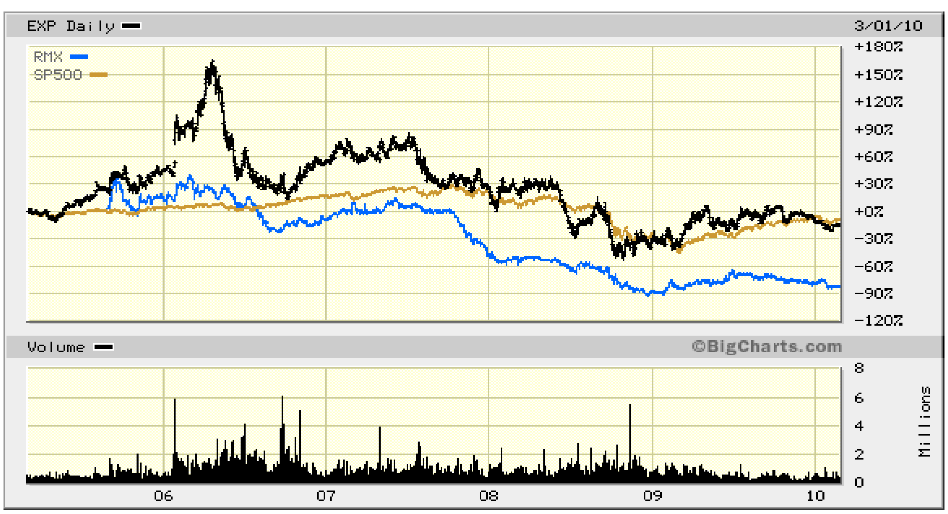
Eagle Materials Inc. (EXP) 3/1/10

EXP operates as an originator and producer of cement and paper/drywall products. Its operations and sales are based primarily in the U.S. EXP physically mines and aggregates the raw materials used for concrete and drywall, which it then manufactures for sale to contractors. EXP was founded in 1963 as Centex Construction Products and was spun off in 2004, it is currently headquartered in Dallas, Texas.

Current Price	$24.18
52 Week High	$30.09
52 Week Low	$16.86
One Yr Target	$26.00
Market Cap (in billions)	$1.06
P/E (Trailing)	29.71
P/E(1 Yr Forward)	28.79
P/E/G	4.46
ROA	13.15%
ROE	8.19%
EPS	$0.81
Beta	0.82
Annualized Dividend	$0.40
Dividend Yield	1.65%
Analyst Consensus	3.00
Debt to Equity	1.49



Annual EPS

2006	$3.20	
2007	$4.23	32.22%
2008	$2.25	-46.78%
2009	$0.96	-57.44%
ttm	$0.81	-15.05%

Annual Revenue (in millions)

2006	$859.70	
2007	$922.40	7.29%
2008	$749.55	-18.74%
2009	$602.18	-19.66%

Annual Net Income (in millions)

2006	$160.98	
2007	$202.66	25.89%
2008	$97.77	-51.76%
2009	$41.76	-57.29%

Free Cash Flows (in millions)

2006	$115.32	
2007	$105.55	-8.47%
2008	$7.89	-92.52%
2009	$63.31	702.41%

Required Rate of Return

9.45%

Dividend Growth Model

Present Value of 2015 Price	$5.06
Holding Period Return (5 years)	-12.61%

Expected Annualized Return Model

Present Value of 2015 Price	$13.73
Holding Period Return (5 years)	-9.25%

Residual Income Model

Intrinsic Stock Price	$1.28

Analysis

Positives

Negatives

All valuation models say the current stock price is overvalued

Financial Statements

Revenue has slowed a lot recently and margins have never been all that good

Balance Sheet is below average, some Debt to consider

Cash Flows are ok, nice stability in Dividends payed

Industry Analysis

Cement and drywall is dependant on housing and construction, which is still stalled

EXP as average financial ratios compared to its industry

Summary

EXP is a decently well operated company, which has done well to maintain some financial strength through the though economy. Its financial ratios are low but not horrible at all. Its financial statements have slid recently but the company didn't rush to add a lot of new Debt or sell a lot of new Equity shares. EXP has a good operating model by being vertically integrated and focusing on keeping overhead low. The U.S. currently consumes all domestically produced concrete that is made in a year, and thus needs imports to fill the gap. These imports are susceptible to transport costs and global demand, so EXP is in a good position for a construction rebound in the U.S. Also as the housing market picks up (as it seems to be doing) demand for EXP's drywall and paper products should increase. EXP is currently not well liked by many analysts, with due cause like the valuation models, but that leaves a lot of room for future upgrades. Going forward EXP is a bet on the return of the U.S. construction and housing industries, which makes EXP a **buy**.