

7 November 2002

Leighton reports \$9.3 billion of work and major prospects

At Leighton Holdings Limited 41st Annual General Meeting held in Sydney today, Chairman, Mr John Morschel, reported that the 2002 fiscal period was another successful year for the Leighton Group.

“Total operating revenue increased by 20% to a record \$5.2 billion and operating profit after tax increased by 8% to an all time record of \$169 million,” said Mr Morschel.

“The Group recorded a return on shareholders’ funds of 22.1% in 2001/02, achieving a ranking of 8th out of the top 100 companies listed on the Australian Stock Exchange.

The total ordinary dividend for the year increased by 8% to 42 cents per share. The final ordinary dividend of 26 cents per share was franked to 70%. The dividend payout ratio was 67%.

The Chairman also reported that operating revenue recorded during the first three months of the current financial year was \$1.4 billion. This generated an operating profit after tax (unaudited) of \$35 million which was in line with expectations. A summary of financial information for the first quarter of 2002/03 is attached.

Work in hand at 30 June was a record \$8.4 billion. In the first quarter of 2002/03, Leighton Contractors was awarded the Australian Magnesium project at Rockhampton in Queensland and Melbourne’s Spencer Street station redevelopment which takes work in hand at 30 September 2002 to \$9.3 billion.

Chief Executive Officer, Mr Wal King AM, said in his presentation to shareholders that the Group’s momentum, generated by the record level of work in hand, should underpin growth for the next few years.

“While the Group has a huge order book, there are still a number of large prospects ahead and we see a potential surge in activity in transport and resources infrastructure, building and property development in Australia,” said Mr King.

“Billions of dollars worth of new minerals and energy projects are being developed and the Group is well placed to pursue some large infrastructure opportunities.

“In excess of \$6 billion worth of road projects are expected to proceed over the next few years with a number of major projects now in active planning or under consideration. Leighton Contractors is a member of the recently announced preferred consortium for the first of these major new projects, the \$1.5 billion Western Sydney Orbital,” he said.

“We are seeing a sustained resurgence in spending on the country’s rail infrastructure with expenditure on construction expected to increase by more than 200% over the next five years. Group companies are working on most of the country’s major rail construction projects including the Alice Springs – Darwin rail line, the Parramatta Rail Link in Sydney and the Regional Fast Rail project in Victoria,” said Mr King.

“The building and property market is set to rebound strongly, driven by CBD office developments along the eastern seaboard, redevelopment of shopping centres and some major hotels, as well as continued expenditure on health, education and defence facilities.

“The outlook for our Asian markets remains positive with most markets forecast to recover over the next year or two from the recent global slowdown. We have a strong position across Asia and we recently restructured Leighton Asia to enable the business to continue growing.

“There has been no disruption to our operations in Indonesia since the recent tragedy in Bali. Whilst we will continue to monitor the situation, our operations are performing well and we remain committed to Indonesia,” said Mr King.

Looking forward, the underlying performance of the Group’s operations remains strong. The company has recently reaffirmed its commitment to Nextgen Networks. The Board will continue to monitor Nextgen’s performance very carefully and will review the residual carrying value of its interests at December this year and at June 2003.

The outlook for the next few years is very good with a period of sustained growth forecast on the back of a higher level of activity.

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Leighton Holdings Limited is the parent company of Australia’s largest project development and contracting group. Founded in 1949, the organisation has grown into a diversified group that includes Thiess, Leighton Contractors, Leighton Asia, John Holland and Leighton Properties. Leighton Group companies undertake activity for public and private sector clients in the engineering and infrastructure, building and property, mining and resources, telecommunications and environmental services markets. A range of services are offered including project development, construction, operation and maintenance. With over 15,200 employees, the Group’s operations are spread all around the Asia-Pacific region on projects in Australia, Hong Kong, Indonesia, Malaysia, the Philippines, Thailand, Vietnam, China and New Zealand. Leighton Holdings is listed on the Australian Stock Exchange and has its head office in Sydney.