



Bucyrus International, Inc. (NASDAQ:BCUY)

11/27/07

	BCUY
Market Cap	\$3.25B
P/E (LTM)	32.60
PEG (2008)	0.61
PEG (5 Year)	1.09
Profit Margin (LTM)	7.22%
Operating Margin (LTM)	13.19%
Return on Assets (LTM)	7.84%
Return on Equity (LTM)	18.13%
Relative Strength Rating	97

	EPS (\$)			
	2009	2008	2007	2006
Q1		0.91 (E)	0.57	0.46
Q2		1.12 (E)	0.80	0.68
Q3		1.24 (E)	0.76	0.53
Q4		1.28 (E)	0.85 (E)	0.56
Year	6.01 (E)	4.58 (E)	2.98 (E)	2.23

	Revenue (\$MM)			
	2009	2008	2007	2006
Q1		517.8 (E)	190.4	165.6
Q2		541.8 (E)	374.8	181.8
Q3		563.7 (E)	500.3	185.0
Q4		588.5 (E)	527.8 (E)	205.6
Year	2,481.1 (E)	2,211.8 (E)	1,593.3 (E)	738.0

Bucyrus International (BCUY) manufactures surface and underground mining equipment, supplies replacement parts, and offers services for mining machines. Their primary products include draglines (used to remove the overburden at surface mining sites), electric mining shovels (used to load mined materials into trucks) and rotary blasthole drills (used to drill holes in the ground area to be mined into which explosives are placed). Their machines and replacement parts are sold throughout the world to companies engaged in the mining of copper, coal, oil sands and iron ore.

According to the company, industry growth is driven primarily by the demand for surfaced mined commodities and feels that the surface mining of coal in India and China hold the best potential for long-term growth. BUCY projects that growth in the demand for key commodities in emerging economies are a function of

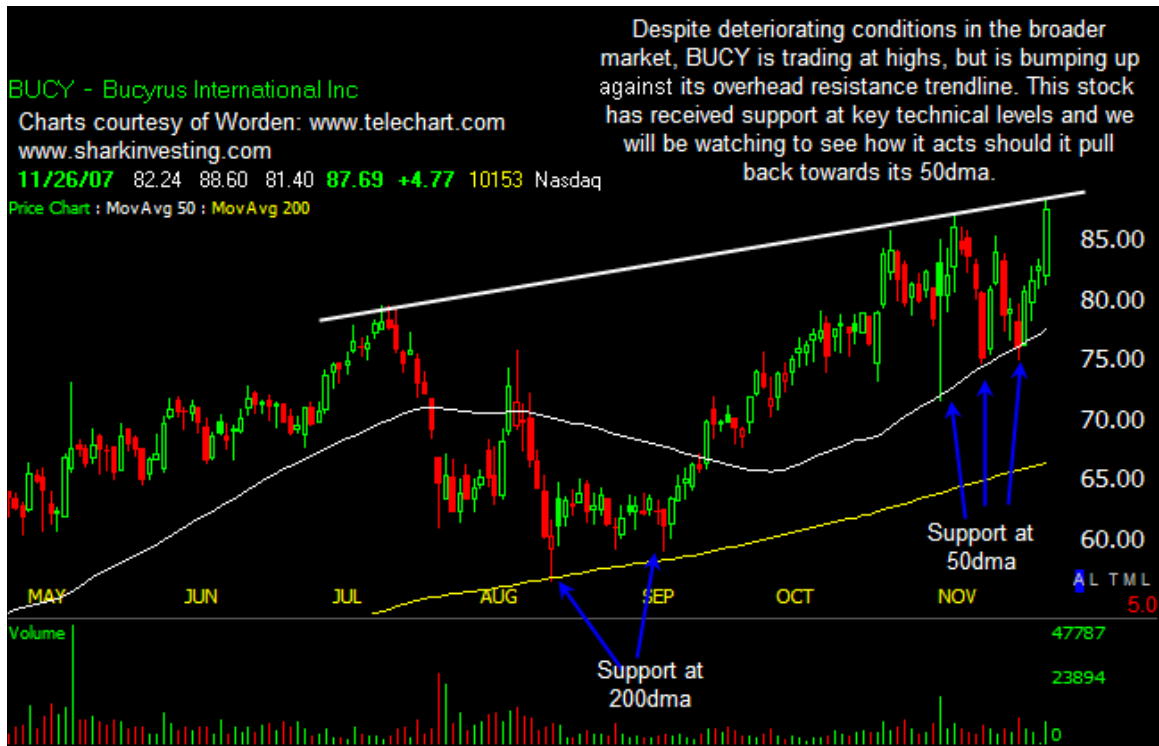
increasing economic activity, population increases and standard of living improvements.

While machine sales are closely correlated to commodity prices, BUCY feels that it has the largest installed base of surface mining equipment in the world. The aftermarket parts and services operations has been the most stable and profitable segment of their business, accounting for about 72% of their sales over the past 10 years, representing a compound annual growth rate of 10%.

On May 4, 2007, BUCY completed their acquisition of DBT, a privately held German manufacturer of underground mining equipment, enabling them to serve a larger segment of the global mining industry.

In its most recent quarter, BUCY reported diluted earnings per share of \$0.76 on \$500.3mm in revenues. Although the addition of DBT operations accounted for \$263mm of those revenues, their results still reflected strong growth in their legacy business with a 52% increase in surface mining equipment as well as a 12% increase in the aftermarket parts and services for that segment. The growth in surface mining sales reflects ongoing global demand for BUCY's products and services, driven primarily by the growth in demand for the commodities mined by their machines. Moreover, BUCY notes that capacity constraints continue to impact their original equipment sales, but the current expansion of their manufacturing facilities should allow them to address those constraints in the coming quarters.

Looking forward, BUCY is expected to continue to post strong sequential and year-over-year growth. Although this stock is currently trading at all-time highs, BUCY still represents an attractive valuation in the near-term. Technically, the stock is a bit extended and is bumping up against overhead trendline resistance levels. However, this name may be worth a look should it pull back.



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