

Embargoed until MIDDAY, Wednesday 2 October

Strong return to form for Fulton Hogan in 80th year

2 October 2013

- Strong turnaround in financial performance
 - NZ\$258.5million Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)
 - NZ\$181.6million Earnings Before Interest and Tax (EBIT)
 - NZ\$131.9million Profit Before Tax (PBT)
 - NZ\$ 96.5 million Profit after Tax (PAT)
- Above budget NZ performance in a subdued market
- Australian performance on target – achieved through strong vertical integration
- Delivery on airport resurfacing projects in Australia and New Zealand
- Integrated business delivers efficiencies and results
- Strong performance in residential development in Auckland and Christchurch
- Strong forward order book – NZ\$3.4 billion

Fulton Hogan, a key player in the civil engineering and resources sectors for New Zealand, Australia and the Pacific has marked its 80th year with a strong return to profit in the year ended 30 June 2013.

Profit after Tax was NZ\$96.5 million (2012: NZ\$7.9 million), and this was achieved on the company's highest ever revenues of NZ\$3.22 billion (2012: NZ\$2.7 billion).

Managing Director Nick Miller said the profit growth for the company came from a number of sources across the business.

"Profit growth has come from right across the business, demonstrating our strength across a number of portfolios. This included our Australian Construction and Industries businesses as well as New Zealand Infrastructure and Regional businesses with strong results from the metropolitan markets of Auckland and Christchurch. Overall, approximately 60 percent of our revenue came from our Australian businesses, and the remainder from our New Zealand businesses.

"We also experienced a high level of demand for our expertise in airport surfacing including Auckland, Dunedin, Melbourne, Brisbane, Darwin, Coffs Harbour and several defence installations," Mr Miller said.

Further to this, our integrated business model is proving a key competitive advantage in delivering greater efficiencies and reliability to customers. As a result, our quarries and asphaltting plants are improving their performance.

In New Zealand, Fulton Hogan's land development business sold over 520 residential sections reflecting strong underlying demand in the Auckland and Christchurch markets.

Mr Miller said the greatly improved result also followed decisive action by the company to address a number of issues which had dragged down the previous year's result.

"During the year a lot of effort has gone into resolving operational and contractual challenges associated with several major Australian projects which had been hampered by some of the most severe weather recorded in decades. Our teams have made excellent progress in containing and retiring a number of these projects in a collaborative way."

"Through-out the year we have continued to invest in and develop our contract, financial and risk management systems to achieve the appropriate level of rigour around our business practices. This includes a continuing major drive on health & safety systems and awareness resulting in a 41% improvement in our total recordable injury frequency rate during the year.

Despite this improvement, the tragic death of a sub-contractor Suzanne Caudell in January 2013, after a member of the public breached compliant temporary traffic control measures in central Queensland, was a stark reminder of the need to always plan and prepare for every contingency," Mr Miller said.

The strong performance in the company's 80th year enabled Fulton Hogan to repay around \$70 million of bank debt and complete another tranche of buying back shares from Shell. At balance date the Shell shareholding stood at just over 10 per cent, down from the original 37.4 per cent when the buyback commenced in December 2010.

Looking ahead, Fulton Hogan has entered the new year with a strong forward order book of NZ\$3.4 billion and is optimistic about a number of opportunities in the market; jointly bidding for the Transmission Gully PPP and pursuing outsourced road maintenance contracts in Australia.

"As a cornerstone member of Stronger Christchurch Infrastructure Rebuild Team (SCIRT), we continue to be in the frontline rebuilding Christchurch with the team now operating at full speed."

Mr Miller said the strong 2012/13 result reflected a great team effort by all the company's 5,300+ people, a quarter of whom hold shares in the business alongside the Fulton and Hogan families.

"The dedication and effort of all our people, often in trying circumstances, has been the key to helping return Fulton Hogan to form in our 80th year of building communities," Mr Miller said.

(ENDS)

Key projects won in 2012-13	Key projects in forward pipeline
<ul style="list-style-type: none">• Majura Parkway, Canberra• Tekapo Canal Relining, Tekapo• Melbourne Water's Maintenance and Low Risk Capital Services Program (MaLRC), Melbourne	<ul style="list-style-type: none">• Transmission Gully PPP, Wellington• Stewardship Maintenance Contract, western Sydney• Princes Highway Upgrade, Berry Bypass, New South Wales• South east Queensland road maintenance contracts

About Fulton Hogan

Fulton Hogan has been building communities for 80 years - across the transport infrastructure, water, energy, mining and land development sectors in New Zealand, Australia and the South Pacific.

Our company earned its stripes building and maintaining the spine of New Zealand's roading network, and today is a major civil and resources contractor with a unique vertically integrated business model combining construction operations with quarrying, asphalt production, and precast manufacture.

We are proud of our family ownership and strong partnerships – and we care for our communities and the people in them, including our customers, suppliers and our 5,300+ people whose safety always comes first.

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