



Australian Engineering, Contractors & Service Providers

Edition 236 for the week ending 10 Nov 2017 | Published 13 Nov 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	1.2%	6.4%	13.1%	(Australia) 2-year gov bonds	1.81%	0.03	(0.11)	0.12
(Japan) Topix	0.4%	18.6%	30.8%	(Australia) 5-year gov bonds	2.20%	0.02	(0.13)	0.16
(Singapore) FTSE Strait Times Index	1.1%	18.7%	20.7%	(Australia) 10-year gov bonds	2.62%	0.04	(0.15)	0.11
(Hong Kong) Hang Seng	1.8%	32.4%	27.5%					
(South Korea) Kospi 200	(0.8%)	29.2%	31.6%					
(US) S&P 500	(0.2%)	15.3%	19.1%					
(US) Dow Jones Industrial	(0.5%)	18.5%	24.5%	AUD to USD	0.7661	0.14%	6.18%	0.66%
(UK) FTSE 100	(1.7%)	4.1%	8.9%					

M&A Rumour and Activity

The Australian market finished the week 1.17% higher with the S&P/ASX200 ending at 6029 points, with resources and banks lifting the index to post GFC highs. The Australian dollar finished the week 0.14% higher to end at US76.61 cents, mainly due to the weakening of the US Dollar on news of a potentially lengthy delay to US tax cuts.

KPMG Australia International (Holdings) Pty Ltd announced on 7 November 2017 that it has acquired **Relken Engineering Pty Ltd**, an engineering advisory business which offers a range of consulting services in reliability engineering and asset management for an undisclosed amount.

Mineral Resources (MIN.AX) announced on 9 November 2017 that it has acquired all of the assets of **Empire Oil & Gas NL (EGO.AX)** including the Red Gully Processing Facility and all of its petroleum exploration tenure for an undisclosed amount.

The Australian Financial Review reported on 9 November 2017 that AJ Lucas, an Australian engineering company which provides in-house design and construction services is running a sale process of its engineering and construction division. The strategic review comes as AJ Lucas explores funding options to accelerate exploration of its United Kingdom-based shale gas assets, including divestments. Sources said it would likely serve as bolt-on purchase to a large construction company such as Downer EDI, CIMIC and Lendlease.

The Australian Financial Review reported on 13 November 2017 Tandem's stockbroker opened the books on the company's initial public offering on Monday morning, calling for bids at \$2 to \$2.17 a share. The price represented 11.2x to 12.5x forecast net profit and 6.8x to 7.5x enterprise value to pro-form 2018 EBITDA. Tandem is seeking to raise as much as \$168 million to list with a \$301 million market cap on 8 December 2017.

News Headlines and Key Sector Developments

Ticker	News/Event	Ticker	News/Event
BLY	Reported its unaudited 3QFY17 results with revenue of \$259.8 million (US\$199 million) (up 14% from pcp) and adjusted EBITDA of \$20.9 million (US\$16 million) (up 21% from pcp)	GCS	Announced that it's 51% acquired Gallery Facades has executed a formal contract with Multiplex Constructions to the value of c. \$25 million for the supply and installation of façade to the commercial office tower of the 300 George Street redevelopment
CDD	Announced the appointment of Mr. Andrew (Andy) Goodwin as the Chief Executive Officer and Managing Director of the company	MRM	Announced the appointment of Mr. David Cavanagh as the Chief Financial Officer of the company
DCG	Awarded a \$75 million contract, which is the first phase of a \$105 million overall project for the upgrade and expansion of Mulla Mulla village with BHP Billiton Iron Ore Pty Ltd, to support current operations at Mining Area C and the future proposed South Flank project	RCR	Announced that it has been awarded a contract to commence work under a Limited Notice to Proceed for the 100MWac Haughton Solar Farm, being developed by Pacific Hydro Australia
EHL	Announced that Fitch Ratings upgraded the Company's Long-Term Issuer Default Rating to "B-" (from "CCC" previously) following the announcement of the Company's fully underwritten accelerated non-renounceable entitlement offer and the acquisition of Force Equipment. Additionally, Moody's Investor Services affirmed EHL's "Caa1" rating		

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 236 for the week ending 10 Nov 2017 | Published 13 Nov 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	158	0.28	0.27	0.28	0.26	— 0.0%	■ ■ ■ ■	n.m.	n.m.
BOL.AX	Boom Logistics Ltd	81	0.17	0.17	0.18	0.17	▲ 6.3%	■ ■ ■ ■	9.8x	n.m.
BSA.AX	BSA Ltd	161	0.38	0.38	0.37	0.37	▲ 2.7%	— ■ ■ ■	11.2x	17.9x
BYL.AX	Brierty Ltd	10	0.08	0.08	0.08	0.08	— 0.0%	— ■ ■ ■	n.m.	n.m.
CDD.AX	Cardno Ltd	676	1.39	1.41	1.39	1.36	▲ 1.8%	— ■ ■ ■	22.7x	100.0x
CIM.AX	CIMIC Group Ltd	16,693	50.81	51.48	50.98	49.67	▲ 1.4%	— ■ ■ ■	12.6x	18.9x
DCG.AX	Decmil Group Ltd	226	1.27	1.30	1.28	1.22	▲ 2.0%	— ■ ■ ■	154.7x	n.m.
DOW.AX	Downer EDI Ltd	4,276	7.15	7.19	7.16	7.13	▲ 0.7%	— ■ ■ ■	10.7x	18.5x
EGN.AX	Engenco Ltd	127	0.33	0.405	0.38	0.30	▲ 24.6%	— ■ ■ ■	9.7x	13.9x
GCS.AX	Global Construction Services Ltd	169	0.86	0.80	0.84	0.78	▼ (7.0%)	— ■ ■ ■	5.5x	7.1x
GNG.AX	GR Engineering Services Ltd	201	1.36	1.31	1.32	1.30	▼ (3.7%)	— ■ ■ ■	9.9x	10.7x
LCM.AX	LogiCamms Ltd	25	0.31	0.31	0.31	0.31	▲ 1.6%	— ■ ■ ■	n.m.	n.m.
LLC.AX	LendLease Group	9,682	16.45	16.58	16.42	16.24	▲ 1.2%	— ■ ■ ■	12.0x	13.4x
LYL.AX	Lycopodium Ltd	170	4.30	4.27	4.30	4.11	▼ (0.7%)	— ■ ■ ■	3.6x	3.8x
MND.AX	Monadelphous Group Ltd	1,699	17.66	18.07	17.85	17.26	▲ 2.3%	— ■ ■ ■	14.9x	18.3x
OTR.AX	Onterrian Ltd	20	0.32	0.32	0.32	0.32	— 0.0%	— ■ ■ ■	n.m.	n.m.
RCR.AX	RCR Tomlinson Ltd	736	4.01	4.45	4.32	4.01	▲ 8.5%	— ■ ■ ■	13.8x	21.9x
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	54	0.54	0.53	0.53	0.53	▼ (1.9%)	— ■ ■ ■	32.2x	65.6x
SSM.AX	Service Stream Ltd	535	1.46	1.47	1.45	1.41	▼ (0.3%)	— ■ ■ ■	10.0x	11.8x
SWL.AX	Seymour Whyte Ltd	81	0.94	0.93	0.92	0.92	— 0.0%	— ■ ■ ■	n.m.	n.m.
SXE.AX	Southern Cross Electrical Engine	153	0.79	0.82	0.80	0.78	▲ 3.8%	— ■ ■ ■	26.1x	n.m.
STS.AX	SRG Ltd	98	1.45	1.50	1.49	1.45	▲ 2.7%	— ■ ■ ■	4.9x	7.0x
TPP.AX	Tempo Australia Ltd	51	0.21	0.21	0.21	0.19	▼ (4.5%)	— ■ ■ ■	14.5x	16.3x
VMG.AX	VDM Group Ltd	5	0.00	0.00	0.00	0.00	— 0.0%	— ■ ■ ■	n.m.	n.m.
VMX.AX	Valmec Ltd	19	0.22	0.23	0.23	0.22	▲ 7.0%	— ■ ■ ■	5.7x	7.8x
VRS.AX	Veris Ltd	54	0.17	0.17	0.17	0.16	▼ (2.9%)	— ■ ■ ■	5.4x	40.7x
WOR.AX	WorleyParsons Ltd	4,138	14.82	15.17	15.33	14.73	▲ 3.3%	— ■ ■ ■	15.0x	19.8x
Mining Services										
ASL.AX	Ausdrill Ltd	910	2.50	2.53	2.51	2.42	▲ 2.0%	— ■ ■ ■	9.5x	20.1x
ANG.AX	Austin Engineering Ltd	150	0.28	0.26	0.28	0.26	▼ (7.1%)	— ■ ■ ■	13.7x	63.4x
BLY.AX	Boart Longyear Ltd	289	0.01	0.01	0.01	0.01	▼ (8.3%)	— ■ ■ ■	31.2x	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	676	0.26	0.24	0.25	0.24	▼ (7.7%)	— ■ ■ ■	20.9x	662.7x
IMD.AX	Imdex Ltd	349	0.96	0.95	0.96	0.92	▼ (1.0%)	— ■ ■ ■	9.0x	12.8x
MAH.AX	Macmahon Holdings Ltd	506	0.24	0.24	0.24	0.23	▼ (4.1%)	— ■ ■ ■	19.9x	n.m.
MIN.AX	Mineral Resources Ltd	3,375	18.60	18.00	18.52	17.84	▼ (2.0%)	— ■ ■ ■	7.1x	11.0x
MLD.AX	MACA Ltd	592	2.25	2.21	2.21	2.12	▼ (1.8%)	— ■ ■ ■	6.8x	20.8x
MSV.AX	Mitchell Services Ltd	73	0.04	0.04	0.04	0.04	▼ (4.5%)	— ■ ■ ■	38.9x	n.m.
MYE.AX	Mastermyne Group Ltd	90	0.79	0.90	0.89	0.79	▲ 11.9%	— ■ ■ ■	18.6x	n.m.
NWH.AX	NRW Holdings Ltd	521	1.40	1.43	1.39	1.36	▲ 2.2%	— ■ ■ ■	9.5x	18.3x
RUL.AX	RPMGlobal Holdings Ltd	160	0.76	0.75	0.76	0.73	▼ (1.3%)	— ■ ■ ■	30.4x	78.8x
SWK.AX	Swick Mining Services Ltd	65	0.28	0.28	0.28	0.28	▼ (1.8%)	— ■ ■ ■	7.0x	n.m.
Marine Services										
ASB.AX	Austal Ltd	623	1.73	1.78	1.76	1.72	▲ 3.2%	— ■ ■ ■	7.48	11.54
MBO.AX	Mobilarm Ltd	12	0.02	0.02	0.02	0.02	▲ 20.0%	— ■ ■ ■	n.m.	n.m.
MCE.AX	Matrix Composites & Engineerin	50	0.50	0.53	0.53	0.48	▲ 12.8%	— ■ ■ ■	n.m.	n.m.
MRM.AX	MMA Offshore Ltd	86	0.20	0.23	0.22	0.20	▲ 17.9%	— ■ ■ ■	17.8x	n.m.
NMS.AX	Neptune Marine Services Ltd	55	0.85	0.9	0.85	0.82	— 0.0%	— ■ ■ ■	n.m.	n.m.
VEE.AX	VEEM Ltd	73	0.54	0.56	0.56	0.50	▲ 4.7%	— ■ ■ ■	10.5x	13.0x
ZGL.AX	Zicom Group Ltd	29	0.14	0.14	0.14	0.14	▲ 8.0%	— ■ ■ ■	n.m.	n.m.
Facilities Management										
AEI.AX	Aeris Environmental Ltd	41	0.25	0.26	0.26	0.25	— 0.0%	— ■ ■ ■	n.m.	n.m.
GMG.AX	Goodman Group Pty Ltd	15,667	8.50	8.70	8.70	8.39	▲ 3.1%	— ■ ■ ■	59.3x	61.1x
HIL.AX	Hills Ltd	48	0.21	0.21	0.22	0.20	— 0.0%	— ■ ■ ■	n.m.	n.m.
MIL.AX	Millennium Services Group Ltd	73	1.60	1.60	1.65	1.60	▼ (1.2%)	— ■ ■ ■	6.0x	9.4x
PRG.AX	Programmed Maintenance Serv	747	2.85	2.85	2.85	2.85	— 0.0%	— ■ ■ ■	9.9x	14.4x
SKS.AX	Stokes Ltd	11	0.26	0.26	0.26	0.26	— 0.0%	— ■ ■ ■	39.2x	74.5x
SPO.AX	Spotless Group Holdings Ltd	1,190	1.08	1.08	1.08	1.07	— 0.0%	— ■ ■ ■	8.8x	17.4x
TPS.AX	Threat Protect Australia Ltd	21	0.03	0.03	0.03	0.03	— 0.0%	— ■ ■ ■	8.3x	11.5x
UBN.AX	Urbanise com Ltd	25	0.04	0.05	0.05	0.04	▲ 22.8%	— ■ ■ ■	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.