



Conference Transcription

5th November 2009

15:30 AEDT

Leighton Holdings Ltd

Operator: This is Premiere Global Services. Please stand by, we're about to begin.

Good day, everyone, and welcome to the Leighton Holdings AGM and Q1 results conference call.

Today's call is being recorded.

At this time for opening remarks, I would like to turn the conference over to your moderator for today, Mr Wal King. Please go ahead.

Wal King: Thank you. I have in the room here with me Justin Grogan, Peter Greggs, CFO, and Travis Young, financial controller.

Thanks very much for joining us.

Just to sort of by way of introduction, of course I think six months ago we were of the view that the world was sort of stabilising and our markets were stabilising, and when we reached the June quarter we had sort of near record levels of uncompleted work in hand.

I guess the directions for the company are continuing to firm in terms of opportunities. So what we're seeing is somewhat a changed nature of opportunities, and other than the commercial property sector in Australia - which is badly suffering from the lack of available funding, and the building that runs off that commercial sector - most of our markets are positive or very positive in where we're sort of looking.

So I guess you've had time to look at the financial results and the statements that we've made, but the

financial year has started well for the company with revenues sitting around the 4.5 billion, which is up sort of 10 per cent.

More importantly, the work in hand position has increased from the 37-odd billion at June to 38.2 billion, so up 1.2 billion.

We did say that we have some \$4 billion worth of work that should come over the line in the next few weeks. Some of these projects we were hoping to announce but the announcements are in terms of in the hands of the clients.

We did announce yesterday that we have been selected as contractor to build a new railway line in Mongolia for some \$US338 million from our UHG mine down to the Mongolian border and extending our mining operations there from three million tonne a year to five million tonne a year. That particular railway line when it's finished will have a capacity of about 28 million tonnes a year, so I'm exceptionally confident that our mining operations in Mongolia will continue to expand.

So the work outlook is very positive other than the sector I talked about in the commercial property market.

Whereas 12 months ago we were very busily cancelling equipment orders, trying to downscale in relation to mining operations, here today most of our operations are running at full capacity or near full capacity. So the core business remains very strong.

In terms of the profit, the unaudited after-tax profit for the quarter was \$131 million, which is up 25 per

cent in terms of the previous period, previous quarter last year. The result does not include any impairments and, of course, we're expecting that to be the situation for the year, but there's obviously no guarantees.

One issue that has been running against us, of course, is the US-Australian dollar relationship. If the dollar had stayed at a much lower figure, obviously the profit would have been bigger and the uncompleted work would have been larger also.

So that's just a bit of an overview of the financial results.

Looking towards the full year, we're very confident that our revenues will exceed 19 billion and the confidence is based on the high level of work in hand and the contracts that we know that are going to flow through.

On the basis of what we know at this point in time, and subject to no impairment write-downs, we're expecting an operating profit of 600 million after tax.

As I commented at the outset, the work outlook for infrastructure is quite strong and engineering construction in Australia is expected to grow up to \$140 billion per annum by 2018, and that's about double what it is now.

There is significant expenditure on all sorts of utilities in Australia, power generation, green energy and the like. One large opportunity in Australia which is the 43 billion national broadbanding network which is being rolled out should offer very, very substantial opportunities. The boundaries to those opportunities

are somewhat undefined at this point in time because the government are busily putting together their organisation.

The first contract in that arena, which is the \$250 million initial black spot program, there should be a result of that in the next week or so. We have a high level of confidence, although we don't know the outcome.

The biggest opportunity other than NBN in Australia is the LNG, the gas market. There's some \$150 billion worth of projects in the pipeline and one can't really say how many's going to go ahead or not, but there will be certainly a substantial number.

The Gorgon Project, as most people are aware, is committed in Western Australia. It's about a \$40 billion project – sorry, the Gorgon project is a \$40 billion project and committed.

Browse is coming along quite strongly.

There's the projects in Papua New Guinea, there's Impex, there's a whole series of projects and, of course, in Queensland there's coal seam methane projects.

In Hong Kong there's a very big construction program coming of some HK\$200 billion worth of infrastructure projects and we're very well placed to take advantage of that.

Similarly in Indonesia, which is a low-cost producer of coal, we currently mine 38 million tonnes of coal a year, and there's lots of extensions that we expect by the end of the year to perhaps announce

extensions to some of our contracts of around \$US2 billion.

I commented on Mongolia. Mongolia offers fantastic opportunities for us. The coal that is produced in Mongolia is exceptionally competitive and taken to the Chinese border. It's landed at the Chinese border, as most people are aware, somewhere around \$US30/35 a tonne and it's being sold at about \$US80 to \$US100 a tonne, and I have a high level of confidence that once the railway line is finished, our production on that mine will move up to 10 million tonne a year.

Our offshore oil and gas business has more opportunities that it can possibly respond to, and we're working off Mumbai, Saudi Arabia and also down in Brunei.

I guess in terms of the Middle East, a lot is talked about the Middle East and a lot is written about the Middle East. There's been a huge focus on Dubai, but Dubai is only part of the Middle East, it's not the complete Middle East. Dubai will take years to recover, but in places like Abu Dhabi there is some \$275 billion worth of projects planned over the next five years, and in fact we're bidding more work in the Middle East than we have since our involvement with [Habtoor], so we believe that the future for the Leighton Group is very strong, albeit that Dubai will take a number of years to work their problems through.

So all in all, we're rather positive. We believe that the 19 billion turnover is pretty much in the bag. Subject to any unknowns, the \$US600 million should

be in the bag, moving ahead again very strongly the year after.

So I guess that's a bit of a rambling dissertation. We're happy to take any questions.

Unidentified speaker: Thanks Matt, if you could throw it open to questions.

Operator: Certainly Sir. The question, next session, will be conducted electronically.

If you'd like to ask your question, please do so by pressing the star key followed by the digit one on your touchtone telephone.

We'll proceed in the order which you signal us, and we'll take as many questions as time permits.

If you're using a speaker phone, please be sure the mute function is turned off to allow your signal to reach our equipment.

Once again, please press star one on your touchtone telephone to ask a question.

We'll now move to our first question from the line of Simon Thackeray from RBS. Please go ahead.

Question: (Simon Thackeray, RBS) Thanks very much. Good afternoon guys.

Just a quick one. I guess I've got a couple of questions.

The first one is just on the guidance subject to impairments, Wal. I don't know, in my head I had most of the stuff behind us in FY09 which was sort of the big year of the impairments.

Can you give us some colour, just help us out and sort of say where those risks might be, you know,

[Bris] Connects or is it Al Habtoor itself? It doesn't sound like it by the strength of the work or Devine or other areas. That would be the first question.

Then the second question will be obviously the mining side looks – you know, is sounding very attractive and we're hearing some pretty positive things in terms of mining production from a number of your clients, particularly into FY11. What that means offshore versus onshore and in terms of your expectations for growth, if you can help us there, and then, of course, what that means for CAPEX maybe going into FY11.

Wal King: Your first question, did it relate to any possible impairments or the risks in relation to achieving the 600 million, I'm looking at your paper that you've brought out here and I think you were talking a profit of 600-odd million for the year 2010, so are you talking about impairments or just operating risks?

Question: (Simon Thackeray, RBS) I'm just saying, the comment from the chairman was, you know, around 600 million subject to any further asset impairments. I'm just trying to understand, do you feel that there's risk that we should be looking at in terms of impairments? It's just that it's a subtle change from what you said is the full year result.

Wal King: I think we're all of the view that the world is slowly recovering, so we're not sort of planning on any further impairments, obviously. We're watching all that situation.

From an operating perspective, I think we're at this point in time very comfortable with 600 million. We're only one quarter into the year, so I don't see huge risks.

As we travel through the year, we'll continue to update. Now obviously if the financial market suddenly turned down strongly, I mean there would be issues with asset values, but at this point in time we're comfortable with the 600 million.

Question:

(Simon Thackeray, RBS) Okay, that's cool, and then just on the mining side, which is near and dear to your heart in terms of offshore versus onshore, if we're looking at this in terms of the way that we model the growth, I mean like understandably the offshore mining comes off a lower base, but what sort of rates of growth are you expecting and how do you match the CAPEX for that, particularly next year?

Wal King:

CAPEX is going to be a big challenge with funding the equipment, and if you look at, I suppose, the three geographic areas that we're in where the heavy mining is done with a potential for the three areas, obviously Australia, Indonesia and now Mongolia, all of those markets are showing great opportunity, and the fourth market, of course, is India, where we are continuing to negotiate on a very large job there of about \$US5 billion. Now whether that comes across the line or not remains to be seen.

It is very surprising that from, you know, 12 months ago there were sort of very huge downgrades and cutbacks in operations on mines through to March that have stabilised and now we're running at full

capacity. So it's going to be a challenge to fund all this equipment going forward, but I think that's a positive to be able to have more work than you can deal with rather than the negative of having equipment sitting around your ears.

I think in terms of where we're going we're sort of quite confident that we'll go over the 20 billion turnover next year.

Question: (Simon Thackeray, RBS) So I guess we should be budgeting for higher CAPEX, and perhaps we've been doing so, in FY11.

Wal King: Well, we're looking continuously at funding alternatives and there may be a larger component of rented equipment, albeit that I think, Travis, there's changes coming into the accounting standards that we need to continue to watch.

Question: (Simon Thackeray, RBS) Yeah, CAPEX will be up. Then just finally, I was sort of impressed with maintaining the revenue line beyond 19 billion, particularly with what's happened with the currency offshore. Has there been more on offer, more things that have hit the screens in the last couple of months since we spoke at August that's given that degree of confidence?

Wal King: Well, I mean we're sort of planning to grow through to sort of like in the medium term to 25 billion and we don't see any impediments that are going to stop us there, and in terms of profitability obviously the thing that's missing out of the top-line profitability is the contribution from our property company. We'd be expecting that within 12 months to start to

recover and make positive contributions, so in terms of revenue growth we're very confident and on the back of our workload, the question's quite often asked, well what's happening with margins? Well, we're not saying any significant deterioration in the margins on our uncompleted work.

Question: (Simon Thackeray, RBS) Okay, that's great, thanks so much.

Operator: We'll now move to our next question from the line of Brendan Wong from Ausbil; please go ahead.

Question: (Brendan Wong, Ausbil) Hi Wal. Just following up from Simon's question on coal and iron ore volumes. Obviously we've seen now the big mine has come out with their statements of quarterly production, but I'd be interested in your view on how much of that is unwinding of destocking versus underlying demand improvements.

Wal King: Well, that's sort of a rather tricky question and I guess depends on where you are and in which mine. There is no doubt that it is a demand going forward. It's much stronger than everyone has anticipated, and there is a question of how much sort of destocking has happened and happening, but if you look in Mongolia, the price of coal there is so competitive that I think, you know, if there is any slackening in demand, it won't be in a place like Mongolia because it's so cost competitive. As I said, they sell that for about \$US80 a tonne. That competes with Australian coal, FOB, Mackay at about \$120/130 a tonne.

Indonesia equally is, you know, very cost competitive at pricing and I would be very confident that we'll get across the line another couple of billion dollars worth of contracts there in the medium term. So in all of the things being indicated to us is, is not for downturn, it's for actually increased volumes.

I guess the \$64 question of, you know, the Rio, BHP, iron ore merger, there is nothing there that is coming towards us that would lead us to believe that there will be cutbacks, and quite the contrary, we're producing about 100 million tonnes of iron ore.

In that sort of joint venture there, or for BHP, the indications are in three or four years that that will be up around 140 million tonne a year.

Question: (Brendan Wong, Ausbil) Just back to the east coast and some of the system improvements that are happening in, you know, NCIG, the missing link, are you seeing any reaction from the miners in anticipation of system upgrades there?

Wal King: No, we're not seeing any negative things there at all.

Question: (Brendan Wong, Ausbil) In terms of positive improvement in volumes, so obviously the system's going to be improving from the Dalrymple Bay upgrade and also the Newcastle coal handling group upgrade as well, and just wondering whether the miners are giving you any indications of increasing the volumes in anticipation of those upgrades coming through.

Wal King: Well, there's some tenders around for increased production value. There's sort of a tender that closed there the other day for sort of a billion dollars

plus. They're talking of increases, you know, coming out of other mines, so I think they're all anticipating that when the port has more capacity they will step up.

Question: (Brendan Wong, Ausbil) Okay, thank you.

Operator: We'll now move to our next question from John [Pertel] from Macquarie. Please go ahead.

John, please go ahead.

Okay, we'll now move to our next question from the line of Tony Mitchell from Stockbrokers [unclear].

Please go ahead.

Question: (Tony Mitchell, Stockbrokers [unclear]) Good day, Wal.

I just wanted to ask you, a number of companies in your space have mentioned about project delays having an impact in their earnings and earnings that they were looking to get in 2010 being likely to be deferred to 2011. Have you been impacted by any of these delays?

Wal King: Well, I think the contrary. I mean there was sort of a lot of hype about how quickly a lot of this infrastructure work was going to go ahead, which I personally never believed. Certainly the rail works have gone ahead, but the road works hasn't come forward to the extent that perhaps the politicians said it was going to come through, but I never said that anyhow.

But there's a lot of work around on the east coast here and big road projects. There's probably a couple of billion dollars worth of heavy road projects we'll be awarded. I'm not sure what project people

are referring to, but six months ago there were sort of delays, but I don't see any delays now. I see quite the contrary. I mean there's a lot of pressure on by the federal government to get this stuff into the field.

Question: (Tony Mitchell, Stockbrokers [unclear]) Well, I think they were referring about some of the coal projects of Queensland and coal seam gas, et cetera, and you know one company got it – the government hasn't fulfilled its obligation on pipelines, especially in Queensland for water.

Wal King: Well, I think the sort of \$150 billion worth of projects that are talked about in natural gas and other projects invariably, you know, there's delays, and probably that's not a bad thing anyhow because I mean...

Question: (Tony Mitchell, Stockbrokers [unclear]) Yeah.

Wal King: ... but our industry would have difficulty coping with all of these particular projects, but I don't think in sort of our forecasts. At this point in time we're factoring in delays that will impact us.

Several months ago, and it was rather to difficult to fathom out what was exactly happening in terms of cutbacks, but all that has subsided, and I was up in central Queensland about six weeks ago and there's sort of like about five billion dollars worth of coal projects on offer.

Question: (Tony Mitchell, Stockbrokers [unclear]) Right.

Wal King: Whereas if you went back six months earlier, let's say back at Christmas time, there was probably zippro on offer.

Operator: We'll now move to our next question from the line of John Freedman from UBS. Please go ahead.

Question: (John Freedman, UBS) Hi Wal.

I hope I'm not overanalysing, but when you were talking about margins you said you were not seeing any significant deterioration in margins on uncompleted work.

Was that a specific mention in terms of uncompleted work versus sort of new work that you're looking at, and could you give us an idea of what's happening in terms of work coming down the pipeline, how competitive the landscape is and how that might vary across some of the sectors and geographies please?

Wal King: Well, it varies enormously, depending where you are. My comment referred to the contracts that have flowed in, in the first quarter. You know, the margin on those is pretty much stable. I mean there's obviously minor variations, but there's no big trend downwards.

Question: (John Freedman, UBS) Okay.

Wal King: That you anticipate. I mean the most difficult market by a country mile is what you'd call the commercial high rise building market and the industrial market. I mean that's just come to a dead stop, and if you were just a downtown city builder, I mean you'd be having a rather difficult time, and that's affecting us particularly in the property market, but once you move out of that area, we think the margins in Australia are more or less stable, they're not going up or not going down, and

in fact with some of our projects, I mean you wouldn't want any more money. I think we get a very, very good and handsome return.

When you move to Hong Kong, I mean the margins in Hong Kong should be substantially better. They have a big infrastructure program there and limited contractors can respond.

In Mongolia, you know, all of the work up there is pretty much done in a negotiated fashion, so there's no sort of issues there with margins, and again, I mean we're exceptionally happy with the margins that we have.

In the offshore business, which is presenting a lot of opportunities, it's very capital-intensive and, you know, we're tending to only chase work that suits us because every new job probably requires different capital equipment. So that's a strange market for us.

There's more opportunities than we can fund or would wish to fund, so it's a matter of picking your mark, picking your target.

In the Middle East, you know, the crisis has subsided in Dubai, but there is on offer up there more work than we've actually been involved in.

The recent jobs that we've won in Abu Dhabi, the big port up there, I mean prima facie there's very good margins in that, so there's some big building jobs up there. We're bidding on a couple of billion dollars and they'll be more interesting.

So I think the whole thing, the marketplace in the broad, is very much stabilised and is moving

forward, albeit you wouldn't want to be a downtown city builder.

Question: (John Freedman, UBS) Okay, and just on the property, you mentioned you were expecting it to come back within 12 months. Is there any allowance for property development and profits in this year's guidance?

Wal King: No. If we broke even with our property company this year, I think we'd be very happy.

Question: (John Freedman, UBS) Okay, and just a final question: there's some talk up in the UAE in regard to the Al Habtoor side of the JV and what they might do with that. I don't know what you can say. You don't obviously speak for it, but do you have any comment on what expectations might be for that?

Wal King: In terms of profitability?

Question: (John Freedman, UBS) No, sorry, in terms of a potential listing.

Wal King: Well, I think we need more sort of time to go by. You know, eventually there will be an IPO on that company; it's a question of sort of timing.

My own personal belief is that you need at least another 12 months of solid track record and profitability and opportunities and working through some of the issues.

I'm going up in a few weeks to meet with our partners. I think the directions are clear. Yes, it will be IPO'd at some point in time; it's a question of the timing, and I would say it's not in the next 12 months.

Question: (John Freedman, UBS) Okay. Okay, thank you very much.

Operator: We'll now move to our next question from the line of John [Pertel] from Macquarie.

Question: (John [Pertel], Macquarie) Hello, can you hear me?

Wal King: Yeah.

Question: (John [Pertel], Macquarie) Yeah, second time around, thanks guys.

Look, I have three questions.

Just firstly, the FX rate that you're assuming in your guidance for this year; the second one is have you seen a stabilisation of margins in the Middle East or are we still seeing pressure in that market across the board; and last question, I mean fiscal 10's previously been described as a rebuilding or consolidation year following a tough '09 specifically related to environment write-downs. Is this – and this is generally across the business – a level of provision for contingency rebuild required to offset some of that from '09?

Wal King: Travis will answer the question on the FX.

Travis Young: Yeah, on the FX our September results was done at the September – our month-end rate, which is 87 cents, and our forecast similarly is based on 87 cents. We don't speculate on what the currency is going to be. You know, we just report a forecast on what it is at the relevant time.

Wal King: In terms of the Middle East, as I said, Dubai, I mean there's nothing going to happen in Dubai, but in Abu Dhabi and other places where we're working, I mean

the recent job that we won there a couple of months ago, the port in Abu Dhabi, that was very sort of sound margins.

We've got a whole stream of work coming. We won a water supply contract in Qatar, that the margins from that are fine.

So my view would be other than Dubai the margins are stabilised and possibly improving, but the possibly improving is yet to be demonstrated in sort of the next array of projects, but the next array of projects there are lots of big, complicated projects coming and there's no reason why the margin shouldn't improve them and [Habtoor]-Leighton are in a great position up there with its resources; it's the largest construction company, and particularly Abu Dhabi where they've just got a massive expenditure program.

The third question, well the thing that is missing out of our figures is really the property company. I mean the property company I think made, the year before last, 80 million pre-tax profit. Last year was a substantial loss. This year we're hoping for a breakeven situation. So it's really working through distortions in the system, and the work as we see flowing through, you know, should propel us into the future with the momentum of uncompleted work.

So rebuilding, I mean we're passing through, virtually completely passed through this phase.

You ask about contingencies, well you well know from the accounting standard we're not allowed to have contingencies, but on the other hand I think

we're managing the business in a fashion that if any unexpected surprises come along we should be able to cater for.

Question: (John [Pertel], Macquarie) Thank you.

Operator: We'll now move to our next question, a follow-up question from the line of Simon Thackeray from RBS. Please go ahead.

Question: (Simon Thackeray, RBS) Oh thanks. Well, just quickly, I'm not sure if you can answer this one, but it's more in relation to investments. You know, there's some speculation around some of your listed investments such as Devine having to maybe raise capital. Maybe they do or they don't. Just the view of holdings in terms of following their money on any prospective capital raisings that were to occur in the listed investments, given where we are.

Wal King: ...in respect of Devine is sort of a matter for the Devine board.

Question: (Simon Thackeray, RBS) No, I'm saying if they did it, is that the intention to follow money, you know, given where we are in the cycle, particularly for Devine, you know with residential potentially recovering, you know, strongly.

Wal King: Well, I'll answer it in an indirect fashion by saying that it's part of the group strategy to continue to diversify into heavy construction and mining market in Australia. I mean we've got a huge chunk of that, and the area that we're not heavy in is housing, and so a holding in Devine is completely compatible with our ongoing strategy of having a greater diversity

base. The issue for Devine is to make the company more profitable so we're satisfied with our holding.

Question: (Simon Thackeray, RBS) Okay that's great, thanks.

Operator: At this time we have one question left in the queue. If you would wish to ask a question, please press star one at this time.

We'll now move to our question from the line of Julian Bu from Citigroup. Please go ahead.

Question: (Julian Bu, Citigroup) Thanks. A couple of questions. First of all, Peter, just a follow-up question on the FX assumption. Am I correct that in understanding I guess your statement there, the \$600 million NPAT is based on the 87 cents assumption throughout the year?

Wal King: Yeah, that's correct.

Question: (Julian Bu, Citigroup) Okay, thanks. And also the next question for you regarding contra-mining Australia, I'm just curious whether you expect a lot of new jobs in Australia in mining besides extensions.

Wal King: The answer is yes. I mean there is a number of bids that we have around which is sort of new mines. I guess one of the issues with a lot of these mines is they get mining prices and, you know, we're not the owner, and they will sit on them until they're absolutely sure, but there is new mines around in Australia. There's extensions around in Australia, substantial extensions in Indonesia and substantial extensions and new mines in Mongolia.

The Mongolian thing I talked about is to go up to five million tonne a year, then we're very confident when the railway line's finished, that will move up to 10 million tonne a year.

We are, in fact, in the process of negotiating a mine on the western side of Mongolia. We've been awarded the initial box-cut, which is basically a sampling exercise, and provided that the coal checks out, that will lead to a mining contract of perhaps three or \$US400.

All those Mongolian coal assets are very good quality coal and close to the Chinese border, so we think the mining market is in those areas of operation very positive, and as I've said, we have a big array of opportunities in India, although they're much more difficult to progress. I mean India is increasing its power production enormously. It's adding like, I think, the equivalent of the entire generation capacity of Australia every year.

They need coal. They're a big importer of coal and it's a bit of a mystery why they can't develop their coal assets, but we have one job there that's about \$US5 billion that we've been negotiating for an extended period of time. Now whether it comes off or not remains to be seen, so that directions of the mining business are pretty much all positive.

Question:

(Julian Bu, Citigroup) Yeah. It seems like you are allowing more parts of Mongolia and Indonesia than even, you know, the [Domesker] marker.

Wal King:

Well those mines are extremely cost competitive and if the market continues to expand, the people will

take advantage of the low cost producers, and one headline in the Mackay Daily Newspaper, Mine Closes, is not indicative of what's happening. There's obviously high-cost mines around the place that may continue to close, but the volume I said in my speech today, that Peabody you're expecting the coal market, the sea-borne coal market to expand by seven or eight per cent compounding over the next few years.

Question: (Julian Bu, Citigroup) You mentioned the [Domesker] new jobs you talked about, are they from the big miners or are they from the smaller miners?

Wal King: Both. Yeah, one of the new players, of course, is Vale in the market here in Australia, the Brazilians.

Question: (Julian Bu, Citigroup) Thanks.

Operator: We'll now move to our next question from the line of Chris Savage. Please go ahead.

Question: (Chris Savage, Goldman Sachs JBWere) Hi, Wal, it's Chris Savage from Goldman's.

I might be splitting hairs slightly, but at August you said you expected the group to resume profit and revenue growth in 2011 and beyond. You've effectively said as much today, so you're still standing by that effective guidance for 2011?

Wal King: Yes.

Question: (Chris Savage, Goldman Sachs JBWere) Okay. Thank you. And secondly, were there any major projects due in the September quarter that did or didn't hit that 20 per cent threshold that either positively or negatively impacted that first quarter result?

Wal King: No. The projects are all pretty much running where we thought they would run in terms of completion. If you're asking me is there something we had in our budget that wasn't achieved; no, that's not the answer.

Question: (Chris Savage, Goldman Sachs JBWere) No, I was more coming at it from the angle – take Melbourne desal, like I'm presuming that's not at 20 per cent complete yet, so that would have been a drain in the first quarter, but will that, for instance, come through at 20 per cent complete plus in the second quarter?

Wal King: We do some amazing miracle things, but like a big project like that, we can't get the 20 per cent in less than two months.

No, that will flow through. That's a huge project, and there's two components, of course. One is the construction, which is worth to us about two billion, and then there's the operation, which is obviously down the track, but that will come to 20 per cent in the year, within 12 months.

Question: (Chris Savage, Goldman Sachs JBWere) But that was kind of my point. Again without splitting hairs, there doesn't sound like there's any major projects that either caused a kicker or the opposite in the first quarter.

Wal King: No. That's correct, yeah.

Question: (Chris Savage, Goldman Sachs JBWere) Cool, thank you.

Operator: At this time there are no further questions.

I would now like to hand the call back over to Mr Wal King.

Wal King: All right, thanks very much guys. We'll keep you updated when the projects come through. We expect that there'll be announcements in the next few days with a whole series of projects and we're pretty confident that \$4 billion, approximately \$4 billion we talk about, will come through in the next several weeks.

So thanks for your interest and keep on trucking.

Operator: This concludes today's conference. Thank you everyone for your participation.

END OF TRANSCRIPT