



Australian Engineering, Contractors & Service Providers

Edition 228 for the week ending 15 Sept 2017 | Published 18 Sept 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	0.4%	0.5%	8.7%	(Australia) 2-year gov bonds	1.95%	0.10	0.04	0.33
(Japan) Topix	2.8%	7.9%	26.0%	(Australia) 5-year gov bonds	2.31%	0.14	(0.02)	0.41
(Singapore) FTSE Strait Times Index	(0.6%)	11.4%	14.4%	(Australia) 10-year gov bonds	2.75%	0.18	(0.02)	0.59
(Hong Kong) Hang Seng	0.5%	26.4%	19.2%					
(South Korea) Kospi 200	2.0%	20.6%	24.6%					
(US) S&P 500	1.6%	11.7%	16.4%	AUD to USD	0.8001	(0.71)	10.89%	6.48%
(US) Dow Jones Industrial	2.2%	12.7%	22.3%					
(UK) FTSE 100	(2.2%)	1.0%	7.2%					

M&A Rumour and Activity

The Australian market finished the week 0.39% higher with the S&P/ASX200 ending at 5695 points, lifted by positive market sentiment as equities around the world climbed to record highs following faith in global economic growth which overshadowed the escalation of tensions on the Korean Peninsula. The banking sector was the strongest performer of the week. The Australian dollar finished the week 0.71% lower to end at US80.01 cents, mainly due to the strengthening of the US Dollar following stronger than expected US inflation data and hawkish comments by the Bank of England for raising interest rate in near future.

Mineral Resources Limited (MIN.AX) announced on 14 September 2017 that it has issued a Notice of Default and Demand to a wholly owned subsidiary of Empire Oil & Gas NL (EGO.AX) (Empire's Subsidiary) notifying it of a default under the \$15 million loan facility agreement between MIN (as lender), the Empire's Subsidiary (as borrower) and EGO (as guarantor) (Loan Facility). Further, MIN has appointed Deloitte as receiver and manager of certain assets of Empire's Subsidiary in accordance with the first ranking security granted to MIN by Empire's Subsidiary as security for the Loan Facility.

MACA (MLD.AX) announced on 11 September 2017 that it has received commitments to raise c. \$60.0 million through a placement of c. 33.4 million shares at an issue price of \$1.80 per share. The placement price represents a 7.5% discount to the dividend adjusted 5 day volume weighted average share price of \$1.95 prior to the trading halt. The placement will maintain MLD's financial capacity to drive further growth opportunities as the company expects strong growth given the pipeline of work available, which would require additional mining fleet and an increase in its working capital requirements.

News Headlines and Key Sector Developments

Ticker	News/Event	Ticker	News/Event
ASB	Announced that it has delivered its sixth Littoral Combat Ship, to the U.S. Navy during a ceremony in Mobile at ASB's manufacturing facility	CIM	Announced that UGL (CIM Group Company), as part of the Metro Trains Melbourne joint venture, has been awarded a contract to continue the operations and maintenance of the Melbourne suburban train network for a further seven years. The contract is expected to generate revenue of c. \$1.87 billion
BLY	Announced that S&P Global has revised and upgraded BLY's corporate credit ratings based on its post-recapitalisation capital structure to CCC+	MLD	Announced that it expects to generate revenue of c. \$35 million per annum in regard to its Pilgangoora Lithium Project over the initial 2 year contract period. Additionally, MLD reaffirmed its revenue guidance of \$560 million for FY18
BYL	Announced that BYL's administrators are working to agree mutually suitable outcome in relation to the hand-over of works in regard to BYL's contract with Hamersley Iron Pty Ltd and Newmount Mining Services Pty Ltd	MSV	Announced equity raising of \$8.8 million via a combination of \$2.5 million (before costs) institutional placement and 1 for 8 fully-underwritten non-renounceable entitlement offer (before costs) at an issue price of \$0.034 per share (8.1% discount to MSV's last traded price of \$0.0370 before going into a trading halt)
CIM	Awarded a Deep Tunnel Sewerage System Phase 2 contract by PUB, Singapore's national water agency. The contract is expected to generate revenue of c. \$470 million	MYE	Upgraded its guidance on FY18 Revenue to \$165 million - \$185 million (from \$160 million - \$180 million previously) and provided FY18 EBITDA guidance of \$10 million - \$12 million

Source: Thomson Reuters, Company Announcements, LCC research



IMPORTANT DISCLAIMER: This report has been prepared by LCC Asia Pacific Pty. Limited ("LCC"). The research is based on information obtained from sources believed to be accurate and reliable. LCC does not guarantee the accuracy, reliability, completeness or suitability of any such information and makes no warranty, guarantee or representation, expressly or impliedly about this research. LCC accepts no obligation to correct or update the information. No opinion or recommendation is made within this research. This report is not intended to be, nor should it be relied on, as a substitute for professional advice. This report should not be relied upon as the sole basis for any investment decision or planning, and LCC does not accept any responsibility on this basis for actions made.



Australian Engineering, Contractors & Service Providers

Edition 228 for the week ending 15 Sept 2017 | Published 18 Sept 2017

WWW.LCCAPAC.COM

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	129	0.24	0.22	0.26	0.22	▼ (8.3%)	■ ■ ■ ■	n.m.	n.m.
BOL.AX	Boom Logistics Ltd	74	0.13	0.16	0.14	0.12	▲ 24.0%	■ ■ ■ ■	11.7x	n.m.
BSA.AX	BSA Ltd	167	0.37	0.40	0.39	0.37	▲ 8.2%	■ ■ ■ ■	11.6x	18.7x
BYL.AX	Brierty Ltd	10	0.08	0.08	0.08	0.08	— 0.0%	■ ■ ■ ■	n.m.	n.m.
CDD.AX	Cardno Ltd	695	1.43	1.45	1.43	1.41	▲ 2.1%	■ ■ ■ ■	23.3x	102.8x
CIM.AX	CIMIC Group Ltd	14,011	44.00	43.19	43.35	42.35	▼ (1.2%)	■ ■ ■ ■	10.5x	15.8x
DCG.AX	Decmil Group Ltd	200	1.06	1.17	1.15	1.04	▲ 10.4%	■ ■ ■ ■	135.9x	n.m.
DOW.AX	Downer EDI Ltd	3,889	6.66	6.54	6.74	6.50	▼ (2.5%)	■ ■ ■ ■	9.9x	17.2x
EAL.AX	E&A Ltd	6	0.05	0.05	0.05	0.05	— 0.0%	■ ■ ■ ■	n.m.	n.m.
EGN.AX	Engenco Ltd	91	0.31	0.29	0.30	0.29	▼ (3.3%)	■ ■ ■ ■	6.7x	9.6x
GCS.AX	Global Construction Services Ltd	133	0.58	0.63	0.63	0.57	▲ 9.6%	■ ■ ■ ■	4.4x	5.7x
GNG.AX	GR Engineering Services Ltd	185	1.27	1.21	1.25	1.20	▼ (4.7%)	■ ■ ■ ■	8.9x	9.7x
LCM.AX	LogiCamms Ltd	22	0.28	0.27	0.27	0.26	▼ (5.3%)	■ ■ ■ ■	n.m.	n.m.
LLC.AX	LendLease Group	10,316	16.85	17.68	17.62	16.85	▲ 5.6%	■ ■ ■ ■	12.7x	14.2x
LYL.AX	Lycopodium Ltd	169	4.04	4.25	4.25	4.04	▲ 3.9%	■ ■ ■ ■	3.6x	3.8x
MND.AX	Monadelphous Group Ltd	1,404	14.92	14.95	14.93	14.46	▲ 0.7%	■ ■ ■ ■	11.9x	14.6x
OTR.AX	Onterran Ltd	20	0.32	0.32	0.32	0.32	— 0.0%	■ ■ ■ ■	n.m.	n.m.
RCR.AX	RCR Tomlinson Ltd	736	4.20	4.57	4.56	4.18	▲ 7.3%	■ ■ ■ ■	13.8x	21.8x
RDG.AX	Resource Development Group L	10	0.02	0.02	0.02	0.02	▼ (5.9%)	■ ■ ■ ■	n.m.	n.m.
SND.AX	Saunders International Ltd	58	0.56	0.60	0.58	0.56	▲ 7.2%	■ ■ ■ ■	35.0x	71.2x
SSM.AX	Service Stream Ltd	540	1.48	1.48	1.47	1.45	— 0.0%	■ ■ ■ ■	10.1x	11.9x
SWL.AX	Seymour Whyte Ltd	117	1.33	1.33	1.33	1.32	▼ (0.4%)	■ ■ ■ ■	32.8x	n.m.
SXE.AX	Southern Cross Electrical Engine	130	0.71	0.72	0.69	0.67	— 0.0%	■ ■ ■ ■	20.7x	n.m.
STS.AX	SRG Ltd	92	1.43	1.40	1.41	1.35	▼ (2.1%)	■ ■ ■ ■	4.5x	6.4x
TPP.AX	Tempo Australia Ltd	43	0.19	0.18	0.19	0.18	— 0.0%	■ ■ ■ ■	10.8x	12.2x
VMG.AX	VDM Group Ltd	5	0.00	0.00	0.00	0.00	— 0.0%	■ ■ ■ ■	n.m.	n.m.
VMX.AX	Valmec Ltd	18	0.22	0.23	0.23	0.21	▲ 4.7%	■ ■ ■ ■	5.6x	7.7x
VRS.AX	Veris Ltd	52	0.17	0.16	0.17	0.16	▼ (5.9%)	■ ■ ■ ■	5.2x	39.1x
WOR.AX	WorleyParsons Ltd	3,244	13.23	13.13	13.51	13.11	▼ (2.0%)	■ ■ ■ ■	12.3x	16.3x
Mining Services										
ASL.AX	Ausdrill Ltd	769	2.06	2.14	2.15	2.03	▲ 3.4%	■ ■ ■ ■	8.3x	17.6x
ANG.AX	Austin Engineering Ltd	130	0.23	0.23	0.23	0.22	— 0.0%	■ ■ ■ ■	14.5x	197.3x
BLY.AX	Boart Longyear Ltd	910	0.04	0.04	0.04	0.03	▼ (7.5%)	■ ■ ■ ■	46.5x	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%	■ ■ ■ ■	n.m.	n.m.
EHL.AX	Emeco Holdings Ltd	439	0.19	0.18	0.20	0.18	▼ (2.7%)	■ ■ ■ ■	16.4x	521.2x
IMD.AX	Imdex Ltd	344	0.93	0.94	0.92	0.90	▲ 1.6%	■ ■ ■ ■	17.8x	43.0x
MAH.AX	Macmahon Holdings Ltd	388	0.19	0.18	0.19	0.18	▼ (2.7%)	■ ■ ■ ■	14.7x	n.m.
MIN.AX	Mineral Resources Ltd	3,128	15.76	16.70	16.56	15.69	▲ 5.3%	■ ■ ■ ■	6.6x	10.1x
MLD.AX	MACA Ltd	487	1.90	2.08	2.04	1.89	▲ 6.7%	■ ■ ■ ■	5.5x	16.8x
MSV.AX	Mitchell Services Ltd	61	0.04	0.04	0.04	0.04	▼ (2.4%)	■ ■ ■ ■	33.4x	n.m.
MYE.AX	Mastermyne Group Ltd	56	0.51	0.62	0.61	0.50	▲ 21.6%	■ ■ ■ ■	12.3x	n.m.
NWH.AX	NRW Holdings Ltd	434	1.18	1.19	1.16	1.11	▼ (0.4%)	■ ■ ■ ■	8.0x	15.4x
RUL.AX	RPMGlobal Holdings Ltd	145	0.70	0.68	0.70	0.65	▼ (2.9%)	■ ■ ■ ■	27.1x	70.3x
SWK.AX	Swick Mining Services Ltd	65	0.29	0.28	0.29	0.27	▼ (1.8%)	■ ■ ■ ■	7.0x	n.m.
Marine Services										
ASB.AX	Austal Ltd	591	1.71	1.69	1.67	1.63	▲ 0.6%	■ ■ ■ ■	7.11	10.98
MBO.AX	Mobilarm Ltd	12	0.02	0.03	0.02	0.02	— 0.0%	■ ■ ■ ■	7.3x	n.m.
MCE.AX	Matrix Composites & Engineerin	45	0.47	0.48	0.49	0.47	▲ 3.2%	■ ■ ■ ■	n.m.	n.m.
MRM.AX	MMA Offshore Ltd	80	0.19	0.215	0.23	0.19	▲ 19.4%	■ ■ ■ ■	17.6x	n.m.
NMS.AX	Neptune Marine Services Ltd	57	0.9	0.93	0.93	0.90	▲ 3.3%	■ ■ ■ ■	n.m.	n.m.
VEE.AX	VEEM Ltd	75	0.595	0.575	0.60	0.55	▼ (3.4%)	■ ■ ■ ■	10.8x	13.3x
ZGL.AX	Zicom Group Ltd	26	0.12	0.12	0.12	0.12	— 0.0%	■ ■ ■ ■	n.m.	n.m.
Facilities Management										
AEI.AX	Aeris Environmental Ltd	44	0.27	0.28	0.28	0.27	— 0.0%	■ ■ ■ ■	n.m.	n.m.
GMG.AX	Goodman Group Pty Ltd	15,018	8.18	8.34	8.29	8.18	▲ 2.3%	■ ■ ■ ■	57.0x	58.7x
HIL.AX	Hills Ltd	44	0.20	0.19	0.19	0.18	▼ (2.6%)	■ ■ ■ ■	n.m.	n.m.
MIL.AX	Millennium Services Group Ltd	77	1.66	1.68	1.69	1.65	▲ 0.9%	■ ■ ■ ■	6.3x	9.8x
PRG.AX	Programmed Maintenance Serv	770	2.99	2.99	2.99	2.99	▼ (0.3%)	■ ■ ■ ■	10.1x	14.7x
SKS.AX	Stokes Ltd	11	0.28	0.28	0.28	0.28	— 0.0%	■ ■ ■ ■	41.0x	78.0x
SPO.AX	Spotless Group Holdings Ltd	1,213	1.08	1.10	1.09	1.08	▲ 2.3%	■ ■ ■ ■	8.9x	17.6x
TPS.AX	Threat Protect Australia Ltd	21	0.03	0.03	0.03	0.03	▲ 7.4%	■ ■ ■ ■	11.2x	11.2x
UBN.AX	Urbanise com Ltd	18	0.05	0.05	0.05	0.05	▼ (1.9%)	■ ■ ■ ■	n.m.	n.m.

Source: Thomson Reuters, LCC research



IMPORTANT DISCLAIMER: This report has been prepared by LCC Asia Pacific Pty. Limited ("LCC"). The research is based on information obtained from sources believed to be accurate and reliable. LCC does not guarantee the accuracy, completeness or suitability of any such information and makes no warranty, guarantee or representation, expressly or impliedly about this research. LCC accepts no obligation to correct or update the information. No opinion or recommendation is made within this research. This report is not intended to be, nor should it be relied on, as a substitute for professional advice. This report should not be relied upon as the sole basis for any investment decision or planning, and LCC does not accept any responsibility on this basis for actions made.