

14 August 2009

## **Leighton reports annual profit of \$440m and \$37bn of work in hand**

The directors of Leighton Holdings Limited today announced that the Group had reported an operating profit after tax of \$610m, a reduced profit after tax and minority interests for the year of \$440m (versus \$608m last year) and a fully franked final dividend of 55 cents per share. The profit was impacted by a reduced property development contribution and previously flagged investment impairments.

Chief Executive, Mr Wal King, said that there were many positives to take away from the year and the outlook for the future.

“This is our third largest profit and recorded in a period when many of our peers and other businesses have reported losses. Even with the investment impairments the Group earned an average return on shareholders funds of over 20%,” he said.

“Our work in hand remains close to record levels at \$37bn as at 30 June 2009 versus \$37.5bn at 31 December 2008 and \$30.3bn at 30 June 2008. The order book was boosted by the award of some \$25bn worth of new work, extensions and variations during the period.

“In addition to the \$37bn of work in hand at June we currently have well over \$5bn of additional work in preferred status, including our share of the major Melbourne Desalination Project.

“Total revenue was up 26% to \$18.3bn (\$14.5bn last year) with revenue from joint ventures and associates increasing by 19% to \$5bn. Our major markets by revenue were infrastructure \$10.4bn, resources \$5bn and building and property \$2.9bn.

“Some of the significant construction projects awarded included the \$4.1bn Airport Link Project in Brisbane, the \$722m Royal North Shore Hospital in Sydney, \$1bn for works at the Gorgon Project in Western Australia, which is expected to receive final approval to proceed later this year and \$3bn for the Dubai Pearl,” said Mr King.

“New mining contracts or extensions were awarded at the Satui, Senakin and Bayan FKP coal mines in Indonesia; the Ukhaakhudag coal mine in Mongolia; the Collinsville, Burton, Curragh North, Moorvale and Peak Downs coal mines in Queensland; the Duralie coal mine in New South Wales and the Orebody 23/25 iron ore mine in Western Australia.

“Our balance sheet was further strengthened during the period with the successful completion of a \$700m equity raising. The majority of the funds have been invested in mining plant and equipment to support the Group’s resources based activities in Australia and Indonesia.

“We also improved our debt profile with the completion of a US\$280m private placement of 5, 7 and 10 year Guaranteed Senior Notes and, in August 2009, a \$280m 5-year Medium Term Notes issue to institutional investors. As at 30 June, total assets were \$7.7bn, gross cash was \$666m and the Group had net borrowings of \$613m for a net debt/equity ratio of 26%.

“Mr Glenn Palin, Managing Director of John Holland, was appointed an Associate Director of the Company at yesterday’s Board meeting.

(continued...)

“High levels of work in hand, combined with significant spending by Governments to stimulate economic activity - both in Australia and overseas, and a resurgence in growth of China, will maintain our operating performance in 2010,” said Mr King.

“The Australian economic and social infrastructure market is forecast to stay at high levels, supported by Federal Government spending. In transport, projects to proceed include the \$3.2bn Regional Rail Express in Vic, the \$1.5bn Hunter Expressway in NSW, \$500m of Federal funding for the \$2bn Northern Link project in Qld, and 13 other projects of up to \$1bn.

“High levels of telecommunications investment are set to continue, driven by the Government’s commitment to build a new \$43bn National Broadband Network (NBN). This project should offer significant construction opportunities, the first of these being a \$250m Regional Backbone Blackspots Program, which is currently out to tender and there may also be a role for our Nextgen fibre-optic cable.

“Australian iron ore and coal volumes, together with Indonesian coal volumes, are expected to continue to grow, driven by the demand from China as that country’s economic growth accelerates, and other Asian markets recover. A number of large Australian LNG projects are progressing, with over \$32bn worth of projects committed offering good construction opportunities,” said Mr King

“Across Asia and the Middle East, growth is forecast to recover and there should be a good range of construction and mining opportunities in our core markets. Hong Kong, Indonesia, Mongolia and Abu Dhabi are the markets with the most likely prospects in the short term.

“For the 2010 financial year, the Group is confident that revenue will exceed \$19bn and expects a net profit after tax of around \$600m, subject to any further investment impairments. The result represents a similar level of operating performance to the last year and provides a good base for the Group to resume profit and revenue growth in 2011 and beyond,” he said.

ENDS

**Issued by Leighton Holdings Limited** ABN 57 004 482 982 [www.leighton.com.au](http://www.leighton.com.au)

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LEIGHTON HOLDINGS LIMITED, founded in Australia in 1949, is the parent company of one of the world’s major project development and contracting organisations. We are also the world’s largest contract miner. Listed on the Australian Stock Exchange since 1962, Leighton Holdings is a top 25 company by market capitalisation and has its head office in Sydney, Australia. Leighton Holdings owns six diverse and independent operating companies: Leighton Contractors, Thiess, Leighton International, John Holland, Leighton Asia and Leighton Properties. These operating companies provide development, construction, contract mining, and operation and maintenance services to the infrastructure, resources and property markets. They operate in more than 20 countries throughout Australia, Asia and the Middle East from headquarters in Australia, Hong Kong and Dubai. These operating companies directly employ around 40,000 employees and each functions autonomously with its own Board and Managing Director.

In 2008/09, Leighton Holdings had revenue of A\$18.3bn, earned a profit after tax of A\$440m and reported an average return on shareholders funds of over 20%. As at 30 June 2009, the company had total assets of A\$7.7bn and net assets of A\$2.3bn. The company’s financial strength is recognised by ratings agencies Moody’s Investors Service, which currently assigns an issuer rating of Baa1 and Standard & Poors, which rates the company BBB.