



MACQUARIE
ACN 002 574 923

Macquarie Private Wealth



Alesco

Business Description

Alesco Corporation Limited (ALS, formerly Atkins Carlyle Ltd) is a wholesale distribution company with leading positions in niche markets operating in the following business units: Functional and Decorative Products, Construction & Mining and Garage Doors and Openers.

Strategy Analysis

The strategy is to create value by managing a portfolio of niche industrial product distribution businesses. Growth in brands, products and services comes from acquisitions and organically. Acquisitions are made in franchises with strong market shares in growing markets. Financial performance is lifted through restructuring and efficiency measures. Property is the largest exposure, with new housing and renovations representing around 75% annual earnings. Other key segments are non-residential construction. Alesco Corporation reported NPAT of \$13.57m for the year ended 31 May 2011. Revenues from ordinary activities were \$679.87m, down 12.1% from last year. Basic and Diluted EPS was 15.56 cents compared to 12.51 cents last year. Net operating cash flow was \$50.4m compared to \$56.9m last year. The final dividend declared was 7 cents, taking the full year dividend to 14 cents compared with 7 cents last year. The company remains cautious about the year ahead. However, its disciplined operational approach and Project Restore business improvement program places the company in a good position to counter what are likely to be challenging market conditions over the next 12 months.

27 January 2012

Recommendation

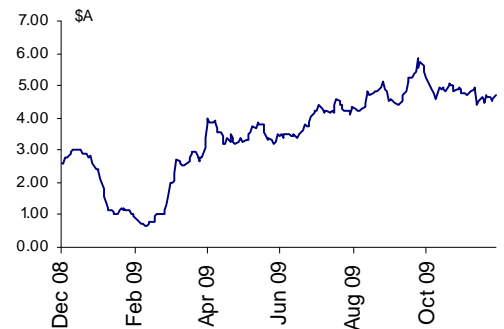
Recommendation: Neutral
Relative to: Small Ind (ex Fins)

Investment Fundamentals

ASX code: ALS
Stock price: \$1.25
Market cap: \$117m

Y/E	31/05/2012	2012e	2013e	2014e	2015e
Reported e	\$m	10.0	12.2	13.3	14.5
Adjusted e	\$m	13.2	15.5	16.6	17.7
EPS adjusted	¢	14.2	17.3	18.2	19.3
EPS growth	%	-28.9	22.5	5.2	6.0
PE	x	8.8	7.2	6.8	6.4
PE relative	x	0.6	0.7	0.7	0.8
DPS	¢	8.0	10.0	10.3	11.0
Yield	%	6.4	8.0	8.2	8.9
Franking	%	100.0	100.0	100.0	100.0

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
Functional & Decorative Products	39.6	4.9	3.6	-58.0%	-13.0%
Garage Doors & Openers	27.2	8.2	12.9	-33.0%	-5.0%
Construction Products & Equipment	17.7	6.7	7.5		
Water Products & Services	15.5	0.0	-4.2		
Total	100.0	19.8	19.8		
Results by Geography				Dividend Reinvestment Plan	No
Australia	95.2	0.0	0.0	Shareholder Discounts	No
Other	4.8	0.0	0.0		
Total	100.0				

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