

# Monthly newsletter



## November 2003

### This issue

Equities strategy – How will higher rates impact the equity market?	1
Hybrid securities – The impact of rate rises	2
Finding the best growth stocks	3
\$A & Commodity forecasts raised	4
St George Bank	6
John Fairfax Holdings	6
Best November Small cap ideas	7

Stock prices are as at 7 November 2003.

### Equities Strategy

#### How will higher rates impact the equity market?

We have assessed the implications of the rise in the official interest rate by the Reserve Bank at the start of November.

Rate rises have three effects:

1. They affect the earnings of some companies directly;
2. They change the growth outlook for some stocks; and
3. They influence sentiment towards some sectors.

Consumer stocks will be the hardest hit initially (Woolworths, Coles Myer, Wesfarmers, Coca-Cola, Telcel, Lion Nathan, Southcorp, Foster's). This makes sense since consumption will be hurt by rate rises. Note, however, that in the past the initial selling of these stocks was overdone.

Banks will be hurt because investors will worry about the implications for a slowdown in credit growth. Typically, banks will underperform at the initial stages of a rising interest rate cycle, but not all the way through it. Usually the most damage is done with the first couple of rate rises.

Higher bond yields will also be negative for other sectors such as infrastructure. Rate rises will hurt the sector as they will ultimately translate into higher 10 year bond rates which lift the discount rates used to value the assets, leading to lower valuations. Our current valuations for the sector have been based on a 5.75% bond rate, thus with 10 year bonds at similar rates there is no need to change our current valuations. However further rate rises will reduce our valuations in the order of 2~4%.

There will be some upward pressure on the \$A, which we have already incorporated into our forecasts. We expect a spike to 73c over the next few months.

Insurance is one sector that benefits due to higher rates of return on cash reserves. Viewed in isolation, the impact of the rate rise on the general insurers is relatively simple (positive) but complicated with respect to life insurers (mixed).

There is no material impact on resources (which is not a surprise since they are more sensitive to global rather than domestic monetary conditions).

More generally, growth stocks appear to pick-up a gear around the time that rates start rising. This is because most cyclical stocks have tended to have made their biggest gains by this stage of the recovery, so investors have started to look further a field. (*continued pg. 2*)

## Using previous rate hikes as a guide

Growth stocks big gainers following previous rate rises.

As a guide, we looked at the last three times that the Reserve Bank started raising rates: 17 August 1994, 3 November 1999 and 8 May 2002. We calculated the relative return of all stocks for the *three* months after that date.

Biggest gainers on a three month view were some growth stocks: Telecom NZ, Tabcorp, Aristocrat plus some others Woodside, Newcrest, Gunns, CSR, Publishing & Broadcasting.

Biggest losers were some interest rate sensitive stocks (AMP, Macquarie Bank, Macquarie Infrastructure Group), transport stocks (Brambles, Qantas) and some others (Lihir Gold, Sigma, ResMed, Smorgon Steel, Oilsearch).

Trading opportunities could be found in domestic focused companies.

From a trading point perspective, there are some stocks that suffer a temporary setback then recover. These tend to be some of the domestically-focused companies (Coca-Cola Amatil, Woolworths, Coles Myer, Wesfarmers, Lion Nathan and stocks that used to be more cyclical such as Mayne Group, Southcorp).

Banks also suffer initially and recover but the effect is not as dramatic and the overall effect after three months is neutral. Over these past episodes National Australia Bank has done worst (down 1.6% on average over three months) while ANZ has done best (+3%).

Banks suffer initially but can recover.

The effect will probably be more significant this time because investors will be greatly concerned about the impact on credit growth (even though history suggests that the effect will be small).

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## Hybrid Securities – What impact does the rate rise have?

Wednesday's cash rate rise had a negative effect on fixed rate hybrids: valuations have declined as discount rates rise, and price weakness has emerged to allow for contracting margin.

Floating rate instruments, such as income securities, benefit from rising interest rates. The periodic reset of the distribution rate means the security's yield adjusts upwards in line with higher rates at each reset date (usually every 90 or 180 days).

Fixed rate hybrids, particularly quality rated securities that are trading at a tight margin to the underlying rate on which they are set (e.g. swap rate), are usually the hardest hit by rising rates. Hybrids such as Westpac Reset Convertible Securities (WBKPA) and IAG Reset Convertible Preference (IAGPA) have a correlation with three year bond futures, of approximately 80% (i.e. they are bond proxies).

Fixed rate hybrid securities at the middle and lower end of the credit rating spectrum are more resilient in a rising rate environment. A wide margin to swap (i.e. a higher yield) absorbs some increase in the discount rate, preventing large negative price adjustments. The same resilience to rising rates is also evident in hybrids with a high level of exposure to an underlying ordinary equity security.

Coupons payable on floating rate hybrids are reset at a margin over the prevailing 90/180 day bank bill rate, i.e., investors have a short interest rate exposure. As interest rates rise floating rate notes pay a higher coupon.

### Action and recommendation

We suggest moving to an overweight position in floating rate hybrids – NABHA and ANZPA at the quality end of the credit spectrum, and Powers Trust Preferred Units and Southern Cross Fliers at the middle.

Exposure to fixed rate hybrids, particularly low margin bond proxies such as WBKPA and IAGPA, should be lightened.

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## Finding the best growth stocks

Will 2004 be the year of the growth stock? In short, the answer is yes, with the triggers for a rotation out of resources being a peak in the US 10 year bond yield.

2004 looks set to be the year of the growth stock...

While we are probably around six months away from shifting out of these global cyclical style stocks, it's worthwhile putting together a list of the best growth stocks in readiness for the switch. In the meantime, relative valuations of growth stocks remain very attractive.

The screens we have used are:

- recent return on equity and whether it was expected to improve;
- high expected earnings-per-share growth over the next few years;
- stronger sales accounting for the majority of this earnings growth; and
- a price for growth valuation test.

...but we expect another six months performance from global cyclicals.

Preferred growth stocks based on our chosen screens are Corporate Express, Perpetual Trustees, Patrick Corporation, Rural Press, Sonic Healthcare, Woolworths, and Westfield Holdings.

Relaxing the hurdle on sales growth relative to earnings growth adds ASX, BHP, Coles Myer, CSL, James Hardie and RIO to the list.

## Individual stock comments

**Corporate Express** – Catalysts include delivery of 2004 profit guidance confirming elimination of cost over-runs; further strength in white collar employment. Risks include cost over-runs not being fully eliminated as claimed.

Preferred growth stocks include:

- Corporate Express
- Perpetual Trustees
- Patrick Corporation
- Rural Press
- Sonic Healthcare
- Woolworths
- Westfield Holdings.

**Perpetual Trustees** - Natural funds under management growth, equity market gains plus net inflows; ungeared balance sheet presents opportunity to acquire. Key risks are margin compression which is a long term story. Perpetual Trustees' retail margins have been sustained recently, while strong performance has limited pressure on fees.

**Patrick Corporation** - Virgin Blue - strong earnings and successful float; Pacific National - high level of earnings certainty (cost savings) & infrastructure spend on NSW rail track; Automated straddles (reducing variable costs); Stable duopoly in container stevedoring.

**Rural Press** - Highly regarded management for its steady, consistent approach. Diversification of revenues both geographically and by sector. Well positioned to be an industry consolidator. Does not face a specific competitive threat.

**Sonic Healthcare** - Key catalyst for outperformance is the UK business. In particular the awarding of pathology contracts from the UK National Health Service to Sonic. Underpinning this, the Australian business is a very reliable cash cow which provides stability to exporting the centralised pathology lab model to offshore markets.

**Woolworths** - Widening competitive advantage through further cost reductions, facilitating market share growth. Cost reductions also driving margin improvements. Strong cashflow and earnings growth, enabling acquisitions or capital returns. Key risks are competitive reaction from Coles Myer (such as aggressive discounting) and slowing growth in overall grocery market.

**Westfield Holdings** - Catalysts include selling UK assets into a separate fund and off balance sheet; replacement deals in the US for failed Taubman acquisition. Risks - Significant delay in timeframe for the above; a downturn in retail (appears unlikely).

## \$A & Commodity forecasts raised

\$A forecasts raised to peak at \$0.73 in March 2004...

We have raised our A\$/US\$ forecasts by US2–6¢ for the next year. The forecasts are now (previous forecasts in parenthesis) US\$0.71 (0.68) at end December 2003, US\$0.73 (0.67) at end March 2004, US\$72 (0.67) at end June 2004, US\$0.70 (0.68) at end September 2004.

...then return to long run average of \$0.68.

Forecasts after this are unchanged at US\$0.68, which is our estimate of the currency's long term or "fair value". The A\$ is now expected to average US\$0.7075 in the 2004 calendar year compared with US\$0.675 previously - a 4.8% rise.

Forecasts for commodity prices have also been raised substantially. We have increased our 2004 forecasts for the prices of aluminium, copper, nickel, zinc, lead and gold. We have also raised forecasts for iron ore and coal prices.

### Financial markets outlook

	7-Nov	Dec-03	Mar-04	Jun-04	Sep-04
S&P/ASX200	3248	3400	3450	3500	3550
Aust. Cash Rate	5.00	5.00	5.25	5.25	5.25
Aust. 10Yr Bond	5.93	6.00	6.00	6.25	6.50
\$A/\$US	0.71	0.71	0.73	0.72	0.70
S&P500 (US)	1053	1050	1075	1100	1125
US Fed Funds	1.00	1.00	1.00	1.25	1.75
US 10Yr Bond	4.45	5.00	5.00	5.25	5.50

In the past, the A\$ weakened once the Reserve Bank of Australia was done with raising rates. That's a key reason why we expect the A\$ to start heading back towards our long term estimate of US\$0.68 by the end of 2004.

### Winners and losers from a stronger A\$

Winners are those benefiting from lower cost imported goods.

Winners are companies benefiting from a lower cost of imported goods (Coles Myer, John Fairfax, Harvey Norman, Insurance Australia Group, Qantas).

Losers are manufacturers, especially where product demand is less than upbeat (Paperlinx, Southcorp). Strong demand for steel provides an offset for BHP Steel, while a high degree of product specialisation and focus on the domestic market gives OneSteel a high degree of insulation.

Manufacturers can be impacted.

Resources companies are benefiting from higher commodity prices and stronger sales volumes thanks to a booming Chinese economy and recovering economic growth in the Western world. This is more than offsetting the impact of the stronger Australian dollar. The currency appreciation would need to noticeably overshoot gains in commodity prices before it became a negative for stocks like BHP Billiton, Rio Tinto and WMC Resources.

### Stock sensitivity to a rising \$A

The channels through which a rising \$A impacts stocks are:

Higher commodity prices offset currency impact for resource stocks.

**Demand improvement:** In the past, a rising \$A has been associated with strong global and domestic economic growth and buoyant demand for commodities. We expect very strong global growth in 2004. That's certainly the message from the OECD leading indicator and China's continuing boom. Moreover, any Reserve Bank interest rate hike would be a response to stronger economic growth.

**Resources companies** will benefit from rising commodity prices and volumes, which will more than offset the impact of the stronger currency. This is quite different to the period in April/May when significant earnings downgrades were triggered by the Australian dollar taking off at a time when global growth prospects remained bleak. (*continued pg. 5*)

## \$A & Commodity forecasts raised (continued)

In the past, a rising Australian dollar has generally been associated with resources stocks outperforming. Of course, if the currency appreciation significantly exceeded commodity price increases this would be a potential drag on resource company earnings. We don't expect this.

Higher \$A will impact overseas asset valuations.

**Translation effect:** Companies with foreign currency revenues not largely offset by foreign currency costs will see their earnings decline as the \$A appreciates, in the absence of offsetting volume gains. Apart from the resource companies (Lihir Gold, WMC Resources, Woodside, BHP Billiton, Alumina, Rio Tinto), others with substantial foreign currency earnings include Cochlear, ResMed, NewsCorp, Ansell, Lend Lease, QBE, Brambles, James Hardie, Billabong, CSL, Southcorp, CSR, Westfield Holdings, AXA, Aristocrat. In the case of BHP and RIO, while most of their costs are in \$A they both report in \$US, which means a much lower earnings sensitivity to a rising currency compared with Alumina and WMC Resources.

**Valuation effects on assets:** Listed vehicles that hold offshore assets - Macquarie Airports (35% of portfolio offshore), Macquarie Infrastructure Group (70%), Lend Lease US Office Trust, Westfield America (both 100%) and Macquarie Countrywide (10%) suffer from a sharply higher currency in terms of asset values, and not necessarily distributions. In the case of Macquarie Infrastructure Group, it's sensitive to the Australian dollar's exchange rate versus the Canadian dollar and British pound, reflecting the location of key assets. Our forecasts have the Australian dollar relatively stable against both these currencies over the next six months.

**Cost reductions:** Companies, which import either finished goods or raw materials, will benefit (at least potentially) from lower costs - Coles Myer, John Fairfax, Harvey Norman, Qantas. Other companies to benefit from lower prices of imported goods include Insurance Australia Group via a fall in the cost of motor vehicle repairs. The strengthening currency is boosting profit margins for these companies. While import prices of goods over the docks have fallen by almost 8% over the past year, retail prices of goods are 2% higher.

**Competitiveness effects:** A sustained rise in the \$A will place companies with global competitors at a disadvantage:

Companies with global competitors will be at a disadvantage...

...including wine companies and manufacturers competing with imports.

- Wine companies had earlier enjoyed a significant cost advantage over international competitors while the \$A was historically weak. A rapidly rising \$A is quickly denting this cost advantage. Southcorp is more affected than Foster's Group (most of its production occurs in the US). Other agriculture producers to be hurt by a stronger A\$ include AWB and Futuris.
- Resource companies will also be less internationally competitive, although a significant offset comes from lower costs of capital good imports such as machinery and transport equipment.
- Manufacturing companies that export or compete with imports are vulnerable. This includes paper (Paperlinx), steel (BHP Steel) and auto supplies (ARB Corp, GUD, ION, Pacifica). An almost exclusive focus on the domestic market and high degree of product specialisation provides OneSteel with a degree of insulation from imports.
- Tourism companies will be affected as Australia becomes a less attractive place to visit and overseas holidays become cheaper. Reduced high roller gambling business could affect Publishing & Broadcasting, while fewer tourists would hurt the leisure property trusts (Grand Hotel Group, Macquarie Leisure).
- Medical device companies Cochlear and CSL are sensitive to a stronger \$A, although they're partly protected by operating in markets where competition is mostly via product differentiation than price. ResMed is more complicated as it reports in \$US and has plants in Germany and Australia. A rising \$A increases ResMed's costs, but a rising Euro outweighs this affect. CSL is most sensitive to the Swiss franc versus the US dollar.

## Large caps in focus

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**ASX Code:**

SGB

**Share Price:**

\$19.63

**Short term:**

Market perform

**Long term:**

Outperform

**Volatility index:**Low

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### St George Bank

St George Bank reported a full year headline profit of \$606m, up 20% on the previous year. The main surprise was the 50c final dividend (vs. 48c forecast).

**Impact**

*Great result.* This was a clean result at the top of the consensus range. With the possible exception of Wealth Management division, which is of limited significance, St George goes onto the 2004 year with all of the key businesses firing.

*Overshadowed by rate rises.* With 71% of the balance sheet invested in domestic mortgages, and 44% of the business book in Property-related activities, SGB is the "easy sell story" in the sector. However, a controlled slowdown in housing credit is unlikely to be a major negative for earnings growth in 2004.

*Double digit growth into 2005.* CEO Gail Kelly, with evident confidence, guided the market to expect 10–11% earnings per share growth in 2004. The group still believes it can deliver double digit earnings per share growth in 2005, predicated on a slowing but not collapsing housing market. St George Bank's growth prospects continue to make it a standout in the sector.

**Action and recommendation**

St George Bank has outperformed an underperforming bank sector recently. Its sustained premium to the sector has been justified by its superior earnings growth profile and dividend returns.

Short term, we expect the stock's performance may be impacted by speculation that National Australia Bank may sell its holding. Longer term, we see St George Bank as a key strategic asset, and as having a differentiated growth profile to the other banks over the next two years. We retain a short term Market perform, long-term Outperform.

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**ASX Code:**

FXJ

**Share Price:**

\$3.64

**Short term:**

Market perform

**Long term:**

Underperform

**Volatility index:**Low/medium

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### John Fairfax Holdings

John Fairfax has given guidance that operating earnings for the first half would be at least in line with consensus of \$170m.

However, while the trend in Australian revenue growth is improving from flat in July and August to +4% at present, it is tracking lower than our expectations. We were expecting that the 15% growth in advertising experienced by TV-based companies, would be flowing through to John Fairfax's display revenues at a similar rate. We estimate that display is growing at only half that rate, with classified advertising still flat.

The NZ business is tracking ahead of our expectations, although after adjusting for currency changes, the translated earnings are unchanged.

We have made a small 1.5% downgrade to our 2004 Australian operating earnings forecast from \$248m to \$244m. Perhaps more importantly, to reach even this downgraded figure, advertising revenue growth must double in the second half from the current 4%, leaving little room for disappointment.

We maintain our recommendations of short term market perform and long term underperform, with our valuation unchanged at \$3.40.

## Emerging Leaders – Best Ideas for November

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**ASX Code:**

PRG

**Share Price:**

\$2.52

**Short term:**

Outperform

**Long term:**

Outperform

**Volatility index:**Medium

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### Programmed Maintenance

Programmed Maintenance is a specialty commercial painting business. It is the market leader in the long-term painting maintenance market in Australia and New Zealand. Since 1993, the company has expanded into a range of complementary maintenance businesses including grounds maintenance, engineering and industrial services.

Programmed Maintenance is currently trading at a 15–25% discount to our valuation range of \$2.70–2.90. Its interim result is due later in November and we expect a strong result to be reported, which may lead to upgrades to 2004 profit forecasts.

Programmed Maintenance has performed soundly since listing and should be able to sustain 10–15% earnings growth over the medium term. Its 'program' offering is relatively unique and there are opportunities for growth in offshore markets.

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**ASX Code:**

HWE

**Share Price:**

\$1.15

**Short term:**

Outperform

**Long term:**

Outperform

**Volatility index:**High

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### Henry Walker Eltin

Henry Walker Eltin's core business is the provision of contract mining, civil engineering, environmental management and transport services in Australia, Indonesia, Chile and Thailand. The company was formed in May 1999 following the merger of Henry Walker with Eltin Limited.

Henry Walker Eltin has a new management team in place which is focused on improving shareholder returns and the balance sheet. The potential exists for strong share price performance given the low multiples and discount to the net tangible asset value.

Buoyant conditions in the contract mining sector are continuing, with plenty of opportunities in both mining and civil contracts. Capital expenditure levels should reduce this year and asset sales are on track with total proceeds likely to be over \$40m.

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**ASX Code:**

CRG

**Share Price:**

\$9.07

**Short term:**

Underperform

**Long term:**

Market perform

**Volatility index:**Medium

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### Crane Group

The Crane Group is a manufacturer and distributor of non-ferrous metals and plumbing supplies. The company's metal manufacturing includes copper tubes, copper alloy rod and bar extrusions, and aluminum extrusions.

At its recent Annual General Meeting, Crane issued a profit warning citing three issues:

1. Slower than predicted rebound in the Mico, Austral and Conex businesses;
2. IT issues in the distribution business; and
3. Higher interest charges from the Milnes acquisition.

In addition, the 2004 result will now be skewed to the second half. Our expected flat to lower outlook for the housing cycle combined with this announcement is likely to make the new management's task even harder. Crane Group is trading above our fair value of \$8.70. We maintain our Underperform recommendation.

#### Recommendation Definition

'Outperform' - return > 5% in excess of sector return

'Market perform' - return within 5% of sector return

'Underperform' - return > 5% below sector return

short term: 3 - 12 months

long term: 12 months - 2 years

#### Volatility Index Definition

This factor has been calculated from the volatility of historic price movements.

**Very high** - Highest Risk: Stock should be expected to move up or down 60 - 100% in a year. Investors should be aware this stock is highly speculative.

**High** - Stock should be expected to move up or down at least 40 - 60% in a year. Investors should be aware this stock could be speculative.

**Medium** - Stock should be expected to move up or down at least 30 - 40% in a year.

**Low/Medium** - Stock should be expected to move up or down at least 25 - 30% in a year.

**Low** - Stock should be expected to move up or down at least 15 - 25% in a year.

**If you have any queries regarding this Research information or with any aspect of your ARF account please call the Australian Retirement Fund on 1300 300 273.**

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The Macquarie Group acted as arranger of and participant in a consortium to acquire AXA Health Insurance from AXA Asia Pacific Holdings Limited announced 5.06.02 and provided advice to AXA Asia Pacific Holdings Limited on the sale. The Macquarie Group acted as Co-Manager in connection with the BHP Steel de-merger and associated public offering, announced 13.05.02. The Macquarie Group acted as adviser to Brambles Industries Limited in connection with its dual listed companies merger with Brambles Industries plc (formerly the Support Services Activities of GKN plc), now listed on the London Stock Exchange. The Macquarie Group advised CML in relation to its takeover offer for Australian Liquor Group Limited, announced 27 April 2001. The Macquarie Group acted as broker to CXP for the on market buyback announced 21.05.02. The Macquarie Group acted as broker to the acquisition by AWB of ordinary shares in FCL announced on 14.02.03. The Macquarie Group is acting as lead manager and underwriter to the public offer by Fosters Group Limited in the Australian Leisure and Hospitality Group Limited announced 12 August 2003. Macquarie Infrastructure Investment Management Limited, in its capacity as responsible entity of Macquarie Infrastructure Trusts I and II, and Macquarie European Infrastructure plc, each a related body corporate of Macquarie Equities (Australia) Limited & Macquarie Equities Limited, were the issuers of stapled securities in Macquarie Infrastructure Group (MIG), received fees for acting in this capacity and hold stapled securities. The Macquarie Group acted as joint underwriter to the entitlement offer of stapled securities in MIG announced 20.03.02 acted as underwriter to the public offering of stapled securities in MIG announced 7.09.01 and acted as placement agent to the placement of units in MIG on 04.04.01. The Macquarie Group acted as Joint Global Co-ordinator and Joint Bookrunner of the public offering of securities in Promina Group Limited, announced 31 March 2003. The Macquarie Group is acting as financial adviser to QAN in relation to its strategic alliance with and equity investment in AIZ announced 25.11.02 and acted as joint lead manager to and joint underwriter of a portion of a non-renounceable entitlement offer of shares in QAN, announced 21.08.02. The Macquarie Group acted as Co-Manager to the offer of convertible notes by RMD announced 12.06.01. The Macquarie Group advised BWA in relation to its preliminary discussions with SGB announced 26.06.01. The Macquarie Group acted as adviser to the acquisition by AWB of the Landmark business from Wesfarmers Limited announced 29.08.03. The Macquarie Group advised IAMA Limited in relation to the merger proposal from and takeover bid by WES announced 28.11.00.

# Earnings & Valuations

## Industrials & Resources exc. Real Estate

Prices as at 19/11/03



MACQUARIE

ASX Code	Company Name	Short Term Recommendation	Long Term Recommendation	Price (\$)	MktCap(\$m)	EPS(c)			PER(x)			DPS(c)			Div Yield (%)			Franking Level (%)			
						2003E	2004E	2005E	2003E	2004E	2005E	2003E	2004E	2005E	2003E	2004E	2005E	2003E	2004E	2005E	
<b>Energy</b>																					
ORG	Origin Energy Ltd	Market Perform	Outperform	4.05	2,644.39	27.07	30.24	33.32	14.96	14.48	13.15	10	11.29	12.69	2.47	2.58	2.9	40	0	15	
STO	Santos	Outperform	Outperform	6.22	3,628.25	50.02	39.45	53.97	12.43	15.77	11.52	30	30	30	4.82	4.82	4.82	100	100	100	
WOR	Worley Group Ltd	Outperform	Market Perform	2.04	295	20.17	21.59	22.22	10.11	14.64	14.22	5	10	10	2.45	3.16	3.16	100	100	100	
WPL	Woodside Petroleum	Market Perform	Market Perform	13.65	9,100.46	82.04	69.78	69.28	16.64	19.56	19.7	50	41	37	3.66	3	2.71	100	100	100	
					<b>15,668.09</b>	<b>n/c</b>	<b>n/c</b>	<b>n/c</b>	<b>14.99</b>	<b>17.36</b>	<b>15.63</b>	<b>n/c</b>	<b>n/c</b>	<b>n/c</b>	<b>3.71</b>	<b>3.34</b>	<b>3.23</b>	<b>93</b>	<b>86</b>	<b>86</b>	
<b>Materials</b>																					
ABC	Adelaide Brighton	Outperform	Market Perform	1.25	676.73	12.37	14.69	16.7	10.1	8.51	7.49	5.5	6.5	7	4.4	5.2	5.6	70	100	100	
AMC	Amcor	Outperform	Market Perform	8.12	6,912.17	61.52	66.43	76.29	13.2	12.24	10.66	30	32	33	3.69	3.94	4.06	45	40	30	
AUO	Austral Coal	Outperform	Outperform	0.66	108.7	6.07	13.28	19.89	10.88	4.97	3.32	0	2	6	0	3.03	9.09	0	0	0	
AWC	Alumina Limited	Market Perform	Outperform	5.59	6,311.43	23.82	36.85	43.35	23.47	15.17	12.9	21.13	26.46	20.89	3.78	4.73	3.74	100	100	100	
BHP*	BHP Billiton	Outperform	Outperform	8.64	53,076.88	54.07	59.89	78.13	15.98	18.49	14.17	24.82	23.42	27.01	2.87	2.12	2.44	100	100	100	
BLD	Boral Limited	Market Perform	Outperform	5.06	2,994.83	51.48	58.62	57.36	9.83	8.7	8.89	23	25	27	4.55	4.9	5.29	88	100	100	
BSL	BlueScope Steel	Outperform	Market Perform	3.72	2,940.97	63.77	48.63	47.63	5.83	10.12	10.33	29	26	28	7.8	5.28	5.69	100	100	100	
CAH*	Carter Holt Harvey	Market Perform	Market Perform	1.88	2,848.97	13.33	13.01	16.3	14.1	14.45	11.53	6	6	7.22	3.19	3.19	3.84	0	0	0	
CBH	Consolidated Broken Hill Ltd	Market Perform	Outperform			2.49	6.98		5.81	2.08				0	0	0	0	0	0	0	
CEY	Centennial Coal	Market Perform	Outperform	2.18	329.62	26.35	28.43	31.38	8.27	8.72	7.9	10	12	12	4.59	4.84	4.84	0	50	100	
CNA	Coal & Allied	Market Perform	Market Perform	22	1,904.86	-23.35	-9.49	47.11	n/c	n/c	46.7	0	0	23	0	1.05	0	0	0	100	
CRS	Croesus Mining	Market Perform	Market Perform	0.46	146.93	3.51	3.34	3.37	13.09	22.19	21.96	1.5	0	0	3.26	0	0	100	0	0	
CSR	CSR	Market Perform	Market Perform	1.6	1,500.32	18.48	15.94	16.99	8.66	11.67	10.95	11	11	11	6.88	5.91	5.91	70	70	100	
EQI	Equigold	Market Perform	Outperform	0.99	140.02	8.75	11.85	11.98	11.31	13.17	13.02	5	6	6	5.05	3.85	3.85	100	100	100	
FBU*	Fletcher Building	Outperform	Outperform	3.2	1,199.87	39.95	39.84	39.49	8.01	10.37	10.46	19	22.5	21	5.94	5.45	5.08	100	100	100	
FFS*	Fletcher Forests	Outperform	Market Perform	1	558.46	5.74	5.04	5.29	17.47	25.97	24.76	0	0	4.5	0	3.44	0	0	0	0	
GRD	GRD Ltd	Market Perform	Market Perform	1.82	392.68	6.39	8.26	8.17	28.48	22.05	22.28	3	3	3	1.65	1.65	1.65	0	0	0	
GTP	Great Southern Plantations	Outperform	Market Perform	0.95	190.82	20.63	24.73	21.82	4.6	5.94	6.74	7	7	7	7.37	4.76	4.76	100	100	100	
IGO	Independence Gold NL	Market Perform	Market Perform	0.36	39.1	1.24	11.82	19.24	29.12	8.54	5.25	0	0	0	0	0	0	0	0	0	
ILU	Iluka Resources	Market Perform	Outperform	4.26	991.79	35.9	36.96	44.6	11.86	11.53	9.55	22	22	22.5	5.16	5.16	5.28	91	50	100	
IPL	Incitec Pivot Limited	Market Perform	Market Perform	15.66	912.68	65.54	132.36	137.83	23.89	11.87	11.4	0	80.76	84.59	0	5.14	5.38	0	45	65	
JBM	Jubilee Mines	Outperform	Outperform	2.04	255.26	38.71	51.05	71.49	5.27	8.11	5.79	28	32.5	43	13.73	7.85	10.39	47	60	100	
JHX	James Hardie Industries	Outperform	Outperform	5.93	2,694.11	33.51	41.55	50.78	17.69	17.69	14.47	8.97	7.35	7.16	1.51	1	0.97	0	0	0	
KCN	Kingsgate Consolidated Ltd	Outperform	Outperform	2.94	215.17	64.66	36.21	44.32	4.55	11.6	9.48	25	18	20	8.5	4.29	4.76	0	0	0	
KZL	Kagara Zinc Ltd	Market Perform	Market Perform			4.9	19.14		22.05	5.64				0	0	0	0	0	0	0	
LHG*	Lihir Gold	Underperform	Market Perform	1.62	1,878.93	0.81	5.55	9.68	200.74	29.21	16.73	2	2	2	1.23	1.23	1.23	0	0	0	
MCC	Macarthur Coal	Market Perform	Market Perform	0.95	124	8.35	8.52	18.55	11.38	13.14	6.04	4.2	4.5	6	4.42	4.02	5.36	100	100	100	
MCR	Mincor Resources NL	Outperform	Market Perform	0.34	69.39	4.48	10.82	18.98	7.64	7.02	4	1.32	2	5	3.85	2.63	6.58	100	100	100	
MPM	MPI Mines Limited	Market Perform	Outperform	1.51	169.73	8.08	27.32	33.26	18.68	5.53	4.54	0	0	0	0	0	0	0	0	0	
NCM	Newcrest	Market Perform	Outperform	7.65	2,496.04	20.05	31.97	68.55	38.15	39.6	18.47	5	5	5	0.65	0.39	0.39	100	100	100	
NUF	Nufarm	Outperform	Market Perform	4.39	691.71	49.73	53.74	59.46	8.83	9.02	8.16	20	22	24	4.56	4.54	4.95	100	100	100	
ORI	Orica	Outperform	Outperform	12	3,339.84	105.93	125.95	134.2	11.33	10.32	9.69	52	56	58	4.33	4.31	4.46	21	19	19	
OST	OneSteel	Outperform	Outperform	1.92	1,046.19	20.99	20.62	22.83	9.15	8.88	8.02	11	11	13	5.73	6.01	7.1	100	100	100	
OXR	Oxiana	Market Perform	Market Perform	1.11	1,012.84	3.56	2.48	5.57	31.17	44.82	19.94	0	0	0	0	0	0	0	0	0	
PEM	Perilya Ltd	Outperform	Outperform			12.91	29.44		8.44	3.7				0	0	0	0	0	0	0	
PMM	Portman	Market Perform	Underperform	1.54	269.74	9.14	13.43	12.58	16.85	11.47	12.24	7	7	7	4.55	4.55	4.55	71	100	100	
PPX	Paperlink Ltd	Market Perform	Market Perform	4.58	1,649.26	41.02	39.66	50.78	11.16	11.75	9.18	27.5	28.5	32	6	6.12	6.87	60	50	50	
RIN	Rinker Group Limited	Outperform	Outperform	4.93	4,624.30	50.93	51.23	53.84	9.68	11.69	11.13	13	13	14	2.64	2.17	2.34	0	75	70	
RIO*	Rio Tinto	Outperform	Outperform	34.09	46,897.42	154.73	192.92	267.22	22.03	17.67	12.76	94.65	91.44	99.71	2.78	2.68	2.92	100	100	100	
SGX	Sino Gold Limited	Market Perform	Outperform	3.2	390.86	5.75	1.23	-0.26	55.7	259.79	n/c			0	0	0	0	0	0	0	
SMS	Sims Group Limited	Outperform	Outperform	8.8	805.66	89.74	90.39	91.53	9.81	11.06	10.93	54	58	58	6.14	5.8	5.8	80	80	80	
SMY	Sally Malay Mining Ltd	Outperform	Outperform	0.29	24.49	-1.49	-4.54	37.62	n/c	n/c	1.83	0	0	0	0	0	0	0	0	0	
SSX	Smorgon Steel Group	Market Perform	Outperform	1.16	1,181.58	16.67	11.4	12.29	6.96	9.3	8.62	8	8	9	6.9	7.55	8.49	100	100	100	
STU*	Steel and Tube	Market Perform	Market Perform	3.14	277.86	23.47	26.87	27.32	13.37	13.77	13.54	22.92	25.49	26.93	7.3	6.89	7.28	100	100	100	
TOR	Ticor	Market Perform	Market Perform	1.4	349.69	8.6	11.27	16.19	16.29	12.43	8.65	4.5	5.5	8	3.21	3.93	5.71	0	55	100	
WMR	WMC Resources Ltd	Outperform	Market Perform	5.05	5,721.68	8.51	35.7	48.37	59.37	14.14	10.44	2	10	24	0.4	1.98	4.75	0	0	0	
WYL	Wattyl	Market Perform	Outperform	3.48	288.14	25.77	30.41	35.91	13.5	12.04	10.19	18	19	20	5.17	5.19	5.46	100	100	100	
					<b>160,651.69</b>	<b>n/c</b>	<b>n/c</b>	<b>n/c</b>	<b>15.29</b>	<b>15.16</b>	<b>12.16</b>	<b>n/c</b>	<b>n/c</b>	<b>n/c</b>	<b>3.16</b>	<b>2.91</b>	<b>3.26</b>	<b>78</b>	<b>78</b>	<b>77</b>	
<b>Industrials</b>																					
ADZ	Adsteam Marine Ltd	Market Perform	Market Perform	1.3	294.81	16.73	17.38	19.47	7.77	9.32	8.32	0	8	9	0	4.94	5.56	0	100	100	

# Earnings & Valuations

## Industrials & Resources exc. Real Estate

Prices as at 19/11/03



MACQUARIE

ASX Code	Company Name	Short Term Recommendation	Long Term Recommendation	Price (\$)	MktCap(\$m)	EPS(c)				PER(x)				DPS(c)				Div Yield (%)				Franking Level (%)			
						2003E	2004E	2005E	2003E	2004E	2005E	2003E	2004E	2005E	2003E	2004E	2005E	2003E	2004E	2005E	2003E	2004E	2005E		
AIA*	Auckland International Airport	Outperform	Outperform	5.34	1,781.54	22.72	26.05	29.14	23.52	26.07	23.3	22	23.73	26.46	4.12	3.49	3.9	100	100	100					
AIX	Aust Infrastructure Fund	Market Perform	Outperform	1.56	267.67	17.59	13.24	13.3	8.87	12.38	12.33	11	11	11	7.05	6.71	6.71	0	0	0					
AIZ*	Air New Zealand Ltd	Underperform	Underperform	0.48	2,034.34	3.38	2.92	3.02	14.07	14.22	13.72	0	0	0	0	0	0	0	0	0					
ASB	Austal Limited	Market Perform	Outperform	0.9	173.62	-9.24	6.27	7.86	n/c	14.99	11.96	0	3	5	0	3.19	5.32	0	100	100					
BIL	Brambles	Market Perform	Outperform	4.57	7,726.43	32.24	31.88	37.89	14.17	14.18	11.93	20	20	20	4.38	4.42	4.42	100	100	100					
CAB	Cabcharge Australia	Market Perform	Outperform	2.95	331.58	18.26	20.68	21.94	16.16	14.8	13.95	12	14	15	4.07	4.58	4.9	100	100	100					
CLH	Collection House Ltd	Underperform	Market Perform	1.19	113.88	10.31	15.92	16.76	11.55	10.62	10.09	5.5	9.2	9.74	4.62	5.44	5.76	100	100	100					
CLO	Clough Limited	Outperform	Outperform	0.58	243.6	-2.23	4.24	6.19	n/c	17.67	12.12	0.5	2	3	0.86	2.67	4	0	50	50					
COA	Coates Hire	Outperform	Outperform	2.26	448.12	16.92	21.51	27.19	13.35	13.11	10.37	11	12	14	4.87	4.26	4.96	89	100	100					
CRG	Crane Group Holdings	Market Perform	Market Perform	10.1	525.31	97.96	91.94	94.42	10.31	10.05	9.79	65	60	60	6.44	6.49	6.49	100	100	100					
CXP	Corporate Express	Market Perform	Market Perform	4.15	802.6	26.57	30.17	32.59	15.62	13.76	12.73	12.5	13.49	14.55	3.01	3.25	3.51	60	51	51					
DOW	Downer EDI	Market Perform	Market Perform	0.77	845.37	7.52	35.45	39.4	10.24	2.57	2.31	2.9	3	3	3.77	3.3	3.3	41	100	100					
GPQ*	Guinness Peat Group	Market Perform	Market Perform	1.82	990.28	2.87	5.44	5.56	63.52	33.45	32.7	2	2	5	1.1	1.1	2.75	0	0	0					
GWT*	GWA International	Market Perform	Outperform	2.7	749.85	20.14	21.37	22.56	13.41	13.1	12.41	18	18	18	6.67	6.43	6.43	100	100	100					
HLY	Hills Motorway	Market Perform	Outperform	5.8	1,073.00	-0.4	5.37	7.92	n/c	118.33	80.14	21.3	25	31	3.67	3.94	4.88	0	0	0					
HWE	Henry Walker Eltin Group	Outperform	Outperform	0.84	105.89	10.99	12.75	16.13	5.82	8.63	6.82	0	2	7.26	0	1.82	6.6	0	100	100					
IFT*	Infratil Limited	Outperform	Outperform	1.61	297.37	0.06	13.08	12.11	2,853.29	19.34	20.89	4	10	12	2.48	3.95	4.74	99	47	61					
IWF	Integrated Workforce	Outperform	Outperform	1.36	96.21	15.9	17.27	18.75	8.55	9.38	8.64	9	9	10	6.62	5.56	6.17	100	100	100					
JRR	Julia Ross Recruitment	Market Perform	Market Perform	0.49	28.96	2.35	4.77	6.72	20.85	13.42	9.52	4.5	4	4.5	9.18	6.25	7.03	100	100	100					
LEI	Leighton Holdings	Outperform	Market Perform	10	2,780.59	54.18	73.04	83.26	18.46	15.64	13.72	44	48.94	54.95	4.4	4.29	4.81	100	100	100					
LPC*	Lytelton Port Company	Market Perform	Market Perform	1.48	151.4	10.18	10.35	10.97	14.55	15.75	14.86	11	11	12	7.42	6.75	7.36	93	100	100					
MIG	Macquarie Infrastructure Group	Outperform	Outperform	3.59	6,787.25	-3.67	-1.47	-1.2	n/c	n/c	n/c	7.5	7.5	7.5	2.09	2.3	2.3	15	12	12					
POA*	Ports of Auckland	Market Perform	Market Perform	6.8	720.87	36.41	38.13	39.53	18.68	20.62	19.88	36.04	33.92	33.92	5.3	4.32	4.32	97	100	100					
POT*	Port of Tauranga	Market Perform	Outperform	3.79	444.15	23.09	19.47	23.06	16.42	21.21	17.91	18	20	21	4.75	4.84	5.08	100	100	100					
PRG	Programmed Maint. Service	Outperform	Outperform	1.79	120.65	20.8	22.75	25.15	8.61	10.81	9.78	9	10	11	5.03	4.07	4.07	28	50	50					
PRK	Patrick Corporation Ltd	Outperform	Outperform	13.17	3,054.72	68.98	84.06	100.75	19.09	17.25	14.39	28	25	26	2.13	1.72	1.79	100	100	100					
QAN	QANTAS Airways	Strong Outperform	Market Perform	3.27	5,667.89	30.83	34.25	36.99	10.61	9.93	9.19	17	17	17	5.2	5	5	100	100	100					
SLM	Salmat	Outperform	Outperform	1.91	227.21	15.88	19.6	23.18	12.03	15.92	13.46	8.5	11	12.5	4.45	3.53	4.01	100	100	100					
SPT	Spotless Group Ltd	Market Perform	Market Perform	3.51	740.68	31.95	32.49	36.81	10.99	14.07	12.41	23	24	25.5	6.55	5.25	5.58	100	100	100					
TCL	Transurban City Link	Outperform	Outperform	4.77	2,623.44	-15.27	-11.6	-11.84	n/c	n/c	n/c	20	22	24	4.19	5.34	5.83	0	0	0					
TEM	Tempo Services Ltd	Underperform	Underperform	1.63	189.19	11.76	11.58	11.81	13.86	12.52	12.28	13	9	10	7.98	6.21	6.9	100	100	100					
TOL	Toll Holdings	Outperform	Outperform	7.08	2,119.34	40.84	48.75	57.66	17.34	17.29	14.62	14.5	15.5	16.5	2.05	1.84	1.96	100	100	100					
TSE	Transfield Services Limited	Market Perform	Outperform	3.16	440.42	18.28	23.19	25.38	17.29	19.11	17.45	13	14	15	4.11	3.16	3.39	100	100	100					
UGL	United Group Limited	Outperform	Outperform	2.86	295.34	27.24	31.73	34.73	10.5	12.83	11.72	24	16	17	8.39	3.93	4.18	100	100	100					
WAM*	Waste Management	Outperform	Outperform	3.77	321.27	21.71	24	26.52	17.36	15.71	14.22	15.32	16.74	18.11	4.06	4.44	4.8	100	100	100					
WES	Wesfarmers	Outperform	Outperform	25.3	9,493.21	151.26	173.64	177.55	16.73	16.17	15.81	127	154	159	5.02	5.49	5.66	100	100	100					
					<b>55,108.05</b>	<b>n/c</b>	<b>n/c</b>	<b>n/c</b>	<b>19.76</b>	<b>16.45</b>	<b>14.79</b>	<b>n/c</b>	<b>n/c</b>	<b>n/c</b>	<b>3.91</b>	<b>4.02</b>	<b>4.27</b>	<b>83</b>	<b>84</b>	<b>83</b>					
<b>Consumer Discretionary</b>																									
AEO	Austereo Group	Market Perform	Market Perform	1.45	611.12	10.45	10.73	9.94	13.87	12.95	13.99	7.2	7.2	6.8	4.97	5.18	4.89	100	100	100					
ALL	Aristocrat Leisure	Market Perform	Market Perform	1.99	907.98	12.24	16.83	9.94	16.26	11.83	13.99	7	8	3.52	4.02	4.89	100	100	100						
APN	APN News and Media Ltd	Outperform	Outperform	3.85	1,766.65	25.63	28.9	32.03	15.02	13.32	12.02	18.22	20.68	22.69	4.73	5.37	5.89	81	70	70					
ARP	ARB Corporation Ltd	Outperform	Outperform	2.6	164.24	16.43	19.04	22.25	15.83	17.7	15.14	8	9	10	3.08	2.67	2.97	100	100	100					
BBG	Billabong International	Outperform	Outperform	6.14	1,269.00	38.59	44.83	52.04	15.91	15.84	13.64	23.5	27.5	33	3.83	3.87	4.65	100	100	100					
BGR*	Briscoes Group Limited	Market Perform	Market Perform	2.51	526.17	9.71	10.67	11.88	25.81	16.02	14.39	6.75	7.5	8.5	2.69	4.39	4.97	100	100	100					
BIR	Burswood Limited	Market Perform	Market Perform	0.84	379.93	2.64	6.6	6.68	31.88	17.29	17.08	2	3	5.35	2.38	2.63	4.7	100	100	100					
CDO	Colorado Group Limited	Market Perform	Outperform	2.39	216.75	25.61	28.49	31.15	9.33	12.78	11.69	12	13	14	5.02	3.57	3.85	100	100	100					
CYG	Coventry Group Limited	Outperform	Outperform	5	170.79	36.89	42.74	46.5	13.56	13.06	12	30	34	38	6	6.09	6.81	100	100	100					
DJS	David Jones	Market Perform	Market Perform	1.5	625.42	9.82	12.54	13.16	15.27	11.09	10.56	6	7	8	4	5.04	5.76	100	100	100					
FAN	Fantastic Holdings Ltd	Market Perform	Outperform	2.3	177.24	13.82	17.34	21.52	16.64	21.4	17.24	6.36	9.5	11	2.77	2.56	2.96	100	100	100					
FFL	Freedom Furniture Limited	Market Perform	Market Perform	1.83	201.09	17.23	17.97	19.28	10.62	11.58	10.79	10	10.5	11	5.46	5.05	5.29	100	100	100					
FLT	Flight Centre Ltd	Market Perform	Outperform	22	2,089.90	81.85	97.38	115.82	26.88	21.67	18.22	43.48	48	53	1.98	2.27	2.51	100	100	100					
FPA*	Fisher & Paykel Appliances	Market Perform	Outperform	2.17	562.93	24.95	25.33	27.81	8.69	14.53	13.23	18.5	18.8	20	8.53	5.11	5.43	100	100	100					
FUN	Funtastic	Market Perform	Market Perform	1.97	227.46	11.69	14.44	15.98	16.85	13.64	12.33	6.5	7	8	3.3	3.55	4.06	100	100	100					
FXJ	John Fairfax Holdings	Market Perform	Underperform	2.88	2,191.55	14.55	19.71	21.22	19.8	17.35	16.12	13	14.5	14.86	4.51	4.24	4.34	100	100	100					
GLB	Globe International	Market Perform	Market Perform	0.25	103.46	-4.53	2.6	3.74	n/c	19.21	13.38	0	0.5	1	0	1	2	0	100	100					
GUD	GUD Holdings Ltd	Market Perform	Market Perform	4.71	291.21	47.13	52.69	56.18	9.99	11.37	10.66	26	27.5	29	5.52	4.59	4.84	100	100	100					
HVN	Harvey Norman	Market Perform	Market Perform	2.51	2,686.69	14.78	17.83	20.57	16.98	16.71	14.49	5	7	8.25	1.99	2.35	2.77	100	100	100					
HWI	Housewares International Ltd	Market Perform	Market Perform	2.06	239.37	19.44	22.31	24.36	10.6	11.97	10.96	10	12	13	4.85	4.49	4.87	100	100	100</					

# Earnings & Valuations

## Industrials & Resources exc. Real Estate

Prices as at 19/11/03



MACQUARIE

ASX Code	Company Name	Short Term Recommendation	Long Term Recommendation	Price (\$)	MktCap(\$m)	EPS(c)			PER(x)			DPS(c)			Div Yield (%)			Franking Level (%)			
						2003E	2004E	2005E	2003E	2004E	2005E	2003E	2004E	2005E	2003E	2004E	2005E	2003E	2004E	2005E	
INL*	Independent News Limited	Market Perform	Outperform	3.73	1,578.58	16.75	20.21	30.87	22.28	24.15	15.81	7.51	9.21	14.01	2.01	1.89	2.87	100	100	100	
ION	ION Ltd	Market Perform	Market Perform	2	433.66	24.54	24.29	26.12	8.15	9.63	8.96	11.25	13	13.5	5.63	5.56	5.77	100	100	100	
MCG	Macq. Comm. Infrastructure Gp	Market Perform	Outperform	2.97	464.9	-30.33	7.13	20.62 n/c		39.96	13.82	15.5	22.8	28.8	5.22	8	10.11	0	0	0	
MHI*	Michael Hill International Ltd	Market Perform	Market Perform	4.01	153.97	23.82	29.95	34.85	16.84	14.69	12.62	17	19	19.6	4.24	4.32	4.45	100	100	100	
MRL	Miller's Retail	Market Perform	Market Perform	1.67	394.12	16.05	17.11	18.27	10.4	10.4	9.74	9.5	10.5	11.5	5.69	5.9	6.46	100	100	100	
NCP	News Corporation	Outperform	Outperform	11.2	59,120.85	38.58	44.65	62.86	29.03	26.29	18.68	3	5	5	0.27	0.43	0.43	50	50	50	
NCP(DP)	News Corporation Prefs	Outperform	Outperform	9.19	48,510.77	38.58	44.65	62.86	23.82	21.84	15.51	12.5	12.5	12.5	1.36	1.28	1.28	50	50	50	
PBB	Pacifica Group	Outperform	Outperform	4.63	649.55	33.91	41.57	46.81	13.65	11.14	9.89	21	22.5	23	4.54	4.86	4.97	90	60	60	
PBL	Publishing & Broadcasting	Outperform	Outperform	9.88	6,538.83	54.09	65.96	73.62	18.27	17.39	15.58	23	28.05	31.31	2.33	2.45	2.73	100	100	100	
PMP	PMP Limited	Market Perform	Underperform	0.71	212.91	6.98	12.55	17.35	10.17	9.17	6.63	0	0	0	0	0	0	0	0	0	
PRT	Prime Television	Market Perform	Outperform	2.5	298.55	10.97	14.6	20.7	22.8	17.2	12.13	10	11	11.5	4	4.38	4.58	100	100	100	
RBD*	Restaurant Brands	Underperform	Market Perform	1.15	108.22	12.77	10.64	12.97	8.99	10.71	8.79	10	10	10.5	8.7	8.77	9.21	100	100	100	
REG	RG Capital Radio Ltd.	Outperform	Outperform	2.51	151.45	16.44	18.39	19.25	15.27	15.44	14.76	13	14.56	15.24	5.18	5.13	5.37	100	100	100	
RUP	Rural Press Limited	Market Perform	Outperform	6	1,194.33	35.66	39.26	43.36	16.82	17.52	15.87	33.6	33	34.5	5.6	4.8	5.01	100	100	100	
RUP(DP)	Rural Press Limited	Market Perform	Outperform	5.95	1,184.37	35.66	39.18	43.2	16.68	17.92	16.25	33.6	33	34.5	5.65	4.7	4.91	100	100	100	
SAQ	Sydney Aquarium Ltd	Market Perform	Market Perform	4.5	97.67	27.68	30.4	33.33	16.26	15.99	14.58	27	28	30	6	5.76	6.17	100	100	100	
SBC	Southern Cross Broadcasting	Market Perform	Outperform	8.7	527.1	58.49	70.68	75.38	14.87	15.1	14.15	57	60	62	6.55	5.62	5.81	100	100	100	
SEV	Seven Network	Market Perform	Outperform	4.75	1,241.97	25.53	34.24	48.29	18.61	16.3	11.56	23.5	25.5	28.5	4.95	4.57	5.11	100	100	100	
SFC	Schaffer Corporation	Outperform	Outperform	12.25	172.55	124.06	114.27	123.32	9.87	12.34	11.43	120	100	105	9.8	7.09	7.45	100	100	100	
SGN	STW Communications Group	Market Perform	Outperform	3.08	482.08	18.88	22.13	25.23	16.32	13.92	12.21	13.8	15	16.5	4.48	4.87	5.36	100	100	100	
SKC*	Sky City Entertainment Group	Market Perform	Outperform	4.11	1,724.05	23.31	25.01	27.85	17.64	18.99	17.06	33	49	27.82	8.03	10.32	5.86	100	100	100	
SKY*	Sky Network Television	Market Perform	Outperform	3.79	1,476.60	0.2	6.76	15.25	1,890.74	77.72	34.43	0	0	16.43	0	3.13	0	0	0	0	
TAH	TABCorp Holdings	Market Perform	Outperform	10.77	3,990.12	78.07	81.53	84.78	13.8	13.74	13.21	67	68	67.87	6.22	6.07	6.06	100	100	100	
TEN	Ten Network Holdings	Outperform	Market Perform	2.32	927.84	14.92	18.92	18.58	15.55	13.9	14.15	17	18.5	18	7.33	7.03	6.84	100	100	100	
VR	Village Roadshow Ltd	Underperform	Market Perform	1.21	588.52	13.3	13.58	13.92	9.1	12.59	12.29	0	0	0	0	0	0	0	0	0	
WAN	West Australian News	Market Perform	Outperform	5.9	1,220.09	32.15	37.61	43.3	18.35	17.42	15.13	30	34	40	5.08	5.19	6.11	100	100	100	
WHS*	The Warehouse Group	Outperform	Outperform	4.03	1,231.35	25.51	29.29	35.63	15.8	19.8	16.28	14.5	15.23	18.74	3.6	2.63	3.23	100	100	100	
					<b>150,083.96 n/c</b>	<b>n/c</b>	<b>n/c</b>	<b>n/c</b>	<b>23.19</b>	<b>21.15</b>	<b>16.21 n/c</b>	<b>n/c</b>	<b>n/c</b>	<b>n/c</b>	<b>2.66</b>	<b>2.79</b>	<b>2.97</b>	<b>87</b>	<b>86</b>	<b>84</b>	
<b>Consumer Staples</b>																					
AWB	AWB Ltd	Market Perform	Outperform	4.13	1,079.08	15.21	32.62	37.64	27.15	12.66	10.97	25	25	26	6.05	6.05	6.3	100	100	100	
CCL	Coca-Cola Amatil	Market Perform	Market Perform	6.15	4,290.64	33.33	38.44	43.48	18.45	16	14.14	23	26	28.5	3.74	4.23	4.63	52	100	55	
CHQ	Chiquita Brands	Market Perform	Outperform	0.9	130.18	6.26	8.77	10.67	14.38	10.27	8.44	0	3	3	0	3.33	3.33	0	100	100	
CML	Coles Myer	Market Perform	Market Perform	7.34	9,000.77	36.41	42.52	46.49	20.16	17.76	16.24	26	27.5	30.5	3.54	3.64	4.04	100	100	100	
FCL	Futuris Corporation	Market Perform	Market Perform	1.68	1,067.53	9.24	10.92	12	18.18	13.28	12.08	8	8	9	4.76	5.52	6.21	75	75	75	
FGL	Foster's Group	Outperform	Market Perform	4.21	9,299.06	28.99	29.92	33.42	14.52	14.4	12.9	18.75	20	21.5	4.45	4.64	4.99	100	100	100	
FOA	Foodland	Market Perform	Market Perform	18.75	2,183.58	139.54	145.08	149.76	13.44	13.06	12.65	85	92	102	4.53	4.85	5.38	100	100	100	
LNN	Lion Nathan	Underperform	Market Perform	5.35	2,858.19	38.91	42.6	45.56	13.75	13.59	12.71	27	28.48	30.49	5.05	4.92	5.27	100	100	100	
MGW	McGuigan Simeon Wines	Outperform	Outperform	3.86	379.92	35.25	39.91	42.89	10.95	11.95	11.12	20	20	21	5.18	4.19	4.4	100	100	100	
MTT	Metcash Trading	Market Perform	Market Perform	2.17	1,412.28	15.5	17.41	18.38	14	14.3	13.55	8.6	9.5	9.9	3.96	3.82	3.98	100	100	100	
RIC	Ridley Corporation Limited	Market Perform	Outperform	1.56	420.99	15.76	12.87	13.78	9.9	9.02	8.42	5.75	5.75	6.5	3.69	4.96	5.6	100	100	100	
SRP	Southcorp	Underperform	Market Perform	2.82	2,099.53	10.94	13.62	17.39	25.77	20.78	16.27	10	0	8	3.55	0	2.83	80	0	80	
WOW	Woolworths	Market Perform	Outperform	12.52	13,296.52	60.45	69.39	79.06	20.71	15.98	14.03	39	42.5	48.5	3.12	3.83	4.37	100	100	100	
					<b>47,518.28 n/c</b>	<b>n/c</b>	<b>n/c</b>	<b>n/c</b>	<b>17.59</b>	<b>15.38</b>	<b>13.8 n/c</b>	<b>n/c</b>	<b>n/c</b>	<b>n/c</b>	<b>3.87</b>	<b>4.04</b>	<b>4.57</b>	<b>94</b>	<b>99</b>	<b>95</b>	
<b>Health Care</b>																					
ABI	AMBRI Ltd	Market Perform	Market Perform	0.38	19.08	-34.69	-5.25	-5.14 n/c	n/c	n/c		0	0	0	0	0	0	0	0	0	
AML	AMRAD Limited	Market Perform	Market Perform	0.6	78.39	0.91	-9.79	-6.78	66.2 n/c	n/c		0	0	0	0	0	0	0	0	0	
ANN	Ansell Limited	Outperform	Outperform	5.85	1,096.26	43.39	51.75	57.15	13.48	13.12	11.88	11	12	13	1.88	1.77	1.91	0	0	0	
API	Australian Pharmaceuticals Ind	Underperform	Underperform	2.76	592.31	17.42	18.49	20.66	15.85	14.49	12.97	13	13.5	14.5	4.71	5.04	5.41	100	100	100	
BTA	Biota Holdings	Underperform	Underperform	0.51	38.36	-13.71	-7.96	-11.85 n/c	n/c	n/c		0	0	0	0	0	0	0	0	0	
COH	Cochlear	Underperform	Market Perform	32.3	1,758.71	106.96	123.69	134.08	30.2	24.34	22.45	77	88	96	2.38	2.92	3.19	100	100	100	
CSL	CSL	Outperform	Outperform	11.95	1,906.00	79.11	82.12	100.13	15.11	19.85	16.28	34	39	43	2.85	2.39	2.64	100	100	100	
DVC	DCA Group Limited	Market Perform	Outperform	2.18	467.15	10.63	13.71	15.62	20.51	16.27	14.28	6	6.5	7	2.75	2.91	3.14	100	100	100	
FPH*	Fisher & Paykel Healthcare	Market Perform	Outperform	8.58	878.21	63.53	52.25	56.94	13.5	22.77	20.9	50	50	50	5.83	4.2	4.2	100	100	100	
GGL	Gribbles Group Ltd	Underperform	Market Perform	0.45	189.82	4.75	5.32	5.83	9.47	9.58	8.75	2	2	2.5	4.44	3.92	4.9	100	100	100	
HSP	Healthscope Limited	Market Perform	Outperform	2.48	212	13.62	17.66	23.71	18.2	16.94	12.61	8.5	10.59	14.23	3.43	3.54	4.76	100	100	100	
IDT	Institute of Drug Technology	Market Perform	Market Perform	1.8	76.92	9.88	11.54	14.32	18.21	16.37	13.2	6	6.5	7	3.33	3.44	3.7	100	100	100	
MAY	Mayne Group	Outperform	Underperform	2.74	2,197.67	18.24	23.15	26.23	15.02	15.07	13.3	4	16	13	1.46	4.58	3.72	0	0	0	

# Earnings & Valuations

## Industrials & Resources exc. Real Estate

Prices as at 19/11/03



ASX Code	Company Name	Short Term Recommendation	Long Term Recommendation	Price (\$)	MktCap(\$m)	2003E	EPS(c) 2004E	2005E	2003E	PER(x) 2004E	2005E	2003E	DPS(c) 2004E	2005E	2003E	Div Yield (%) 2004E	2005E	2003E	2004E	2005E	2003E	2004E	2005E	
MIA	MIA Group	Market Perform	Outperform	0.71	490.53	5.28	5.87	6.31	13.45	11.25	10.46	13.47	3.2	3.4	3.6	4.51	5.15	5.45	100	100	100	100	100	100
NRT	Novogen	Underperform	Underperform	5.36	517.73	-10.66	-9.98	-10.27	n/c	n/c	n/c	0	0	0	0	0	0	0	0	0	0	0	0	0
OPS	OPSM Group Ltd	Market Perform	Market Perform	3.77	529.99	20.24	24.65	28.07	18.63	15.34	13.47	15.5	16	18.5	4.11	4.23	4.89	100	100	100	100	100	100	100
PME	Pro Medicus Ltd	Underperform	Market Perform	0.84	84	4.55	5.2	5.76	18.48	16.74	15.09	3.25	3.5	3.75	3.87	4.02	4.31	100	100	100	100	100	100	
PRY	Primary Healthcare Ltd	Underperform	Market Perform	4.15	425.71	19.93	24.78	28.83	20.82	20.79	17.86	12.5	14	16	3.01	2.72	3.11	0	0	0	0	0	0	0
RHC	Ramsay Health Care Limited	Outperform	Outperform	3.68	472.08	29.36	33.07	35.14	12.54	13	12.24	15.5	17.5	19.5	4.21	4.07	4.53	66	100	100	100	100	100	
RMD*	Resmed	Outperform	Outperform	5.98	2,069.40	22.79	22.71	29.26	26.24	24.48	19	0	0	0	0	0	0	0	0	0	0	0	0	0
SDI	SDI Limited	Market Perform	Outperform	5.81	135.74	23.33	38.18	49.69	24.91	26.24	20.17	6.5	9	11	1.12	0.9	1.1	100	100	100	100	100	100	
SHL	Sonic Healthcare Ltd	Outperform	Outperform	6.55	1,721.12	38.66	42.28	46.79	16.94	16.2	14.64	25	28	31	3.82	4.09	4.53	100	100	100	100	100	100	
SIG	Sigma Company Ltd	Market Perform	Outperform	3.99	551.87	23.12	31	36.32	17.26	20.16	17.21	13.5	18.1	21.2	3.38	2.9	3.39	100	100	100	100	100	100	
SRX	Sirtex Medical Limited	Market Perform	Outperform	4.16	234.08	2.08	6.62	12.94	200.1	60.39	30.9	0	0	5.24	0	0	1.31	0	0	0	0	0	100	
					<b>16,743.12</b>	<b>n/c</b>	<b>n/c</b>		<b>18.97</b>	<b>18.96</b>	<b>16.43</b>	<b>n/c</b>	<b>n/c</b>	<b>n/c</b>	<b>2.56</b>	<b>2.95</b>	<b>3.07</b>	<b>83</b>	<b>71</b>	<b>76</b>				
<b>Financials (exc. Listed property Trusts)</b>																								
ADB	Adelaide Bank Ltd	Outperform	Market Perform	8	703.31	58.44	65.29	73.53	13.69	11.49	10.2	37	41	46	4.63	5.47	6.13	100	100	100	100	100	100	
ANZ	ANZ Bank	Underperform	Market Perform	17.17	27,266.95	145.31	158.76	167.37	11.81	10.61	10.07	90.86	97	103	5.29	5.76	6.11	100	100	100	100	100	100	
ASX	Australian Stock Exchange Ltd	Market Perform	Market Perform	12.52	1,272.56	60.44	74.53	80.86	20.72	20.69	19.07	67.1	52.1	80.9	5.36	3.38	5.25	100	100	100	100	100	100	
AXA	AXA Asia Pacific Holdings	Market Perform	Market Perform	2.72	4,732.92	27.8	19.6	21.02	9.78	13.88	12.94	10.25	11.25	12	3.77	4.14	4.41	49	40	40	40	40	40	
BEN	Bendigo Bank	Market Perform	Market Perform	8.17	1,028.32	50.23	56.35	62.15	16.27	14.91	13.51	33.5	37.5	41	4.1	4.46	4.88	100	100	100	100	100	100	
BOQ	Bank of Queensland	Market Perform	Market Perform	9.01	642.78	56.59	64.29	72.86	15.92	14.59	12.87	36.68	42	48	4.07	4.48	5.12	100	100	100	100	100	100	
CBA	Commonwealth Bank	Underperform	Underperform	29.55	37,055.70	202.47	201.95	246.56	14.59	13.77	11.28	154	168	188	5.21	6.04	6.76	100	100	100	100	100	100	
CFG	Challenger Financial Services	n/c	n/c	0.49	156.39	31.6	2.19	3.31	1.55	22.42	14.78	0	2	2.5	0	4.08	5.1	0	0	0	0	0	0	
COU	Count Financial Ltd	Market Perform	Outperform	0.49	123.29	2.75	3.23	3.67	17.66	23.23	20.44	2.42	2.66	2.93	4.99	3.55	3.9	100	100	100	100	100	100	
FKP	FKP Ltd	Market Perform	Market Perform	3	341.86	23.45	26.95	27.72	12.79	8.09	7.86	12	14	16	4	6.42	7.34	100	100	100	100	100	100	
IAG	Insurance Australia Group	Outperform	Outperform	3.4	5,203.16	13.72	31.92	36.76	24.78	13.44	11.67	11.5	13.5	16	3.38	3.15	3.73	100	100	100	100	100	100	
LLC	Lend Lease Corp	Market Perform	Market Perform	8.35	3,640.23	55.76	65.34	83.76	14.97	16.8	13.11	30	38	40	3.59	3.46	3.64	100	100	100	100	100	100	
NAB	National Australia Bank	Market Perform	Outperform	30.8	48,854.21	262.29	276.99	301.74	11.74	10.58	9.71	163	178	192	5.29	6.07	6.55	100	90	90	90	90	90	
PMN	Promina Group Limited	Outperform	Outperform	3.27	3,459.00	29.29	32.09	37.31	11.16	10.19	8.76	8.5	10.5	12.5	3.21	3.82	4.22	100	100	100	100	100	100	
PPT	Perpetual Trustees Australia	Outperform	Outperform	30.7	1,162.46	197.14	220.82	250.59	15.57	18.8	16.57	180	200	175	5.86	4.82	4.22	100	100	100	100	100	100	
QBE	QBE Insurance	Outperform	Outperform	10.23	6,809.55	83.16	92.1	100.99	12.3	11.10	10.13	42	47	53	4.11	4.59	5.18	12	12	12	12	12	12	
SFE	SFE Corporation	Outperform	Outperform	4.84	657.22	27.92	31.84	33.38	17.33	15.2	14.5	20.9	23.9	25	4.32	4.94	5.17	100	100	100	100	100	100	
SGB	St George Bank	Market Perform	Outperform	20.49	10,604.98	141.61	157.34	173.58	14.47	12.73	11.54	95	107	117	4.64	5.34	5.84	100	100	100	100	100	100	
SUN	Suncorp-Metway	Market Perform	Outperform	11.6	6,130.60	81.52	105.18	110.01	14.23	11.73	11.22	56	62	66	4.83	5.02	5.35	100	100	100	100	100	100	
TWR*	Tower Limited	Underperform	Underperform	1.17	293.34	11.6	12.18	15.75	10.09	9.61	7.43	0	7	8	0	5.98	6.84	0	0	0	0	0	0	
WBC	Westpac Bank	Outperform	Market Perform	16.2	29,637.90	124.11	136.2	148.6	13.05	11.75	10.77	78	86	94	4.81	5.38	5.88	100	100	100	100	100	100	
WSF	Westfield Holdings	Outperform	Outperform	14.6	8,400.53	51.41	59.83	71.02	28.4	23.56	19.85	25.56	30.13	35.22	1.75	2.14	2.5	40	40	40	40	40	40	
					<b>244,127.05</b>	<b>n/c</b>	<b>n/c</b>		<b>13.1</b>	<b>12.13</b>	<b>11.05</b>	<b>n/c</b>	<b>n/c</b>	<b>n/c</b>	<b>5.34</b>	<b>5.88</b>	<b>6.33</b>	<b>68</b>	<b>67</b>	<b>68</b>				
<b>Information Technology</b>																								
ADA	Adacel Technologies Ltd	Market Perform	Market Perform	0.72	42.89	1.05	4.12	5.12	68.45	17.72	14.26	0	0	0	0	0	0	0	0	0	0	0	0	
ALU	Altium	Outperform	Outperform	0.39	40.18	3.98	5.8	7.51	9.81	9.48	7.33	2	2.5	3	5.13	4.55	5.45	0	20	20	20	20	20	
BCA	Baycorp Advantage	Market Perform	Outperform	1.42	323.9	8.3	13.18	15.17	17.11	18.96	16.48	4	7.35	9.34	2.82	2.94	3.73	100	100	100	100	100	100	
CPU	Computershare Ltd	Market Perform	Market Perform	1.87	1,047.25	11.65	17.62	22.21	16.05	18.73	14.86	5	5	5	2.67	1.52	1.52	100	100	100	100	100	100	
CTL	Citicel	Outperform	Outperform	1.43	85.09	5.37	11.34	12.76	26.64	12.61	11.2	5.5	6.5	7.5	3.85	4.55	5.24	100	100	100	100	100	100	
HPX	HPAL Ltd	Market Perform	Market Perform	1.39	156.3	12.27	13.26	14.01	11.33	10.48	9.92	8.25	9.25	9.75	5.94	6.65	7.01	100	100	100	100	100	100	
IFM	Infomedia Ltd	Market Perform	Outperform	0.8	266.65	6.28	7.12	8.23	12.73	13.07	11.3	3.4	4.27	4.94	4.25	4.59	5.31	80	80	80	80	80	80	
IRE	IRESS Market Technology	Outperform	Outperform	2.44	269.79	15.86	16.88	18.8	15.38	14.46	12.98	11.01	11.77	13.14	4.51	4.82	5.39	100	100	100	100	100	100	
KAZ	KAZ Group Ltd	Market Perform	Outperform	0.14	119.4	1.89	2.69	3.08	7.66	9.1	7.96	0.67	1	1.5	4.62	4.08	6.12	100	100	100	100	100	100	
LOK*	Looksmart	Underperform	Underperform	0.11	13.17	11.01	-27.31	-25.55	1	n/c	n/c	0	0	0	0	0	0	0	0	0	0	0	0	
MYO	MYOB Limited	Market Perform	Market Perform	1.02	270.72	4.54	5.03	5.94	22.46	20.28	17.17	1.5	2	2.5	1.47	1.96	2.45	100	80	80	80	80	80	
SMX	SMS Management & Technology	Market Perform	Outperform	0.2	64.73	0.81	2.01	2.51	24.11	12.45	9.98	0	1.5	2	0	6	8	0	0	0	0	0	0	
SOH	Solution 6 Holdings Ltd	Market Perform	Outperform	0.51	136.64	1.21	2.89	4.66	42.21	23.19	14.37	0	0	0	0	0	0	0	0	0	0	0	0	
TNE	Technology One Limited	Outperform	Outperform	0.37	111.76	2.51	2.7	3.28	14.52	18.34	15.08	2.5	2.7	3	6.85	5.45	6.06	100	100	100	100	100	100	
VGL	Volante Group Ltd	Market Perform	Outperform	0.97	68.49	8.19	9.78	10.84	11.85	12.47	11.25	8	8.5	9	8.25	6.97	7.38	100	100	100	100	100	100	
					<b>3,016.96</b>	<b>n/c</b>	<b>n/c</b>		<b>14.74</b>	<b>18.52</b>	<b>14.9</b>	<b>n/c</b>	<b>n/c</b>	<b>n/c</b>	<b>3.21</b>	<b>2.78</b>	<b>3.2</b>	<b>96</b>						

# Earnings & Valuations

## Industrials & Resources exc. Real Estate

Prices as at 19/11/03



MACQUARIE

ASX Code	Company Name	Short Term Recommendation	Long Term Recommendation	Price (\$)	MktCap(\$m)	EPS(c)			PER(x)			DPS(c)			Div Yield (%)			Franking Level (%)		
						2003E	2004E	2005E	2003E	2004E	2005E	2003E	2004E	2005E	2003E	2004E	2005E	2003E	2004E	2005E
SGT*	Singapore Telecommunications	Market Perform	Market Perform	1.27	22,638.75	9	9.78	10.55	14.11	14.73	13.64	5.5	6	6.5	4.33	4.17	4.51	0	0	0
SOT	SP Telecommunications	Underperform	Market Perform	1.07	216.14	2.88	3.65	4.65	37.21	35.58	27.95	0.5	0.5	0.5	0.47	0.38	0.38	100	100	100
TEL*	Telecom NZ	Outperform	Outperform	4.57	8,626.09	36.66	38.13	41.31	12.46	13.22	12.2	20	20	30	4.38	3.97	5.95	100	100	100
TLS	Telstra Corporation	Market Perform	Market Perform	4.4	56,613.29	32.56	34.23	35.99	13.51	14.2	13.5	27	26	27	6.14	5.35	5.56	100	100	100
					<b>88,308.04</b>	<b>n/c</b>	<b>n/c</b>	<b>n/c</b>	<b>14.89</b>	<b>16.06</b>	<b>14.93</b>	<b>n/c</b>	<b>n/c</b>	<b>n/c</b>	<b>5.11</b>	<b>4.59</b>	<b>5.32</b>	<b>86</b>	<b>84</b>	<b>85</b>
<b>Utilities</b>																				
AGL	Australian Gas Light	Market Perform	Market Perform	10.95	4,757.52	75.97	80.49	88.04	14.41	13.11	11.98	55	57	59	5.02	5.4	5.59	66	100	100
ALN	Alinta Ltd	Market Perform	Outperform	6.24	929.76	45.74	51.48	53.41	13.64	12.12	11.68	27	29	30	4.33	4.65	4.81	100	100	100
APA	Australian Pipeline Trust	Market Perform	Market Perform	2.97	724.68	16.82	17.41	18.25	17.66	14.82	14.14	21.5	22	22.5	7.24	8.53	8.72	0	0	8
CEN*	Contact Energy Ltd	Market Perform	Outperform	4.37	2,521.53	22.39	18.95	22.36	19.53	27.97	23	20.63	23.58	5.26	3.89	4.45	0	0	0	
ENE	Energy Developments	Market Perform	Market Perform	1.74	200.24	14.92	15.43	18.09	11.66	15.49	13.21	0	0	0	0	0	0	0	0	0
ENV	Envetra	Market Perform	Market Perform	1.07	766.51	-1.18	-0.6	-1.17	n/c	n/c	n/c	9.52	9.5	9.5	8.9	9.79	9.79	0	0	0
GAS	GasNet Australia	Market Perform	Market Perform	2.08	270.56	16.11	14.68	14.04	12.91	14.17	14.81	22	22	22	10.58	10.58	10.58	0	0	0
HRZ	Horizon Energy	Market Perform	Market Perform	0.03	10.39	-34.45	0.81	3.03	n/c	9.2	2.48	0	0	0	0	0	0	0	0	0
NGC*	NGC Holdings Ltd	Market Perform	Market Perform	1.37	1,060.66	14.84	11.77	10.55	9.23	14.95	16.68	9	9.21	8.99	6.58	5.23	5.11	7	0	100
PHY	Pacific Hydro Limited	Market Perform	Outperform	3.42	440.86	22.78	21.1	25.38	15.02	14.08	11.7	5	4	4	1.46	1.35	1.35	0	0	0
PWC*	Powerco	Outperform	Outperform	1.27	342.04	13.26	14.95	14.34	9.55	12.11	12.62	13.96	16	17	11.02	8.84	9.39	0	0	0
					<b>12,024.75</b>	<b>n/c</b>	<b>n/c</b>	<b>n/c</b>	<b>18.07</b>	<b>16.41</b>	<b>15.29</b>	<b>n/c</b>	<b>n/c</b>	<b>n/c</b>	<b>5.6</b>	<b>5.35</b>	<b>5.58</b>	<b>31</b>	<b>44</b>	<b>53</b>
<b>All Companies</b>					<b>793,250.02</b>	<b>n/c</b>	<b>n/c</b>	<b>n/c</b>	<b>16.01</b>	<b>15.2</b>	<b>13.14</b>	<b>n/c</b>	<b>n/c</b>	<b>n/c</b>	<b>4.29</b>	<b>4.39</b>	<b>4.77</b>	<b>75</b>	<b>75</b>	<b>75</b>

n/c: not calculated (calculation not possible)

- \*Data for AIA has been converted from NZD currency.
- \*Data for AIZ has been converted from NZD currency.
- \*Data for APT has been converted from NZD currency.
- \*Data for BGR has been converted from NZD currency.
- \*Data for BHP has been converted from USD currency.
- \*Data for CAH has been converted from NZD currency.
- \*Data for CEN has been converted from NZD currency.
- \*Data for CNZ has been converted from NZD currency.
- \*Data for FBU has been converted from NZD currency.
- \*Data for FFS has been converted from NZD currency.
- \*Data for FPA has been converted from NZD currency.
- \*Data for FPH has been converted from NZD currency.
- \*Data for GPG has been converted from NZD currency.
- \*Data for IFT has been converted from NZD currency.
- \*Data for INL has been converted from NZD currency.
- \*Data for KIP has been converted from NZD currency.
- \*Data for LHG has been converted from USD currency.
- \*Data for LOK has been converted from USD currency.
- \*Data for LPC has been converted from NZD currency.
- \*Data for MHI has been converted from NZD currency.
- \*Data for NAP has been converted from NZD currency.
- \*Data for NGC has been converted from NZD currency.
- \*Data for PFI has been converted from NZD currency.
- \*Data for POA has been converted from NZD currency.
- \*Data for POT has been converted from NZD currency.
- \*Data for PWC has been converted from NZD currency.
- \*Data for RBD has been converted from NZD currency.
- \*Data for RIO has been converted from USD currency.
- \*Data for RMD has been converted from USD currency.
- \*Data for SGT has been converted from SGD currency.
- \*Data for SKC has been converted from NZD currency.
- \*Data for SKY has been converted from NZD currency.

### Recommendation Definitions

'Outperform' - return > 5% in excess of benchmark return

'Market perform' - return within 5% of benchmark return

'Underperform' - return > 5% below benchmark return

short term 3-12 months

long term 12 months - 2 years

# Earnings & Valuations

## Industrials & Resources exc. Real Estate

Prices as at 19/11/03



MACQUARIE

ASX Code	Company Name	Short Term Recommendation	Long Term Recommendation	Price (\$)	MktCap(\$m)	2003E	EPS(c) 2004E	2005E	2003E	PER(x) 2004E	2005E	2003E	DPS(c) 2004E	2005E	2003E	Div Yield (%) 2004E	2005E	2003E	Franking Level (%) 2004E	2005E
*Data for STU has been converted from NZD currency.																				
*Data for TEL has been converted from NZD currency.																				
*Data for TWR has been converted from NZD currency.																				
*Data for WAM has been converted from NZD currency.																				
*Data for WHS has been converted from NZD currency.																				

# Earnings & Valuations

## Real Estate

Prices as at 19/11/03



MACQUARIE

ASX Code	Company Name	Short Term Recommendation	Long Term Recommendation	Mkt Cap		NTA(\$)			Price/NTA (x)			DPS(c)			Div Yield (%)			Franking Level (%)				
				Price (\$)	(\$m)	2003E	2004E	2005E	2003E	2004E	2005E	2003E	2004E	2005E	2003E	2004E	2005E	2003E	2004E	2005E		
ALZ	Australand Holdings	Market Perform	Market Perform	1.62	860.5	1.57	1.52	1.57	1.03	1.07	1.03	12.18	13	12.52	7.52	8.02	7.73	50	50	50		
APT*	AMP NZ Office Trust	Market Perform	Market Perform	0.81	405	0.8	0.81	0.82	0.91	1	0.99	6.86	7.54	7.13	9.48	9.31	8.8	0	0	0		
BWP	Bunnings Warehouse Prop. Trust	Market Perform	Market Perform	1.5	406.7	1.21	1.27	1.33	1.25	1.18	1.13	10.5	11.06	11.35	6.95	7.37	7.57	0	0	0		
CEP	Centro Properties Group	Outperform	Outperform	3.82	2,340.40	3.1	3.11	3.2	1.29	1.23	1.19	27.4	30.25	31.75	6.87	7.92	8.31	0	0	0		
CNZ*	Capital Properties NZ	Market Perform	Market Perform	0.89	209.8	1.46	1.24	1.24	0.54	0.72	0.72	8.63	8.97	9.2	11.03	10.08	10.34	33	47	41		
CPA	Commonwealth Property Office	Outperform	Market Perform	1.15	1,660.00	1.22	1.2	1.24	0.99	0.96	0.93	10.35	9.58	9.64	8.63	8.33	8.38	0	0	0		
DDF	Deutsche Diversified Trust	Underperform	Underperform	1.15	1,094.90	1.19	1.2	1.17	0.96	0.96	0.99	9.3	9.3	9.5	8.09	8.09	8.26	0	0	0		
DIT	Deutsche Industrial Trust	Market Perform	Market Perform	1.77	597.5	1.58	1.64	1.69	1.12	1.08	1.05	15.4	15.8	16	8.75	8.93	9.04	0	0	0		
DOT	Deutsche Office Trust	Underperform	Underperform	1.1	1,262.90	1.22	1.29	1.33	0.92	0.85	0.83	10	8.95	9	8.93	8.14	8.18	0	0	0		
FKP	FKP Ltd	Market Perform	Market Perform	2.3	260.4	1.53	1.58	1.7	1.96	1.46	1.35	12	14	16	4	6.09	6.96	100	100	100		
GAN	CFS Gandel Retail Trust	Market Perform	Outperform	1.31	2,397.80	1.29	1.31	1.32	1.03	1	0.99	9.66	10.05	10.48	7.26	7.67	7.8	0	0	0		
GHG	Grand Hotel Group	Underperform	Underperform	0.66	146.7	0.63	0.75	0.79	0.75	0.87	0.84	2	5	5.2	4.26	7.58	7.88	0	0	0		
GPT	General Property Trust	Market Perform	Market Perform	2.86	5,558.40	2.68	2.64	2.58	1.07	1.09	1.11	21.2	21.85	22.45	7.41	7.64	7.85	0	0	0		
IIF	ING Industrial Fund	Market Perform	Market Perform	1.67	1,099.60	1.6	1.43	1.47	1.08	1.17	1.13	13.8	14.3	14.3	8.02	8.56	8.56	0	0	0		
IOF	ING Office Fund	Market Perform	Market Perform	1.1	921.9	1.11	1.26	1.35	1.03	0.87	0.81	10.55	10.2	10.3	9.25	9.27	9.36	0	0	0		
IPG	Investa Property Group	Market Perform	Market Perform	1.9	2,569.00	1.81	1.94	1.93	1.09	0.98	0.98	15.6	16.5	16.7	7.88	8.68	8.79	0	0	0		
KIP*	Kiwi Income Property Trust	Market Perform	Market Perform	1.04	601.3	1	0.94	0.96	0.98	1.1	1.09	8.39	8.66	8.55	8.55	8.33	8.23	17	36	36		
LLC	Lend Lease Corp	Market Perform	Market Perform	10.45	4,527.40	4.26	5.32	5.63	1.96	1.97	1.86	30	38	40	3.59	3.64	3.83	100	100	100		
MCW	Macquarie CountryWide Trust	Market Perform	Outperform	1.66	874.8	1.5	1.44	1.45	1.14	1.15	1.14	13.65	14	14.32	7.98	8.43	8.63	0	0	0		
MGR	Mirvac Group	Market Perform	Market Perform	4.31	2,885.60	3.02	2.73	2.6	1.47	1.58	1.65	29	32.5	34.08	6.53	7.54	7.91	0	0	0		
MLE	Macquarie Leisure Trust	Market Perform	Market Perform	0.94	136.1	0.76	0.79	0.83	1.02	1.2	1.13	7.5	8.2	8.5	9.62	8.72	9.04	0	0	0		
MOF	Macquarie Office Trust	Market Perform	Market Perform	1.11	977.3	1.23	1.2	1.18	0.94	0.92	0.94	11	10.25	10.4	9.57	9.23	9.37	0	0	0		
MPR	Macquarie ProLogis Trust	Outperform	Outperform	1.03	574.4	1.14	1.23	1.29	1.05	0.84	0.8	7.6	10.65	10.9	6.33	10.34	10.58	0	0	0		
NAP*	National Property Trust	Market Perform	Outperform	0.94	92.5	0.89	0.9	0.9	0.92	1.05	1.04	7.77	8.1	8.44	9.58	8.62	8.98	0	0	0		
PAO	Lend Lease US Office Trust	Outperform	Market Perform	1.24	762.2	1.36	1.51	1.53	0.91	0.82	0.81	11.8	12.4	12.6	9.52	10	10.16	0	0	0		
PFI*	Property For Industry	Market Perform	Market Perform	0.91	182.8	0.68	0.69	0.68	1.34	1.31	1.33	7.06	7.63	7.54	7.76	8.39	8.29	60	61	61		
RPH	Ronin Property Group	Market Perform	Market Perform	1.12	1,005.30	1.2	1.22	1.25	0.96	0.92	0.9	9.4	9.7	9.7	8.17	8.66	8.66	0	0	0		
SGP	Stockland Trust Group	Outperform	Outperform	4.95	5,625.30	4.62	3.58	3.64	1.08	1.38	1.36	32.12	35.38	36.69	6.41	7.15	7.41	0	0	0		
THG	Thakral Holdings Group	Market Perform	Market Perform	0.63	378.2	0.67	0.68	0.7	0.86	0.93	0.9	5.75	6.05	6.3	9.91	9.6	10	0	0	0		
VPG	Valad Property Group	Outperform	Outperform	0.98	245.3	0.64	0.87	0.91	1.57	1.13	1.08	4.62	9.55	9.8	4.62	9.74	10	0	0	0		
WFA	Westfield America Trust	Market Perform	Outperform	1.81	6,643.10	1.43	1.51	1.53	1.27	1.19	1.19	16.1	16.51	17.65	8.9	9.12	9.75	0	0	0		
WFT	Westfield Trust	Underperform	Market Perform	3.4	7,476.80	3.2	3.48	3.55	1.06	0.98	0.96	24.61	25.59	26.37	7.24	7.53	7.76	0	0	0		
WSF	Westfield Holdings	Outperform	Outperform	14.16	7,963.60	2.79	2.97	3.33	5.24	4.76	4.26	25.56	30.13	35.22	1.75	2.13	2.49	40	40	40		
<b>All Companies</b>					<b>62,743.50 n/c</b>		<b>n/c</b>	<b>n/c</b>		<b>1.23</b>	<b>1.21</b>	<b>1.19 n/c</b>		<b>n/c</b>	<b>n/c</b>		<b>6.66</b>	<b>7.04</b>	<b>7.31</b>	<b>6</b>	<b>7</b>	<b>7</b>

Adjusted Shareholders Funds = Total Shareholders Equity

n/c: not calculated (calculation not possible)

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