

HD Leighton to Sell John Holland Unit to **Chinese Construction Company** -- Update

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By Robb **M.** Stewart

MELBOURNE, Australia--Leighton Holdings Ltd. will sell its John Holland building division to **China Communications Construction Co.** for about 1.15 **billion** Australian dollars (\$950.9 **million**), giving the **Chinese firm** a large foothold in Australia and allowing Leighton to cut debt as its German parent **company** tightens its grip.

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Sydney-based Leighton said it had signed a binding agreement to sell the business to a unit of the **Hong Kong** and Shanghai-listed CCCC, one of the world's biggest construction companies. The **sale** is subject to conditions including approval from Australia's Foreign Investment Review Board.

The deal follows a strategic review launched in June by Marcelino Fernandez Verdes, the chief executive of majority owner Hochtief AG who took the reins at Leighton in March as the German **company** moved to increase its **stake** in the Australian **company**.

Leighton is also considering the **sale** of its services and property businesses or taking on partners as it refocuses on such **operations** as engineering and contract **mining**.

Mr. Fernandez Verdes said the **company**, after an extensive global **sale** process, achieved a price for John Holland that reflects its position as one of Australia's leading engineering and construction companies.

The proceeds will allow Leighton to cut its debt-to-**equity** position and will be used to finance growth, particularly in public-private partnerships, he said.

With the **sale**, about 1,400 employees will transfer to CCCC International Holding Ltd. It will **lead** to a fall in Leighton's annualized revenue of about A\$3.7 **billion** and a drop in work-in-hand of about A\$5.4 **billion**, the **company** said.

Leighton has been working to rebuild its balance sheet after taking a hit in recent years from problematic infrastructure projects and the global financial crisis. It has been sharpening its focus on major construction contracts such as airports and Asian casinos as **mining** investment has slowed globally.

It recorded a net profit of A\$430.2 **million** for the nine months through September, down 3% on a year earlier when profits were bolstered by the **sale** of a majority **stake** in its telecommunications assets

The John Holland business provides contracting and engineering services to industries including **energy** and **mining**, with **operations** across Australia and New Zealand as well as in South East Asia and the Middle East.

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| jhgpl : John Holland Group Pty Ltd | ocisa : ACS Actividades de Construcciones y Servicios SA

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