



Australian Engineering, Contractors & Service Providers

Edition 232 for the week ending 13 Oct 2017 | Published 16 Oct 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	1.8%	2.6%	7.0%	(Australia) 2-year gov bonds	1.94%	0.01	0.02	0.22
(Japan) Topix	1.3%	12.5%	27.3%	(Australia) 5-year gov bonds	2.32%	(0.01)	(0.01)	0.41
(Singapore) FTSE Strait Times Index	0.8%	15.2%	18.3%	(Australia) 10-year gov bonds	2.80%	(0.02)	0.03	0.55
(Hong Kong) Hang Seng	0.1%	29.4%	23.6%					
(South Korea) Kospi 200	3.5%	25.9%	28.9%					
(US) S&P 500	0.2%	14.0%	19.7%	AUD to USD	0.7888	1.53%	9.33%	4.23%
(US) Dow Jones Industrial	0.4%	15.7%	26.4%					
(UK) FTSE 100	0.2%	5.5%	8.0%					

M&A Rumour and Activity

The Australian market finished the week 1.81% higher with the S&P/ASX200 ending at 5814 points, in a broad-based advance led by consumer discretionary and utility companies. The Australian dollar finished the week 1.53% higher to end at US78.88 cents, mainly due to the weakening of the US Dollar following weak US inflation report.

The *Australian Financial Review* reported on 10 October 2017 that **Metrics Credit Partners (MCP)**, a specialist loan fund manager and one of the key lenders to **BIS Industries (BIS)** which helped BIS stitch up its \$1 billion restructure is set to exit the company. MCP controls over 30% of BIS's debt and is expected to sell out of its position worth just over \$220 million, well above its entry price of about 67 cents per share. It is understood that MCP is in final talks with fellow lenders, The Carlyle Group's special situations arm and hedge fund Varde Partners, about the sale, which would further consolidate BIS's ownership group.

Worley Parsons limited (WOR.AX) announced on 9 October 2017 that it has entered into a binding agreement to acquire **AFW UK**, a MMO service provider in the UK oil and gas sector, for an enterprise value of \$303 million (£182 million), pre-adjustments for surplus working capital and cash in the AFW UK business. The offer implies a valuation of 9.1x EV/FY17 EBITDA and is expected to be EPS accretive in the first year of ownership (pre-synergies, transaction costs and acquisition related amortisation).

News Headlines and Key Sector Developments

Ticker	News/Event	Ticker	News/Event
ASB	Announced a milestone contract, valued at \$190 million (€126 million), to design and build two 117 metre high-speed vehicle passenger trimaran ferries for long term customer Fred Olsen S.A. of the Canary Islands, Spain	MSV	Advised that its entitlement offer closed at 5.00pm (Brisbane time) on 9 October and that it received valid applications for entitlements of approx. \$5.2 million representing a take up by eligible shareholders of approximately 83%. MSV also received valid applications under the top up facility of approx. \$2.5 million, meaning the capital raising was oversubscribed by shareholders
ASB	Announced that it has won a contract for the Independence Class, Littoral Combat Ship to be built at its shipbuilding facilities in Mobile Alabama. The exact value of the award is confidential for competition reasons but is under the US congressional cost cap of \$750 million (US\$584 million) per ship	RUL	Announced that it has commenced providing rental options for users of its software as an alternative to its customary perpetual licensing approach
ASL	Announced that Moody's investor services and S&P Global Ratings have upgraded the company's credit ratings to "Ba3" from "B1" and "BB-" from "B+", respectively	VMX	Advised that it intends to undertake a buy-back of ordinary shares from holders of unmarketable parcels of shares (valued at less than \$500) at a buy-back price of \$0.21/ share
DCG	Announced that it has been awarded a contract worth \$60 million for the construction of approx. 8.9km of road duplication works for Section 3 of the Princes Highway between Warncoort and Colac East, commencing immediately	WOR	Announced the successful completion of the institutional component ("Institutional Entitlement Offer") of its 1 for 10 accelerated non-renounceable pro-rata entitlement offer. The Institutional Entitlement Offer raised approx. \$253 million at \$13.00 per share
LCM	Announced that it has been awarded the engineering design work for a new bulk fuel terminal and wharf line to be built in Timaru, on the South Island of New Zealand. The contract is expected to generate revenue of c. \$27.4 million (NZ\$30 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 232 for the week ending 13 Oct 2017 | Published 16 Oct 2017

WWW.LCCAPAC.COM

Ticker	Company Name	Market Cap (\$ m)	Open Price (\$)	Close Price (\$)	Week High (\$)	Week Low (\$)	Weekly change (%)	Volume Trend	EV/ EBITDA	EV/ EBIT
Engineering Services										
AJL.AX	AJ Lucas Group Ltd	136	0.21	0.24	0.24	0.19	▲ 11.9%	■ ■ ■ ■	n.m.	n.m.
BOL.AX	Boom Logistics Ltd	94	0.19	0.20	0.20	0.19	▲ 8.1%	■ ■ ■ ■	13.8x	n.m.
BSA.AX	BSA Ltd	144	0.35	0.34	0.34	0.33	▼ (1.4%)	■ ■ ■ ■	9.9x	15.9x
BYL.AX	Brierty Ltd	10	0.08	0.08	0.08	0.08	— 0.0%	■ ■ ■ ■	n.m.	n.m.
CDD.AX	Cardno Ltd	643	1.40	1.34	1.39	1.32	▼ (3.2%)	■ ■ ■ ■	21.6x	95.2x
CIM.AX	CIMIC Group Ltd	14,885	44.72	46.31	46.34	44.72	▲ 3.7%	■ ■ ■ ■	11.3x	17.0x
DCG.AX	Decmil Group Ltd	241	1.24	1.40	1.33	1.16	▲ 12.0%	■ ■ ■ ■	165.9x	n.m.
DOW.AX	Downer EDI Ltd	4,127	6.80	6.94	6.91	6.76	▲ 2.1%	■ ■ ■ ■	10.4x	18.0x
EAL.AX	E&A Ltd	6	0.05	0.05	0.05	0.05	— 0.0%	■ ■ ■ ■	n.m.	n.m.
EGN.AX	Engenco Ltd	101	0.31	0.325	0.32	0.30	▲ 4.8%	■ ■ ■ ■	7.6x	10.9x
GCS.AX	Global Construction Services Ltd	175	0.78	0.83	0.81	0.78	▲ 7.1%	■ ■ ■ ■	5.7x	7.3x
GNG.AX	GR Engineering Services Ltd	196	1.19	1.28	1.27	1.19	▲ 7.6%	■ ■ ■ ■	9.6x	10.4x
LCM.AX	LogiCams Ltd	25	0.28	0.31	0.31	0.28	▲ 10.9%	■ ■ ■ ■	n.m.	n.m.
LLC.AX	LendLease Group	10,815	18.20	18.52	18.42	18.15	▲ 1.1%	■ ■ ■ ■	13.2x	14.9x
LYL.AX	Lycopodium Ltd	168	4.80	4.24	4.63	4.10	▼ (11.7%)	■ ■ ■ ■	3.6x	3.8x
MND.AX	Monadelphous Group Ltd	1,506	15.85	16.02	15.76	15.70	▲ 0.8%	■ ■ ■ ■	12.9x	15.9x
OTR.AX	Onterran Ltd	20	0.32	0.32	0.32	0.32	— 0.0%	■ ■ ■ ■	n.m.	n.m.
RCR.AX	RCR Tomlinson Ltd	713	4.30	4.31	4.38	4.20	▲ 0.5%	■ ■ ■ ■	13.4x	21.2x
RDG.AX	Resource Development Group L	11	0.02	0.02	0.02	0.02	— 0.0%	■ ■ ■ ■	n.m.	n.m.
SND.AX	Saunders International Ltd	57	0.60	0.59	0.60	0.59	▼ (1.7%)	■ ■ ■ ■	34.3x	69.8x
SSM.AX	Service Stream Ltd	495	1.47	1.36	1.47	1.30	▼ (7.8%)	■ ■ ■ ■	9.1x	10.8x
SWL.AX	Seymour Whyte Ltd	81	0.94	0.93	0.92	0.92	— 0.0%	■ ■ ■ ■	19.4x	n.m.
SXE.AX	Southern Cross Electrical Engine	133	0.75	0.74	0.75	0.73	▼ (1.3%)	■ ■ ■ ■	21.5x	n.m.
STS.AX	SRG Ltd	89	1.38	1.38	1.38	1.35	— 0.0%	■ ■ ■ ■	4.4x	6.3x
TPP.AX	Tempo Australia Ltd	42	0.18	0.18	0.18	0.18	— 0.0%	■ ■ ■ ■	10.2x	11.5x
VMG.AX	VDM Group Ltd	8	0.00	0.00	0.00	0.00	— 0.0%	■ ■ ■ ■	n.m.	n.m.
VMX.AX	Valmec Ltd	19	0.21	0.24	0.21	0.21	▲ 11.9%	■ ■ ■ ■	5.8x	8.0x
VRS.AX	Veris Ltd	57	0.17	0.18	0.18	0.17	— 0.0%	■ ■ ■ ■	5.7x	43.3x
WOR.AX	WorleyParsons Ltd	3,893	13.84	14.32	14.28	13.75	▲ 1.4%	■ ■ ■ ■	14.3x	18.9x
Mining Services										
ASL.AX	Ausdrill Ltd	762	2.15	2.12	2.10	2.05	▼ (2.8%)	■ ■ ■ ■	8.3x	17.5x
ANG.AX	Austin Engineering Ltd	133	0.23	0.23	0.24	0.23	— 0.0%	■ ■ ■ ■	14.8x	200.6x
BLY.AX	Boart Longyear Ltd	394	0.02	0.02	0.02	0.01	▼ (28.6%)	■ ■ ■ ■	33.9x	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	573	0.22	0.24	0.23	0.20	▲ 9.3%	■ ■ ■ ■	18.9x	601.0x
IMD.AX	Imdex Ltd	351	0.93	0.96	0.95	0.89	▲ 3.8%	■ ■ ■ ■	9.0x	12.9x
MAH.AX	Macmahon Holdings Ltd	534	0.23	0.25	0.25	0.23	▲ 11.1%	■ ■ ■ ■	21.3x	n.m.
MIN.AX	Mineral Resources Ltd	3,376	17.94	18.02	17.79	17.30	▲ 1.4%	■ ■ ■ ■	7.1x	11.0x
MLD.AX	MACA Ltd	602	2.28	2.25	2.26	2.22	▲ 0.4%	■ ■ ■ ■	7.0x	21.2x
MSV.AX	Mitchell Services Ltd	76	0.04	0.04	0.04	0.04	▲ 7.3%	■ ■ ■ ■	40.4x	n.m.
MYE.AX	Mastermyne Group Ltd	70	0.69	0.70	0.70	0.66	▼ (1.4%)	■ ■ ■ ■	14.8x	n.m.
NWH.AX	NRW Holdings Ltd	443	1.15	1.21	1.18	1.13	▲ 4.8%	■ ■ ■ ■	8.1x	15.7x
RUL.AX	RPMGlobal Holdings Ltd	162	0.73	0.77	0.77	0.72	▲ 6.2%	■ ■ ■ ■	31.3x	81.2x
SWK.AX	Swick Mining Services Ltd	67	0.30	0.29	0.29	0.29	▼ (1.7%)	■ ■ ■ ■	7.2x	n.m.
Marine Services										
ASB.AX	Austal Ltd	601	1.68	1.74	1.74	1.67	▲ 7.1%	■ ■ ■ ■	7.29	11.25
MBO.AX	Mobilarm Ltd	12	0.02	0.03	0.02	0.02	— 0.0%	■ ■ ■ ■	n.m.	n.m.
MCE.AX	Matrix Composites & Engineerin	46	0.48	0.50	0.51	0.48	▲ 4.2%	■ ■ ■ ■	n.m.	n.m.
MRM.AX	MMA Offshore Ltd	65	0.17	0.175	0.18	0.17	▲ 2.9%	■ ■ ■ ■	16.9x	n.m.
NMS.AX	Neptune Marine Services Ltd	57	0.93	0.93	0.93	0.93	— 0.0%	■ ■ ■ ■	n.m.	n.m.
VEE.AX	VEEM Ltd	72	0.545	0.56	0.56	0.55	▲ 6.7%	■ ■ ■ ■	10.5x	13.0x
ZGL.AX	Zicom Group Ltd	33	0.14	0.15	0.15	0.14	— 0.0%	■ ■ ■ ■	n.m.	n.m.
Facilities Management										
AEI.AX	Aeris Environmental Ltd	42	0.25	0.27	0.26	0.24	▲ 8.0%	■ ■ ■ ■	n.m.	n.m.
GMG.AX	Goodman Group Pty Ltd	15,054	8.28	8.36	8.32	8.27	▲ 1.6%	■ ■ ■ ■	57.1x	58.9x
HIL.AX	Hills Ltd	43	0.17	0.19	0.18	0.17	▲ 8.8%	■ ■ ■ ■	n.m.	n.m.
MIL.AX	Millennium Services Group Ltd	76	1.69	1.68	1.68	1.64	▲ 2.4%	■ ■ ■ ■	6.3x	9.8x
PRG.AX	Programmed Maintenance Serv	782	3.01	3.01	3.01	3.01	▼ (0.3%)	■ ■ ■ ■	10.3x	15.0x
SKS.AX	Stokes Ltd	12	0.27	0.28	0.27	0.27	— 0.0%	■ ■ ■ ■	41.5x	79.0x
SPO.AX	Spotless Group Holdings Ltd	1,175	1.08	1.08	1.09	1.08	▼ (0.5%)	■ ■ ■ ■	8.8x	17.4x
TPS.AX	Threat Protect Australia Ltd	20	0.03	0.03	0.03	0.03	▼ (3.6%)	■ ■ ■ ■	8.0x	11.2x
UBN.AX	Urbanise com Ltd	17	0.05	0.05	0.05	0.04	— 0.0%	■ ■ ■ ■	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, 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.