



Australian Engineering, Contractors & METS Providers

Australia

Week Ending
21 May 2021

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24 May 2021

Edition
404

Market Performance – Edition 404 – Labour Shortages Affecting Mining and METS Sector

Index	Percentage change			Fixed income	Yield	Change in basis point		
	Week	YTD	12-months			Week	YTD	12-months
(Australia) S&P / ASX200	0.2%	6.7%	26.7%	(Australia) 2-year gov bonds	0.08%	(0.01)	0.01	(0.19)
(Japan) Topix	1.1%	5.5%	27.7%	(Australia) 5-year gov bonds	0.83%	(0.04)	0.50	0.44
(Singapore) FTSE Strait Times Index	2.1%	9.6%	22.0%	(Australia) 10-year gov bonds	1.68%	(0.06)	0.70	0.75
(Hong Kong) Hang Seng	1.5%	4.5%	17.2%					
(South Korea) Kospi 200	0.5%	8.4%	60.0%					
(US) S&P 500	(0.4%)	10.6%	40.9%					
(US) Dow Jones Industrial	0.6%	1.3%	6.3%					
(UK) FTSE 100	(0.4%)	8.6%	16.7%					
					Rate	Week	YTD	12-months
				AUD to USD	0.7731	(0.5%)	0.4%	17.8%

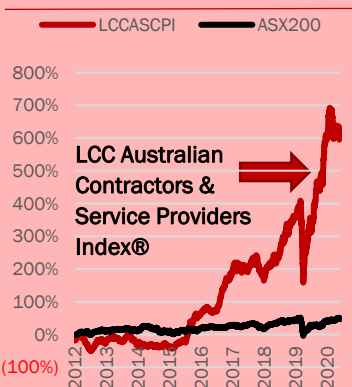
The Australian sharemarket finished the week slightly higher with strong advanced from tech, travel and gold which offset heavy iron ore sell-offs. Global markets were mixed last week, led by volatile trading in high risk assets such as bitcoin amid lingering concerns about the outlook for inflation. WTI Crude rose 3.1% on Friday to A\$83 after four straight negative trading sessions and iron ore extended its decline by 5.3% to A\$260.

The LCC Australian Contractors & Service Providers Index continues to perform strongly against other sectors and the ASX 200 Index and is detailed below left, although has been impacted by pricing trends of various sector constituents.

ASX200 INDEX



LCC Australian Contractors Index®

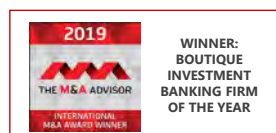


M&A Rumour, Industry News and Private Activity

The Victorian Government will provide \$35.7 million in funding for the states resources sector to ramp up exploration approvals and attract further investment. The South Australian Government has also conducted a new round of funding, injecting \$4.5 million into the State's critical mineral exploration.

Key pieces of news from ASX listed companies last week:

- One of Australia's largest producers of gold, St Barbara (SBM.AX), has lowered their full-year production guidance by ~14% citing contractor Macmahon Holdings (MAH.AX) incapacity to source labour. Based on the current price of gold this downgrade could mean foregoing up to A\$60 million and caused the SMB share price to contract by 9%.
- Roy Hill awarded two large contracts for its iron ore mine last week. First to K2fly to deliver a mining technical assurance suite valued at \$2.4 million. Roy Hill also signed Aqura to develop a 4G mobile network.
- Peak Minerals (PUA.AX) has acquired privately listed explorer CU2 WA for \$7.5 million. This acquisition gives Peak Minerals control to over 31 pending and granted base and precious metal tenements.
- A joint venture between Stanmore Coal and M Resources has contracted Coal Augering Services (CAS) to provide auger services to the Marvis Downs and Millennium coal mine in QLD.
- Iluka Resources (ILU.AX) Sierra Leone Rutile Mine will suspend production. The operational performance of the Mine has been below expectations and unsustainable. ILU share price fell 17.3% from Monday.
- GlobalData has published a report on Australian Coal Mining to 2025. The report forecasts metallurgical and thermal coal production to grow at a 3.5% CAGR to reach 613.5Mt in 2025.





Ticker	News/ Event	Ticker	News/ Event
ACF	Acrow secures expanded debt facility for growth opportunities	VRS	Veris Subsidiary Aqura Technologies secures Roy Hill LTE project works
CIM	CIMIC Group successfully issued a EUR\$500 million corporate Eurobond	ANG	Headquarters Relocation, CEO Transition and Strategic Review
DCG	Decmil expands board with two additions to propel growth strategy	BLY	S&P Global has lowered Boart Longyear's corporate credit rating to "D" from "CC"
LLC	Lendlease appointed Simon Dixon as new Group Chief Financial Officer	PPK	BNNT facilitates development of revolutionary lithium Sulphur battery

Mining, Equipment, Technology & Services Sector (METS) Updates

- **Veris (VRS.AX) fully owned subsidiary, Aqura Technologies, has been awarded the contract to deliver private 4G mobile network to the Roy Hill Iron Ore Mine** in the Pilbara region of Western Australia. This contract is estimated to provide a total of 10% of Aqura's FY21 revenue.
- Austin Engineering (ANG.AX) have announced that they will **relocate its headquarters from Brisbane to Perth in recognition of the profit contribution of Western Australian operations**. The relocation will deliver cost savings and better servicing opportunities for major customers. In conjunction with this decision, **David Singleton will become the interim CEO replacing the retiring Peter Forsyth** and will lead a Strategic Review of the company.
- PPK Group (PPK.AX) announced that its 48% owned subsidiary, Li-S Energy, together with Deakin University has invented a new lithium sulphur battery that utilises **Boron Nitride Nanotube (BNNT) technology**. Li-S Energy has lodged multiple patents and anticipate this breakthrough technology to lead to applications such as an electric car that will only need charging every 1000kms and phones with a one-week battery life. Li-S Energy recently completed a A\$20 million pre-IPO capital raise.

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

- **Australia's Woodside, Japanese IHI, and Marubeni have signed an agreement to investigate the production and export of green ammonia produced from hydrogen in Tasmania**. The capacity of the proposed plant could eventually be scaled up to 250MW to produce green hydrogen as feedstock for green ammonia exports.
- **Australian energy infrastructure company Jemena has awarded Queensland-based Wasco Australia the construction contract for a \$15 million expansion of the Roma North gas processing facility**. As a result of this project, Jemena anticipate the capacity of the facility to increase by ~50%.

LCC's Sector Association Involvement

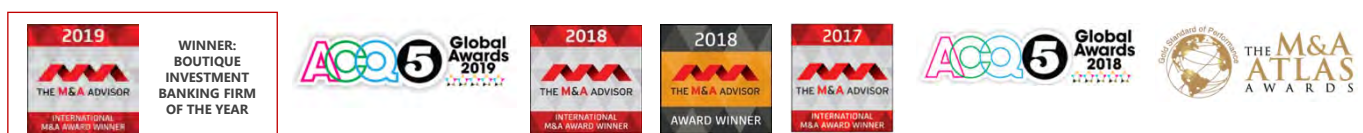


We are driven to improve our technical knowledge of the Resource Services, Oilfield Services, Electrical Services, Infrastructure Services, Engineering and Resources Sectors, and seek to be an active member within key industry peak bodies.

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"

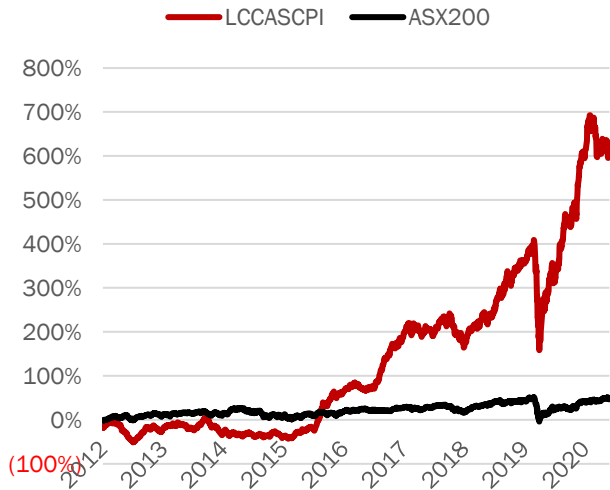
Sources: Thomson Reuters Eikon, Company Announcements, LCC research





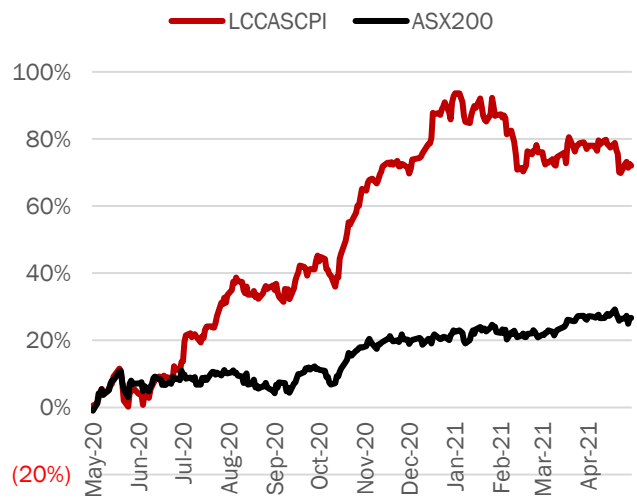
LCC Australian Contractors & Service Providers Index® (LCCACSPI)

Market Data Since 2011



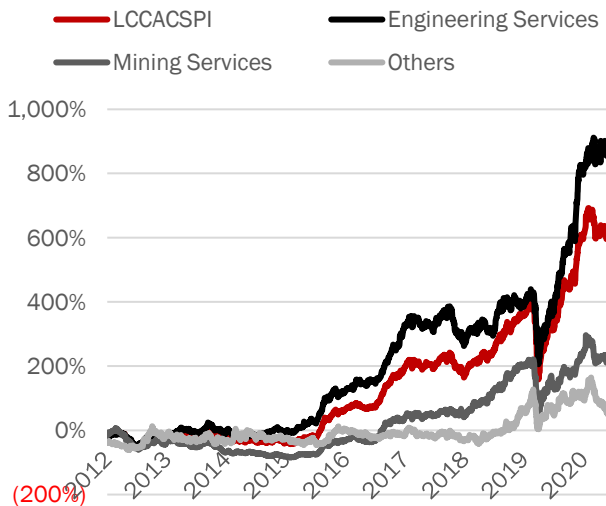
The LCCACSPI Index is starting to show that “V” shape recovery, with the iron ore price actually driving value past pre-covid levels.

Rolling 1 Year Market Data



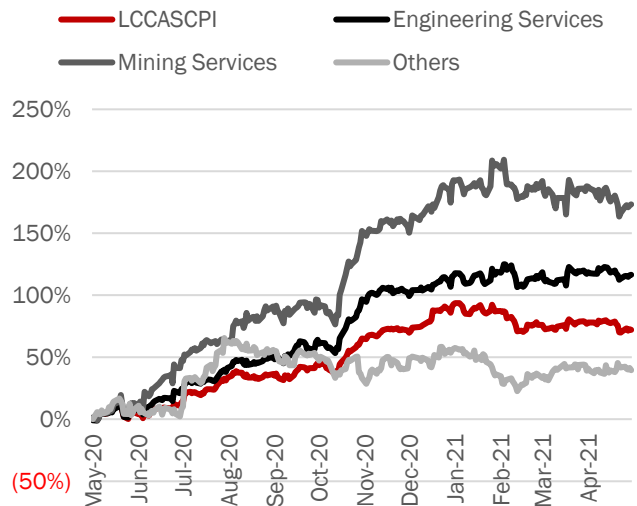
LCC index is continuing to strongly outperform vs the ASX200, despite the continued uncertainty over the economic environment.

Market Data Since 2011

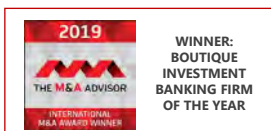


All sectors changing track onto a positive path again, with risks of second wave and stagnant growth seemingly decreasing.

Rolling 1 Year Market Data



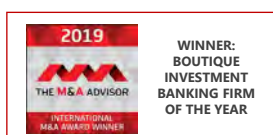
Mining Services continues to outperform many other sectors, the industry seemingly weathering the second wave of global virus outbreaks, and negative global economic sentiment.





ASX-Listed Companies

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										
ACF.AX	Acrow Formwork and Construction Services	80	0.36	0.36	0.37	0.36	▲ 1.4%	■	6.5x	13.8x
AJL.AX	AJ Lucas Group Ltd	34	0.03	0.03	0.03	0.03	— 0.0%	■	5.1x	7.0x
BOL.AX	Boom Logistics Ltd	62	0.15	0.15	0.15	0.15	— 0.0%	■	3.0x	n.m.
BPP.AX	Babylon Pump & Power Ltd	25	0.02	0.02	0.02	0.02	— 0.0%	■	n.m.	n.m.
BSA.AX	BSA Ltd	139	0.30	0.32	0.32	0.30	▲ 8.5%	■	13.9x	n.m.
CDD.AX	Cardno Ltd	299	0.83	0.77	0.75	0.74	▼ (4.4%)	■	5.8x	12.4x
CIM.AX	CIMIC Group Ltd	6,728	20.30	21.49	20.63	20.18	▲ 7.2%	■	n.m.	n.m.
CVL.AX	Civmec Ltd	263	0.58	0.53	0.58	0.53	▼ (5.4%)	■	6.3x	8.2x
DCG.AX	Decmil Group Ltd	67	0.52	0.52	0.52	0.51	— 0.0%	■	2.2x	2.7x
DOW.AX	Downer EDI Ltd	3,809	5.58	5.40	5.43	5.29	▼ (1.3%)	■	6.3x	15.0x
EGN.AX	Engenco Ltd	167	0.54	0.53	0.55	0.53	▼ (1.9%)	■	9.8x	16.9x
FWD.AX	Fleetwood Ltd	222	2.27	2.33	2.32	2.18	▼ (0.4%)	■	4.8x	10.6x
GNG.AX	GR Engineering Services Ltd	202	1.30	1.25	1.28	1.25	▼ (3.5%)	■	8.1x	9.5x
JLG.AX	Johns Lyng Group Ltd	969	4.11	4.30	4.27	4.07	▲ 4.9%	■	19.5x	23.9x
LLC.AX	LendLease Group	8,324	11.80	12.02	11.95	11.78	▲ 1.9%	■	n.m.	n.m.
LYL.AX	Lycopodium Ltd	218	5.45	5.46	5.45	5.36	▲ 0.2%	■	4.9x	6.2x
MCE.AX	Matrix Composites & Engineering Ltd	13	0.14	0.13	0.14	0.13	▼ (10.7%)	■	n.m.	n.m.
MND.AX	Monadelphous Group Ltd	952	11.22	10.05	10.38	9.81	▼ (10.0%)	■	12.4x	22.2x
PGX.AX	Primero Group Ltd	100	0.54	0.55	0.54	0.54	— 0.0%	■	n.m.	n.m.
RDG.AX	Resource Development Group Ltd	141	0.04	0.05	0.05	0.04	▲ 19.0%	■	60.7x	n.m.
SND.AX	Saunders International Ltd	78	0.73	0.75	0.75	0.73	▲ 3.4%	■	10.5x	14.5x
SRG.AX	SRG Global Ltd	208	0.45	0.47	0.47	0.44	▲ 3.3%	■	11.2x	n.m.
SSM.AX	Service Stream Ltd	374	0.90	0.91	0.88	0.84	▲ 0.6%	■	4.4x	6.7x
SXE.AX	Southern Cross Electrical Engineering Ltd	128	0.52	0.52	0.51	0.51	— 0.0%	■	4.3x	5.8x
SOP.AX	SML Corporation Ltd	21	0.08	0.07	0.08	0.07	▼ (8.6%)	■	n.m.	n.m.
TPP.AX	Tempo Australia Ltd	29	0.07	0.08	0.08	0.07	▲ 6.8%	■	18.7x	178.6x
VMG.AX	VDM Group Ltd	14	0.00	0.00	0.00	0.00	— 0.0%	■	n.m.	n.m.
VMX.AX	Valmec Ltd	43	0.34	0.34	0.34	0.32	— 0.0%	■	7.8x	17.2x
VRS.AX	Veris Ltd	40	0.07	0.08	0.08	0.07	▲ 14.9%	■	22.7x	n.m.
WOR.AX	Worley Ltd	5,833	11.97	11.11	11.45	11.04	▼ (3.0%)	■	8.7x	14.4x
ZGL.AX	Zicom Group Ltd	16	0.07	0.07	0.07	0.07	▲ 2.9%	■	2.5x	5.3x
Mining Services										
AMX.AX	Aerometrex Ltd	84	0.86	0.89	0.88	0.86	— 0.0%	■	43.6x	n.m.
ALQ.AX	ALS Ltd	5,279	11.00	10.88	10.83	10.67	▲ 0.1%	■	19.4x	34.1x
ANG.AX	Austin Engineering Ltd	73	0.13	0.13	0.14	0.12	— 0.0%	■	4.2x	6.3x
BLY.AX	Boart Longyear Ltd	36	0.39	0.41	0.45	0.39	▲ 3.8%	■	14.3x	42.8x
EHL.AX	Emeco Holdings Ltd	484	0.91	0.89	0.88	0.87	▼ (1.1%)	■	3.0x	5.9x
IMD.AX	Imdex Ltd	770	1.86	1.93	1.89	1.84	▲ 4.6%	■	13.0x	27.4x
IPL.AX	Incitec Pivot Ltd	4,610	2.31	2.36	2.40	2.21	▼ (2.1%)	■	10.8x	27.1x
MAH.AX	Macmahon Holdings Ltd	401	0.21	0.19	0.19	0.18	▼ (7.5%)	■	2.2x	6.1x
MIN.AX	Mineral Resources Ltd	8,171	44.80	43.05	44.95	43.05	▼ (3.2%)	■	6.8x	8.2x
MLD.AX	MACA Ltd	287	0.84	0.84	0.83	0.78	▲ 0.6%	■	3.7x	16.7x
MSV.AX	Mitchell Services Ltd	76	0.37	0.38	0.38	0.37	▲ 2.7%	■	3.5x	n.m.
MYE.AX	Mastermyne Group Ltd	77	0.77	0.73	0.75	0.73	▼ (5.8%)	■	2.7x	5.2x
NWH.AX	NRW Holdings Ltd	773	1.54	1.69	1.63	1.52	▲ 9.4%	■	3.5x	8.6x
ORI.AX	Orica Ltd	5,498	13.96	13.51	14.00	13.45	▼ (2.1%)	■	9.9x	20.2x
PPK.AX	PPK Group Ltd	1,106	10.39	12.35	11.70	10.39	▲ 20.3%	■	n.m.	n.m.
PRN.AX	Perenti Global Ltd	471	0.72	0.67	0.71	0.66	▼ (6.3%)	■	3.3x	29.1x
RUL.AX	RPMGlobal Holdings Ltd	341	1.44	1.48	1.47	1.42	▲ 4.2%	■	45.3x	n.m.
SWK.AX	Swick Mining Services Ltd	47	0.16	0.17	0.16	0.16	▲ 3.1%	■	3.2x	64.7x
Facilities Management & Services										
AEI.AX	Aeris Environmental Ltd	40	0.17	0.17	0.17	0.17	▼ (5.7%)	■	19.9x	22.8x
ALQ.AX	ALS Ltd	5,279	11.00	10.88	10.83	10.67	▲ 0.1%	■	19.4x	34.1x
HIL.AX	Hills Ltd	33	0.14	0.14	0.14	0.14	— 0.0%	■	9.2x	n.m.
MIL.AX	Millennium Services Group Ltd	29	0.60	0.63	0.63	0.60	▲ 5.0%	■	n.m.	n.m.
ENE.AX	SKS Technologies Group Ltd	25	0.25	0.25	0.25	0.25	▲ 2.1%	■	8.3x	12.2x
TPS.AX	Threat Protect Australia Ltd	6	0.03	0.03	0.03	0.03	▼ (3.8%)	■	10.8x	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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Nicholas Assef

Engineering, Contracting & METS Sector Lead
+ 61 498 115 054
naa@lccapac.com

lccasiapacific.com.au SYDNEY | BRISBANE | NEW YORK

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LCC ASIA PACIFIC
CORPORATE FINANCE & STRATEGIC ADVISORY

Joe Brereton

Analyst
jimb@lccapac.com

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