



MACQUARIE
ACN 002 574 923

Macquarie Private Wealth



ConnectEast

Business Description

ConnectEast Group (CEU) is a single-purpose entity dedicated to the delivery of the EastLink tollway and is responsible for the financing, design, construction, maintenance and operation of the venture. This is Australia's largest road infrastructure project and will be Melbourne's second fully-electronic tollway comprising 39km of road connecting the city's eastern and south-eastern suburbs.

Strategy Analysis

CEU is committed to providing an affordable travel option, supported by customer service and an efficient and accessible transport network. EastLink opened in mid 2008. CEU will continue to focus on developing continuing commercial and industrial operations, as well as expanding customer service capabilities from its contact centre in Mount Waverley. ConnectEast Group reported a statutory net loss of \$531.59m for the year ended 30 June 2009. Revenues from ordinary activities were \$168.85m. Basic and Diluted statutory EPS were minus 25.73 cents compared to minus 0.68 cents last year. The net operating cash outflow was \$68.06m compared to an outflow of \$14.51m in the previous year. The final dividend declared was 1 cent, taking the full year dividend to 2.0 cents compared with 10.50 cents last year.

28 July 2010

Recommendation

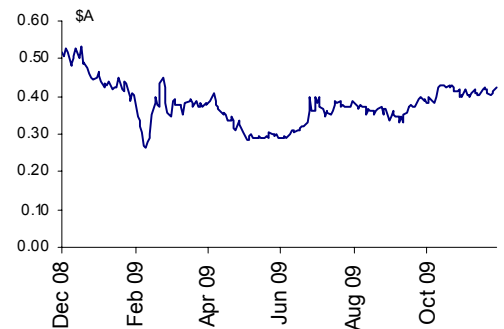
Recommendation: Neutral
Relative to: All Ind (ex Fins)

Investment Fundamentals

ASX code: CEU
Stock price: \$0.40
Market cap: \$1,556m

Y/E	30/06/2010	2010e	2011e	2012e	2013e
Reported e	\$m	-70.8	-28.0	-37.7	-3.5
Adjusted e	\$m	-107.5	-40.0	-53.7	-4.9
EPS adjusted	¢	-3.2	-1.0	-1.4	-0.1
EPS growth	%	-40.8	-68.4	34.3	-90.8
PE	x	-12.3	-38.9	-29.0	-314.6
PE relative	x	-0.9	-3.5	-2.9	-33.6
DPS	¢	2.0	1.0	2.0	2.0
Yield	%	5.1	2.5	5.1	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	11.0%
EastLink Tollway	100.0	100.0	100.0	3 year	-31.0%
Total	100.0	100.0	100.0	5 year	0.0%
				10 year	0.0%
Results by Geography				Dividend Reinvestment Plan	No
Australia	100.0	100.0	100.0	Shareholder Discounts	No
Total	100.0				

Company contact details:

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If you have any queries regarding this Research information or with any aspect of your legal super account please call legal super on 1800 060 312 (freecall) or email mail@legalsuper.com.au

Disclosure: In accordance with Section 849 of the Corporations Law, Macquarie Equities Limited states that The Macquarie Group acted as Sole Lead Manager and Underwriter to ConnectEast Group in respect of its Entitlement Offer as announced 24 August 2009. The Macquarie Group acted as Joint Lead Manager and Underwriter to ConnectEast (CEU:ASX) in respect of its placement and accelerated non-renounceable pro-rata entitlement offer as announced 25 November 2008. ConnectEast Management Limited, responsible entity of ConnectEast Investment Trust and ConnectEast Holding Trust, which comprise the stapled securities of ConnectEast Group (CEU:AX), is a wholly owned subsidiary of the Macquarie Group. Within the last 12 months, Macquarie Group has received compensation for investment advisory services from ConnectEast Group.

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