

12 June 2014

Singapore Exchange (SGX)
2 Shenton Way
#19-00 SGX Centre 1
Singapore 068804

Re: Update on the Leighton Group's strategic review

Please find attached a media release and investor presentation to be issued today by Leighton Holdings Limited, parent company of Leighton Finance (USA) Pty Ltd.

Yours faithfully
LEIGHTON HOLDINGS LIMITED

VANESSA REES
Group Company Secretary

12 June 2014

Update on the Leighton Group's strategic review

Leighton Holdings today outlined a strategic blueprint for the future of its business which involves:

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

Executive Chairman and Chief Executive Officer Marcelino Fernández Verdes said: "We are in the process of undertaking an in-depth review which has led us to the strategic blueprint that we are announcing today.

"We are maintaining our focus on recovering existing receivables and on improving our approach to working capital management.

"In addition, we are analysing options for our Services, Property and John Holland businesses including the potential divestment or introduction of new partners to these businesses. As part of this process we have engaged external advisors and will be having discussions with potential investors.

"Cash receipts from receivables and divestments will be used to reduce our gearing and **strengthen our balance sheet** so as to increase our competitiveness.

"We will **streamline our operating model** and group similar activities to establish dedicated businesses focused on:

- Construction;
- Mining;
- Public Private Partnerships (PPPs); and
- Engineering.

"The Services, Property and John Holland businesses will be subject to the outcome of the strategic review and a final decision is yet to be made.

"**Streamlining our operating model** will allow us to better leverage the existing expertise that resides across the Group's diverse operations and increase our transparency. By reorganising these activities we will create economies of scale, thereby lowering our cost base and helping to improve our competitive advantage and create value for the benefit of all stakeholders.

"We will combine our existing **PPP** capabilities to create a focused industry-leading business. This new business will form a key component of our growth as we see numerous construction and investment opportunities in the large and expanding PPP markets in Australia and overseas.

"Similarly, we intend to combine our existing **Engineering** skills, and further develop these capabilities to provide more innovative solutions for our clients. Promoting greater self-reliance on our own engineering skills will enhance our ability to mitigate and manage contract risk.

"We are focused on **improving project delivery** by further developing the entrepreneurial approach of our project managers including a greater focus on cash and cost control. This will be supported by the standardisation of our business processes and systems.

"We are now developing our transition plan for our new operating structure and will be engaging with our key stakeholders. While this work is underway, and in the future, our Operating Companies remain focused on continuing to safely and efficiently provide services to our clients," Mr Fernández Verdes said.

ENDS

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

Further information:

MS JANET PAYNE, Group Manager Investor Relations T+61 2 9925 6121

MS FIONA TYNDALL, Group Manager Media Relations T+61 2 9925 6188

LEIGHTON HOLDINGS LIMITED, founded in Australia in 1949, is the parent company of the Leighton Group, one of the world's leading international contractors. The Group is also the world's largest contract miner. Listed on the Australian Stock Exchange since 1962, Leighton Holdings has its head office in Sydney, Australia. Leighton Holdings owns and operates through a number of diverse and independent operating companies: Leighton Contractors; Thiess; John Holland; Leighton Asia, India and Offshore; and Leighton Properties. The Leighton Group also has a 45% investment in the Habtoor Leighton Group. These companies provide development, construction, contract mining, and operation and maintenance services to the infrastructure, resources and property markets. They operate in more than 20 countries throughout Australia, Asia, the Middle East and Southern Africa. The Leighton Group directly employed approximately 53,000 people, as at 31 March 2014.

STRATEGIC REVIEW UPDATE

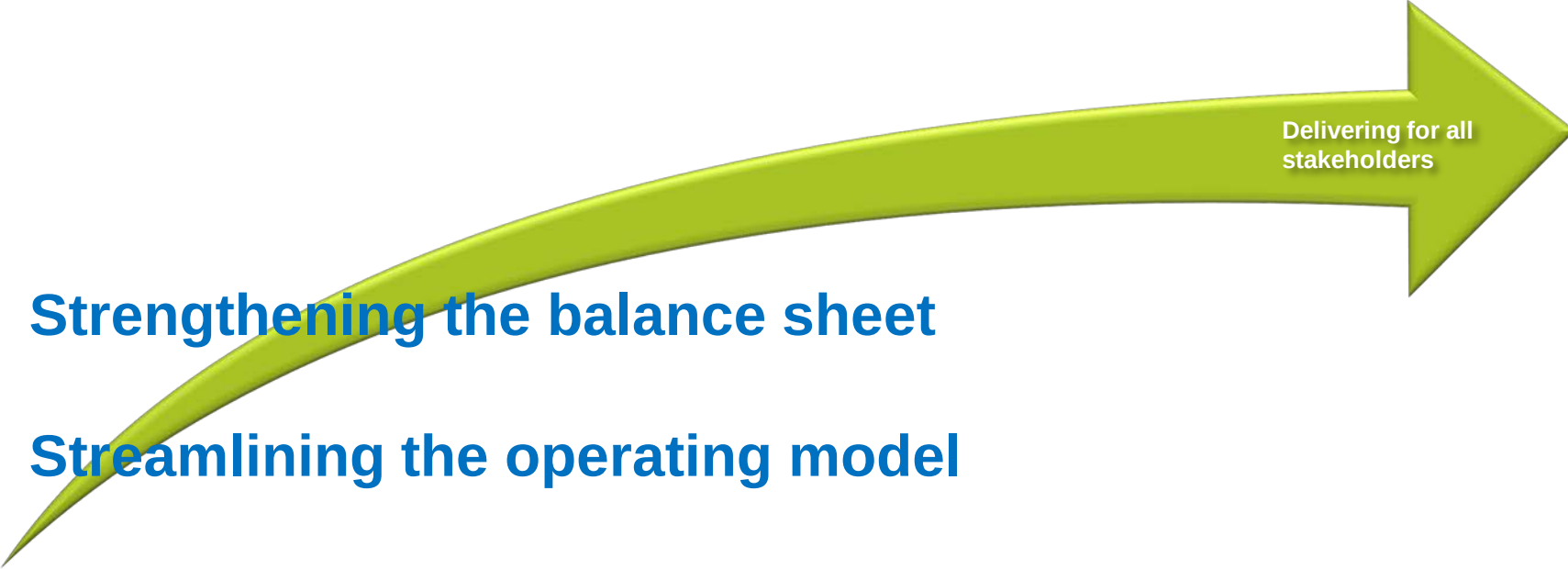


Marcelino Fernandez Verdes

12 June 2014

STRATEGIC REVIEW OBJECTIVES

Create sustainable growth in cash profits by:

- 
- 1. Strengthening the balance sheet**
 - 2. Streamlining the operating model**
 - 3. Improving project delivery**

Delivering for all
stakeholders

1. STRENGTHEN BALANCE SHEET

- **Maintain focus on recovering existing receivables**
- **Improve approach to working capital management on new projects**
- **Analyse strategic options (potential divestments or introducing partners)**
 - ❑ **Services / Property / John Holland**
 - ❑ **Options subject to market conditions**

Reduced gearing
Strengthened balance sheet



Increased competitiveness

2. STREAMLINE OPERATING MODEL

- **Group similar activities**

- ☐ Construction
- ☐ Mining
- ☐ PPP's
- ☐ Engineering

- **Review support functions and LHL structure**

- ☐ Reduce overhead duplication
- ☐ Remove bureaucracy

- **Explore potential for additional sustainable cost savings**

- ☐ LHL
- ☐ OpCos

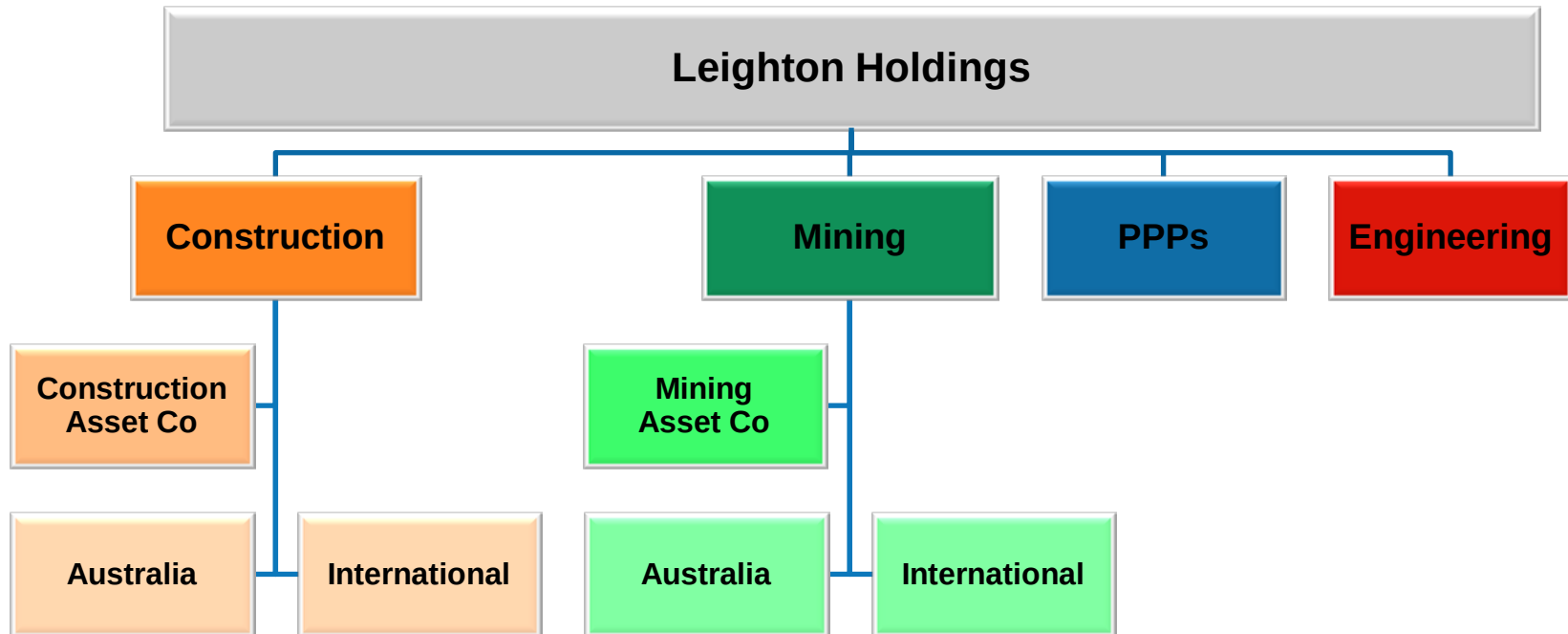
Streamlined model



Reduced costs

Increased transparency

2. STREAMLINE OPERATING MODEL : BLUEPRINT



Subject to outcome of any divestments

3. IMPROVE PROJECT DELIVERY

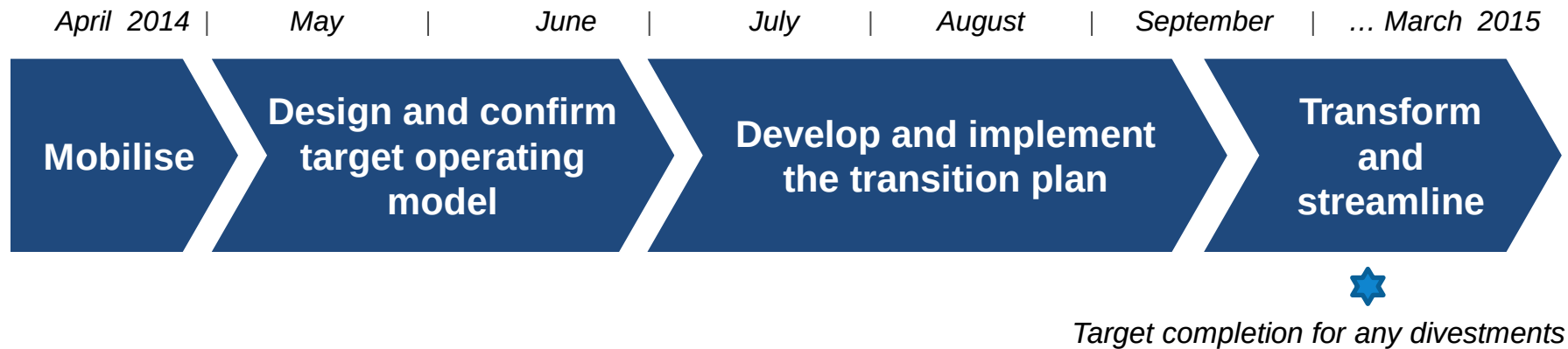
- **Focus on risk management**
 - ❑ Streamlined reporting
 - ❑ Consistent business processes
 - ❑ Simplified, common IT systems
- **Encourage further development of entrepreneurial approach**
 - ❑ Increased accountability and empowerment
 - ❑ Focus on costs and cash
- **Reduce management layers**

Improved project delivery



Cash profitability

TARGET TIMELINE AND KEY STEPS



- **Confirmed blueprint for the Group**
- **Now developing and implementing the transition plan**
 - Staged approach to minimise disruption and mitigate transition risks
- **Over the next year**
 - Commence transformation of Group systems
 - Streamline Operating Companies to achieve best practice business processes and culture

STRATEGIC REVIEW OBJECTIVES

Create sustainable growth in cash profits

