



MACQUARIE
ACN 002 574 923

Macquarie Private Wealth



Ausenco

Business Description

Ausenco (AAX) provides consulting, engineering, project management, and operations solutions to the global resources and energy sectors, from 26 locations in 16 countries. The company employs nearly 3000 people to deliver solutions to the minerals, infrastructure, energy, oil and gas and consulting and environmental sectors across the full project lifecycle. The group combines five global engineering and project management service businesses in Ascentis, Ausenco Minerals, Pipeline Systems Incorporated, Sandwell and Vector.

Strategy Analysis

The consulting nature of work with minimal capex has allowed surplus cash reserves to build up, facilitating three key acquisitions late last year - Pipeline Systems Incorporated (PSI), Sandwell, and Vector Engineering - all bolted into the underlying legacy Ausenco Minerals business. Acquisitions will drive further growth. Organic growth is leveraged to the mining and resource boom, particularly in Iron and Coal markets. AAX now provides a 'pit-to-port' suite of services, including project construction and management, procurement, maintenance, feasibility studies, slurry pipelines and hydro transport services, port and bulk handling design and construction, heap leach pad engineering and waste landfill geotechnical services - to name a few. Ausenco reported NPAT up 35.6% to \$56.3m for the year ended 31 December 2008. Revenue from ordinary activities were \$607m, up 70.1% from last year. Diluted EPS was 60.20 cents compared to 48.97 cents last year. The net operating cash outflow was \$16.56m compared to an inflow of \$86.49m in the pcp. The final dividend declared was 13.5 cents, taking the full year dividend to 31.75 cents compared with 30.25 cents last year.

28 July 2010

Recommendation

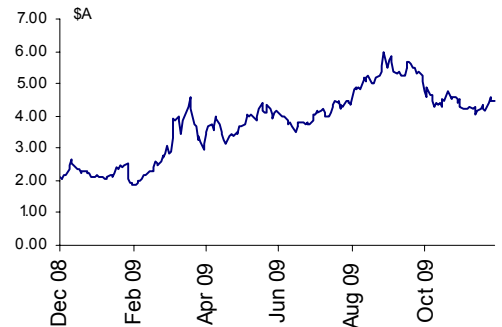
Recommendation: Neutral
Relative to: Small Ind (ex Fins)

Investment Fundamentals

ASX code: AAX
Stock price: \$2.37
Market cap: \$290m

Y/E	31/12/2010	2010e	2011e	2012e	2013e
Reported e	\$m	6.8	27.5	31.8	36.4
Adjusted e	\$m	22.5	30.4	34.7	39.3
EPS adjusted	¢	18.2	24.6	28.0	31.7
EPS growth	%	-18.1	35.1	14.0	13.4
PE	x	13.0	9.7	8.5	7.5
PE relative	x	0.7	0.7	0.8	0.8
DPS	¢	9.0	14.0	16.0	18.0
Yield	%	3.8	5.9	6.8	7.6
Franking	%	60.0	60.0	60.0	60.0

Share Price



Source: ASX and Company accounts

Segment Performance				Annual Shareholders' Return	
Results by Industry	Revenue (%)	Return on Sales (%)	Return on Assets (%)	1 year	-41.0%
Minerals & Metals	51.4	65.5	15.2	3 year	-35.0%
Process Infrastructure	37.9	31.9	9.9	5 year	0.0%
Environment & Sustainability	9.3	15.2	6.9	10 year	0.0%
Energy	1.3	10.2	11.9	Dividend Reinvestment Plan	Yes
Program Management	0.0	0.0	-872.0	Shareholder Discounts	No
Total	99.9	122.8	-828.1		
Results by Geography					
Australia	100.0	100.0	100.0		
Total	100.0				

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