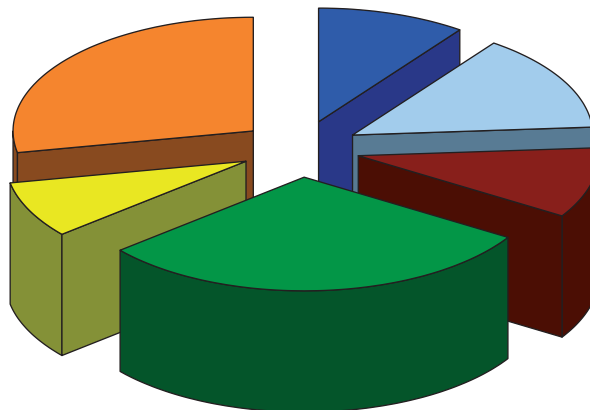
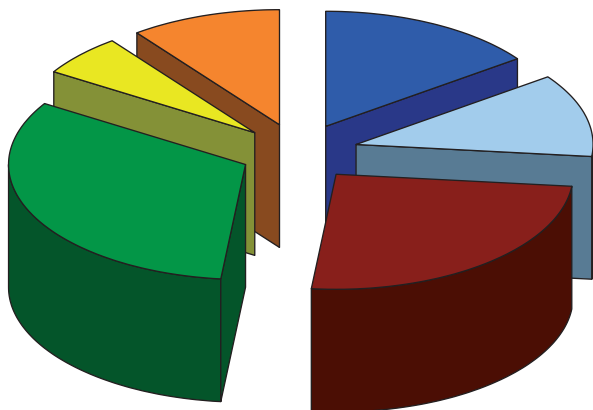


Structure of UK Construction & Building Materials Sector in 2005

By value: £34.8 billion (+19% yoy)

By number of companies: 50 (vs 55)



- | | |
|----------------------------|----------------------------|
| ■ Heavy building materials | ■ Light building materials |
| ■ Distribution | ■ Housebuilders |
| ■ Contractor/Housebuilders | ■ Contractors |

Total market capitalisation of UK Construction & Building Materials Sector is £34.8 billion, which places it between HBOS plc and Barclays plc. Sector increased in value by 19% in 2004, on a like for like basis (i.e. it lost five constituents due to takeovers and reclassification). Only seven stocks fell, including Ultraframe's -74%, while SIG was the best performer with +80%

FTSE All Share Index rose 9% in the year with Property up 40% and Support Services down 2%

The largest takeover was RMC (£2.3 billion to Cemex). Novar and Johnston Group went the same way (average premium for all three was 33%). Meanwhile, AMEC transferred to Support Services and James Latham to AIM. All this activity accounted for £4.2 billion of Sector value. In addition, Berkeley Group gave £5 per share back to its shareholders and Bellway made a modest preference issue

12 companies (24% of constituents) have a market capitalisation in excess of £1 billion and together account for 73% of Sector value; this compares with 13 companies and 70% of value in 2003 but only five and 37% in 2002

15 companies are valued at less than £100 million each and represent 2% of Sector value; last time it was 20 companies worth 3%

By activity, housebuilders are the most numerous with 15 (30% of constituents) and 32% of the value. At the end of 2003 these figures were 15 (27%) and 30%. Note, too, that Countryside Properties is facing two potential bids (one from its management)

Contractors are next with 14 companies - down from 16 - but only 10% of the value (2003 = 11%)

Distribution and Heavy Building Materials have an identical number of constituents: (five or 10%), although Distribution now leads, by some margin, in terms of its share of value: 25% against the latter's 15%

Distribution and Heavy Building Materials companies remain the most prized; and, generally, it is the larger individual stocks, by market capitalisation, which attract a higher valuation

Notes:

- (i) *Sector is the FTSE Actuaries Share Index for Construction & Building Materials, priced at 31 December 2004*
- (ii) *With 50 constituents, it is the World's most populous with a range in values from distributor, Wolseley (£5.7 billion), to air conditioning manufacturer, Dunham-Bush Europe (£1.3 million)*
- (iii) *Excluded are six non-UK registered companies which have a London Stock Exchange listing and a total value of £22.8 billion (+21% yoy on a like for like basis). The first four are Irish plus one each from France and Japan: CRH (£7.4bn); Grafton (£1.2bn); Kingspan (£839m); and McInerney (£150m); plus Compagnie de Saint Gobain (£10.8bn); and Kajima Corp. (£2.4bn). In the year, Barlo and Heiton were taken over, while Abbey moved to AIM (all three are Irish)*



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

A Happy New Year
from
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