



# Australian Engineering, Contractors & Service Providers

Edition 225 for the week ending 25 August 2017 | Published 28 August 2017 WWW.LCCAPAC.COM

## Market Performance - Overview

Index	Percentage change			Fixed Income	Yield	Change in basis points		
	Week	YTD	12 months			Week	YTD	12 months
(Australia) S&P / ASX200	(0.1%)	1.4%	3.6%	(Australia) 2-year gov bonds	1.85%	0.04	(0.06)	0.39
(Japan) Topix	(0.0%)	5.2%	22.4%	(Australia) 5-year gov bonds	2.21%	0.03	(0.13)	0.58
(Singapore) FTSE Strait Times Index	0.2%	13.1%	13.3%	(Australia) 10-year gov bonds	2.66%	0.03	(0.11)	0.74
(Hong Kong) Hang Seng	3.0%	26.6%	22.1%					
(South Korea) Kospi 200	0.9%	19.7%	21.0%					
(US) S&P 500	0.7%	9.1%	12.5%					
(US) Dow Jones Industrial	0.6%	10.4%	18.2%					
(UK) FTSE 100	1.1%	3.6%	8.6%					
				AUD to USD	0.7933	0.08%	9.95%	4.18%

## M&A Rumour and Activity

The Australian market finished the week 0.06% lower with the S&P/ASX200 ending at 5744 points, following a week driven by local company earnings (strong gains in resources & mining stocks while results in other sectors have disappointed). The Australian dollar finished the week 0.08% higher to end at US79.33 cents ahead of US Federal Reserve Chair Janet Yellen's highly anticipated address at the Jackson Hole Economic Symposium.

The *Australian* reported on 22 August 2017 that **Coates Hire Ltd**, a Sydney-based provider of machinery and equipment rental and leasing services owned by The Carlyle Group and Seven Group Holdings, is expected to be sold for more than \$2 billion, in a deal that could be finalised by February 2018.

**Seymour Whyte Limited (SWL.AX)** announced on 22 August 2017 that the Federal Court of Australia has made orders to convene a meeting of Seymour Whyte Shareholders on Thursday 28 September 2017 to consider and vote on the previously announced Scheme of Arrangement, under which VINCI Construction International Network's nominee **VINCI Construction Australasia Pty Ltd** will acquire 100% of the ordinary shares in SWL.

**Downer EDI Limited (DOW.AX)** announced on 21 August 2017 that it has extended its offer for **Spotless Group Holdings Limited (SPO.AX)** until 7.00pm (Sydney time) on Monday, 28 August 2017 (unless further extended under the Corporations Act 2001). As at 4.30pm on 21 August 2017, DOW had a shareholding of 87.4% in the issued share capital of SPO.

## News Headlines and Key Sector Developments

Ticker	News/Event	Ticker	News/Event
<b>ASB</b>	Announced that it secured a new contract valued at €73 million Euro (\$108 million) to design and build a 109 metre high-speed vehicle passenger ferry for Fjord Line of Norway. Additionally, VS Ferries Corporation of Samar in The Philippines awarded a \$5.5million contract to ASB for the construction of a 30 metre all-aluminium catamaran	<b>MCE</b>	Announced that it has been awarded a contract for its drag reduction product, LGS™. The initial phase of the project is expected to generate revenue of c. \$3 million - \$3.5 million
<b>ASL</b>	Reported FY17 results with Revenue of \$776.3 million (up 4.5% from pcp) and Pro-forma EBITDA of \$154.4 million (up 8.6% from pcp). Additionally ASL announced it is targeting 30-40% profit growth in FY18	<b>MCE</b>	Reported FY17 results with Revenue of \$33.1 million (down 65.0% from pcp) and underlying EBITDA loss of \$4.4 million
<b>BLY</b>	Reported 1H FY17 results with Revenue of \$356.1 million (up 14.7% from pcp) and NLAT of \$41.8 million (down 19.7% from pcp)	<b>MIL</b>	Reported FY17 results with Pro-forma Revenue of \$250.0 million (up 59.0% from pcp) and EBITDA of \$17.9 million (up 48% from pcp)
<b>BOL</b>	Reported FY17 results with Revenue of \$150.0 million (down 1.5% from pcp) and NLAT of \$22.6 million (down 25.1% from pcp)	<b>MND</b>	Reported FY17 results with Revenue of \$1.2 billion (down 8.7% from pcp) and NPAT of \$57.5 million (down 14.1% from pcp)
<b>CDD</b>	Reported FY17 results with Revenue of \$1.1 billion (up 1.5% from pcp) and NLAT of \$19.3 million (down 87.1% from pcp)	<b>MRM</b>	Reported FY17 results with Revenue of \$221.8 million (down 46.5% from pcp) and NLAT of \$378.0 million (up 162.5% from pcp)
<b>CIM</b>	Announced the appointment of Mr. Michael Wright (currently CIMIC Group Mining & Mineral Processing Executive and Thiess Managing Director) as the Deputy Chief Executive Officer of the company	<b>RCR</b>	Reported FY17 results with Revenue of \$1.4 billion (up 45.0% from pcp) and NPAT of \$25.7 million (up 186.0% from pcp)
<b>ENG</b>	Reported FY17 results with Revenue of \$129.3 million (down 2.6% from pcp) and NPAT of \$8.3 million (up 100.0% from pcp)	<b>SND</b>	Reported FY17 results with Revenue of \$45.8 million (up 9.5% from pcp) and NPAT of \$1.5 million (down 50.5% from pcp)
<b>GCS</b>	Reported FY17 results with Revenue of \$207.7 million (up 12.5% from pcp) and NPAT of \$10.8 million from a NLAT of \$76.8 million in FY16	<b>SPO</b>	Announced the appointment of Ms. Dana Nelson to the role of Chief Executive Officer and Managing Director of the company following the resignation of Mr. Martin Sheppard
<b>GMG</b>	Reported FY17 results with an Operating Profit of \$776.0 million (up 8.6% from pcp) and EPS of 43.1 cents (up 7.5% from pcp)	<b>SPO</b>	Reported FY17 results with Revenue of \$3.0 billion (down 5.3% from pcp) and EBITDA loss of \$199.2 million
<b>GMG</b>	Reported FY17 results with Revenue of \$238.7 million (down 6.5% from pcp) and NPAT of \$12.9 million (down 33.2% from pcp)	<b>SRG</b>	Announced that its joint venture with WBHO Infrastructure and SRG Civil Pty Ltd (MRPR) has been awarded a \$22.8 million contract by Main Roads WA for the Margaret River Perimeter Road Stage 2 Project
<b>SSM</b>	Reported FY17 results with Revenue of \$501.8 million (up 14.3% from pcp) and NPAT of \$28.4 million (up 42.0% from pcp)	<b>SRG</b>	Reported FY17 results with Revenue of \$230.0 million (up 29.0% from pcp) and NPAT of \$11.6 million (up 25% from pcp)
<b>IMD</b>	Reported FY17 results with Revenue of \$186.5 million (up 7.0% from pcp) and NPAT of \$3.7 million (up 106.0% from pcp)	<b>SXE</b>	Announced it has entered into a three year service agreement for the provision of asset inspection and maintenance services on the Ergon Energy electricity distribution network in the Northern Region of Queensland. The contract is expected to generate revenue of c. \$20.0 million
<b>LYL</b>	Reported FY17 results with Revenue of \$216.7 million (up 74.1% from pcp) and NPAT of \$10.3 million (up 225.3% from pcp)	<b>VMX</b>	Reported FY17 results with Revenue of \$72.9 million (up 43.5% from pcp) and NPAT of \$1.6 million (up 733.9% from pcp)
<b>MAH</b>	Reported FY17 results with Revenue of \$359.6 million (up 15.2% from pcp) and underlying EBIT loss of \$1.7 million	<b>WOR</b>	Reported FY17 results with Revenue of \$5.2 billion (down 33.0% from pcp) and NPAT of \$13.4 million (down 41.1% from pcp)

Source: Thomson Reuters, Company Announcements, LCC research



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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
<b>Engineering Services</b>										
AJL.AX	AJ Lucas Group Ltd	143	0.26	0.25	0.27	0.24	▼ (3.9%)	■ ■ ■ ■	34.3x	n.m.
BOL.AX	Boom Logistics Ltd	59	0.12	0.13	0.12	0.11	▲ 8.7%	■ ■ ■ ■	12.7x	n.m.
BSA.AX	BSA Ltd	161	0.35	0.38	0.38	0.35	▲ 8.6%	■ ■ ■ ■	19.9x	110.6x
BYL.AX	Brierty Ltd	10	0.08	0.08	0.08	0.08	▲ 9.3%	■ ■ ■ ■	n.m.	n.m.
CDD.AX	Cardno Ltd	619	1.20	1.29	1.28	1.20	▲ 11.2%	■ ■ ■ ■	20.8x	91.7x
CIM.AX	CIMIC Group Ltd	13,727	41.11	42.51	42.36	40.93	▲ 2.5%	■ ■ ■ ■	10.3x	15.5x
DCG.AX	Decmil Group Ltd	163	0.94	0.95	0.97	0.92	▼ (0.5%)	■ ■ ■ ■	72.8x	n.m.
DOW.AX	Downer EDI Ltd	4,074	6.76	6.85	6.79	6.71	▲ 0.6%	■ ■ ■ ■	8.3x	15.2x
EAL.AX	E&A Ltd	6	0.05	0.05	0.05	0.05	— 0.0%	■ ■ ■ ■	n.m.	n.m.
EGN.AX	Engenco Ltd	95	0.265	0.305	0.27	0.26	▲ 17.3%	■ ■ ■ ■	7.0x	10.1x
GCS.AX	Global Construction Services Ltd	120	0.56	0.57	0.56	0.55	▲ 3.6%	■ ■ ■ ■	3.4x	4.7x
GNG.AX	GR Engineering Services Ltd	199	1.44	1.30	1.44	1.03	▼ (9.7%)	■ ■ ■ ■	9.8x	10.6x
LCM.AX	LogiCamms Ltd	29	0.35	0.35	0.35	0.34	▲ 2.9%	■ ■ ■ ■	n.m.	n.m.
LLC.AX	LendLease Group	9,598	16.25	16.45	16.15	16.02	▲ 0.9%	■ ■ ■ ■	12.4x	13.9x
LYL.AX	Lycopodium Ltd	149	3.37	3.75	3.36	3.25	▲ 11.9%	■ ■ ■ ■	3.5x	3.7x
MND.AX	Monadelphous Group Ltd	1,434	14.01	15.27	15.27	13.35	▲ 9.1%	■ ■ ■ ■	12.2x	15.0x
OTR.AX	Onterran Ltd	20	0.32	0.32	0.32	0.32	— 0.0%	■ ■ ■ ■	n.m.	n.m.
RCR.AX	RCR Tomlinson Ltd	581	3.68	4.15	3.80	3.63	▲ 12.2%	■ ■ ■ ■	11.0x	17.4x
RDG.AX	Resource Development Group L	11	0.02	0.02	0.02	0.02	— 0.0%	■ ■ ■ ■	(0.2x)	(0.3x)
SND.AX	Saunders International Ltd	52	0.60	0.61	0.61	0.60	▲ 0.8%	■ ■ ■ ■	30.4x	61.9x
SSM.AX	Service Stream Ltd	544	1.48	1.49	1.49	1.46	▲ 1.7%	■ ■ ■ ■	10.1x	12.0x
SWL.AX	Seymour Whyte Ltd	121	1.37	1.38	1.38	1.36	▲ 0.4%	■ ■ ■ ■	34.7x	85.7x
SXE.AX	Southern Cross Electrical Engine	99	0.62	0.62	0.66	0.56	▼ (2.4%)	■ ■ ■ ■	15.6x	n.m.
STS.AX	SRG Ltd	99	1.40	1.56	1.47	1.37	▲ 11.1%	■ ■ ■ ■	5.5x	8.3x
TPP.AX	Tempo Australia Ltd	46	0.18	0.19	0.19	0.18	▲ 2.7%	■ ■ ■ ■	3.2x	3.3x
VMG.AX	VDM Group Ltd	5	0.00	0.00	0.00	0.00	— 0.0%	■ ■ ■ ■	n.m.	n.m.
VMX.AX	Valmec Ltd	15	0.14	0.19	0.17	0.14	▲ 40.7%	■ ■ ■ ■	5.0x	6.8x
VRS.AX	Veris Ltd	52	0.17	0.16	0.17	0.16	▼ (5.9%)	■ ■ ■ ■	5.2x	38.9x
WOR.AX	WorleyParsons Ltd	3,311	11.91	13.40	12.90	11.55	▲ 12.7%	■ ■ ■ ■	12.5x	16.6x
<b>Mining Services</b>										
ASL.AX	Ausdrill Ltd	731	2.06	2.34	2.19	2.05	▲ 12.5%	■ ■ ■ ■	8.2x	17.6x
ANG.AX	Austin Engineering Ltd	139	0.23	0.24	0.23	0.22	▲ 6.7%	■ ■ ■ ■	n.m.	n.m.
BLY.AX	Boart Longyear Ltd	77	0.06	0.08	0.08	0.06	▲ 42.9%	■ ■ ■ ■	26.4x	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	439	0.15	0.18	0.16	0.14	▲ 28.6%	■ ■ ■ ■	11.9x	241.7x
IMD.AX	Imdex Ltd	323	0.86	0.88	0.88	0.84	▲ 10.0%	■ ■ ■ ■	16.7x	40.5x
MAH.AX	Macmahon Holdings Ltd	388	0.18	0.18	0.18	0.17	▲ 2.9%	■ ■ ■ ■	14.7x	n.m.
MIN.AX	Mineral Resources Ltd	2,810	14.69	15.00	14.92	14.43	▲ 3.0%	■ ■ ■ ■	5.9x	9.1x
MLD.AX	MACA Ltd	429	1.78	1.83	1.81	1.70	▲ 2.8%	■ ■ ■ ■	4.7x	16.2x
MSV.AX	Mitchell Services Ltd	56	0.04	0.04	0.04	0.04	▲ 2.7%	■ ■ ■ ■	23.0x	n.m.
MYE.AX	Mastermyne Group Ltd	50	0.54	0.55	0.55	0.50	▲ 3.8%	■ ■ ■ ■	11.1x	n.m.
NWH.AX	NRW Holdings Ltd	411	0.98	1.15	1.09	0.97	▲ 20.5%	■ ■ ■ ■	7.6x	14.6x
RUL.AX	RPMGlobal Holdings Ltd	150	0.71	0.71	0.70	0.68	— 0.0%	■ ■ ■ ■	n.m.	n.m.
SWK.AX	Swick Mining Services Ltd	75	0.32	0.33	0.32	0.31	▲ 4.8%	■ ■ ■ ■	6.6x	n.m.
<b>Marine Services</b>										
ASB.AX	Austal Ltd	614	1.79	1.77	1.77	1.69	▼ (1.9%)	■ ■ ■ ■	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	45	0.53	0.48	0.51	0.48	▼ (2.0%)	■ ■ ■ ■	n.m.	n.m.
MRM.AX	MMA Offshore Ltd	71	0.19	0.19	0.19	0.18	▲ 5.6%	■ ■ ■ ■	32.7x	n.m.
NMS.AX	Neptune Marine Services Ltd	51	0.76	0.84	0.84	0.76	▲ 10.5%	■ ■ ■ ■	n.m.	n.m.
VEE.AX	VEEM Ltd	76	0.58	0.585	0.58	0.56	▼ (2.5%)	■ ■ ■ ■	8.9x	11.1x
ZGL.AX	Zicom Group Ltd	28	0.14	0.13	0.14	0.13	▼ (3.7%)	■ ■ ■ ■	n.m.	n.m.
<b>Facilities Management</b>										
AEI.AX	Aeris Environmental Ltd	42	0.28	0.27	0.29	0.27	▼ (3.6%)	■ ■ ■ ■	n.m.	n.m.
GMG.AX	Goodman Group Pty Ltd	14,742	8.50	8.24	8.40	8.23	▼ (3.4%)	■ ■ ■ ■	56.0x	57.7x
HIL.AX	Hills Ltd	41	0.18	0.18	0.18	0.18	▼ (2.8%)	■ ■ ■ ■	7.5x	36.9x
MIL.AX	Millennium Services Group Ltd	71	1.54	1.55	1.54	1.50	▲ 0.6%	■ ■ ■ ■	10.6x	13.3x
PRG.AX	Programmed Maintenance Serv	765	2.98	2.97	2.99	2.97	▼ (1.0%)	■ ■ ■ ■	10.0x	14.6x
SKS.AX	Stokes Ltd	12	0.28	0.30	0.28	0.28	— 0.0%	■ ■ ■ ■	24.8x	32.3x
SPO.AX	Spotless Group Holdings Ltd	1,262	1.15	1.15	1.15	1.15	— 0.0%	■ ■ ■ ■	9.1x	18.1x
TPS.AX	Threat Protect Australia Ltd	20	0.03	0.03	0.03	0.03	▲ 3.8%	■ ■ ■ ■	25.4x	51.6x
UBN.AX	Urbanise com Ltd	23	0.07	0.06	0.07	0.06	▼ (8.6%)	■ ■ ■ ■	n.m.	n.m.

Source: Thomson Reuters, LCC research



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