

BUSINESS

Leighton rides Asia boom

Group revenue from the region grew by 30 per cent last year

GLEND A KORPORAAL
CONSTRUCTION

LEIGHTON Asia chief Hamish Tyrwhitt doesn't do any construction work in China, but the boom there is the driving force behind the \$7 billion business he oversees in Asia — from the casinos of Macau to the new seaside luxury apartments in Thailand and the coalmines of Mongolia and Indonesia to the high-speed rail and other infrastructure projects in Hong Kong.

After 35 years, Leighton Asia has become one of the fastest-growing parts of the Leighton group, its revenue growing by 30 per cent last year, compared with only 2 per cent for the group as a whole.

"Eighty per cent of our projects are directly linked to China," says Tyrwhitt, a 25-year veteran of the Leighton group, on a visit to Australia last week.

"Ninety per cent of the revenue from the casinos in Macau (where Leighton Asia has built the Wynn Macau and James Packer's City of Dreams) comes from mainland China. The coal we mine in Indonesia and Mongolia goes to China.

"We won work on the express rail project connecting Hong Kong to China which was announced last year. Even with the resort we are building in Koh Samui in Thailand, the bulk of the buyers are coming from China."

Last year, Leighton Asia made a profit of \$88 million. Its current work in hand of \$7bn represents about 20 per cent of the total for the Leighton Group.

But apart from the odd project over the years, Leighton Asia has kept out of the construction market in mainland China.

It has found that the Chinese developers and construction companies already do a very good

job in their home market — and a good job of keeping foreign competition out.

"It's not easy for a general contractor like ourselves to get all the licences to work there," Tyrwhitt says.

But there is plenty of work in the rest of Asia.

Tyrwhitt, who has been mentioned in the past as a possible successor to Leighton chief executive Wal King, runs a staff of 8000 from headquarters in Hong Kong — still the biggest customer for its infrastructure business.

The company has just won the second of two major contracts worth almost \$900m for work on the new fast rail project to link Hong Kong with China's largest southern city, Guangzhou.

As well as the major land reclamation work in Hong Kong Harbour to put parklands along the harbour front, the company has won a new contract to help clean up the harbour and is eyeing work on the 20km bridge from Hong Kong across the Pearl River delta to Macau, estimated to cost about \$7bn.

In Macau, Leighton last year finished the \$2.6bn City of Dreams casino-hotel project for Packer and his Hong Kong partner, Lawrence Ho. And it has been named by US casino magnate Steve Wynn as the builder of his second casino project in the city, the \$2.5bn Wynn Cotai.

Tyrwhitt is the son of geologist David Tyrwhitt, the founding chief executive of Newmont Mining Australia. He was involved in the discovery of the Telfer goldmine in Western Australia in 1972 and later became chief executive of Ashton Mining and goldmining giant Newcrest.

As a child Hamish led an expatriate life because of his father's work, living in England and Africa and then spending his high school

years in the US. He did a civil engineering degree at the University of WA in Perth and then joined John Holland, which was then

part of the empire of Perth-based entrepreneur Robert Holmes a Court.

He worked in the mining areas of WA before moving to Asia in 1990 to work on various water treatment plants in Malaysia.

He oversaw the construction of the bridge across the Mekong river in Laos and a large housing project for teachers in Malaysia, which was the biggest single construction job for the group at the time in terms of man-hours.

By this time John Holland was part of the Leighton Group after a deal between Janet Holmes a Court and Leighton.

Tyrwhitt was called back to Australia to help with the work on the complex Spencer Street station project in Melbourne, one of Leighton's toughest jobs because it had to be rebuilt while it was still operating.

Tyrwhitt was appointed general manager of Leighton's southern region at the time, overseeing the company's work in Victoria, South Australia and setting up its business in New Zealand.

"We lost money on the job but we dragged it over the line in time for the (2006) Commonwealth Games," Tyrwhitt says of Spencer Street. "It was a very, very challenging part of all our careers."

He was promoted to head of Leighton Asia at the end of 2007.

In the time he has been there, work in hand has grown from \$300m to \$7bn. Last year's profit of \$88m is more than the total profit of the seven years before.

One of the first things Tyrwhitt did was to set up an office in Mongolia.

With the resource-rich country just starting to open up, Leighton could see the opportunity for one of its specialities: contract mining.

“We realised there were incredible resources there,” he says.

“It had some of the best mineral reserves in the world. We were one of the first to go there.

“Asia is definitely the place to be at the moment.”



RENEE NOWYTARGER

Hamish Tyrwhitt, a possible successor to Leighton chief Wal King, says Asia is the place to be