

M&A Rumor and Activity

The Australian market finished the week 1.86% higher with the S&P / ASX 100 ending at 4743 points, buoyed by the strong performance in major share markets across the globe and a rally in the materials sector. The Australian dollar decreased 0.44% for the week to end at US75.46 cents, as the US dollar strengthened following the release of positive US economic data.

CIMIC Limited (CIM.AX) announced on 24 January 2017 that it intends to make a final, unconditional offer to acquire the shares in **Macmahon Holdings Limited (MAH.AX)** that it does not already own for \$0.145 per share. CIM currently owns 20.54% of MAH. The offer price represents a premium of 31.8% to MAH's last close share price, and values MAH at \$174 million.

MAH's board of directors ("**Board**") have advised MAH's shareholders to take no action in respect of their shares before they receive more information from MAH, as the Board do not view CIM's \$174 million takeover offer as representing the fair value for the company.

The *Australian Financial Review* reported on 27 January 2017 that **Downer EDI Limited (DOW.AX)** is not interested in making a counter-bid for MAH.

News Headlines and Key Sector Developments

Ticker	News/Event	Ticker	News/Event
BKN	Received a notice from the South African Competition Commission stipulating that it approved the proposed acquisition by HCM of a controlling interest of up to 100% in Bradken	EHL	Announced its operational update for the second quarter of FY17. Its financial performance improved notably compared to the prior corresponding period, with group utilisation averaging 85% in Q2 FY17 (up from 75% in Q2 FY16), while operating utilisation averaged 53% (up from 42% in Q2 FY16)
CIM	HLG Contracting, in which CIMIC Group has a 45% investment, has been awarded an \$145m contract for the construction of Al Garhoud Towers by Hasabi Real Estate	GNG	Appointed to manage and integrate the overall feasibility study package for Strandline Resources's zircon-rich Fungoni Mineral Sands Project
CIM	Advised that the UGL-CH2M JV Consortium, which includes UGL and its JV partner CH2M, has terminated its contract with JKC Australia LNG Pty Ltd for the design, construction and commissioning of the Ichthys Combined Cycle Power Plant (CCPP) project	MAH	Announced an increase in mining volumes at the Tropicana Gold Mine after finalisation of its annual project review at the site with AngloGold Ashanti Australia Ltd. Gold production is expected to increase to an annualised rate of between 450,000 and 490,000 ounces per annum from the second half of calendar 2017 and Macmahon's revenue is forecasted to increase by almost 25% as a result

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	162	0.42	0.42	0.42	0.40	— 0.0%	■ ■	16.3x	1,385.8x
ASL.AX	Ausdrill Ltd	443	1.35	1.42	1.40	1.34	▲ 6.4%	■ ■ ■	5.3x	11.8x
ANG.AX	Austin Engineering Ltd	110	0.19	0.19	0.19	0.18	— 0.0%	■ ■ ■	n.m.	n.m.
BLY.AX	Boart Longyear Ltd	122	0.13	0.13	0.13	0.13	▲ 4.0%	■ ■ ■	n.m.	n.m.
BKN.AX	Bradken Ltd	665	3.22	3.23	3.22	3.21	▲ 0.3%	■ ■ ■	3.8x	4.6x
BYL.AX	Brierty Ltd	15	0.11	0.12	0.12	0.11	▲ 4.3%	■ ■ ■	n.m.	n.m.
BOL.AX	Boom Logistics Ltd	52	0.10	0.11	0.11	0.10	▲ 12.2%	■ ■ ■	9.5x	n.m.
BSA.AX	BSA Ltd	142	0.38	0.34	0.37	0.34	▼ (10.7%)	■ ■ ■	13.6x	47.3x
CDD.AX	Cardno Ltd	516	1.01	1.08	1.04	0.98	▲ 7.0%	■ ■ ■	21.9x	n.m.
CIM.AX	CIMIC Group Ltd	11,303	34.34	34.91	34.32	33.70	▲ 1.6%	■ ■ ■	8.9x	13.9x
DCG.AX	Decmil Group Ltd	180	1.03	1.05	1.05	1.01	▲ 1.9%	■ ■ ■	18.6x	72.0x
DSB.AX	Delta SBD Ltd	14	0.24	0.24	0.24	0.24	▼ (11.1%)	■ ■ ■	3.6x	5.7x
DOW.AX	Downer EDI Ltd	2,744	6.33	6.46	6.26	6.10	▲ 2.9%	■ ■ ■	5.4x	9.9x
EAL.AX	E&A Ltd	9	0.06	0.06	0.06	0.06	▲ 5.0%	■ ■ ■	7,373.1x	n.m.
EGN.AX	Engenco Ltd	45	0.15	0.15	0.16	0.15	▼ (3.3%)	■ ■ ■	5.2x	14.4x
EHL.AX	Emeco Holdings Ltd	52	0.08	0.09	0.09	0.07	▲ 11.5%	■ ■ ■	7.2x	n.m.
FWD.AX	Fleetwood Corp Ltd	119	1.90	1.95	1.92	1.90	▲ 2.6%	■ ■ ■	11.5x	152.7x
GCS.AX	Global Construction Services Ltd	114	0.57	0.57	0.58	0.57	— 0.0%	■ ■ ■	4.6x	7.4x
GNG.AX	GR Engineering Services Ltd	248	1.63	1.62	1.59	1.50	▲ 0.6%	■ ■ ■	7.7x	8.3x
IMD.AX	Imdex Ltd	225	0.67	0.68	0.68	0.67	▲ 1.5%	■ ■ ■	5.1x	6.5x
LCM.AX	LogiCamms Ltd	33	0.40	0.41	0.41	0.40	▲ 3.8%	■ ■ ■	n.m.	n.m.
LYL.AX	Lycopodium Ltd	105	2.64	2.64	2.64	2.55	▲ 3.5%	■ ■ ■	4.9x	5.4x
MLD.AX	MACA Ltd	383	1.64	1.64	1.64	1.59	▲ 2.5%	■ ■ ■	4.7x	21.1x
MAH.AX	Macmahon Holdings Ltd	180	0.11	0.15	0.15	0.11	▲ 36.4%	■ ■ ■	4.2x	n.m.
MYE.AX	Mastermyne Group Ltd	37	0.39	0.41	0.39	0.39	▲ 2.5%	■ ■ ■	14.5x	n.m.
MIN.AX	Mineral Resources Ltd	2,334	12.39	12.48	12.45	11.93	▲ 1.7%	■ ■ ■	7.7x	14.7x
MCE.AX	Matrix Composites & Engineering Ltd	42	0.44	0.45	0.46	0.44	▲ 2.3%	■ ■ ■	4.6x	n.m.
MND.AX	Monadelphous Group Ltd	1,015	10.39	10.82	10.57	10.17	▲ 2.3%	■ ■ ■	7.1x	8.7x
MRM.AX	MMA Offshore Ltd	106	0.29	0.29	0.29	0.28	▲ 1.8%	■ ■ ■	5.9x	n.m.
MSV.AX	Mitchell Services Ltd	50	0.03	0.03	0.03	0.03	— 0.0%	■ ■ ■	117.0x	n.m.
NWH.AX	NRW Holdings Ltd	238	0.72	0.74	0.72	0.70	▲ 1.4%	■ ■ ■	6.2x	12.4x
OTR.AX	Onterran Ltd	20	0.34	0.32	0.34	0.32	▼ (12.5%)	■ ■ ■	n.m.	n.m.
PRG.AX	Programmed Maintenance Services Ltd	494	1.84	1.92	1.87	1.79	▲ 4.6%	■ ■ ■	7.4x	11.3x
RCR.AX	RCR Tomlinson Ltd	414	2.80	2.96	2.81	2.62	▲ 7.6%	■ ■ ■	13.6x	35.2x
RDG.AX	Resource Development Group Ltd	18	0.03	0.03	0.03	0.03	▼ (9.4%)	■ ■ ■	0.3x	0.4x
RUL.AX	Rungepincockminarco Ltd	118	0.56	0.56	0.56	0.52	▼ (0.9%)	■ ■ ■	n.m.	n.m.
SND.AX	Saunders International Ltd	51	0.59	0.63	0.61	0.58	— 0.0%	■ ■ ■	8.5x	10.0x
SSM.AX	Service Stream Ltd	420	1.19	1.15	1.16	1.14	▼ (1.7%)	■ ■ ■	10.7x	13.5x
SWL.AX	Seymour Whyte Ltd	82	0.85	0.93	0.87	0.85	▲ 9.4%	■ ■ ■	7.8x	24.4x
SXE.AX	Southern Cross Electrical Engineering Ltd	90	0.57	0.57	0.56	0.55	▲ 1.8%	■ ■ ■	4.1x	6.9x
STS.AX	SRG Ltd	96	1.37	1.50	1.44	1.37	▲ 7.1%	■ ■ ■	5.2x	8.2x
SWK.AX	Swick Mining Services Ltd	65	0.31	0.31	0.31	0.30	— 0.0%	■ ■ ■	6.2x	n.m.
TPP.AX	Tempo Australia Ltd	60	0.27	0.25	0.27	0.24	▼ (5.7%)	■ ■ ■	6.4x	6.4x
VMG.AX	VDM Group Ltd	5	0.00	0.00	0.00	0.00	— 0.0%	■ ■ ■	n.m.	n.m.
VRS.AX	Veris Ltd	79	0.26	0.25	0.25	0.24	▼ (5.8%)	■ ■ ■	5.2x	8.2x
WOR.AX	WorleyParsons Ltd	2,506	9.80	10.16	9.94	9.47	▲ 5.6%	■ ■ ■	8.1x	10.3x
WTP.AX	Watpac Ltd	139	0.75	0.75	0.74	0.73	▲ 0.7%	■ ■ ■	(5.0x)	n.m.

Source: Thomson Reuters, LCC research

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