



MACQUARIE
ACN 002 574 923

Macquarie Private Wealth

Snapshot

Asciano Group

Business Description

Asciano Group (AIO) is a transport infrastructure business, with a focus on ports and rail. Its portfolio includes Pacific National and Patrick's. These two businesses own and operate container terminals, bulk export facilities, stevedoring equipment and associated services, and extensive rail operations.

Strategy Analysis

AIO owns essential transport and port infrastructure assets with long term leases secured over rail infrastructure and port access. The company seeks to offer increasingly efficient services while leveraging its unique rail-port capability. A pre-existing relationship with logistics giant Toll Holdings provides a dependable, high baseload of volume and the efficiencies of a large customer integrated with AIO's systems. AIO will extend services into Queensland leveraging relationships with NSW customers and to counter incursions by Queensland Rail into AIO's traditional NSW markets. To avoid congestion in the Sydney hub, AIO will build an inland port at Parkes in NSW which is at the apex of Sydney Perth rail routes and the proposed new North South Line. Asciano Group reported a net loss of \$244.10m for the year ended 30 June 2009. Revenues from ordinary activities were \$2.80bn, down 3.1% from last year. Diluted EPS was 9.5 cents compared to 27.5 cents last year. Net operating cash flow was \$250.44m compared to \$255.89m last year. No dividend was declared. The Group reported that it is being adversely impacted by the unprecedented volatility in global equity and credit markets. Whilst there is a likelihood of global markets remaining unsettled for a period of time, Asciano is in a position to deliver growth and value to securityholders because of the: recapitalisation process that has resulted in a capital structure; strength of existing operations and quality of assets; benefits of the efficiency initiatives being implemented; and start up of Queensland coal operations.

28 July 2010

Recommendation

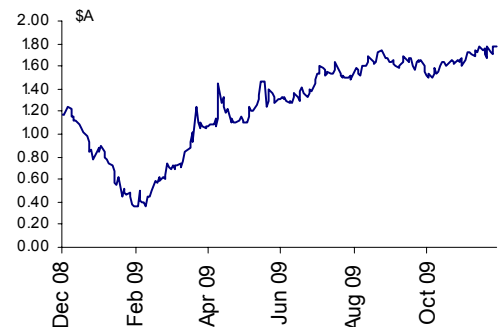
Recommendation: Outperform
Relative to: All Ind (ex Fins)

Investment Fundamentals

ASX code: AIO
Stock price: \$1.72
Market cap: \$5,033m

Y/E	30/06/2010	2010e	2011e	2012e	2013e
Reported e	\$m	-938.4	248.2	353.3	449.8
Adjusted e	\$m	137.0	248.2	353.3	449.8
EPS adjusted	¢	5.8	8.5	12.1	15.4
EPS growth	%	1172.4	46.2	42.4	27.3
PE	x	29.6	20.3	14.2	11.2
PE relative	x	2.1	1.8	1.4	1.2
DPS	¢	0.0	5.0	7.0	9.0
Yield	%		2.9	4.1	5.2
Franking	%	0.0	0.0	0.0	

Share Price



Source: ASX and Company accounts

Segment Performance

Results by Industry	Revenue (%)	Return on Sales (%)	Return on Assets (%)	Annual Shareholders' Return	
				1 year	3 year
Intermodal	30.5	7.1	10.5	7.0%	
Container Ports	26.0	2.2	9.3	-37.0%	
Auto, Bulk and General	24.8	-7.4	-10.0	0.0%	
Coal	18.8	5.6	16.2	0.0%	
Total	100.1	7.5	26.0		
Results by Geography				Dividend Reinvestment	No
Australia	100.0	100.0	100.0	Shareholder	No
Total	100.0			Discounts	No

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Disclosure: In accordance with Section 849 of the Corporations Law, Macquarie Equities Limited states that The Macquarie Group acted as financial adviser to the consortium, made up of TPG Capital and Global Infrastructure Partners, that submitted a non binding indicative proposal to acquire all outstanding issued shares of the Asciano Group by way of scheme of arrangement, as announced on 4 August 2008.

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