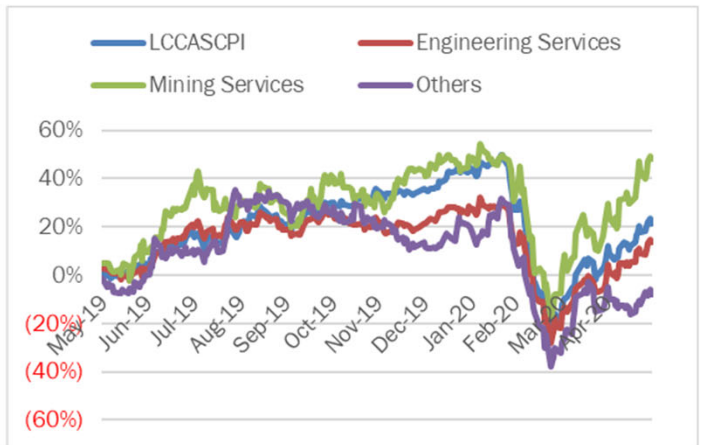
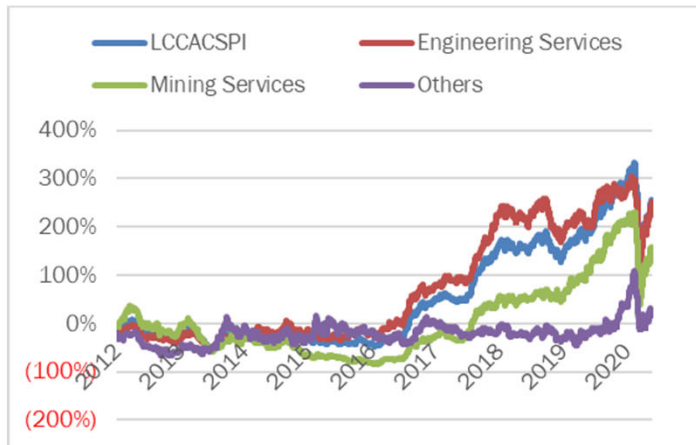


The LCCACSPI Index shows positive response over the past few weeks – predictions in USA of “V” shaped recovery

Volatility over the last 2 trading months now becoming apparent. Certain constituents in LCC Index assisting in rising performance vs ASX 200

Market Data Since 2011

Rolling 1 Year Market Data



All sectors changing track from negative – although questions on international trade and COVID 19 “new world” operations persist

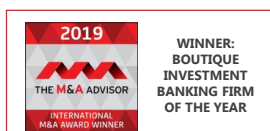
Mining Services showing a “V Shaped Recovery” – with ongoing stimulation of mining sector hopefully this will continue





## ASX-Listed Companies – as at close Friday 29<sup>th</sup> May 2020

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>										
ACF.AX	Acrow Formwork and Construction Services Ltd	59	0.24	0.28	0.30	0.23	▲ 17.0%		9.0x	21.5x
AJL.AX	AJ Lucas Group Ltd	57	0.05	0.05	0.05	0.05	▼ (4.0%)		7.6x	12.2x
BOL.AX	Boom Logistics Ltd	37	0.09	0.09	0.09	0.09	— 0.0%		4.2x	n.m.
BPP.AX	Babylon Pump & Power Ltd	13	0.02	0.02	0.02	0.02	— 0.0%		11.9x	n.m.
BSA.AX	BSA Ltd	112	0.26	0.26	0.26	0.26	— 0.0%		3.1x	4.0x
CDD.AX	Cardno Ltd	133	0.28	0.30	0.29	0.27	▲ 7.1%		4.6x	10.3x
CIM.AX	CIMIC Group Ltd	7,919	23.86	24.94	25.04	23.36	▲ 4.7%		4.0x	7.0x
CVL.AX	Civmec Ltd	194	0.40	0.38	0.40	0.38	▼ (3.8%)		10.6x	15.9x
DCG.AX	Decmil Group Ltd	48	0.21	0.20	0.20	0.20	— 0.0%		n.m.	n.m.
DOW.AX	Downer EDI Ltd	2,670	4.20	4.51	4.59	4.14	▲ 7.9%		6.3x	13.6x
EGN.AX	Engenco Ltd	140	0.43	0.45	0.46	0.43	▲ 4.7%		10.9x	18.0x
FWD.AX	Fleetwood Corp Ltd	162	1.60	1.72	1.71	1.60	▲ 10.3%		4.3x	9.2x
GNG.AX	GR Engineering Services Ltd	106	0.70	0.70	0.70	0.68	▲ 3.0%		n.m.	n.m.
JLG.AX	Johns Lyng Group Ltd	536	2.50	2.42	2.46	2.38	▼ (0.8%)		17.6x	21.2x
LCM.AX	LogiCamms Ltd	26	0.13	0.13	0.14	0.13	— 0.0%		4.8x	6.4x
LLC.AX	LendLease Group	8,516	11.58	12.93	12.55	11.54	▲ 13.3%		14.4x	17.3x
LYL.AX	Lycopodium Ltd	193	4.95	4.87	4.98	4.73	▲ 1.5%		2.4x	2.7x
MCE.AX	Matrix Composites & Engineering Ltd	17	0.18	0.17	0.18	0.17	▲ 6.3%		13.4x	n.m.
MND.AX	Monadelphous Group Ltd	1,112	10.73	11.82	11.75	10.31	▲ 10.2%		10.6x	14.2x
PGX.AX	Primerio Group Ltd	38	0.24	0.22	0.24	0.22	▼ (10.2%)		4.6x	5.6x
RDG.AX	Resource Development Group Ltd	15	0.02	0.02	0.02	0.02	— 0.0%		3.5x	n.m.
SND.AX	Saunders International Ltd	47	0.46	0.46	0.46	0.44	▲ 4.5%		n.m.	n.m.
SRG.AX	SRG Global Ltd	87	0.22	0.20	0.20	0.19	▼ (4.9%)		6.4x	n.m.
SSM.AX	Service Stream Ltd	829	2.05	2.04	2.02	1.98	▲ 1.0%		7.8x	10.4x
SXE.AX	Southern Cross Electrical Engineering Ltd	110	0.46	0.45	0.45	0.45	▼ (3.3%)		2.6x	3.2x
SOP.AX	SML Corporation Ltd	4	0.02	0.02	0.02	0.02	▼ (13.0%)		n.m.	n.m.
TPP.AX	Tempo Australia Ltd	18	0.04	0.05	0.06	0.04	▲ 35.0%		n.m.	n.m.
VMG.AX	VDM Group Ltd	10	0.00	0.00	0.00	0.00	— 0.0%		n.m.	n.m.
VMX.AX	Valmec Ltd	23	0.18	0.18	0.17	0.16	▲ 5.9%		2.7x	3.8x
VRS.AX	Veris Ltd	14	0.03	0.03	0.03	0.03	▲ 6.3%		9.6x	n.m.
WOR.AX	Worley Ltd	4,351	9.20	8.40	9.12	8.40	▼ (7.2%)		9.3x	11.9x
ZGL.AX	Zicom Group Ltd	11	0.05	0.05	0.05	0.05	— 0.0%		n.m.	n.m.
<b>Mining Services</b>										
AMX.AX	Aerometrex Ltd	161	1.59	1.71	1.76	1.58	▲ 6.9%		33.8x	57.2x
ALQ.AX	ALS Ltd	3,433	7.08	7.15	7.16	6.89	▲ 3.6%		15.3x	21.9x
ANG.AX	Austin Engineering Ltd	81	0.14	0.14	0.14	0.13	▲ 3.7%		7.5x	21.4x
BLY.AX	Boart Longyear Ltd	54	0.62	0.62	0.61	0.60	▲ 0.8%		10.5x	21.9x
EHL.AX	Emeco Holdings Ltd	404	1.12	1.10	1.10	1.02	▲ 0.5%		3.9x	7.6x
IMD.AX	Imdex Ltd	448	1.15	1.16	1.18	1.13	▲ 5.0%		7.9x	11.7x
IPL.AX	Incitec Pivot Ltd	3,828	1.93	2.01	2.02	1.89	▲ 5.8%		10.0x	23.1x
MAH.AX	Macmahon Holdings Ltd	547	0.26	0.26	0.26	0.25	▼ (1.9%)		3.4x	9.2x
MIN.AX	Mineral Resources Ltd	3,529	19.28	18.81	19.01	18.68	▼ (0.8%)		5.3x	7.0x
MLD.AX	MACA Ltd	235	0.82	0.88	0.85	0.80	▲ 11.4%		4.8x	46.2x
MSV.AX	Mitchell Services Ltd	86	0.44	0.44	0.45	0.42	▲ 1.2%		5.7x	11.8x
MYE.AX	Mastermyne Group Ltd	71	0.66	0.70	0.68	0.65	▲ 6.9%		3.4x	5.8x
NWH.AX	NRW Holdings Ltd	824	2.02	1.94	1.96	1.87	▼ (2.3%)		6.2x	12.1x
ORI.AX	Orica Ltd	6,936	17.13	17.18	17.41	16.91	▲ 2.0%		10.0x	15.3x
PPK.AX	PPK Group Ltd	348	3.99	4.08	4.01	3.87	▲ 4.3%		149.9x	469.1x
PRN.AX	Perenti Global Ltd	831	1.21	1.19	1.19	1.12	▲ 0.4%		3.6x	9.3x
RUL.AX	RPMGlobal Holdings Ltd	220	0.99	0.99	1.04	0.98	▲ 0.5%		21.7x	49.7x
SWK.AX	Swick Mining Services Ltd	41	0.14	0.14	0.15	0.14	▼ (3.6%)		3.0x	n.m.
<b>Facilities Management &amp; Services</b>										
AEI.AX	Aeris Environmental Ltd	169	0.73	0.70	0.72	0.70	▼ (1.4%)		n.m.	n.m.
ALQ.AX	ALS Ltd	3,433	7.08	7.15	7.16	6.89	▲ 3.6%		15.3x	21.9x
HIL.AX	Hills Ltd	42	0.19	0.18	0.18	0.18	▼ (2.7%)		7.5x	30.9x
MIL.AX	Millennium Services Group Ltd	17	0.37	0.38	0.40	0.36	▲ 4.1%		11.7x	n.m.
ENE.AX	Enevis Ltd	3	0.04	0.04	0.04	0.04	— 0.0%		n.m.	n.m.
TPS.AX	Threat Protect Australia Ltd	11	0.05	0.04	0.05	0.04	▼ (13.7%)		11.5x	n.m.







## About LCC Asia Pacific – we deliver *Deal Craft*™

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We provide our clients with key insights on the Engineering, Contracting and Oil Field Services Sectors – assisting with in depth strategy formulation and execution of both organic and M & A engagements

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