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Group Company Secretary

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21 April 2015

ASX Market Announcements
Australian Securities Exchange Limited
Level 4
20 Bridge Street
SYDNEY NSW 2000

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Re: 1Q15 result and Executive Chairman and CEO's Address to Shareholders

Please find attached the Company's first quarter results announcement titled "Leighton reports comparable Q1 NPAT margin up 20% and remains on track to deliver guidance".

Also attached, in accordance with Listing Rule 3.13.3, is a copy of the speech to be delivered by Leighton Holdings Executive Chairman and CEO, Mr Marcelino Fernández Verdes, at the Company's Annual General Meeting today.

A webcast of the Annual General Meeting can be viewed at www.leighton.com.au

Yours faithfully
LEIGHTON HOLDINGS LIMITED

VANESSA REES
Group Company Secretary

Leighton Holdings

ASX/Media Release

21 April 2015 **Leighton reports comparable Q1 NPAT[1] margin up 20% and remains on track to deliver guidance**

Leighton Holdings Limited today announced its results for the three months to 31 March 2015:

- Earnings before Interest and Tax (EBIT) of $208 million, up 5% on a comparable 1Q14[1]
- Net Profit after Tax (NPAT) of $124 million, up 4% on a comparable 1Q14[1]
- NPAT margin of 3.6%, an increase of 20% on a comparable 1Q14[1]
- Gearing[2] of 12.1%[3], compared to 38.5% at 31 March 2014.

Leighton Holdings Executive Chairman and Chief Executive Officer, Marcelino Fernández Verdes, said: "In a little over 10 months since the announcement of the Strategic Review, we have significantly transformed the Leighton Group. We have streamlined our operating model, de-geared and de-risked our balance sheet, and become more efficient and sustainable, for the benefit of our shareholders, clients and employees.

"In 2015, our aim is to make further progress on these achievements by improving project delivery, continuing the current cost saving program and capturing the benefit of reduced leverage. These factors will drive a substantial improvement in margins.

"Our first quarter results[1] this year reflect the improvements to-date, with strong performances at the EBIT and NPAT lines which were up 5% and 4% respectively on a comparable 1Q14[1], notwithstanding a 14% reduction in revenue which is in line with our expectations.

"On the balance sheet, gearing was 12.1% at 31 March 2015, which was impacted by seasonal working capital requirements and foreign exchange movements[4] in the first quarter of the year. Importantly, when compared with gearing of 38.5% at 31 March 2014, and with the movement in gearing in the prior comparative quarter, we continue to see improved trends as the focus on cash collection and balance sheet management continues.

"Net contract debtors, the key measure of net amounts owed to the Group on its contracts, totalled $2.2 billion at 31 March 2015, compared with $3.6 billion at 31 March 2014. The substantial de-risking of the balance sheet was due to the reduction in underlying contract debtors, the portfolio provision and the deconsolidation of assets sold with the divestments. We continue to see a reduction in our contract debtors and the reduction was even greater after adjusting for the impact of foreign exchange rate and overclaim movements.

"Our work in hand at 31 March 2015 was $28 billion reflecting our more disciplined and rigorous approach to pre-contract risk assessment and the timing of the transition from resources to infrastructure development in Australia.

"Importantly, we have been pre-qualified to tender on the following major infrastructure projects in Australia: WestConnex Stages 1B and 2 in NSW, Toowoomba Second Range Crossing and

[1] On a comparable basis including 50% of Leighton Services in continuing operations.
[2] Gearing is expressed as the ratio of net debt and operating leases to net debt, operating leases and shareholder equity – see Appendix 2.
[3] Proforma after receipt of cash from the divestment of John Holland.
[4] The adverse impact of foreign exchange movements from 31 December 2014 on total debt and net contract debtors in 1Q15 was $71 million and $60 million respectively.

Gateway Upgrade North in Queensland, South Road upgrades in South Australia and Capital Metro in the ACT.

“Overseas, we continue to see opportunities as Governments in Asia and the Middle East roll out infrastructure initiatives. For example, we have recently been shortlisted to tender on six of the 13 work packages for the Thompson-East Coast Line in Singapore, worth an estimated US$2.5 billion, and HLG was recently awarded a US$608 million contract for the construction of a reservoir in Qatar.

“We expect to deliver net profit after tax within the range of $450 million to $520 million in 2015, subject to market conditions. The results for the first quarter indicate that we are on track to deliver this guidance.”

ENDS

Issued by Leighton Holdings Limited ABN 57 004 482 982 www.leighton.com.au

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APPENDIX 1

KEY PERFORMANCE FEATURES FOR THE 3 MONTHS ENDED 31 MARCH

Unaudited	3 months to 31 March 2015	3 months to 31 March 2014[5]	Percentage change	Comparable 3 months to 31 March 2014[6]	Comparable Percentage change
Income Statement information	**$m**	**$m**	**%**	**$m**	**%**
Revenue from continuing operations[7]	**3,465.1**	**4,034.9**	**(14)**	**4,034.9**	**(14)**
EBIT from continuing operations	**207.6**	**183.1**	**13**	**197.0**	**5**
Net finance costs[8]	(33.8)	(36.4)	7	(36.4)	7
Profit before tax	**173.8**	**146.7**	**18**	**160.6**	**8**
Income tax expense	(49.7)	(40.7)	22	(40.7)	22
NPAT from continuing operations	**124.1**	**106.0**	**17**	**119.9**	**4**
Net margin (NPAT to Revenue from continuing operations)	3.6%	2.6%	38	3.0%	20
NPAT from discontinued operations	**-**	46.3		32.4	
Profit attributable to non-controlling interests	**-**	(0.2)		(0.2)	
NPAT	**124.1**	**152.1**		**152.1**	

[5] 3 months to March 2014 excludes John Holland and 100% of Leighton Services from continuing operations.
[6] 3 months to March 2014 including 50% of Leighton Services in continuing operations.
[7] Excludes revenue from joint ventures and associates.
[8] Net finance costs include interest income (excluding from associates) net of finance costs.

APPENDIX 2

KEY FEATURES OF THE BALANCE SHEET AND GEARING

Unaudited	As at 31 March 2015 **$m**	As at 31 December 2014 **$m**	As at 31 March 2014[9] **$m**	As at 31 December 2013[9] **$m**
Net cash/(debt)[10 11 12]	(517.4)	20.0	(2,009.5)	(1,338.4)
Equity	3,758.3	3,781.6	3,215.6	3,246.1
Gearing[13]	12.1%	Below zero	38.5%	29.2%
Net contract debtors[12]	2,230.3	1,965.2	3,590.5	3,048.8

[9] Comparative Balance Sheet and Gearing includes John Holland and 100% of Leighton Services.
[10] Net cash/(debt) plus operating leases.
[11] Proforma 1Q15 net debt includes cash due from divestment of John Holland as received, cash from divestment of Leighton Services was received in the period. Proforma 4Q14 net debt included cash due from divestment of both John Holland and Leighton Services as received.
[12] The adverse impact of foreign exchange movements from 31 December 2014 on net debt, total debt and net contract debtors in 1Q15 was $54 million, $71 million and $60 million respectively.
[13] Gearing is expressed as the ratio of net debt and operating leases to net debt, operating leases and shareholder equity.

21 April 2015

Address to Shareholders

A presentation to the 54th Annual General Meeting of Leighton Holdings Limited by the Executive Chairman and Chief Executive Officer, Mr Marcelino Fernández Verdes.

Introduction

Today, I want to discuss the future of this great company: what your Board and management will focus on in coming years, and how we will work to deliver sustainable returns for shareholders.

But first, I want to highlight what we have achieved since I last addressed you.

Since the announcement of the Strategic Review, a little over 10 months ago, we have created a significant transformation of the Leighton Group:

- We have established dedicated businesses focused on four core areas: construction, contract mining, public private partnerships (PPPs), and engineering.

- We have streamlined our operating model, divesting John Holland – which we finalised yesterday. We also established an investment partnership for the Services operations of Leighton Contractors and Thiess. These transactions generated a pre-tax profit of $973 million and net cash inflow of $1.2 billion.

- We have reduced our net contract debtors and created a $675 million pre-tax portfolio provision which further de-risks the balance sheet.

- We have deleveraged, reducing net debt[1] to a positive net cash position, and reducing our gearing[2] to slightly below zero, after receipt of the cash from divestments.

- And we have become more efficient, producing a sustainable reduction in overheads, while improving our delivery of projects.

Changing an organisation of 45,000 people and multiple projects does not happen in one year. There is much more to do. However, in just over a year, we have put in place the right structure – the right foundation – for our future.

We entered 2015 with a deleveraged balance sheet, with a streamlined, low-cost structure and with our operations substantially de-risked.

These achievements set us up to deliver sustainable shareholder returns in the future.

2014 Performance

Our 2014 achievements were reflected in our recently reported financial results.

[1] Net cash/(debt) plus operating leases.
[2] Gearing is expressed as the ratio of net debt and operating leases to net debt, operating leases and shareholders' equity.

For the 2014 year, we reported a net profit after tax of $677 million, a 33% improvement on the prior year. Underlying net profit after tax was up 6% to $620 million, at the top of our guidance range.

Recognising the result, we recently paid a 100% franked, final dividend of 53 cents per share, based on a pay-out ratio of 60% of underlying net profit after tax. We also paid a special dividend of 15 cents per share, 100% franked, reflecting the value created by the divestments. This resulted in a total dividend of 125 cents per share, up 19% on the pevious year.

Our share price performed strongly, increasing by 40% during 2014 to close at $22.50. Leighton was the 11th best share price performer in the S&P/ASX 100 during the year, while other stocks in the engineering and services sector declined and the index traded broadly flat.

Combining the appreciation of our share price and the dividends we paid during the year, we delivered a total shareholder return of 48% in 2014.

Strategy

Turning now to our strategy and the future.

We remain focused on three key strategic initiatives in 2015:

- Strengthening the balance sheet,
- Streamlining the operating model, and
- Improving project delivery.

First, strengthening our balance sheet.

This is essential to increasing our competitiveness, and ensuring we can participate in public private partnerships and invest in our future.

We increased our focus on working capital management, taking a proactive approach to claim documentation and client negotiations.

During 2014, we significantly de-risked the balance sheet with a $1.6 billion reduction in total receivables and a $1 billion reduction in net contract debtors.

We need to prevent the build-up of receivables in the future and to reduce volatility in our cash flow. To achieve this, we are managing working capital on current projects very strictly. We're also closely monitoring contract terms and conditions so that future projects are cash-flow positive and do not result in a build-up of working capital.

Project managers have been made responsible for the level of receivables on their projects and their remuneration is tied to recovery so we can achieve the right results.

We are still considering divestment or partnering options for other parts of our business, including Leighton Properties, and are discussing a range of potential options with the market.

The second part of our strategic focus is on continued streamlining of the business.

As I explained earlier, we have moved to group similar activities and established four specialised businesses in construction, contract mining, public private partnerships and engineering. This streamlined structure is about removing duplication, reducing cost and making us more competitive in the market place.

We are also taking steps to improve our efficiency, by using our economies of scale where we can, and by reducing management layers and bureaucracy.

This year we are going to introduce simplified business processes and systems to improve consistency, accountability and reporting.

When we identify business processes and systems that can be more efficiently or effectively provided by others, we will look to outsource what we consider to be non-core functions. Examples include travel and many aspects of our IT.

These changes will substantially lower our overheads and that will make us more competitive.

Our new structure is designed to deliver sustainable growth in shareholder return by focusing the skills, experience and expertise of our Operating Companies.

Reflecting that streamlining and focus, today we will vote on a proposal to change the name of the listed company to CIMIC Group Limited. The CIMIC name stands for Construction, Infrastructure, Mining and Concessions, and reflects the core activities of our new specialist businesses.

The CIMIC Group better represents who we are and what we do.

A change to the name CIMIC is just one outward sign of the changes we will be making to our company. I will discuss the name change further when we get to the resolutions of the meeting.

Let me talk a little more about each of our focused business divisions.

Construction is a central activity to our business; in 2014, it generated 68% of our revenue. We have combined the construction projects of Leighton Contractors, Thiess and Leighton Asia into a focused entity – currently called Leighton Contractors - which has the scale and capability to compete globally. Its projects include economic infrastructure such as railways, roads, water and power projects; social infrastructure such as hospitals and prisons; building of commercial and residential property projects; and the construction of mineral and energy projects across Australia and in Asia.

Leighton Contractors is a leading international construction company with enhanced size and capability. It is a focused, globally competitive construction company. We are planning to rebrand Leighton Contractors in the future.

Thiess is our focused contract mining business. Thiess has taken on the mining projects of Leighton Contractors and Leighton Asia in Australia and abroad. All new contracts are now being taken on board under this structure; construction projects undertaken by Leighton Contractors and contract mining projects by Thiess.

Thiess is a global mining company with the capability and experience to work wherever its skills are in demand. As a global miner, we are exporting Thiess' mining skills to North America and South America.

We will continue to develop our FleetCo business, which is a specialist asset owner of mainly mining plant and equipment. FleetCo helps achieve savings from improved asset utilisation and centralised spare parts management. At the same time, we are investigating a range of options for FleetCo that could free up a significant amount of our capital. The timing and structure of these options depends on market conditions.

We plan to make PPPs a key component of our growth strategy. The demand for economic and social infrastructure projects in Australia is strong, and we have the ability to capitalise on this pipeline of opportunities. They include all types of government concessions such as roads and railways, hospitals, schools and prisons.

Pacific Partnerships is the name we have chosen for our PPP business. It will be the sponsor and financial arranger for PPP projects and, after completion, be the operator and manager of the assets.

Taking on more PPPs will improve the quality and sustainability of our work in hand. We expect that PPPs will broadly replace the LNG construction projects that we have been delivering over recent years.

After the construction and ramp up phases, we will either sell our equity investments in individual PPP projects to long-term asset owners or retain the investment, creating an infrastructure investment portfolio. We will consider a similar model for mining projects.

Lastly, our engineering business unites our internal engineering and design capabilities into one entity. This new company will provide specialist design, technical support, and research and technology for the projects we tender and deliver.

Our engineering business is an internal service provider that undertakes high-level concept design and construction reviews. It identifies critical risks and provides engineering solutions to complex technical problems.

Our engineering business is also involved in the delivery of projects, increasing technical self-reliance within project management teams, in order to reduce risks and provide higher quality results for clients.

Our third objective in 2015 continues to be the improvement of project delivery.

Our business is all about projects and their delivery is enhanced by identifying and mitigating risk at, or before, the tender stage. We are continually reviewing and improving our approach to risk, including applying greater discipline when we bid for and on-board new projects.

To support project delivery, we are further enhancing the entrepreneurial culture of project managers and focusing them on sustainable profit and cash generation. We firmly believe that by setting clear expectations, empowering them to do their jobs and encouraging innovation, our project managers will deliver the right outcomes.

Management, the Board and corporate governance

Leading us through these changes is an experienced management team. In the audience today are a number of the key members of our team. In addition to a strong management team, we have a Board with a diverse range of skills and experience to govern this Company.

Amongst the items we are voting on today is the election of Kirstin Ferguson, Russell Chenu and Trevor Gerber as Directors, and the re-election of Peter Sassenfeld. Russell, Trevor and Kirstin were appointed as Independent Non-executive Directors during the year. I appreciate the diligence and hard work of each of the Directors over the last year as we drive this transformation. Their contribution and support has been very valuable and let me say thank you to my fellow Directors.

Leighton Holdings

Your Board is focused on high standards of governance, compliance, business conduct, safety and environmental outcomes – all of which contribute to our performance and sustainability. After all, good corporate governance ultimately supports long-term value creation.

In terms of sustainability, we continue to be included in the Dow Jones Sustainability Index. This is an independent benchmarking system for leading sustainability-driven companies worldwide. Inclusion acknowledges the quality of our sustainability practices across a range of factors and we saw some notable improvements in our scores last year.

Safety

In safety too, we have made improvements. The average rate of injuries declined in our Australian and International operations, underpinned by safety initiatives rolled out at each of our Operating Companies.

Despite this achievement, it is with great sadness that I report the death of three of our colleagues due to work-related incidents during 2014, and one in 2015. I extend our deepest sympathies to the families and friends of our colleagues who passed away. Reviews of each incident will continue assisting us to take actions to prevent similar tragedies in the future.

The safety of our employees is a crucial matter for everyone at this Company. The Board and management team intend to eliminate workplace fatalities and we are working closely with management on continued safety improvements to keep our people safe.

Turning now to the outlook.

Market outlook

I am pleased to report that our Company is well positioned for the future.

In infrastructure, the Australian Government is proposing a record $50 billion investment in critical transport infrastructure. The Government expects to leverage an additional investment of $125 billion off the back of their $50 billion investment over the next decade. All of this activity bodes well for our construction business.

Similarly, in our markets in Asia and the Middle East, governments continue spending on infrastructure as populations grow, incomes rise and urbanisation continues.

In the resources sector, mining companies are focused on efficiency due to subdued commodity prices. This makes for some short term challenges for Thiess, our contract mining business.

Thiess is working collaboratively with clients to help them improve their efficiency and productivity. In the medium to longer-term, the fundamentals for resources remain solid. Given the scale and value proposition Thiess offers, we expect that their contract mining services will remain in demand.

As at 31 March, our work in hand was $28 billion for our continuing operations. This level reflects a more disciplined and rigorous approach to pre-contract risk assessment as well as the impact of the immediate macro-economic conditions.

Looking further out, our 12 month pipeline of tender opportunities is larger than it was at the time of the 2013 result. And, between now and 2018, our pipeline of tenders with individual values of over $1 billion is the strongest it has ever been.

This pipeline is a reflection of the expected beneficial impact of the Federal Government's infrastructure initiatives, much of which will be supported by private sector financing through PPPs. Through Pacific Partnerships, we will be ready to capitalise on them.

Conclusion

In concluding my address, I note that we have made a solid start to the year.

Today, we announce our financial results for the first quarter which included:

- Earnings before Interest and Tax (EBIT) of $208 million, up 5% on the comparable first quarter of 2014[3],
- Net Profit after Tax (NPAT) of $124 million, up by 4% upon last year[3],
- An NPAT margin of 3.6%, an increase of 20% upon last year[3], and
- Gearing of 12.1%[4], compared to 38.5% at the first quarter last year.

In 2015, our aim is to make further progress on our 2014 achievements by improving project delivery, continuing the current cost saving program, and capturing the benefit of reduced finance costs as a result of the deleveraging of the balance sheet. These factors will drive a substantial improvement in margins.

We expect to deliver Net Profit after Tax within the range of $450 million to $520 million, subject to market conditions. When compared on a like-for-like basis with 2014, this represents an increase of between 25 and 44 per cent. The results for the first quarter indicate that we are on the right path to delivering our 2015 guidance.

In the longer term, our aim is to generate sustainable, cash-backed profits which create value for you, the shareholders. We are building a solid foundation for the future and, while there is more to do, I am very confident that we are making good progress.

Finally, I would like to thank you, shareholders, for your support and patience as we transform this company. I look forward to continuing our journey in 2015, as we translate the achievements of 2014 into sustained returns for all shareholders.

Thank you.

[3] On a comparable basis including 50% of Leighton Services in continuing operations.
[4] Proforma after receipt of cash from the sale of John Holland