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## Upgrades are coming for oil services sector - Canaccord

Upgrades are coming to the oil services sector, so says Canaccord Genuity, but even so the broker also adds that finding valuations in sector remains problematic.

Analyst Alex Brooks highlights that the sector could be seen as "wildly expensive" by the broker's core valuation metric - forward consensus P/E - but more conservative metrics show it to be stable at just a small premium to book value.

"This feels about right to us for much of the sector, although for some of the names we believe book value remains at risk of major further downgrades," the analyst said in a note.

Canaccord lifted its forecasts, albeit slightly, across much of the sector and it notes 'top picks' Amec Foster Wheeler Plc (LON:AMFW) and Gulf Marine Services Plc (LON:GMS) both seem "unreasonably cheap".

"We continue to prefer asset-light, well-financed businesses and most of our BUYs in the sector are both," Brooks said.

"Where companies do carry debt we look for limited liquidity needs, ideally with no refinancing required this decade. After the run-up in the sector the "value" names in the sector generally come with challenges."

### 1 Year Share Price Graph



November 2018 May 2019 November 20

### Share Information

**Code:** 111  
**Listing:** ASX  
**Sector:** General mining & base metals  
**Website:** [www.amec.org.au](http://www.amec.org.au)

### Company Synopsis:

*The Association of Mining & Exploration Companies (AMEC) is the voice of the mineral exploration industry in Australia with a full membership almost three times larger than its nearest national counterpart. AMEC Members are represented at both the national and state level on matters pertaining to encouraging mineral exploration in Australia.*

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