



MACQUARIE
ACN 002 574 923

Macquarie Private Wealth



AWB Ltd

Business Description

AWB Limited (AWB) is an Australian agribusiness company which offers a full range of services to the rural community. The company has two core business streams: Rural Services and Commodity Management. AWB Ltd has a presence in Australia, India, Brazil, Switzerland, Singapore, Japan and China.

Strategy Analysis

AWB's business strategy is focused on diversifying revenues by entering into new markets. So far, the company has expanded into new commodities, new geographical regions and reduced the reliance on the wheat management business as a major source of income, mainly through Landmark. A future goal is to become a diversified and multifaceted agribusiness operating across commodities and geographies. In order to sustain competitiveness against domestic and international wheat marketers, AWB is looking towards regional pools, product pools and the cash market. Harvest business finance will be restructured to provide more options and greater payment flexibility. AWB reported NPAT down 61.6% to \$8.54m for the half-year ended 31 March 2009. Revenue from ordinary activities were \$3.5bn, up 9.3% from the same period last year. Diluted EPS was 2.42 cents compared to 6.39 cents last year. The net operating cash inflow was \$190.78m compared to an outflow of \$298.82m in the pcp. No dividend was declared.

28 July 2010

Recommendation

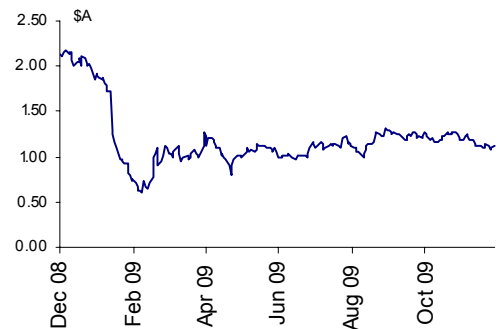
Recommendation: Neutral
Relative to: Small Ind (ex Fins)

Investment Fundamentals

ASX code: AWB
Stock price: \$1.03
Market cap: \$838m

Y/E	30/09/2010	2010e	2011e	2012e	2013e
Reported e	\$m	-26.3	96.1	99.2	102.4
Adjusted e	\$m	68.4	96.1	99.2	102.4
EPS adjusted	¢	8.4	11.7	11.5	11.3
EPS growth	%	-57.4	39.7	-1.3	-1.8
PE	x	12.2	8.8	8.9	9.0
PE relative	x	0.6	0.7	0.8	0.9
DPS	¢	0.0	5.0	5.0	5.0
Yield	%		4.9	4.9	4.9
Franking	%	0.0	100.0	100.0	100.0

Share Price



Source: ASX and Company accounts

Segment Performance				Annual Shareholders' Return	
Results by Industry	Revenue (%)	Return on Sales (%)	Return on Assets (%)	1 year	-8.0%
Commodity Management	62.9	4.2	2.0	3 year	-29.0%
Rural Services	28.0	10.7	4.3	5 year	-22.0%
Landmark Financial Services	3.5	1.0	10.9	10 year	0.0%
Other	3.0	-2.7	-24.8	Dividend Reinvestment Plan	Yes
Harvest Finance	2.6	3.7	8.3	Shareholder Discounts	No
Total	100.0	16.9	0.7		
Results by Geography					
Australia	48.6	0.0	0.0		
Switzerland	38.8	0.0	0.0		
Other	12.7	0.0	0.0		
Total	100.1				

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