SNAP SHOT

Stocks

Mid and small-cap stocks that have attracted the attention of **Si** writers.

Dexion

SHELVING MANUFACTURER Dexion (DEX) has stacked up for investors. The company, which was floated by private equity company CHAMP in late April 2005, is trading at well above its $1 per share issue price. Last year it expanded with the acquisition of the New Zealand-based company, Capital Racking Systems, for $NZ10.4 million ($8.8 million). Its strategy has paid off. At the end of the six months to June 30, Dexion's order bank stood at $75 million, up from $69 million at the start of the year. The company also reported interim sales growth of 29 per cent, and a profit rise of 24 per cent. The storage systems maker expects full-year earnings to advance 20 per cent on last year thanks to new orders. Meanwhile, shareholder Pengana Capital expects this rate of earnings growth for at least another two years due to greater demand for Dexion's storage technology, which allows companies to warehouse inventory more efficiently. Analysts say the company will continue to benefit from customers' needs to make their supply chains more efficient. One change within the company could ruffle its performance. Brent Fuller, the former managing director and owner of 2.8 per cent, resigned in January after 40 years with the company. Peter Farmakis, general manager of Smorgon Steel's metal distribution business, will take Fuller's place in March.

Si view

Despite the share price having doubled since the company listed, Dexion is still trading on a hefty yield of 2.6 per cent and on a forward price-earnings multiple of 18 times. Not the sexiest of companies but a promising choice and, it would seem, one that is undervalued.

ASX CODE: DEX

Industrials
Manufacturer and marketer of industrial and commercial storage.
Year end: December

			2004	2005
52 week ▲	$2.70			
52 week ▼	$1.04	Revenue	$97.1m	$131.7m
Yield	2.6pc	Net profit	$4m	$6.3m
Market cap	$150.2m	EPS	N/A	11.6¢
Est. P/E	18.23	Dividend	N/A	4.5¢