

Leighton Holdings 3rd Quarter Results Investor Teleconference 17 May 2010

Speaker: Premier Global Services

Good day everyone and welcome to the Leighton Holdings 3rd Quarter Results Update. Today's call is being recorded, as it's time for opening remarks I would like to call the conference over to your moderator today, Mr Peter Gregg, please go ahead.

Speaker: Peter Gregg

Thanks very much and good afternoon everybody. You have the press release in front of you I assume, I'll just have a quick run through of the results just to let you know a number of my colleagues here are with me including Travis Young Deputy CFO, Tom McKay, Treasurer and Justin Grogan who is the EGM Public Affairs and Investor Relations and everything else. At the 3rd quarter of the 2010 financial year the company remained on track with a solid performance, total revenue to 31 March was down 2.7% to \$13.3bn Australian dollars and that was against \$13.7bn for the previous corresponding period. However the strength of the Australian dollar had a negative effect and revenue would have been another \$790m higher if we'd used the same exchange rate as used in the prior equal period. The Group has generated a profit after tax unaudited of \$400m which an increase of 82% on the previous year and as you know the previous year was impacted by impairments and the pre-impairment number for the prior year was \$395m. Foreign exchange also had a negative effect of \$27m on the result for the 9 months to 31 March, ie the results would have been \$427m if we have of used the same exchange rates as used in the prior comparative. Work in hand at 31 March stood at \$37.5bn which is up from \$36.5bn but down from the \$38.4bn reported at the half year and again foreign exchange had a negative impact on work in hand of \$3.6bn. Since March a further \$1.8bn of new work has been won and the Group is preferred on over \$6bn of additional work. The core operating business remains strong and there was no impairments or write downs. Foreign exchange continues to have an impact even so we have absorbed that and have factored it in to our guide and outlook. Now the outlook continues strong for us although it's abundantly clear the world is not out of the woods yet in terms of financial upheaval. Our long term strategic planning process shows that looking out 5 years there's no shortage of opportunities and that \$50bn to \$60bn of work in hand \$30bn of revenue and around a billion dollars of profit after tax should be achievable. The geographic split for this growth would remain roughly the same as what it is today of about 70 on shore versus 30 off shore. As I just said at the half year we've come through the worst of the Global Financial Crisis relatively intact, but the clouds that remain on the horizon that weren't there 3 months ago include the resources super profit tax, the contagion of Europe sovereign entity risk as evidenced by Greece, rising interest rates and a Federal election.

We continue to have a positive long term outlook for infrastructure spending in Australia which is forecast to remain above 2008 levels and grow at 8% per annum from 2012 onwards. Recent State and Federal parliament budgets have a strong focus on delivering vital infrastructure. Victoria has committed to around \$7bn in transport and road funding which is part of its \$38bn transport plan. The Federal Government has announced plans for a new infrastructure fund, opportunities in transport, water, energy,

power generation and telecommunications are abundant and the \$43bn national broadband network continues to progress with our subsidiaries Visionstream and Silcar recently selected to design blue prints for the first 5 mainland sites.

As you know we are the world's largest contract miner and demands for resources in China remains unabated, our work in this sector is primarily for blue chip companies with high quality low cost deposits. Growth should continue at iron ore and coal exports although plans for investment and expansion may come under pressure due to the resources super profits tax. The outlook for oil and gas remains solid on the back of strong demand for LNG. Earlier this month Leighton Contractors were awarded an additional \$150m for an extension to the LNG Jetty contract for Chevron in WA. Papua New Guinea is increasingly attractive for investment and we expect LNG opportunities to emerge there over the short time.

Property remains subdued and while it's expected to bottom out in 2011 we expect the upturn to begin in 2012. Now that's commercial property, residential property growth is forecast at 6% through to 2014 which is a positive for our almost 50% investment in listed residential developer Devine.

If we look overseas average growth rates across our Asian markets are forecast at 7% for the next 5 years. In Hong Kong the rollout of the Governments 10 year infrastructure plan has continued with projects in rail, drainage, urban renewal, road, bridge and tunnelling coming to market. Leighton Asia has been successful in securing over \$2bn in contracts some involving our sister company John Holland and some involving our 30% investment in Macmahon. Indonesia coal exports are forecast to grow at an average of 12% until 2012 and we have a number of opportunities to increase this with extensions and new work. Mining activity levels in Mongolia have increased significantly since the country scrapped its 68% windfall tax on copper and gold profits and Leighton Asia has secured a \$940m adjustment to the UHG coal mine to take it from 2 million tonne per annum to 10 million tonne per annum by 2011. China is the primary export market and Mongolia's reserves are enormous, the proposed Tavan Tolgoi mine with 6.4 billion tonnes of coking and thermal coal reserves is expected to generate new contract mining and infrastructure opportunities.

On the sub continent India remains steady with ongoing work in oil and gas and the construction of a big IT park in Chennai for Tata. We are looking at ways of increasing our footprint in this market potentially with a local partner.

In the Middle East Dubai remains subdued but we are diversifying our presence and product and mix across other markets in the region. Over \$US2.3 trillion of projects are planned across the Gulf Cooperative Council countries according to need with around \$US1 trillion in the Emirates alone. In Abu Dhabi \$US265bn is forecast to be spent on infrastructure over the next 5 years and access to opportunities in Saudi Arabia is improving however we have noticed that the awarding of contracts has slowed due in part to more detailed assessment and competition has intensified with some new international contractors entering the market. It is difficult to make progress on outstanding monies with Dubai in particular not paying any obligations during the period.

While we are confident on payment it will take some time. Some clients are also demanding discounts and payment terms which we have to deal with.

Turning to the outlook for the full year, for the 2010 fiscal year we expect revenue to be around \$18.5bn Australian, we believe also that NPAT will be in excess of \$600m as previously stated. Work in hand will remain strong although given the recently announced resources super profit tax, a pending Federal election and financial uncertainty in Europe there may be some timing issues. As I said earlier the Group is in a preferred position on over \$6bn of projects, some of which will be awarded before the end of the financial year, others will come soon after. We're bidding on higher levels of work, we have up to \$50bn of projects being bid at any one point in time. In summary we're on track for solid results, beyond that we see good levels of growth and remain positive about the outlook. Now I'll throw the line open to questions and I or my colleagues will endeavour to answer them for you.

Question: Ricky Pann, Macquarie

Hi Peter. Just had a few questions around work in hand firstly, you previously flagged \$40bn to \$42bn of work in hand by 30 June is that still your expectation and also where's work in hand currently sitting?

Speaker: Peter Gregg

Current work in hand I think we announced was at \$37.5bn.

Question: Ricky Pann, Macquarie

Sorry I meant as at today as opposed to 31 March, obviously including those contracts you've won in April.

Speaker: Peter Gregg

It would be roughly around \$38bn because we burn about \$1bn a month as well as we took in \$1.8bn as well. For the fiscal June year end we think we'll be around the \$40bn maybe \$42bn but it will depend on how much of that preferred work is settled between now and June.

Question: Ricky Pann, Macquarie

Can I just confirm that \$6bn of preferred they're contracts that you have been essentially awarded but awaiting the contract to be finalised, is that correct?

Speaker: Peter Gregg

No. it's a combination of that situation but also situation where we might be down to the last 1 or 2.

Question: Ricky Pann, Macquarie

So I'm assuming then that \$6bn includes contracts like the Northern Link, Adelaide Hospital, Hunter Expressway.

Speaker: Peter Gregg

That's right.

Speaker: Travis Young

No it's normally down to where we've either been notified by the client that they intend to award the contract to us or we're in our alliance type project where we just have to firm up with the client what the total cost of the project is going to be. We don't count in our preferred where we're down to 2 or 3 in the major projects.

Question: *Ricky Pann, Macquarie*

OK so those 3 projects I just mentioned aren't included in the \$6bn.

They aren't there yet.

Question: *Ricky Pann, Macquarie*

So \$6bn is quite a large number, what contracts would be included in that number.

Speaker: *Travis Young*

There's a range of contracts including some major mining contracts where we're basically assured of winning those contracts because they're extensions to our current contracts. We haven't got a detailed list with us at the moment and we cannot announce those until the client gives us permission to make announcement on award of the contract anyway.

Question: *Ricky Pann, Macquarie*

OK. And then just on the Middle East you mentioned issues re Dubai not paying, how is the cash collection going elsewhere and do you see any recoverability issues re outstanding amounts at 30 June.

Speaker: *Peter Gregg*

No not at this point in time, we're still collecting money from our other jobs, there's a number of legacy jobs in Dubai that are legacy which is pre the establishment of the joint venture company with Habtoor Group but our projects outside of Dubai are generally all paying and paying on time and proceeding well. In terms of recoverability, that's an ongoing issue, the objective is to complete the projects and then negotiate the payment profile with the client. And that's what's occurring in Dubai, we've negotiated several payment profiles with a number of contracts with Dubai properties etc and they're paying on time.

Question: *Ricky Pann, Macquarie*

So at this point in time you don't perceive any write down of any receivables.

Speaker: *Peter Gregg*

Far too early to be talking about that.

Question: *Ricky Pann, Macquarie*

Just finally on Q4 and your guidance, what are the main drivers that you see just in the last quarter that are going to enable you to hit your FY10 guidance?

Speaker: *Peter Gregg*

Just the deliver and completion of a number of projects that are coming to fruition during that period plus making sure we meet timetable on a number of other projects like the big desal plant.

Question: Chris Cahill, Quest

Thanks my question relates to share of profits and associates and joint ventures which in the first half was down to \$87m are you able to give any annualised guidance for where that number might sit for the full year.

Speaker: Peter Gregg

We won't give you guidance but it will be down on last year principally because of the Middle East situation where the level of profitability out of our joint venture of HLG Group Habtoor Leighton Group will be lower than what it was last year.

Question: Chris Cahill, Quest

So is it fair to assume to bring you home from the current level of \$400 to closer to \$600 for the year there's not going to be a big contribution from that area.

Speaker: Peter Gregg

That's absolutely correct, it won't be a great result from the Middle East this year as we've flagged pretty heavily.

Question: John Freedman, UBS

Firstly the Christmas Creek contract that Downer announced on Friday and assuming that some of your sister companies were involved in that and what that's telling you about how competitive that market is and so any comments you may have there and then the second question is in regard to Dubai how long when you look at the legacy projects how long the low contribution will go for and when does it reset in terms of getting a better return out of that part of the Group.

Speaker: Peter Gregg

I'm not aware of Downer's bid for Christmas Creek or whether we were bidding for it at all, we're not aware of it around this stable. I think that might be one that Downer might be spreading but we're not. So I don't think it had any impact on us, in that relation, in terms of Dubai, I think that you need to remember is what we've been trying to stress is our Middle East contribution is not all about Dubai, there are significant other works in the region and our capacity to win those jobs and to deliver on those jobs will be determine future profitability in that region, it's going to take some time to recover money from there, I mean everyone knows that the Dubai Government is effectively the Chapter 11 Bankruptcy and the Chapter provider is Abu Dhabi and so they're contingent in receiving funds from Abu Dhabi to pay their obligations. We will work with them to have our obligations paid. I think the other thing to remember in this is the structure in the Middle East is quite different to what it is in Australia. With subcontractors you don't need to pay subcontractors in that region until you've been paid yourself. So a lot of the monies owed are owed subsequently to subcontractors in this process. So we along with the subcontractors are working with the client to recover those funds.

Question: Guy Robinson, CitiGroup

A few questions, firstly the effective tax rate in 3rd quarter looks around 31% up from 25% in the first half and I think your full year 10 guidance was for 25% at the half year. What's the new guidance in light of the or how should we think about 4th quarter effective tax rate.

Speaker: Peter Gregg

I think for the full year around 27% and think about it on the basis that the decline in profitability out of the jurisdictions that have a lower tax rate than Australia such as the Middle East.

Question: Guy Robinson, CitiGroup

So in theory we'd expect that to adjust a little bit next year.

Speaker: Peter Gregg

As the profitability comes back in the Middle East clearly.

Question: Guy Robinson, CitiGroup

Just looking at your 3rd quarter 10 profit before tax margins, they were down on the 1st quarter in the first half and I guess on an underlying basis for the first time in 3 years and the first half was particularly strong, was there any particular factor driving that to climb the third quarter and did increasing material costs have any fact on that margin of decline.

Speaker: Peter Gregg

I think you might be a little bit over analysing at the moment it really comes down to the sectors that we're in and the strength of those sectors in any given quarter. In the prior year we wouldn't have seen the negative impacts coming out of the Middle East as we've seen in this current comparative and also we've seen quite a bit of work coming in Australia through last year that some of those bigger projects are now being completed in Australia such as the Gateway Bridge and the Clem 7 and things like that. So the growth in profitability and margins move around a little bit based on that. I wouldn't draw too many conclusions out of what you're seeing in that area at the moment.

Question: Guy Robinson, CitiGroup

OK, Great. In terms of the collectability around Dubai, can you give any indication about how we should think about the impact from gearing for FY10.

Speaker: Peter Gregg

No I don't think you need to worry too much about our gearing for FY10 on that, I think we're targeting around about 35% debt to total capital mark and I think we're sticking around there. We will make sure they've got enough cash in the business but that's between ourselves and the other shareholder and remember we're only a 45-46% shareholder in that business.

Question: Guy Robinson, CitiGroup

Great. Then lastly and you've touched on it already, but just around I take it that the Middle East and Dubai you've clearly spelt out that there's lots of other markets there but in the first half in particular I think you incurred a lot of costs in Dubai as you closed out of

certain contracts etc and presumably it's continuing to drag on second half earnings, but presumably can we expect to see a significant improvement from FY11 as those contracts have been closed out.

Speaker: Peter Gregg

We hope that definitely in the second half of FY11 we'd start to see an improvement, it will come down to their ability to win more jobs. So the more jobs that come through the better that improvement will look.

Question: Guy Robinson, CitiGroup

So will there still be costs incurred on Dubai throughout FY11?

Speaker: Peter Gregg

There are still some projects to complete, our indications would be that we should have most of those old projects completed by the end of this calendar year and remember they're on a different financial year than we are, but we would expect most of those to be completed and in negotiation there's some big projects that are just about complete now and once complete the client will sit down and negotiate the payment profile with you.

Question: Alistair Reed, JPMorgan

Good afternoon, couple of quick ones. Could you talk about the level of contractual revenue that you have for next year and whether or not that's any different from how things have looked over the last 5 to 10 years.

Speaker: Peter Gregg

I won't give you the exact number but we're pretty well on where we normally are this time of year in terms of our work in hand for next year. It's in different segments of the business than in previous years but it's pretty strong still and it will come down to these projects that Travis was talking about a little bit earlier in the preferred areas what time frame they come through in as well.

Question: Alistair Reed, JPMorgan

And the current guidance after tax earnings guidance that you reiterated today is that based on a spot currency assumption or is there a particular explicit assumption that you're using in formulated in that guidance.

Speaker: Peter Gregg

We're more or less saying to people that if the currency is above 90 cents we might have to re-think but it's pretty well around that we're ok where it is now.

Question: Alistair Reed, JPMorgan

Just to confirm the comments that you made before, that \$6bn of preferred work, that's definitely not including short listed bids.

Speaker: Peter Gregg

It's work that we're in the final stages of negotiations to be awarded.

Question: Alistair Reed, JPMorgan

And they're exclusive negotiations?

Speaker: Peter Gregg
That's right.

Question: Alistair Reed, JPMorgan
Do you have any visibility or can you give us any visibility of projects that you're shortlisted for?

Speaker: Peter Gregg
On shortlisted ones. Ones that we're not in the final stages of negotiations for do you mean?

Question: Alistair Reed, JPMorgan
That's right.

Speaker: Peter Gregg
Well there's other things like Northern Link, Adelaide where we are, Hunter Expressway, the Offshore Pipeline in Iraq that we're bidding on there as well, they're significant projects all around a billion dollars each or more.

Question: Julieanne Hong, Numora
Good afternoon. Just a quick question on Dubai Pearl, could you please give us an update on the progress of Dubai Pearl.

Speaker: Peter Gregg
Very slow, we've been paid in advance for the work we're doing and we remain in a cash positive position as they decide how to go forward with it but we haven't been told anything other than that, it's obviously a major project in the region we're expecting it to continue, we don't know if it's going to be changed in format or shape at this stage.

Question: Julieanne Hong, Numora
Another question, there was an article that the gas CEO predicted that half of Australia's scheduled O&G short projects will not be launched in the next decade do you have any comments on that?

Speaker: Peter Gregg
No not really that's his position on it, we'll bid the work as it comes to market.

Question: Chris Cahill, Quest
I was wondering if there was any one off fourth quarter success fees or performance fees or early completion fees possibly in Queensland in the fourth quarter.

Speaker: Travis Young
No there's nothing that we expect come through in our fourth quarter.

Question: Chris Cahill, Quest

OK I'm just trying to bridge this gap between where you are now after 9 months and your guidance for 12, is it fair to say that last year your expenses relative to Group revenues were lower

Speaker: Travis Young

I think as Peter said people try and over analyse it, our 4th quarter appears higher than normal but we do have a couple of large projects including Vic Desal that will achieve our profit threshold and it will then produce its percentage of profit in the 4th quarter so there is a little bit of a lumpiness in terms of some of our contract profits being reported in the 4th quarter. There's nothing unusual in the 4th quarter.

Question: Ricky Pann, Macquarie

You briefly touched on the competitive environment in the Middle East, I was just wondering more generally how you're seeing competition in Australia and Asia and other markets that you're in.

Speaker: Peter Gregg

I think it's as aggressive as ever to be honest with you. Clearly in the Middle East there was the situation that there weren't enough contracts because they were all stuck in Dubai building towers there with the Dubai property bubble bursting, a lot of those contractors are seeking work elsewhere and as they should the clients in that region are being very mercenary about the pricing that they'll accept. Outside of that clearly in Australia there's pretty heavy competition in all sectors here remember Leighton through its various operating entities is very competitive as well. We're used to that level of competition, we're not seeing anything extraordinary in Australia or any of our other markets except for the Middle East that would draw any conclusions.

Question: Ricky Pann, Macquarie

So margins obviously in an environment where competition is quite heavy are you finding your margins are any more pressure than usual.

Speaker: Peter Gregg

Look I think you've got to be careful with that with us because we're such a diverse business, it's not just the construction or mining business anymore, with Nextgen Australia's 3rd largest telco now, that capacity and our services business it's growing quite rapidly, Thiess has a very substantial services business not just in Australia but across the globe. John Holland has a very significant rail business as well. The Group's margins are dictated somewhat by the mix of work and we're seeing ample work being awarded in those areas where we might get a slightly higher margin than we might get in contract mining for example.

Question: Alistair Reed, JPMorgan

Just a follow-up question on the budget, were you surprised that there were no meaningful new spending programs outlaid by Swan.

Speaker: Peter Gregg

No. I mean clearly there's been a huge infrastructure spend in this country and a huge amount of stimulus going into colour tv's etc etc. We weren't expecting any big special

announcements, there's enough coming through the system with all the infrastructure programs that are occurring and need to occur and we still have yet to see NSW really table a lot here yet. So we weren't overly surprised and given that there's a potential election in the next little bit of time, I guess there will be some more things offered up as we get closer to that election.

Question: Alistair Reed, JPMorgan

Right and what's the latest you're hearing on the progress on some of those larger infrastructure Australia projects that are being proposed, has there been any meaningful progress there or is it on the go slow.

Speaker: Peter Gregg

It's reasonably slow, we've see some things come through but it's reasonably slow.

Speaker: Justin Grogan

It just takes time to work through the progress unfortunately Alistair and there's a lot of approvals to meet before these projects come through and those that weren't shovel ready take even longer.

Question: Matthew Starrick, Merrick Capital

Just a quick one following up on your work in hand and I apologise if this has already been asked. You mentioned there's been a negative impact of \$3.6bn from foreign exchange with the AUD at 87.5 now how would that be impacted is that positively or negatively impacted further.

Speaker: Peter Gregg

What was the exchange rate at the end of March Travis?

Speaker: Travis Young

The exchange rate that we booked at the end of March 10 was 90 cents. So anything below 90 cents would be positive and as Peter said anything above 90 cents would be negative to our level of work in hand.

Question: Matthew Starrick, Merrick Capital

So I think at the end of March 31st it was 91.70 or something like that.

Speaker: Peter Gregg

What Travis said was we used 90 cents

Speaker: Travis Young

We used 90 cents, there's many exchange rates and we just use the average buy and sell rates to get an average rate.

Question: Matthew Starrick, Merrick Capital

I see. But at the end of the day with the AUD lower here that would be a positive tailwind for your work in hand.

Speaker: Peter Gregg

I mean you've got to be careful here all we're doing is translating a foreign currency component of our work in hand back to Australian dollars to give a figure. The value of the work in terms of construction and all that really hasn't changed, all it's done is the total has changed because of the currency movement.

Question: Matthew Starrick, Merrick Capital
I understand.

Question: Shayne Downson, Carrara Capital
Good afternoon. 2 questions, the first one is you're talking about competition heating up in the Middle East can you just briefly touch on what you think sustainable margins may rebase to there.

Speaker: Peter Gregg
I think depending on the type of work again, that should come back to sustainable margins will mean adequate profits for people, people aren't going to stay there and not do work at adequate levels of profitability. We're seeing on the work we're winning we're getting adequate profit levels for it.

Question: Shayne Downson, Carrara Capital
OK but in the past you've said there have been super normal profits there, those profits were obviously above what you thought were good very high margins so perhaps can you just give us an idea on where you expect that might rebase to.

Speaker: Peter Gregg
No I think clearly they were not sustainable that's why it was a bubble. Where they'll rebase to probably where everyone gets their average margins in the reason from will depend on supply and demand. I don't know Travis have you seen any figures but I haven't seen anything that would indicate what it's going to end up at. A lot of these contractors that are coming in at the moment some of them are being a bit silly.

Speaker: Travis Young
A lot of the contractors now running out of their old work and they're having to chase work to keep themselves in business so they're more aggressive we're not aggressive in chasing work, we won't chase margins down. In the height of the Dubai property market there were not enough contractors so the owners were prepared to pay very high margins and they've now disappeared, so you're in 2 completely different timeframes and the reality is as Peter said people will work for an acceptable margin and acceptable return and they won't keep working for less than that.

Speaker: Peter Gregg
What I should say is that a lot of the margins have shortened up in the Emirates they are very strong in places like Saudi, places like off shore Iraq and in growing other parts of theregion the margins are quite substantial. So its just a process I think of people going through and it will sort itself out.

Question: Shayne Downson, Carrara Capital

What I'm trying to get to I guess, do you see the region being at North American levels or European levels, I'm just trying to get a sense in the global scheme of things it lies.

Speaker: Peter Gregg

Well I don't think anyone knows the answer to that, I doubt it will get to the American level, I doubt it will go to the European level, I think it will be somewhere like it is in Asia and Australia which is more realistic I think for long term sustainability, but you've really got to look specifically at the areas, I mean it's much more difficult to do a project in Saudi and getting the right project in to do the project in Saudi, than perhaps it is to do in Sydney. So you'll want to get a reasonable margin for the risk you're taking or else you won't do the work.

Question: Shayne Downson, Carrara Capital

Another question just thinking about the RSPT for a sec have you done some analysis to determine whether the RSPT makes contract mining more or less likely.

Speaker: Peter Gregg

Well we've done a little bit but it's really not the issue at the moment. The real issue at the moment is it is appropriate what is being touted is that an appropriate level to apply and is it a level that other mine owners will want to extract the ore for, can they make an adequate profit. And I guess the questions that have arisen out there as Jack Nassau put today in his press release, how do you apply something retrospectively to projects that have already been started and going, how do you actually apply it on the basis that its equitable to other types of mining. So I think there's debate to be held here, from our perspective we have the ability to follow our clients into other markets around the world, it would be a sad situation I think for Australia if there was a major reduction in the amount of new projects that were slated to go ahead. Although as we've said by our exposure to Indonesia, India and Mongolia we are global contract miners and so this is really an issue for Australia to face as well as it is for the mining companies.

Question: Shayne Downson, Carrara Capital

Just going back to the original question, assuming that projects have sufficient returns for the miners to go ahead in Australia, do you see it in your views is it more or less likely that they will use contract mining as a consequence of the RSPT.

Speaker: Peter Gregg

It depends on the final format of the law that's what I'm trying to say and maybe I didn't say it clear enough. But as it stands today the mine owners will want to make an adequate profit and they will pursue an adequate profit before they go ahead with the project, so whether that means that they mine it themselves or that they seek a contract miner the outcome will depend on what the tax will imply. As it stands today I don't think you can make any judgements.

Question: Shayne Downson, Carrara Capital

Sorry to be annoying but if under the detail

Speaker: Peter Gregg

If it went ahead today I think the mine owners are telling you that they won't do the mines, so it won't matter if you're a contract miner or an in-house miner, that's what I'm trying to say.

Question: Shayne Downson, Carrara Capital
Got it. Thank you very much.

Question: Nathan Riley, Goldman Sachs
Just a quick question around the revenue guidance, just noticed that at the first half result you were going to revenue of around \$19bn just thinking about it now it's around \$18.5bn just that slight softening in relation to that number, is that due to any particular reason ie. Project slippage, project pricing, currency or weather.

Speaker: Peter Gregg
Basically we've seen a bit of decline in the gold as we've indicated in terms of our revenues coming through there.

Thank you very much everyone for your attention and I hope you enjoy the rest of the afternoon.

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This document has been transcribed from the 3rd Quarter Results Investor Teleconference, May 2010. Whilst all care has been taken, the content should not be relied upon for any investor decisions.