

SE News
HD **Leighton profit is building**

WC 314 words

PD 7 May 2014

SN Gold Coast Bulletin

SC GCBULL

ED GoldCoast

PG 25

LA English

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CONSTRUCTION giant Leighton's profit grew by 24 per cent in the first quarter of 2014, driven by higher margins and strength in its infrastructure and **oil** and gas divisions.

The **company** has also stuck to its forecast of an underlying net profit of between \$540 **million** and \$620 **million** in the full year.

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Leighton's 2013 underlying profit was \$584 **million**. Chief executive Marcelino Fernandez Verdes said Leighton's infrastructure and **oil** and gas construction divisions were strong performers in the three months to March 31, helping to lift net profit to \$152 **million**.

Among \$4.4 **billion** in new work secured by Leighton during the quarter was a \$453 **million** contract to build the Wanchai bypass tunnel in **Hong Kong**, and a \$1.9 **billion** joint venture contract to build a highway in Qatar.

The **company**'s profit margin – a measure of the percentage of money it is earning from revenue – increased by half a per cent. Work in hand was down 3 per cent to \$40.9 **billion**, but was still substantial and enough to underpin profitability for the next few years, Mr Verdes said.

Gearing, which has long been too high and a problem for Leighton because of high debt, had improved to 38.5 per cent, from 47.2 per cent in the prior corresponding period.

Leighton shares climbed 35¢, or 1.8 per cent, to close at \$19.49. Its quarterly update came as the **company**'s owner, German contractor Hochtief, increased its **stake** from 61.1 per cent to 62.6 per cent, as it tries to secure more than 70 per cent of the group. Leighton's board recommended shareholders accept Hochtief's \$1.2 **billion**, \$22.50 a share offer, ahead of the May 9 deadline. Hochtief is owned by Spain's ACF, where Mr Verdes is also chief executive.

NS c151 : Earnings | c15 : Performance | ccat : Corporate/Industrial News | ncat : Content Types | nfact : Factiva Filters | nfcpin : FC&E Industry News Filter

RE austr : Australia | apacz : Asia Pacific | ausnz : Australia/Oceania

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AN Document GCBULL0020140506ea5700011