

There is Good Value among the Resource Services Companies

5 July 2010

The table shows some of the interesting companies that provide services to the resources sector. See also the notes on page 3 and the table on page 2 for comments

Code	Company	Comment	Price ¢		Price Change %	Last cps	EPS		P/E Ratio		Dividend			Dividend Yield			Franking Last %
			02-Jul-10	Market Cap. \$m			FY1 cps	FY2 cps	FY1 x	FY2 x	Last cps	FY1 cps	FY2 cps	Last %	FY1 %	FY2 %	
LEI	Leighton Holdings	B	2860	8,600	-27%	226.9	204.3	226.1	14.00	12.65	115.0	137.0	147.0	4.0%	4.7%	5.1%	100%
WOR	WorleyParsons	P B	2122	5,081	-17%	159.4	126.0	154.9	16.84	13.70	93.0	81.0	93.0	4.4%	3.8%	4.4%	100%
UGL	UGL	P B	1344	2,230	-9%	86.7	89.0	101.0	15.14	13.31	64.0	64.0	70.0	4.8%	4.8%	5.2%	100%
CPB	Campbell Brothers	LTB	3000	1,889	-1%	193.7	128.9	183.1	16.38	12.90	96.0	100.0	110.0	3.2%	3.3%	3.7%	50%
DOW	Downer EDI	SB	370	1,267	-50%	52.7	56.5	60.7	6.54	6.10	29.0	29.0	31.0	7.8%	7.8%	8.4%	0%
TSE	Transfield Services	LTB	317	1,313	-21%	26.1	25.6	30.8	12.40	10.29	12	12.5	14.5	3.8%	3.9%	4.6%	100%
MND	Monadelphous Group	P B	1332	1,146	-13%	86.3	92.2	100.0	14.45	13.53	74.0	80.8	86.0	5.6%	6.1%	6.5%	100%
BKN	Bradken	B	717	995	-6%	46.2	53.8	67.3	13.32	10.65	23.0	30.0	37.0	3.2%	4.2%	5.2%	100%
CLO	Clough Limited	E A	78	599	-13%	5.8	5.9	7.3	13.22	10.69	2.0	2.0	2.6	2.6%	2.6%	3.3%	25%
MRM	Mermaid Marine	E A	259	484	-7%	14.4	19.0	19.8	13.60	13.06	6	7.2	8.2	2.3%	2.8%	3.2%	100%
MAH	Macmahon Holdings	E A	58	426	-19%	3.1	5.1	5.6	11.29	10.36	1.5	1.5	3.0	2.6%	2.6%	5.2%	0%
IDL	Industrea Limited	E B	34	325	-12%	2.9	4.8	5.6	7.15	6.07	1.3	1.3	1.4	3.7%	3.8%	4.1%	100%
AAX	Ausenco Limited	A	180	221	-59%	24.9	32.8	41	11.50	5.80	9.5	6.5	14.5	5.3%	3.6%	8.1%	100%
ANG	Austin Engineering	A	348	241	7%	29.4	25.7	31.7	13.03	10.79	8	8.5	11	2.3%	2.4%	3.2%	100%
TOX	Tox Free Solutions	E A	228	209	-14%	10.3	11.2	17.1	20.30	13.33	0	1.0	3.0	0.0%	0.4%	1.3%	-
IMD	Imdex Limited	E A	72.5	141	-2%	5.9	4.4	8.0	16.48	9.06	1.0	1.0	2.0	1.4%	1.4%	2.8%	100%

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This table outlines the main focus of the above companies and some others in various resources areas, noting some of their attractions and shareholders. Refer also to the notes on page 3

Code	Company	Comments	Review	Price ¢	Mcp\$m	Focus	Resource/project area	Attractions	Shareholders include
LEI	Leighton Holdings	B	(Feb 09)	2860	8,600	Construction etc +	major contract mining	Outstanding, financial & strategic strength, quality	Hochtief 54%
WOR	WorleyParsons	P B	Aug-09	2122	5,081	Hydrocarbons +	major engineering, global	One of top global players in key growth fields, quality	MD John Grill 14%
UGL	UGL	P B	(Feb 09)	1344	2,230	Infrastr., Maint'ce	Varied projects	Track record, quality, well placed in infrast, resource, Asia	
CPB	Campbell Brothers	LTB	Nov-09	3000	1,889	Testing	Minerals, other	Strong record, growth, now a major across global sectors	
DOW	Downer EDI	SB	Jun-09	370	1,267	Mining, Rail, other	contract mining	Long order book, low price due Rail & other uncertainties	
TSE	Transfield Services	LTB	(Mar 09)	317	1,313	Maintenance et al	Tar sands, refinery, other	Solid background, had debt exposure & price falls	
BLY	Boart Longyear		[Jun 08]	283	1,305	drilling rigs, equipt.	Global	Leveraged to long-term recovery in global mining	
MND	Monadelphous Group	P B	Oct-09	1332	1,146	Iron Ore et al, Engr.	major Aus. Projects	Top reputation and clients, well managed, cash & dividends	
BKN	Bradken	B	Nov-09	717	995	Mining Consum's	Aus, US, UK,	Proven management, exposed to resource tonnage growth	
CLO	Clough Limited	E A	Mar-10	78	599	Oil & Gas	Eng'rng, Offshore, Aus	Strong parent support, well placed to grow	Murray & Roberts (SA) 62%
FWD	Fleetwood Corp		(Feb 09)	920	498	Housing, Retirees	Mobile Homes, Accom	Caravan sales tough but strong WA resource contracts	Directors 17%
MRM	Mermaid Marine	E A	Jul-09	259	484	Offshore services	NWS offshore supply	Very well placed with niche position in growth areas	
MAH	Macmahon Holdings	E A	Aug-09	58	426	Contract, Constrn.	WA also Q'ld, NSW	Well run construction and mining contractor, sound growth	LEI 19%
MSL	Mac Services (The)		(Feb 09)	241	400	Resource Accom	Q'ld, SA, now WA	Full service accomodation strategy	
CDD	Cardno		(Apr 09)	400	362	Consulting	Resources, Overseas aid	Yield, diverse exposure to resource, infrast, global aid	
EHL	Emeco Holdings		[Jan 08]	58	369	Shovel, Rig hire	Aus, but also US, Europe	Leveraged to recovery, weak record gives potential upside	
IDL	Industrea Limited	E B	Apr-10	34	325	U/G Coal Equipt	Specialist sales China, Aus	Strong position in nich underground equipment in China	Possible bond conversion
SDM	Sedgman Limited			134.5	277	Engineering	Coal projects engineering	Sound record, Aus, S Africa, S America	Thiess (LEI) 31%
AAX	Ausenco Limited	A	Oct-09	180	221	Engineering	Wide range of types	Strong albeit colourful growth record, Global	Directors 21%
NWH	NRW Holdings			107	269	WA Contracting, earth moving			Directors 11-21%?
ANG	Austin Engineering	A	Mar-10	348	241	Aus, S. America	Major manufacturer of mining dump truck bodies etc		BKN 19.8%
FGE	Forge Group Limited			272	214	WA project engineering, construction & maintenance			CLO 31%
TOX	Tox Free Solutions	E A	Mar-10	228	209	Waste Recovery	WA, across Eastern Aus	Steadily growing workload, rising reputation, strong prospects	
IMD	Imdex Limited	E A	Oct-09	73	141	Drilling services	Hard rock, growing Oil&Gas	Advanced equipment upside adds to recover leverage	
NFK	Norfolk Group		[Mar 08]	76	121	Electrical, Systems, Property Services			MND 14%, Maui Group 20%
LYL	Lycopodium Limited			314	121	Engineering & Project Management			Related 24%+?
RCR	RCR Tomlinson			80	105	Equipment & boiler systems, design, fabrication & maintenance			J Hogan (Dir) 10%
NMS	Neptune Marine	B	Sep-09	26.5	114	Subsea Oil & Gas engineering and support, undersea welding, diving & survey			
AJL	AJ Lucas Group		(Mar 09)	214	96	CSM, Directional Drilling, Australia & USA			Related 27%+?
SWK	Swick Mining			35	83	Diamond Drilling			Related 23%+?
LDW	Ludowici Limited			250	66	Screens, centrifuges, diverse processing consumables and support			Related 35%+?
VMG	VDM Group Limited			36.5	71	Construction	WA		
WDS	WDS Limited		Sep-09	34.5	49	services to underground coal mining, gas & water pipeline, construction			Related 15%+?
STS	Structural Systems			52	33	Post-tensioning construction, mining services			
NOD	Nomad Building		Sep-09	13	18	Construction & installation of modular buildings, in WA & Qld			
EDS	Every Day Mine Serv.			7	16	Varied underground drilling & support services, contracting			Directors 34%
ESS	Essa Australia			17.5	9	Sampling & testing services & equipment			Directors 6%+

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Notes to page 1

: The estimates of EPS, P/E, Dividend and Dividend Yield are for the year-ending 30 June in the years shown, based on Intersuisse estimates for EPS and Dividend, save for Ausenco (Year-end December) and Campbell Brothers (Year-end March – ie FY1 is actual to 31 March 2010).

Company names and codes in bold highlight those on our current **Intersuisse Preferred Stocks** list.: Those in plain bold are Portfolio stocks, those in italic bold are Emerging stocks. The letters in the 'Comment' column indicate P = Portfolio Stock, E = Emerging Stock, B = Buy, A = Accumulate, LTB = Long-term Buy, SB = Speculative Buy.

Notes to page 2:

The column 'Review' gives the date of the latest Intersuisse formal published report on the company. The other five columns on the left are repeated from page 1.

The next two columns give thumbnail comments on the company's focus and main fields of activity in the resource sector.

The last two columns note some investment attractions of the larger companies and some of their corporate and director or founder shareholders.

We show on both tables our brief recommendation on what we see as the most attractive opportunities at this time – “B” for Buy and “A” for Accumulate. Some not highlighted as “A” or ‘B’ still offer interesting investment opportunities. We may change these preferences at any time in the light of new developments, announcements and price changes.

We see particular value in several of these companies that provide services to the resource sector. This market has been depressed by the recent concerns for resource companies, heightened by the debate over the proposed introduction of the new Resources Tax. We are encouraged by the last week's developments on this front and believe that the Government's revised Minerals Resource Rent Tax, its narrower base, its timing and industry support will give a positive environment for the resource sector and its service companies. These resource services companies – we call them 'Shovels for Miners' - are set for strong growth opportunities in the years ahead as the volumes of commodities and energy demanded by China, India and the industrialising nations continue to grow.

We believe that this growth will continue despite lacklustre economic prospects for Europe and slow recovery in the USA. We are fortunate to be based in Australia in this global sea-change, and investing in 'shovels for miners' is one way of taking advantage of that opportunity.

Discuss with your Intersuisse Adviser the suitability of these or others of our Preferred Stocks for your own investment at this time.



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