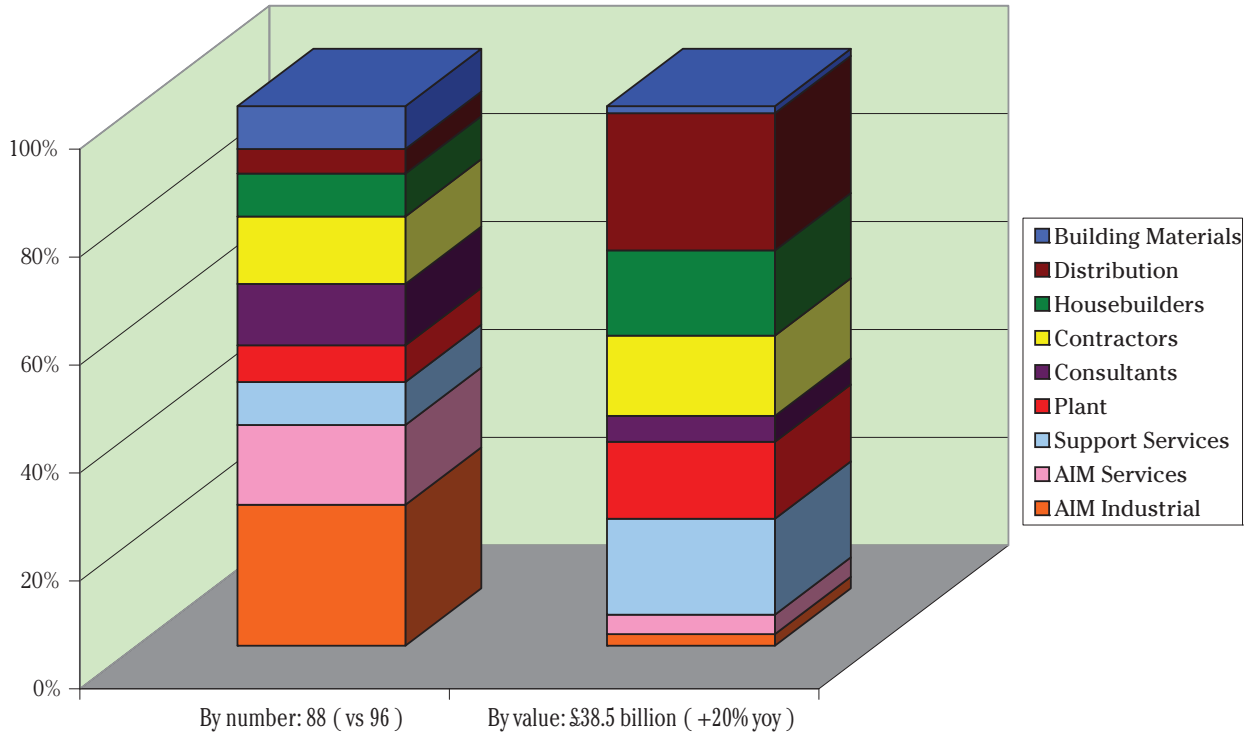


Building Value's UK Construction & Building Sector in 2011



A unique snapshot of the composition and value of the UK construction and building industry is shown here, including consultants, contractors, distributors, housebuilders, materials manufacturers and service providers. Without it, you would have to access at least five individual sector classifications (as determined by the Financial Times and the Institute of Actuaries); none of which is wholly representative.

The Building Value UK Construction & Building Index comprises 88 stocks (down from 96) and at the close of 2010 was worth £38.5 billion. This marks a very sound - and pleasantly surprising - rise of 20% year-on-year from £32 billion at the end of 2009 (which was up by an impressive 55% yoy). This means that the entire Sector would rank at 16 in the FTSE 100 between Standard Chartered (£41 billion) and SAB Miller (£36 billion).

This performance, bolstered by **Distributors (+45%)** and **Plant Hire companies (+63%)**, also leaves the other major indices, bar the FTSE 250 Index (+24% yoy), in its wake including the FTSE 100 (+9%) and All Share Index (+11%). The two Real Estate Sectors were no great shakes either with REITs up 3% and RE Investment & Services off 6%.

A quick look at the charts will also tell you that, by sub-sector, Distributors (5% by number) continue to account for a **disproportionate share of value** at 25%. Support Service companies, Housebuilders (despite a 13% fall in value in 2010) and Plant Hirers also punch above their weight in terms of number-to-value. Consultants, however, go the other way with 11% by number but only 5% of the value. Similarly, AIM Industrial stocks are the most numerous with 26% by number - but only 2% of the value.

10 companies (11% of constituents) have a market capitalisation in **excess of £1 billion** and together they account for 65% of the Sector's value; last year there were 12 worth over £1 billion and they also took 65% of the net worth. Yes, size does matter. Meantime, 51% of companies are worth less than £100 million and they account for just 3% of the value; while 26% of constituents are in the £100-499 million bracket and worth 14% of the £38.5 billion total.

Fallers-by-the-way-side numbered eight in 2010 due principally to business failure and included household names such as Connaught and ROK (both of which have had a seismic impact on the industry). There were three bids, too, for BSS, Scott Wilson and the rescue of Spice worth, collectively, just over £1 billion.

Turning to the best and worst, **Ashtead** wins first prize with a 113% rise in its share price. At the other end, we would venture that if your share price goes to zero, you would qualify as being the biggest loser (**Connaught** and **ROK**, for example). A number, including the suspended Wren Extra Care, fell by 80% or so too.

The Building Value Index excludes **13 non-UK domiciled groups** (2009: 16) which have a London Stock Exchange listing and a total value of, coincidentally, £38.5 billion - which was down 6% in 2010 (against £41.0 billion); and this was led by CRH (-17%) and Cimpor (-21%). The largest stock here is Saint Gobain (€20.4 billion and up 5%) and the list also includes a PRC iron ore trading and real estate business, Prosperity Minerals, which rose 29% in value in 2010.



the independent strategic advisor to the building materials, construction and support services sectors

Happy New Year
from
Tony Williams and Directors

Head Office: Suite 206 Empire Square West, Empire Square, London SE1 4NL, ENGLAND

Telephone: +44 (0) 207 357 8887 Mobile: +44 (0) 7810 883 145

Email: awilliams@buildingvaluelt.com Website: www.buildingvaluelt.com

and in Scandinavia:

18 Gammeltäppsvägen, 792 90 Sollerön, SWEDEN

Telephone: +46 (0) 250 21105 Mobile: +46 (0) 70 2998367

Email: awilliams@buildingvalueltd.com Website: www.buildingvalueltd.com