

## M&A Rumor and Activity

The Australian market finished the week 1.49% higher with the S&P/ASX200 ending at 5806 points, as commodity prices extend their rally. The Australian dollar finished the week at par to its previous week's close of US76.69 cents.

**HRL Holdings (HRL.AX)** announced on 16 February 2017 that it has agreed to acquire **Morrison Geotechnic Holdings**, a provider of geotechnical engineering services based in Queensland, for \$3.75 million in cash and up to \$0.75 million in cash earn-out. Concurrently, HRL Holdings is also acquiring **OCTFOLIO Pty Ltd**, a provider of specialised software solutions for the asbestos and hazardous materials market, for \$2.75 million in cash and up to \$0.75 million in cash earn-out. HRL Holdings is seeking to raise approximately \$8.5 million to fund these acquisitions.

*The Australian Financial Review* reported on 14 February 2017 that private equity firms Varde Partners and The Carlyle Group have increased their exposure to Bis Industries' debt. It is understood that Deutsche Bank offloaded a \$35 million worth of debt, with Varde and Carlyle paying about 70.5 cents in the dollar for the debt.

## News Headlines and Key Sector Developments

| Ticker     | News/Event   | Ticker     | News/Event  |
|------------|--|------------|---|
| <b>BKN</b> | Announced that all remaining conditions other than the 50% minimum acceptance condition had been met in regards to Hitachi Construction Machinery Co. Ltd's off-market takeover bid for all of ordinary shares of BKN for A\$3.25/share. Further, BKN announced the extension of the offer period for the takeover to 7pm on Friday, 10 March 2017 | <b>NWH</b> | Awarded a five-year contract worth c.\$110m by <b>Altura Mining Limited (AJM.AX)</b> for the mine development, drill & blast and mining services at Altura's new Pilgangoora Lithium Project                                |
| <b>BKN</b> | Reported its unaudited 1HFY17 accounts with revenue of \$380m (down 6% from pcp), underlying EBITDA of \$24m (unchanged from pcp) and underlying NPAT of \$17m with statutory NLAT of \$37m  | <b>NWH</b> | Announced that its wholly-owned subsidiary, <b>Action Drill &amp; Blast Pty Ltd</b> , was awarded a 66-month contract with a base value of c.\$40m to provide drilling and blasting services at Newcrest's Telfer gold mine |
| <b>BYL</b> | S&P Global lowered BYL's corporate credit rating to "CCC-". Ratings on the senior secured notes and unsecured notes were also lowered to "CCC" and "CC", respectively  | <b>NWH</b> | Reported 1HFY17 results with revenue of \$171.3m (up 13.95% from pcp) and NPAT of \$11.5m (up 90.10% from pcp)  |
| <b>GMG</b> | Reported 1HFY17 results with revenue of A\$1,286m (up 8.9% from pcp) and statutory profit of A\$556m (down 39.4% from pcp)   | <b>OTR</b> | Requested a voluntary suspension to be implemented in respect to all of its securities quoted on the ASX pending an announcement about the potential divestment of a subsidiary and trading update                          |
| <b>LCM</b> | Announced the retirement of Mr. Steve Banning as the Managing Director of the company and reported the appointment of Mr. Craig White and Ms. Flora Furness as the CFO and CEO of the company, respectively. LCM also announced the appointment of Mr. David Shaw as the company secretary   | <b>SSM</b> | Reported 1HFY17 results with revenue of \$240.7m (up 10.9% from previously) and NPAT of \$13.0m (up 47.9% from previously)  |
| <b>MIN</b> | Announced 1HFY17 results with revenue of A\$787m (up 35.6% from pcp) and NPAT of A\$140m (up 191.1% from pcp). <b>MIN</b> also declared an ordinary fully franked dividend of A\$0.12 to be paid on 15 March 2017  | <b>WOR</b> | Reported 1HFY17 results with revenue of A\$2,722m (down 35.0% from pcp) and NLAT of A\$2.4m (down 110.4% from pcp)  |

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 |
|------------------------------|----------------------------------|--------------------|------------------|-------------------|-----------------|----------------|-------------------|--------------|------------|----------|
| <b>Engineering Services</b>  |                                  |                    |                  |                   |                 |                |                   |              |            |          |
| AJL.AX                       | AJ Lucas Group Ltd               | 139                | 0.37             | 0.36              | 0.39            | 0.33           | ▼ (2.7%)          | ■ ■ ■ ■      | 14.7x      | 1,253.4x |
| BOL.AX                       | Boom Logistics Ltd               | 52                 | 0.12             | 0.11              | 0.12            | 0.11           | — 0.0%            | ■ ■ ■ ■      | 9.5x       | n.m.     |
| BSA.AX                       | BSA Ltd                          | 152                | 0.35             | 0.36              | 0.36            | 0.34           | ▲ 1.4%            | ■ ■ ■ ■      | 14.7x      | 51.4x    |
| BYL.AX                       | Brierty Ltd                      | 18                 | 0.13             | 0.14              | 0.14            | 0.13           | ▲ 12.0%           | ■ ■ ■ ■      | n.m.       | n.m.     |
| CDD.AX                       | Cardno Ltd                       | 564                | 1.17             | 1.18              | 1.16            | 1.14           | ▲ 0.9%            | ■ ■ ■ ■      | 23.7x      | n.m.     |
| CIM.AX                       | CIMIC Group Ltd                  | 12,502             | 38.50            | 38.43             | 38.80           | 38.20          | ▼ 0.0%            | ■ ■ ■ ■      | 12.1x      | 18.1x    |
| DCG.AX                       | Decmil Group Ltd                 | 151                | 0.98             | 0.88              | 0.97            | 0.88           | ▼ (8.3%)          | ■ ■ ■ ■      | 15.5x      | 59.9x    |
| DOW.AX                       | Downer EDI Ltd                   | 2,923              | 6.70             | 6.88              | 6.89            | 6.67           | ▲ 2.7%            | ■ ■ ■ ■      | 6.1x       | 11.1x    |
| EAL.AX                       | E&A Ltd                          | 9                  | 0.07             | 0.07              | 0.07            | 0.07           | — 0.0%            | ■ ■ ■ ■      | 7,392.6x   | n.m.     |
| EGN.AX                       | Engenco Ltd                      | 50                 | 0.16             | 0.16              | 0.16            | 0.16           | ▼ (3.0%)          | ■ ■ ■ ■      | 5.7x       | 16.0x    |
| GCS.AX                       | Global Construction Services Ltd | 114                | 0.57             | 0.57              | 0.58            | 0.57           | ▼ (1.7%)          | ■ ■ ■ ■      | 4.6x       | 7.4x     |
| GNG.AX                       | GR Engineering Services Ltd      | 254                | 1.60             | 1.66              | 1.63            | 1.54           | ▲ 3.7%            | ■ ■ ■ ■      | 8.0x       | 8.6x     |
| LCM.AX                       | LogiCamms Ltd                    | 30                 | 0.38             | 0.37              | 0.37            | 0.36           | ▲ 2.8%            | ■ ■ ■ ■      | n.m.       | n.m.     |
| LLC.AX                       | LendLease Group                  | 8,640              | 14.67            | 14.82             | 14.82           | 14.65          | ▲ 0.0%            | ■ ■ ■ ■      | 15.0x      | 17.2x    |
| LYL.AX                       | Lycopodium Ltd                   | 102                | 2.56             | 2.57              | 2.55            | 2.55           | ▲ 0.8%            | ■ ■ ■ ■      | 4.7x       | 5.2x     |
| MCE.AX                       | Matrix Composites & Engineerin   | 52                 | 0.56             | 0.56              |                 |                |                   | ■ ■ ■ ■      |            |          |
| MND.AX                       | Monadelphous Group Ltd           | 1,079              | 10.54            | 11.50             | 11.44           | 10.51          | ▲ 7.5%            | ■ ■ ■ ■      | 7.7x       | 9.4x     |
| OTR.AX                       | Onterran Ltd                     | 20                 | 0.32             | 0.32              | 0.32            | 0.32           | — 0.0%            | ■ ■ ■ ■      | n.m.       | n.m.     |
| RCR.AX                       | RCR Tomlinson Ltd                | 420                | 3.12             | 3.00              | 3.13            | 2.98           | ▼ (3.5%)          | ■ ■ ■ ■      | 13.8x      | 35.6x    |
| RDG.AX                       | Resource Development Group L     | 19                 | 0.03             | 0.03              | 0.03            | 0.03           | ▲ 3.4%            | ■ ■ ■ ■      | 0.4x       | 0.5x     |
| SND.AX                       | Saunders International Ltd       | 47                 | 0.60             | 0.58              | 0.60            | 0.58           | — 0.0%            | ■ ■ ■ ■      | 7.6x       | 8.9x     |
| SSM.AX                       | Service Stream Ltd               | 435                | 1.17             | 1.19              | 1.20            | 1.15           | ▲ 3.0%            | ■ ■ ■ ■      | 9.5x       | 11.4x    |
| SWL.AX                       | Seymour Whyte Ltd                | 83                 | 0.93             | 0.94              | 0.96            | 0.91           | ▲ 3.3%            | ■ ■ ■ ■      | 8.0x       | 24.8x    |
| SXE.AX                       | Southern Cross Electrical Engine | 90                 | 0.55             | 0.57              | 0.57            | 0.55           | ▲ 2.7%            | ■ ■ ■ ■      | 4.1x       | 6.9x     |
| STS.AX                       | SRG Ltd                          | 102                | 1.51             | 1.58              | 1.58            | 1.50           | ▲ 1.9%            | ■ ■ ■ ■      | 5.6x       | 8.8x     |
| TPP.AX                       | Tempo Australia Ltd              | 57                 | 0.24             | 0.24              | 0.24            | 0.24           | ▼ (2.1%)          | ■ ■ ■ ■      | 6.0x       | 6.0x     |
| VMG.AX                       | VDM Group Ltd                    | 5                  | 0.00             | 0.00              | 0.00            | 0.00           | — 0.0%            | ■ ■ ■ ■      | n.m.       | n.m.     |
| VRS.AX                       | Veris Ltd                        | 70                 | 0.20             | 0.22              | 0.21            | 0.20           | ▲ 10.3%           | ■ ■ ■ ■      | 4.5x       | 7.1x     |
| WOR.AX                       | WorleyParsons Ltd                | 2,433              | 9.55             | 9.86              | 10.01           | 9.43           | ▲ 2.5%            | ■ ■ ■ ■      | 7.9x       | 10.0x    |
| <b>Mining Services</b>       |                                  |                    |                  |                   |                 |                |                   |              |            |          |
| ASL.AX                       | Ausdrill Ltd                     | 481                | 1.46             | 1.54              | 1.50            | 1.44           | ▲ 5.1%            | ■ ■ ■ ■      | 5.6x       | 12.5x    |
| ANG.AX                       | Austin Engineering Ltd           | 101                | 0.19             | 0.18              | 0.18            | 0.17           | ▼ (5.4%)          | ■ ■ ■ ■      | n.m.       | n.m.     |
| BLY.AX                       | Boart Longyear Ltd               | 118                | 0.13             | 0.13              | 0.13            | 0.12           | — 0.0%            | ■ ■ ■ ■      | n.m.       | n.m.     |
| BKN.AX                       | Bradken Ltd                      | 665                | 3.22             | 3.23              | 3.22            | 3.22           | ▲ 0.3%            | ■ ■ ■ ■      | 3.8x       | 4.6x     |
| DSB.AX                       | Delta SBD Ltd                    | 16                 | 0.27             | 0.28              | 0.28            | 0.27           | ▲ 3.7%            | ■ ■ ■ ■      | 4.1x       | 6.5x     |
| EHL.AX                       | Emeco Holdings Ltd               | 50                 | 0.09             | 0.08              | 0.09            | 0.08           | ▼ (4.6%)          | ■ ■ ■ ■      | 7.1x       | n.m.     |
| IMD.AX                       | Imdex Ltd                        | 235                | 0.71             | 0.71              | 0.70            | 0.69           | ▼ (0.7%)          | ■ ■ ■ ■      | 5.3x       | 6.7x     |
| MAH.AX                       | Macmahon Holdings Ltd            | 175                | 0.15             | 0.15              | 0.15            | 0.15           | ▼ (3.3%)          | ■ ■ ■ ■      | 4.0x       | n.m.     |
| MIN.AX                       | Mineral Resources Ltd            | 2,407              | 12.78            | 12.87             | 13.34           | 12.75          | ▲ 1.4%            | ■ ■ ■ ■      | 5.4x       | 8.3x     |
| MLD.AX                       | MACA Ltd                         | 384                | 1.60             | 1.64              | 1.61            | 1.58           | ▲ 2.5%            | ■ ■ ■ ■      | 4.7x       | 21.1x    |
| MSV.AX                       | Mitchell Services Ltd            | 49                 | 0.03             | 0.03              | 0.03            | 0.03           | ▲ 3.1%            | ■ ■ ■ ■      | 114.3x     | n.m.     |
| MYE.AX                       | Mastermyne Group Ltd             | 34                 | 0.38             | 0.38              | 0.38            | 0.37           | ▼ (3.8%)          | ■ ■ ■ ■      | 13.5x      | n.m.     |
| NWH.AX                       | NRW Holdings Ltd                 | 240                | 0.73             | 0.75              | 0.77            | 0.73           | ▲ 2.1%            | ■ ■ ■ ■      | 5.3x       | 10.2x    |
| RUL.AX                       | Rungepincockminarco Ltd          | 138                | 0.65             | 0.65              | 0.67            | 0.65           | ▲ 1.6%            | ■ ■ ■ ■      | n.m.       | n.m.     |
| SWK.AX                       | Swick Mining Services Ltd        | 64                 | 0.32             | 0.30              | 0.31            | 0.30           | ▼ (4.8%)          | ■ ■ ■ ■      | 6.1x       | n.m.     |
| <b>Marine Services</b>       |                                  |                    |                  |                   |                 |                |                   |              |            |          |
| ASB.AX                       | Austal Ltd                       | 620                | 1.76             | 1.77              | 1.74            | 1.72           | ▲ 0.0%            | ■ ■ ■ ■      | n.m.       | n.m.     |
| MBO.AX                       | Mobilarm Ltd                     | 12                 | 0.03             | 0.03              | 0.03            | 0.02           | — 0.0%            | ■ ■ ■ ■      | 71.7x      | n.m.     |
| MRM.AX                       | MMA Offshore Ltd                 | 116                | 0.29             | 0.31              | 0.31            | 0.29           | ▲ 8.8%            | ■ ■ ■ ■      | 6.1x       | n.m.     |
| NMS.AX                       | Neptune Marine Services Ltd      | 69                 | 1.12             | 1.12              | 1.12            | 1.12           | — 0.0%            | ■ ■ ■ ■      | 121.5x     | n.m.     |
| VEE.AX                       | VEEM Ltd                         | 82                 | 0.63             | 0.625             | 0.63            | 0.63           | ▼ (0.8%)          | ■ ■ ■ ■      | 10.3x      | 13.7x    |
| ZGL.AX                       | Zicom Group Ltd                  | 28                 | 0.13             | 0.13              | 0.14            | 0.13           | ▼ (10.3%)         | ■ ■ ■ ■      | 5.6x       | n.m.     |
| <b>Facilities Management</b> |                                  |                    |                  |                   |                 |                |                   |              |            |          |
| AEI.AX                       | Aeris Environmental Ltd          | 55                 | 0.38             | 0.35              | 0.35            | 0.33           | ▲ 0.0%            | ■ ■ ■ ■      | n.m.       | n.m.     |
| GMG.AX                       | Goodman Group Pty Ltd            | 13,168             | 7.24             | 7.36              | 7.28            | 7.18           | ▲ 0.0%            | ■ ■ ■ ■      | 47.2x      | 47.2x    |
| HIL.AX                       | Hills Ltd                        | 77                 | 0.33             | 0.33              | 0.33            | 0.32           | — 0.0%            | ■ ■ ■ ■      | 11.6x      | n.m.     |
| MIL.AX                       | Millennium Services Group Ltd    | 74                 | 1.59             | 1.60              | 1.60            | 1.58           | ▲ 0.0%            | ■ ■ ■ ■      | 8.2x       | 10.3x    |
| PRG.AX                       | Programmed Maintenance Serv      | 461                | 1.81             | 1.79              | 1.82            | 1.76           | ▼ -0.0%           | ■ ■ ■ ■      | 7.1x       | 10.8x    |
| SKS.AX                       | Stokes Ltd                       | 10                 | 0.33             | 0.33              | 0.33            | 0.33           | — 0.0%            | ■ ■ ■ ■      | n.m.       | n.m.     |
| SPO.AX                       | Spotless Group Holdings Ltd      | 1,047              | 0.94             | 0.95              | 0.96            | 0.93           | ▲ 0.0%            | ■ ■ ■ ■      | 5.7x       | 8.4x     |
| TPS.AX                       | Threat Protect Australia Ltd     | 18                 | 0.03             | 0.03              | 0.03            | 0.03           | — 0.0%            | ■ ■ ■ ■      | n.m.       | n.m.     |
| UBN.AX                       | Urbanise com Ltd                 | 42                 | 0.12             | 0.13              | 0.13            | 0.11           | — 0.0%            | ■ ■ ■ ■      | n.m.       | n.m.     |

Source: Thomson Reuters, LCC research

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