



Australian Engineering, Contractors & Service Providers

Edition 215 for the week ending 16 June 2017 | Published 19 June 2017

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Market Performance - Overview

Index	Percentage change			Fixed Income	Yield	Percentage change		
	Week	YTD	12 months			Week	YTD	12 months
(Australia) S&P / ASX200	1.7%	1.9%	12.2%	(Australia) 2-year gov bonds	1.69%	3.7%	(11.7%)	7.4%
(Japan) Topix	0.3%	5.1%	28.6%	(Australia) 5-year gov bonds	2.03%	2.3%	(13.0%)	23.1%
(Singapore) FTSE Strait Times Index	(0.7%)	12.2%	17.4%	(Australia) 10-year gov bonds	2.42%	0.3%	(12.6%)	20.1%
(Hong Kong) Hang Seng	(1.6%)	16.5%	27.9%					
(South Korea) Kospi 200	(0.8%)	18.0%	27.0%					
(US) S&P 500	0.1%	8.7%	17.1%					
(US) Dow Jones Industrial	0.5%	8.2%	20.6%					
(UK) FTSE 100	(0.8%)	4.5%	25.4%					
					Rate	Week	YTD	12-months
				AUD to USD	0.7616	1.2%	5.6%	3.5%

M&A Rumour and Activity

The Australian market finished the week 1.69% higher with the S&P/ASX200 ending at 5774 points, shaking of the weakness in the materials sector, a slumping iron ore & oil price and a selloff in technology stocks on Wall Street. The Australian dollar finished the week 1.20% higher to end at US76.16 cents, boosted by positive domestic jobs data and a fall in the US dollar after the release of weak US inflation data.

Downer EDI Ltd (DOW.AX) announced on 15 June 2017 that, pursuant to its takeover offer for Spotless Group Holdings Ltd (SPO.AX), it now has an interest equivalent to 29.598% in the issued share capital of Spotless. Spotless provided a business update on 15 June 2016, and its Board of Directors continues to recommend its shareholders to reject the takeover offer from Downer. Spotless said that it has sold a bundle of approximately 250 small cleaning contracts in New Zealand, commenced its largest PPP contract at the new Royal Adelaide Hospital, continuing to maintain contract win and renewal rates, and extended over \$300 million in committed bilateral cash advance facility agreements that were due to mature in FY18.

Seymour Whyte Ltd (SWL.AX) announced on 16 June 2017 that its Board of Directors has agreed to extend the exclusivity arrangements with VINCI Construction International Network to 23 June 2017. SWL said that following a period of detailed due diligence, VINCI has confirmed that it is seeking to progress the potential control transaction on the key indicative terms that were agreed with SWL, and VINCI has requested an extension to the exclusivity period to agree a binding scheme implementation agreement on mutually acceptable terms. The Board believes that the continuation of the exclusive negotiations with VINCI is in the best interests of shareholders.

The *Australian Financial Review* reported on 18 June 2017 that KKR-owned **Bis Industries** is working to complete a restructuring transaction ahead of a 'stub' payment due in the next few weeks. It is understood that BIS Industries owes about \$900 million to its lenders.

On 12 June 2017, LCC Asia Pacific was announced as the winner for the "Asia Deal of the Year" award at the 2017 9th Annual International M&A Awards in New York.

On day one of the International M & A Conference held earlier that day **Nicholas Assef** was a key presenter at a Round Table on the "One Belt, One Road" Chinese initiative which discussed both geopolitical challenges and large scale opportunities. LCC will be generating a detailed white paper on the *Belt & Road Initiative* in the coming weeks, and if you would like a copy please make contact.

News Headlines and Key Sector Developments

Ticker	News/Event	Ticker	News/Event
BLY	Advised that the Supreme Court of New South Wales dismissed the application for injunction by entities associated with Mr Anthony Maurici	TPP	Appointed Mr Ian Widdicombe and Mr Guido Bressani as non-executive directors
LCM	Updated FY17 revenue guidance to \$80m and released its strategic plan to restructure its leadership team	WTP	Awarded a \$63m contract to build the new NSW Forensic Pathology and Coroner's Court Facility for Health Infrastructure at Lidcombe in Western Sydney
MND	Secured new contracts and additional work with a combined value of c.\$125 million (including subcontract for structural, mechanical, piping, electrical and instrumentation work for Kawasaki Heavy Industries on the cryogenic tanks at the Ichthys Project)	WTP	Lowered its FY17 profit guidance. Expects underlying PBT to be lower than the \$8.5m reported in the previous financial year
MSV	Entered into a 2-year (with 1-year extension option) exploration drilling services contract with Glencore at its Oaky Creek Coal mine in QLD		

Source: Thomson Reuters, Company Announcements, LCC research



Finalist in multiple categories including
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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										
AJL.AX	AJ Lucas Group Ltd	140	0.28	0.24	0.29	0.24	▼ (7.7%)	---	33.9x	n.m.
BOL.AX	Boom Logistics Ltd	45	0.11	0.10	0.10	0.10	▼ (5.0%)	---	11.0x	n.m.
BSA.AX	BSA Ltd	140	0.33	0.33	0.33	0.32	— 0.0%	■	16.8x	93.1x
BYL.AX	Brierty Ltd	12	0.10	0.10	0.09	0.09	— 0.0%	■	n.m.	n.m.
CDD.AX	Cardno Ltd	568	1.22	1.19	1.22	1.06	▼ (5.6%)	---	42.3x	n.m.
CIM.AX	CIMIC Group Ltd	12,570	38.88	38.97	39.10	38.50	▼ (0.7%)	---	12.2x	18.3x
DCG.AX	Decmil Group Ltd	155	0.92	0.90	0.91	0.89	▼ (2.7%)	---	69.0x	n.m.
DOW.AX	Downer EDI Ltd	3,598	6.14	6.05	6.23	5.98	▼ (2.9%)	---	7.4x	13.5x
EAL.AX	E&A Ltd	6	0.05	0.05	0.05	0.05	— 0.0%	---	n.m.	n.m.
EGN.AX	Engenco Ltd	59	0.195	0.19	0.21	0.19	▼ (2.6%)	---	5.9x	10.9x
GCS.AX	Global Construction Services Ltc	120	0.56	0.57	0.58	0.56	▲ 1.8%	■	3.4x	4.7x
GNG.AX	GR Engineering Services Ltd	230	1.47	1.50	1.48	1.45	▲ 1.0%	---	8.0x	8.5x
LCM.AX	LogiCamms Ltd	18	0.26	0.22	0.25	0.18	▼ (14.0%)	---	n.m.	n.m.
LLC.AX	LendLease Group	9,726	15.85	16.67	16.59	15.82	▲ 4.1%	---	12.6x	14.1x
LYL.AX	Lycopodium Ltd	122	3.14	3.06	3.15	3.00	▼ (2.2%)	---	2.1x	2.3x
MND.AX	Monadelphous Group Ltd	1,302	13.26	13.86	13.93	13.26	▲ 2.5%	---	10.7x	13.3x
OTR.AX	Onterran Ltd	20	0.32	0.32	0.32	0.32	— 0.0%	---	n.m.	n.m.
RCR.AX	RCR Tomlinson Ltd	462	3.46	3.30	3.45	3.26	▼ (4.6%)	---	18.5x	72.5x
RDG.AX	Resource Development Group L	13	0.02	0.02	0.02	0.02	— 0.0%	---	0.1x	0.1x
SND.AX	Saunders International Ltd	45	0.49	0.53	0.53	0.49	▲ 8.2%	---	11.8x	15.3x
SSM.AX	Service Stream Ltd	491	1.35	1.35	1.34	1.16	▲ 4.3%	---	10.8x	13.0x
SWL.AX	Seymour Whyte Ltd	106	1.19	1.20	1.20	1.17	— 0.0%	---	14.4x	71.9x
SXE.AX	Southern Cross Electrical Engine	82	0.55	0.52	0.54	0.52	▼ (4.6%)	---	11.9x	n.m.
STS.AX	SRG Ltd	82	1.29	1.29	1.28	1.23	▲ 0.8%	---	4.3x	6.5x
TPP.AX	Tempo Australia Ltd	44	0.17	0.19	0.18	0.17	▲ 8.8%	---	3.0x	3.1x
VMG.AX	VDM Group Ltd	5	0.00	0.00	0.00	0.00	— 0.0%	---	n.m.	n.m.
VRS.AX	Veris Ltd	44	0.12	0.14	0.13	0.12	▲ 12.5%	---	3.9x	9.2x
WOR.AX	WorleyParsons Ltd	2,816	11.85	11.40	12.15	11.39	▼ (4.3%)	---	10.5x	13.9x
Mining Services										
ASL.AX	Ausdrill Ltd	539	1.66	1.73	1.70	1.61	▲ 4.9%	---	6.0x	12.5x
ANG.AX	Austin Engineering Ltd	119	0.19	0.21	0.21	0.18	▲ 10.8%	---	n.m.	n.m.
BLY.AX	Boart Longyear Ltd	31	0.03	0.03	0.03	0.03	▲ 13.8%	---	32.0x	n.m.
BKN.AX	Bradken Ltd	676	3.21	3.24	3.21	3.21	— 0.0%	---	n.m.	n.m.
DSB.AX	Delta SBD Ltd	8	0.14	0.14	0.14	0.14	— 0.0%	---	72.6x	n.m.
EHL.AX	Emeco Holdings Ltd	202	0.08	0.08	0.08	0.08	▲ 5.1%	---	8.3x	169.5x
IMD.AX	Imdex Ltd	265	0.64	0.72	0.69	0.63	▲ 10.8%	---	13.6x	33.0x
MAH.AX	Macmahon Holdings Ltd	198	0.16	0.17	0.16	0.15	▲ 6.5%	---	6.2x	n.m.
MIN.AX	Mineral Resources Ltd	1,913	9.74	10.21	10.95	9.65	▲ 2.9%	---	4.3x	6.6x
MLD.AX	MACA Ltd	384	1.60	1.64	1.60	1.55	▲ 2.5%	---	4.1x	14.3x
MSV.AX	Mitchell Services Ltd	47	0.03	0.03	0.03	0.03	▲ 6.7%	---	20.1x	n.m.
MYE.AX	Mastermyne Group Ltd	28	0.32	0.31	0.32	0.31	▼ (3.1%)	---	28.9x	n.m.
NWH.AX	NRW Holdings Ltd	187	0.60	0.58	0.59	0.56	▼ (0.9%)	---	4.3x	8.2x
RUL.AX	RPMGlobal Holdings Ltd	116	0.52	0.55	0.56	0.51	▲ 2.8%	---	n.m.	n.m.
SWK.AX	Swick Mining Services Ltd	59	0.25	0.26	0.25	0.25	▲ 2.0%	---	5.4x	n.m.
Marine Services										
ASB.AX	Austal Ltd	659	1.78	1.90	1.86	1.76	▲ 3.6%	---	n.m.	n.m.
MBO.AX	Mobilarm Ltd	12	0.02	0.03	0.02	0.02	— 0.0%	---	62.0x	n.m.
MCE.AX	Matrix Composites & Engineerin	44	0.47	0.48	0.47	0.46	▼ (1.0%)	---	n.m.	n.m.
MRM.AX	MMA Offshore Ltd	65	0.18	0.175	0.18	0.16	▼ (2.8%)	---	32.3x	n.m.
NMS.AX	Neptune Marine Services Ltd	50	0.805	0.81	0.87	0.81	▲ 0.6%	---	n.m.	n.m.
VEE.AX	VEEM Ltd	82	0.62	0.635	0.64	0.60	▲ 5.8%	---	9.7x	12.0x
ZGL.AX	Zicom Group Ltd	28	0.14	0.13	0.14	0.13	▼ (3.7%)	---	n.m.	n.m.
Facilities Management										
AEI.AX	Aeris Environmental Ltd	42	0.28	0.27	0.30	0.27	▼ (5.4%)	---	n.m.	n.m.
GMG.AX	Goodman Group Pty Ltd	15,494	8.32	8.66	8.57	8.30	▲ 3.8%	---	54.7x	54.7x
HIL.AX	Hills Ltd	39	0.18	0.17	0.18	0.17	▼ (10.5%)	---	7.3x	36.2x
MIL.AX	Millennium Services Group Ltd	74	1.60	1.61	1.63	1.60	▲ 0.6%	---	11.0x	13.8x
PRG.AX	Programmed Maintenance Serv	481	1.87	1.87	1.88	1.86	▼ (0.8%)	---	7.1x	10.3x
SKS.AX	Stokes Ltd	9	0.31	0.31	0.32	0.30	▼ (1.6%)	---	20.5x	26.8x
SPO.AX	Spotless Group Holdings Ltd	1,252	1.15	1.14	1.14	1.14	▼ (0.4%)	---	7.5x	12.4x
TPS.AX	Threat Protect Australia Ltd	19	0.03	0.03	0.03	0.03	▲ 3.8%	---	25.1x	51.1x
UBN.AX	Urbanise com Ltd	18	0.06	0.05	0.06	0.05	▼ (7.4%)	---	n.m.	n.m.

Source: Thomson Reuters, LCC research



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