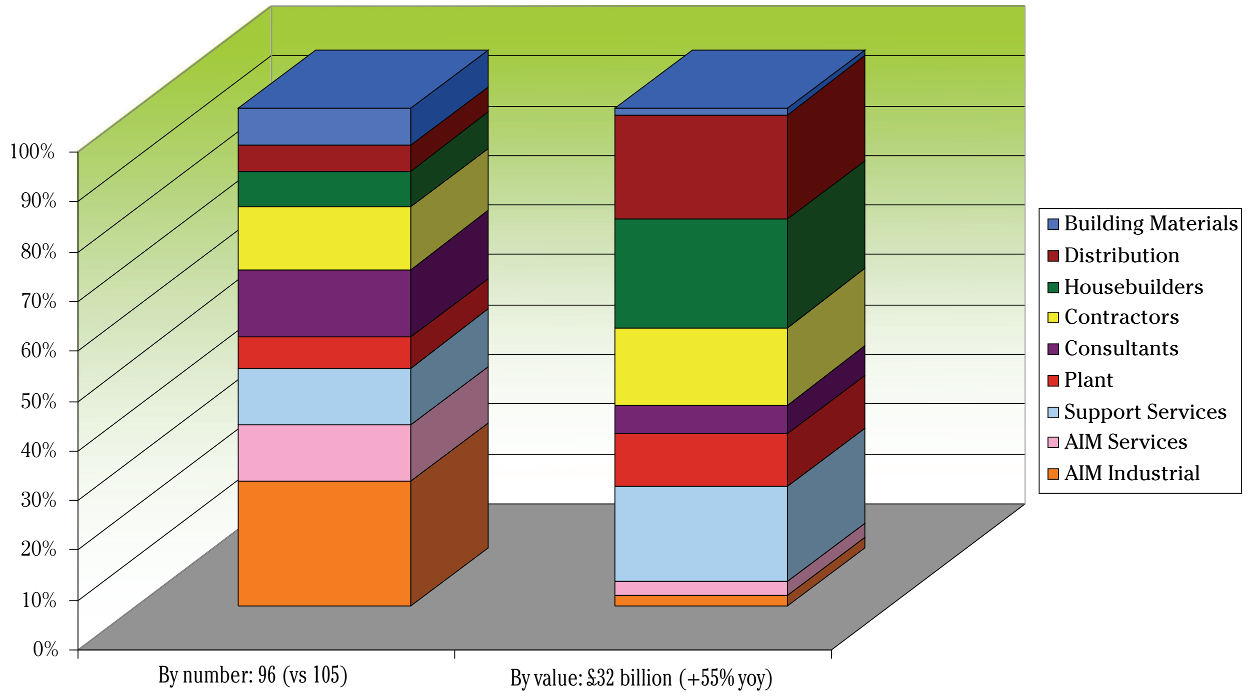
Building Value's UK Construction & Building Sector in 2010



A unique snapshot of the composition and value of the UK construction and building industry is shown here, including consultants, contractors, distributors, housebuilders, makers of materials and service providers. Without it, you would have to delve into no less than four individual sector classifications (as determined by the Financial Times and Institute of Actuaries); none of which is wholly representative.

The Building Value UK Construction & Building Index comprises 96 stocks (down from 105) and at the close of 2009 was worth £32 billion – which marks a very impressive rise of 55% year-on-year from a re-stated £20.7 billion at the end of 2008 (a number which was 48% lower *yoy*). This means that the entire industry is now worth about the same as Tesco.

This performance also leaves all others, bar the FTSE 250 Index (+51% *yoy*), in its wake including the FTSE 100 (+22%) and All Share Index (+25%). The Real Estate Sector was also way back at +10% in 2009 (note, too, that it has now been split in two between REITs and Investment/Services; but, we believe, this is a sensible move).

A quick look at the charts will also tell you that, by sub-sector, Distributors (5% by number) and Housebuilders (7%) take disproportionate shares of value, with each accounting for more than a fifth. Consultants, however, go the other way with 14% by number but only 6% of the value. Similarly, AIM Industrial stocks are the most numerous with 25% by number – but only 2% of the value.

12 companies (13% 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 five worth over £1 billion and they took just 40% of the net worth. This shows you two things: size really does matter; and there has been some money made in the last 12 months. Meantime, 58% of companies are worth less than £100 million and they account for just 6% of the value; while 25% of constituents are in the £100-499 million bracket and are worth one fifth of £32 billion.

Fallers-by-the-way-side numbered nine in 2009 due to a mix of administration and de-listing including Ennstone, Heywood Williams, Oakdene and Smallbone. There was one bid, too, by Raven Russia for Raven Mount worth £57 million (all paper) in a tidying up move.

Turning to the best and worst, Galiform wins first prize with a 385% rise in its share price; it owns Howdens Joinery and is a leading supplier of kitchens and joinery to trade customers. At the other end, WYG (*aka* White Young Green) takes home the wooden spoon with a share price collapse of 89% in calendar 2009. WYG is a multi-disciplined consultant working in the UK and internationally.

The Building Value Index excludes 16 non-UK domiciled groups (2008: 18) which have a London Stock Exchange listing and a total value of £41 billion – which is up 42% in 2008 (against a re-stated £28.8 billion); so they, too, had a good year. The two largest here are: Saint Gobain (€19.5bn and up 52%); and CRH (€13.3bn up 38%). Two Chinese cement companies listed on AIM (Prosperity Minerals and West China) also enjoyed an excellent year with gains of several hundred percentage points. Their combined market capitalisation is £430 million.

BUILDING VALUE

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

Happy New Year

from

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