



Dornbusch Partners

Stock of the Week

MACA Ltd (MLD)

Date: 15 February 2012

Background

Maca Limited (MLD) is a Western Australia-based company offering material haulage, contract mining, crushing and screening and civil earthworks solutions.

MLD floated in 2010 and remains one of the better performing floats in recent years by delivering investors a return of more than 100 per cent. But the company's share price has drifted off in the past few months in line with the broader market.

Outlook

MACA's revenue for the year ended 30 June 2012 is forecast to exceed \$300 million, an increase of approximately 20% on revenue generated for the year ended 30 June 2011. There are suggestions that MACA is in line for four or five large mining contracts in the near-term that could boost revenue for 2013 by \$200 million to \$250 million. The newly formed MACA Civil (60% owned by MACA), which made no contribution to earnings last financial year, is forecast to generate revenue of approximately \$40 million for the current financial year, predominantly on the back of alliance style contracts with Main Roads Western Australia.

Why Dornbusch Partners likes the business?

We like Mining Services as a sector. They gain exposure to the resource sector and generally have long dated contracts that are not affected by short term volatility of commodity prices. The Management of MACA are well aligned with shareholders interest having three of the top five shareholders being executives.

Consensus Estimates

	2011	2012	2013
EPS (cents)	19.3	—	—
DPS (cents)	6.0	—	—
P/E	11.3x	—	—
Yield	3.0% ff	—	—



Snapshot

Market Cap	\$322m
Share Price (as at 15.02.12)	\$2.16
12 mth high	\$2.-96
12 mth low	\$1.74
Debt/equity	42%

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