

M&A Rumour and Activity

The Australian market finished the week 2.66% lower with the S&P / ASX 100 ending at 4366 points, following several disappointing earnings updates and a sell-off in high-yield defensive stocks. The Australian dollar decreased 0.09% for the week to end at US75.95 cents. The local currency initially strengthened earlier in the week following higher than expected inflation data (headline consumer price index for the third quarter was 1.3% year-on-year), before retreating lower towards the end of the week.

On 25 October 2016, CIMIC Group Investments No.2 Pty Ltd (a wholly owned subsidiary of CIMIC Group Limited (CIM.AX)) completed the despatch of the Bidder's Statement relating to its takeover offer to acquire all the outstanding shares of **UGL Limited (UGL.AX)** at \$3.15 per share. *The Australian Financial Review* reported on 28 October 2016 that UGL's investors were surprised by the sudden resignation of Mr John Cooper as a non-executive director of UGL, less than two weeks before UGL is due to respond to the \$524 million hostile bid from CIMIC. This raised fears that UGL's Board of Directors may have differences in opinion over CIMIC's takeover bid.

On 25 October 2016, **Bradken Limited (BKN.AX)** released its Target's Statement in relation to the offer by Hitachi Construction Machinery Co.Ltd to acquire all of the outstanding shares in Bradken for \$3.25 per share. The independent expert concluded that the offer is fair and reasonable to Bradken's shareholders, and the Board unanimously recommends that shareholders accept the offer in the absence of a superior proposal.

The Australian reported on 27 October 2016 that Blackstone, Platinum Private Equity and US-based KPS Capital Partners have submitted bids to acquire Arrium Limited (ARI.AX)'s **Moly-Cop** mining consumables business. *The Australian* also said that Apollo and Bain Capital have left the competition, leaving Blackstone as the favourite among the trade buyers.

News Headlines and Key Sector Developments

Ticker	News/Event	Ticker	News/Event
BKN	Provided a 1Q17 update, with revenue of \$186m for the quarter (3.6% lower compared to prior corresponding period). Order book remains consistent with total backlog of \$358m	MIN	Reached an agreement with Pilbara Minerals Limited (PLS.AX) to resolve the dispute over the sale notice and right of first refusal (ROFR) at Pilgangoora, which will see MIN issued \$50m in PLS' shares in exchange for the relinquishment of the ROFR and a 2.5% royalty
CIM	In addition to the appointment as CEO, Mr Adolfo Valderas has also been appointed as Managing Director	RUL	Closed its share purchase plan (SPP) early as it has received applications for all of the shares on offer under the SPP to raise \$1.5m
EHL	Appointed Ms Justine Lea as CFO (previously acting CFO)	SXE	Projects 1H17 underlying NPAT loss of \$2m, with a full year FY17 underlying NPAT guidance of \$4m to \$5m
GNG	Appointed by Boss Resources Limited (BOE.AX) as lead study consultant for the pre-feasibility study for the Honeymoon Uranium Project	UGL	Mr Richard Humphry has retired as a non-executive director. Mr John Cooper has resigned as a non-executive director
IMD	Completed the share purchase plan shortfall placement of 4.2m shares at \$0.55 per share to raise gross proceeds of \$2.3m	WOR	Mr John Green and Mr Larry Benke have retired as directors
LCM	Completed a placement of 9.1m shares to sophisticated investors to raise c.\$3.5m at \$0.38 per share. Launched a share purchase plan to raise an additional \$2.5m (at \$0.38 per share)		

Source: Thomson Reuters, Company Announcements, LCC research

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
AJL.AX	AJ Lucas Group Ltd	141	0.45	0.37	0.45	0.37	▼ (14.0%)	■ ■ ■ ■	14.9x	1,266.9x
ASL.AX	Ausdrill Ltd	393	1.43	1.26	1.43	1.21	▼ (11.0%)	■ ■ ■ ■	4.9x	10.9x
AAX.AX	Ausenco Ltd	79	0.40	0.40	0.40	0.40	— 0.0%	■ ■ ■ ■	n.m.	n.m.
ANG.AX	Austin Engineering Ltd	104	0.21	0.20	0.21	0.19	▼ (6.0%)	■ ■ ■ ■	n.m.	n.m.
BLY.AX	Boart Longyear Ltd	131	0.15	0.14	0.14	0.14	— 0.0%	■ ■ ■ ■	n.m.	n.m.
BKN.AX	Bradken Ltd	551	3.23	3.22	3.23	3.21	▼ (0.6%)	■ ■ ■ ■	3.8x	3.8x
BYL.AX	Brierty Ltd	12	0.10	0.10	0.10	0.09	▼ (1.0%)	■ ■ ■ ■	n.m.	n.m.
BOL.AX	Boom Logistics Ltd	50	0.11	0.11	0.11	0.11	— 0.0%	■ ■ ■ ■	9.3x	n.m.
BSA.AX	BSA Ltd	137	0.33	0.33	0.32	0.31	▲ 1.6%	■ ■ ■ ■	10.5x	24.3x
CDD.AX	Cardno Ltd	451	1.11	0.94	1.08	0.85	▼ (14.9%)	■ ■ ■ ■	19.4x	n.m.
CIM.AX	CIMIC Group Ltd	9,447	30.48	29.16	30.30	28.84	▼ (5.0%)	■ ■ ■ ■	7.4x	11.6x
DCG.AX	Decmil Group Ltd	192	1.22	1.13	1.23	1.12	▼ (7.4%)	■ ■ ■ ■	20.5x	76.8x
DSB.AX	Delta SBD Ltd	12	0.24	0.22	0.23	0.22	▼ (6.5%)	■ ■ ■ ■	3.9x	6.7x
DOW.AX	Downer EDI Ltd	2,430	5.85	5.72	5.83	5.70	▼ (2.2%)	■ ■ ■ ■	4.9x	9.1x
EAL.AX	E&A Ltd	11	0.08	0.08	0.08	0.08	▲ 6.7%	■ ■ ■ ■	n.m.	n.m.
EGN.AX	Engenco Ltd	43	0.14	0.14	0.14	0.14	▲ 16.7%	■ ■ ■ ■	6.0x	13.9x
EHL.AX	Emeco Holdings Ltd	41	0.07	0.07	0.07	0.07	— 0.0%	■ ■ ■ ■	6.9x	n.m.
FWD.AX	Fleetwood Corp Ltd	124	1.95	2.03	1.99	1.95	▲ 4.1%	■ ■ ■ ■	12.0x	159.1x
GCS.AX	Global Construction Services Ltd	98	0.49	0.49	0.50	0.48	▲ 2.1%	■ ■ ■ ■	4.0x	6.5x
GNG.AX	GR Engineering Services Ltd	282	1.95	1.85	1.91	1.81	▼ (7.1%)	■ ■ ■ ■	9.1x	9.9x
HDX.AX	Hughes Drilling Ltd	17	0.08	0.08	0.08	0.08	— 0.0%	■ ■ ■ ■	3.1x	7.5x
IMD.AX	Imdex Ltd	198	0.60	0.60	0.61	0.58	▲ 1.7%	■ ■ ■ ■	14.6x	43.8x
LCM.AX	LogiCamms Ltd	27	0.43	0.39	0.45	0.39	▼ (11.4%)	■ ■ ■ ■	n.m.	n.m.
LYL.AX	Lycopodium Ltd	107	2.75	2.70	2.70	2.69	▲ 0.7%	■ ■ ■ ■	5.0x	5.6x
MLD.AX	MACA Ltd	417	1.77	1.79	1.78	1.72	▲ 1.1%	■ ■ ■ ■	5.1x	23.2x
MAH.AX	Macmahon Holdings Ltd	113	0.10	0.09	0.10	0.09	▼ (6.0%)	■ ■ ■ ■	1.5x	10.6x
MYE.AX	Mastermyne Group Ltd	27	0.30	0.30	0.30	0.30	— 0.0%	■ ■ ■ ■	11.5x	n.m.
MIN.AX	Mineral Resources Ltd	2,140	11.30	11.44	11.44	10.90	▲ 1.8%	■ ■ ■ ■	7.0x	13.5x
MCE.AX	Matrix Composites & Engineering Ltd	38	0.43	0.41	0.42	0.40	▲ -	■ ■ ■ ■	4.1x	n.m.
MCS.AX	McAleese Ltd	7	0.03	0.03	0.03	0.03	— 0.0%	■ ■ ■ ■	12.9x	n.m.
MND.AX	Monadelphous Group Ltd	863	9.90	9.20	9.65	9.05	▼ (6.3%)	■ ■ ■ ■	5.8x	7.1x
MRM.AX	MMA Offshore Ltd	106	0.31	0.29	0.31	0.27	▼ (10.9%)	■ ■ ■ ■	5.9x	n.m.
MSV.AX	Mitchell Services Ltd	59	0.04	0.04	0.04	0.04	▼ (2.4%)	■ ■ ■ ■	133.0x	n.m.
NWH.AX	NRW Holdings Ltd	170	0.57	0.53	0.56	0.51	▼ (5.4%)	■ ■ ■ ■	4.8x	9.5x
OTR.AX	Onterran Ltd	24	0.45	0.42	0.45	0.42	▼ (7.8%)	■ ■ ■ ■	n.m.	n.m.
OTC.AX	OTOC Ltd	92	0.30	0.29	0.29	0.29	▼ (5.0%)	■ ■ ■ ■	6.0x	9.5x
PRG.AX	Programmed Maintenance Services Ltd	373	1.56	1.45	1.51	1.40	▼ (7.1%)	■ ■ ■ ■	7.6x	10.9x
RCR.AX	RCR Tomlinson Ltd	389	2.75	2.78	2.75	2.58	▲ 1.1%	■ ■ ■ ■	12.7x	31.8x
RDG.AX	Resource Development Group Ltd	16	0.03	0.03	0.03	0.03	▼ (10.3%)	■ ■ ■ ■	0.2x	0.3x
RUL.AX	Rungepincockminarco Ltd	108	0.54	0.52	0.53	0.50	▼ (2.8%)	■ ■ ■ ■	n.m.	n.m.
SND.AX	Saunders International Ltd	46	0.57	0.57	0.57	0.57	▲ 0.9%	■ ■ ■ ■	7.4x	8.6x
SSM.AX	Service Stream Ltd	425	1.24	1.17	1.20	1.13	▼ (4.9%)	■ ■ ■ ■	10.8x	13.7x
SWL.AX	Seymour Whyte Ltd	69	0.84	0.78	0.84	0.77	▼ (7.1%)	■ ■ ■ ■	5.8x	18.1x
SXE.AX	Southern Cross Electrical Engineering Ltd	77	0.62	0.48	0.59	0.45	▼ (20.7%)	■ ■ ■ ■	2.9x	5.0x
STS.AX	SRG Ltd	104	1.71	1.62	1.70	1.54	▼ (5.3%)	■ ■ ■ ■	5.8x	9.1x
SWK.AX	Swick Mining Services Ltd	54	0.25	0.26	0.26	0.24	— 0.0%	■ ■ ■ ■	5.4x	n.m.
TPP.AX	Tempo Australia Ltd	50	0.25	0.25	0.25	0.22	▲ 2.0%	■ ■ ■ ■	5.3x	5.3x
UGL.AX	UGL Ltd	533	3.22	3.20	3.20	3.20	▼ (0.6%)	■ ■ ■ ■	n.m.	n.m.
VMG.AX	VDM Group Ltd	16	0.00	0.00	0.00	0.00	— 0.0%	■ ■ ■ ■	n.m.	n.m.
WOR.AX	WorleyParsons Ltd	2,097	9.27	8.51	9.11	8.24	▼ (8.2%)	■ ■ ■ ■	12.5x	20.3x
WTP.AX	Watpac Ltd	162	0.90	0.87	0.90	0.85	▼ (2.2%)	■ ■ ■ ■	(3.8x)	n.m.

Source: Thomson Reuters, LCC research



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