



Media/ASX and NZX Release

14 February 2013

### **DOWNER REPORTS UNDERLYING EBIT OF \$180.8 MILLION**

Downer EDI Limited (Downer) today announced underlying<sup>1</sup> earnings before interest and tax (EBIT) of \$180.8 million for the six months ended 31 December 2012, 12.7% higher than the previous corresponding period. Underlying net profit after tax (NPAT) increased by 24.1% to \$105.5 million.

Statutory EBIT was \$169.3 million after an individually significant item of \$11.5 million relating to the settlement of a dispute in Singapore (announced on 11 December 2012). Statutory NPAT was \$94.0 million. A reconciliation of the underlying result to the statutory result is provided in the Investor Presentation and Half Year Report, both lodged with the Australian Securities Exchange and available on the Downer website.

Total revenue rose by 20.2% to \$4.7 billion, including \$0.3 billion of contributions from joint ventures. Downer Infrastructure's revenue rose by 23.9% to \$2.6 billion, Downer Mining's by 17.8% to \$1.3 billion and Downer Rail's by 27.0% to \$0.7 billion.

Operating cash flow was strong at \$184.0 million, up 71.8% from the previous corresponding period.

At 31 December 2012, Downer's gearing was 19.7% with liquidity of \$841.7 million comprising cash of \$214.9 million and undrawn committed facilities of \$626.8 million.

"The business has performed very well over the past six months," said Grant Fenn, the Chief Executive Officer of Downer. "Each of our three divisions achieved substantial revenue growth, underlying EBIT has grown over 12% and our cash performance was strong once again. We have continued to build momentum in our operational and financial performance."

Mr Fenn said that more than one third of the Waratah Train fleet (28 trains) was now available for passenger service.

"The Waratah trains are a massive step up in passenger comfort and safety and are performing very well in service," Mr Fenn said. "Production output, both in China and Cardiff, is now at the rate required to complete the full production program to schedule. In China, both the bodyshell and fit-out shops are producing an average of 24 cars per month while in Cardiff we have ramped up successfully to the targeted 3 day TAKT time. We remain on track to deliver the 78<sup>th</sup> Waratah train in mid-2014."

Further information on the Waratah Train Project is provided in the Appendix 4D and Half Year Report, both of which have been lodged with the Australian Securities Exchange and are available on the Downer website.

In Australia, Downer Infrastructure reported total revenue of \$2.2 billion for the six months to 31 December 2012, an increase of 25.6% compared with the previous corresponding period. EBIT was 50.9% higher at \$86.2 million.

“The Eastern region of Australia performed strongly once again across both road infrastructure services and resources based projects,” Mr Fenn said.

In New Zealand, Downer Infrastructure’s revenue rose by 16.7% to \$480.0 million and EBIT more than doubled to \$16.4 million.

Downer Mining performed well across its open cut mining, blasting services and tyre management businesses, with revenue rising 17.8% to \$1.3 billion and EBIT increasing 10.3% to \$97.1 million. The ramping up of work at Karara and Meandu mines is proceeding well.

Downer Rail’s revenue rose 27.0% to \$729.6 million driven by the Waratah Train Project, the Sunlander Tilt Train project and deliveries of locomotives to BHP Billiton Iron Ore and Fortescue Metals Group. EBIT was \$34.2 million, down from \$42.9 million in the previous corresponding period, due to weaker locomotive sales.

## **Zero Harm**

Health and safety is paramount at Downer. Downer’s Lost Time Injury Frequency Rate of 0.77 remained below one incident per million hours worked for the year and Total Recordable Injury Frequency Rate reduced from 7.72 to 5.49 per million hours worked.

Regrettably, despite our efforts to keep our people safe, there was a workplace fatality in New Zealand in October 2012. The company has intensified its focus on critical risks and incidents that have the potential to cause serious injuries. This includes a focus on our Cardinal Rules that provide direction and guidance on these critical risks.

## **Dividend**

The Downer Board has declared a partially franked (70%) interim dividend of 10 cents per share, payable on 15 April, 2013 to shareholders on the register at 15 March, 2013. The company’s Dividend Reinvestment Plan will operate for this dividend with a discount of 2.0%.

## Outlook

Downer expects to deliver underlying EBIT of around \$370 million and NPAT of around \$210 million for the 2013 financial year.

<sup>1</sup> Underlying EBIT and NPAT are considered a more appropriate measure of Downer's performance than 'statutory' results, because the statutory results include an Individually Significant Item ("ISI") that is unlikely to be recurrent. The ISI relates to the settlement of the Singapore Tunnel dispute. A reconciliation of the underlying result to the statutory result is provided in the Investor Presentation and Half Year Report, both lodged with the Australian Securities Exchange and available on the Downer website.

### For further information please contact:

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Downer EDI Limited ([www.downergroup.com](http://www.downergroup.com)) provides comprehensive engineering and infrastructure management services to the public and private Minerals & Metals, Oil & Gas, Power, Transport Infrastructure, Telecommunications, Water and Property sectors across Australia, New Zealand and the Asia Pacific region.