



Annual General Meeting

30 October 2008

 **Downer EDi**





CEO's Report

Mr Geoff Knox

Downer EDi

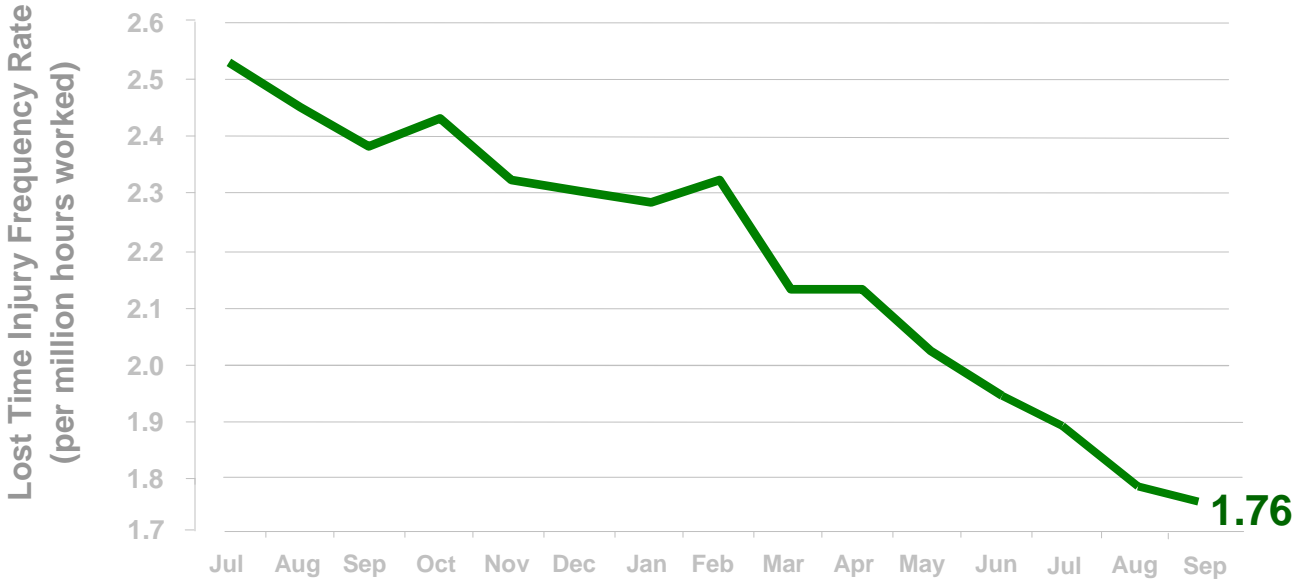


Agenda

- Zero Harm
- Year in Review
- Outlook

Zero Harm

Safety performance continues to improve



Our aim is Zero Harm

Zero Harm – Health, Safety, Sustainability and Environment

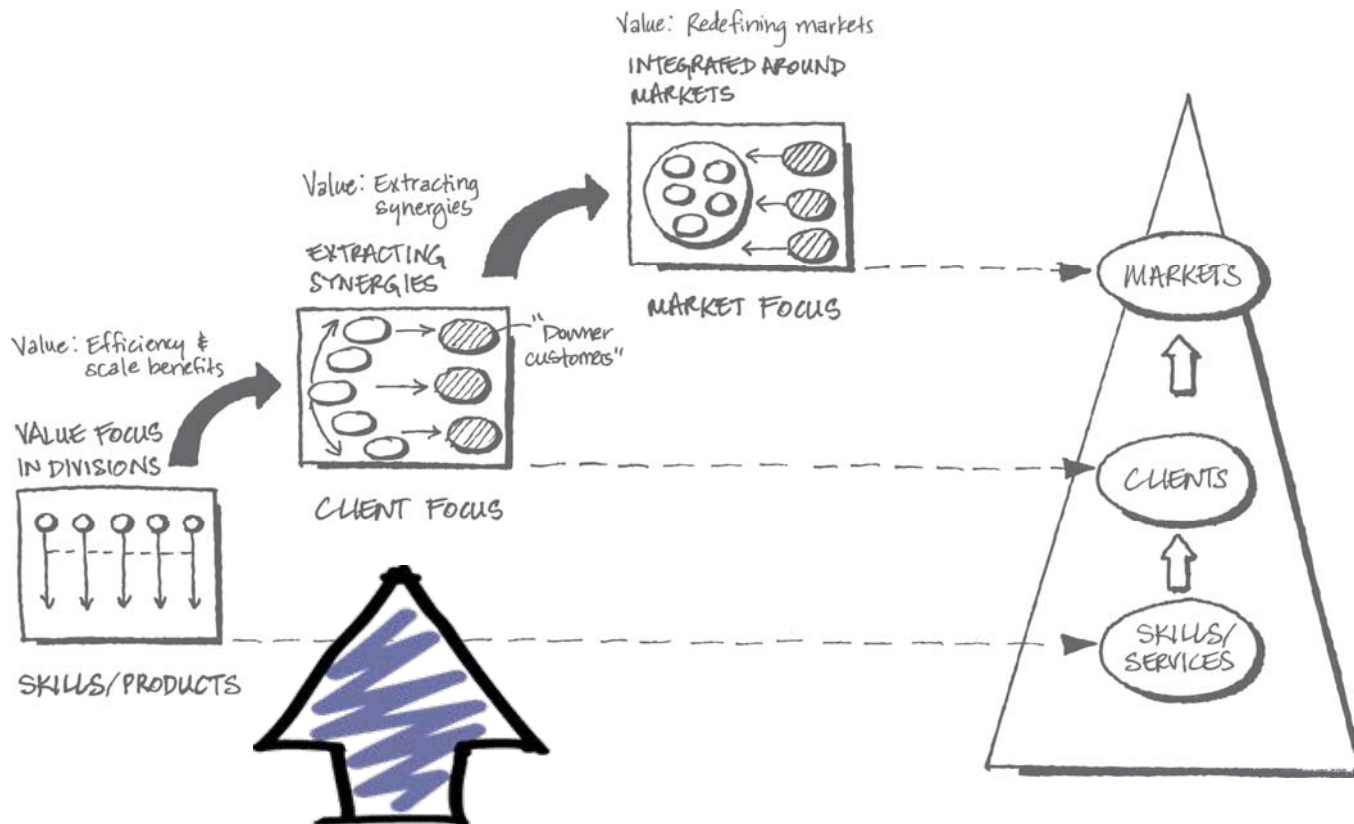
- During 2008 we launched a Zero Harm programme across the business
- LTIFR 1.76 per million hours worked
- Medical treatment injury rate is also showing a strong downward trend
- We are implementing governance processes across the group to improve our total sustainability performance
- We have established our baseline greenhouse gas intensity and our carbon footprint is low
- Leading constructor of wind farms and energy efficient pavement solutions
- Researching biofuel alternatives
- Working with our clients to reduce their ecological footprints

Back-to-basics approach



Delivering our Strategic Plan

Making the whole greater than the sum of the parts





Year in Review

 **Downer EDi**



Delivering on commitments

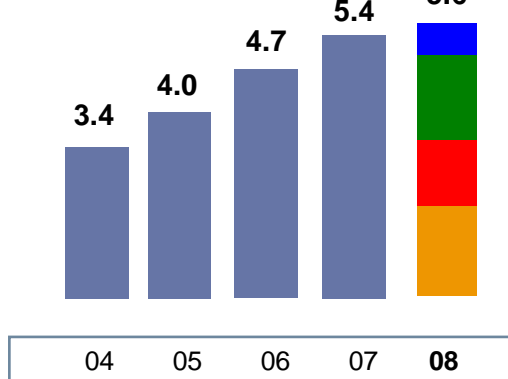
Full Year to 30 June (\$m)	2008	2007	%
Turnover	5,588 ¹	5,422	3.1%
EBIT	281	129	119%
Net Profit After Tax	166	102	63%
DPS (cents)	25.5	21.0	21%

Increased profit and dividend

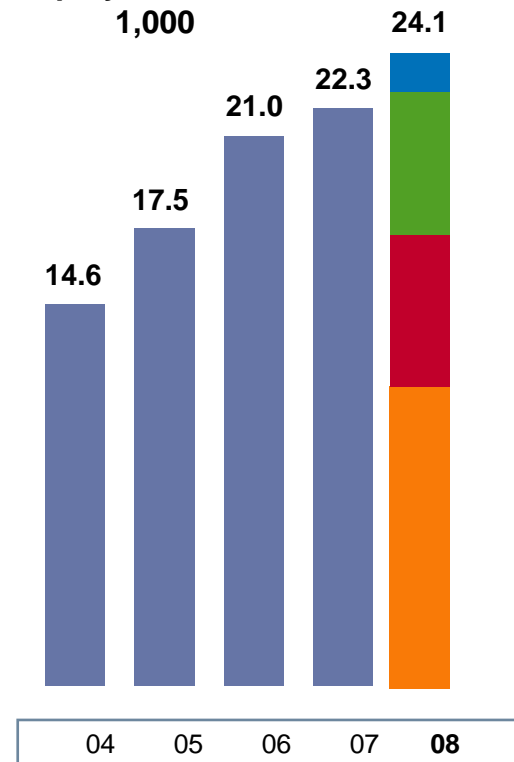
1 Excludes revenue from Century Resources subsequent to its sale on December 31 2007

Business momentum continues

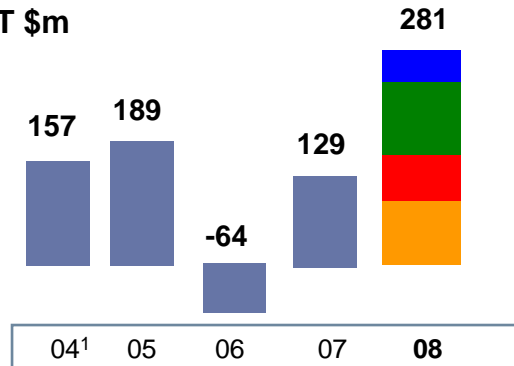
Turnover \$b



Employee Numbers
1,000



EBIT \$m

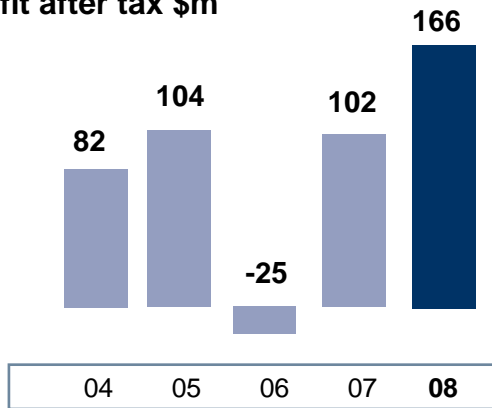


1 EBITA pre IFRS

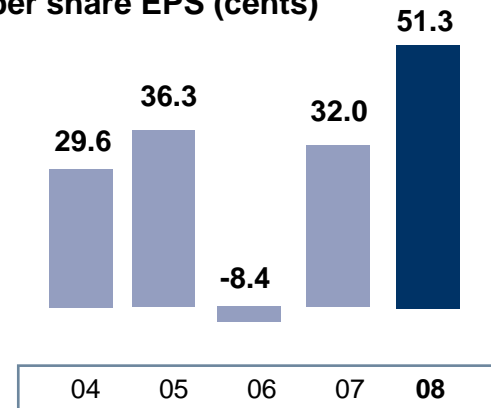
Engineering Mining Works Rail

Improved performance

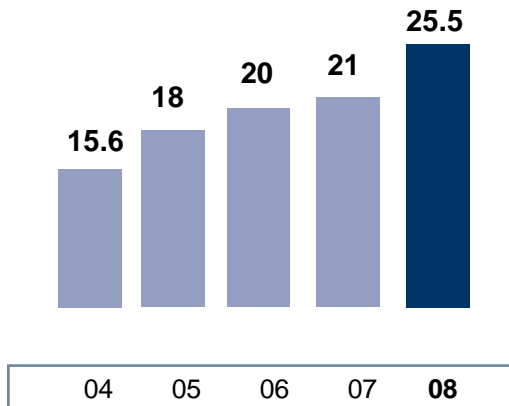
Net profit after tax \$m



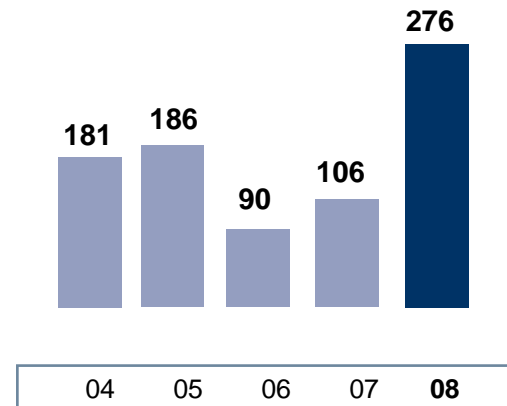
Earnings per share EPS (cents)



Dividend per share (cents)

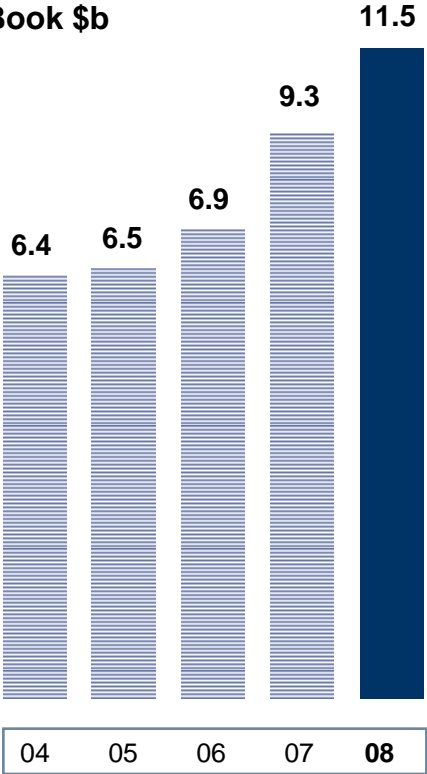


Operating cashflow \$m

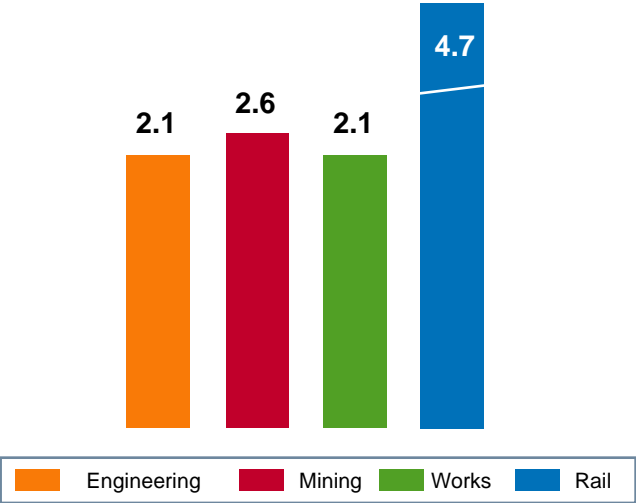


Strong order book

Order Book \$b

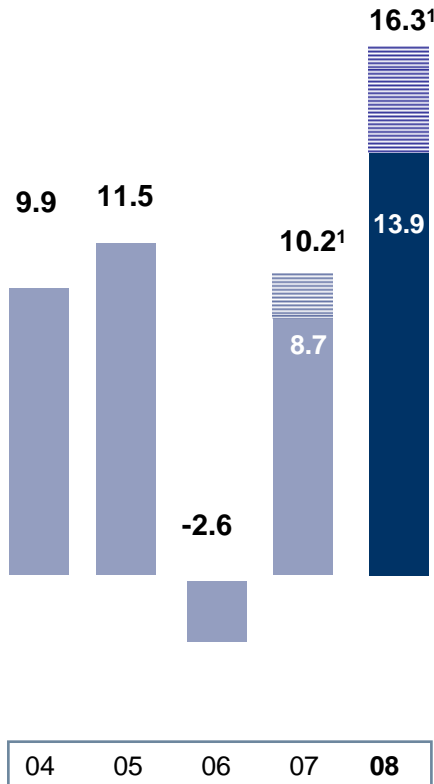


FY08 Order Book by Division \$b



Focusing on shareholder value

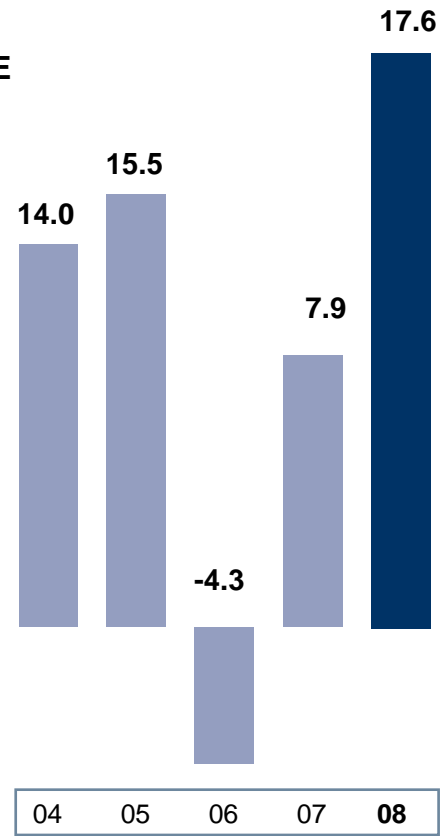
ROE



ROE = NPAT/Equity

¹ Excluding ROADS

ROFE



ROFE = EBIT/AFE; AFE = Average Net Debt + Average Equity last 3 half-years

Sound balance sheet

- Gearing¹ 34.0% and interest cover² of 5.7 times
- \$390 million Australian dollar syndicated loan facility refinanced
- Operating cash flow \$276m – 98% of EBIT
- Net capex \$181m – investing in future growth

1 Net debt/Shareholders' funds

2 EBIT/Net interest expense

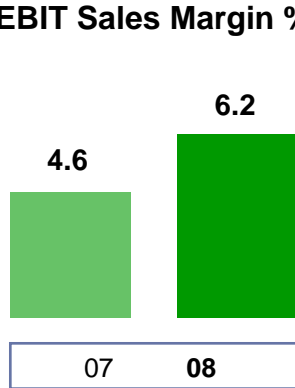
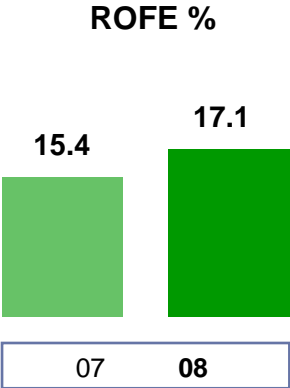
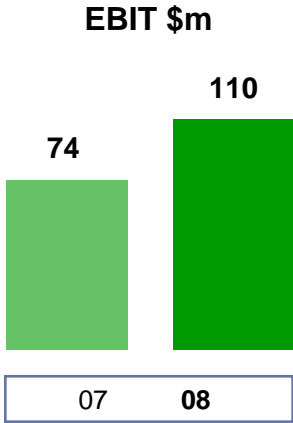
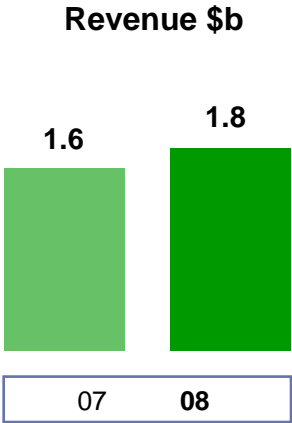
Project highlight – Works Australia

Mornington Peninsula

- A 15-year partnership with Mornington Peninsula Shire Council
- Integrated road maintenance management approach
- Clearly defined performance goals and index performance requirements
- Focus on products and techniques that minimise environmental impact
- Ongoing support of local sub-contractors and suppliers, and preferential employment of local people
- Staff development and safety programmes, client/contractor resource sharing and traineeships



Works – another strong performance



Project highlight – Rail

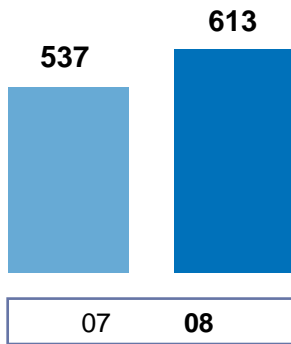
Public Transport Authority – Western Australia

- Successful long-term partnership with the PTA.
- Performance-based contract
- JV designed and constructed a new purpose-built maintenance facility.
- Currently manufacturing 15 three-car sets for delivery in 2009.
- In total, the joint venture has supplied 94 electric railcar sets and continues to provide maintenance services to the WA Government.

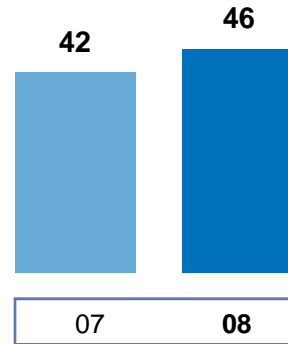


Rail – business performed strongly

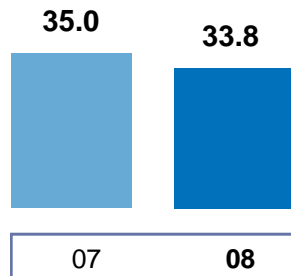
Revenue \$m



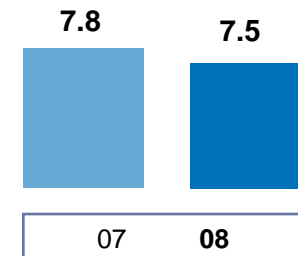
EBIT \$m



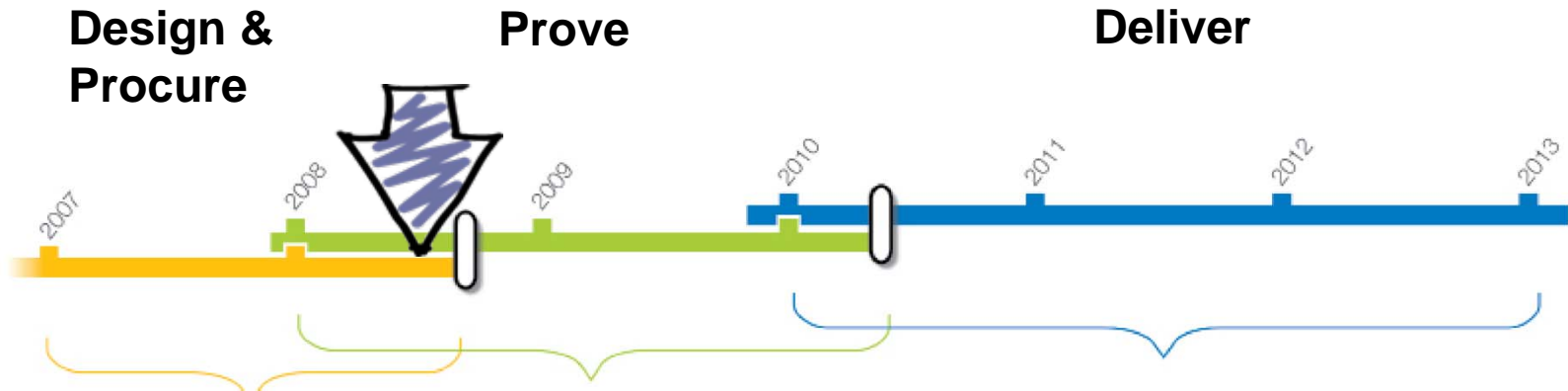
ROFE %



EBIT Sales Margin %



PPP progress



- 100% Tier 1 & 2 contracts let, Tier 3 contracting process underway
- 76% of material value ordered
- Full-scale model delivered in February – model review complete
- 77% of drawings issued for procurement and build

- On track for 4 car prototype on network in 2009
- Sets 1 to 6: systems integration, testing and verification
- Total of 230,000 kilometres of “running-in” on the network, before practical completion

- Sets 7 to 78
- Dedicated build facility completed at CRC
- De-risk using CRC’s build capacity – fabricating commenced at CRC
- Team established on ground in China
- Auburn maintenance facility on track
- Cardiff facility on track

Project highlight – Engineering

North West Shelf

- The North West Shelf Venture in WA, produces 48 per cent of Australia's oil and gas.
- In 1986 Downer EDI commenced providing electrical and instrumentation services to Woodside and our partnership continues to grow.
- Works include high-voltage power line diversion, cabling for greenfield and brownfield sites, and electrical and instrumentation work.



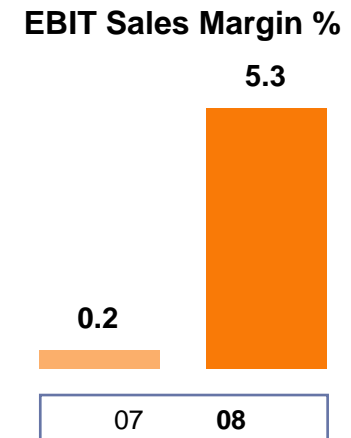
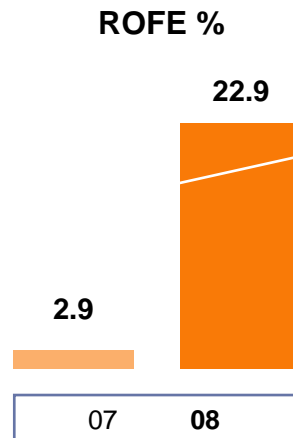
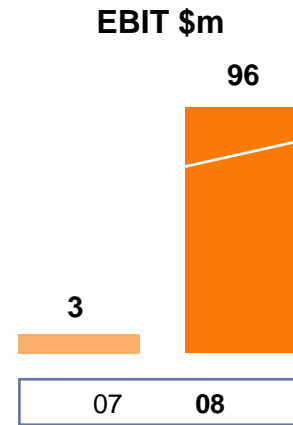
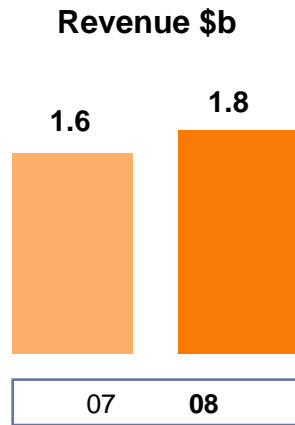
Project highlight – Consulting

Gardens By The Sea

- Singapore's premier city-in-a-garden project
- Awarded a Green Mark (Gold Plus) Award from the Building and Construction Authority of Singapore.
- CPG provided full design consultancy services including architectural and green design; mechanical, electrical, civil and structural engineering; quantity surveying and project management services.
- It will be complemented by a 32-hectare waterfront garden and a 15-hectare beachfront garden.



Engineering – revenue and margin growth



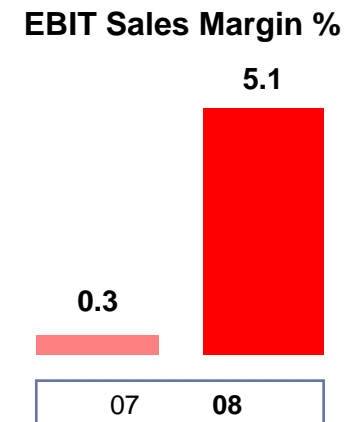
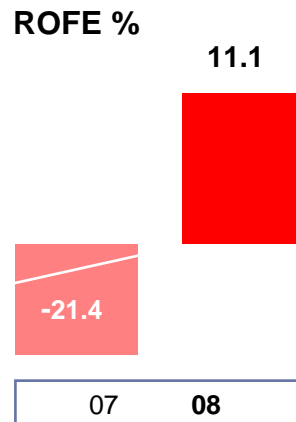
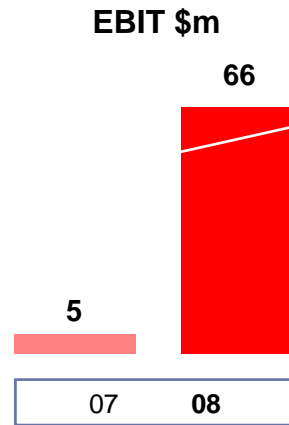
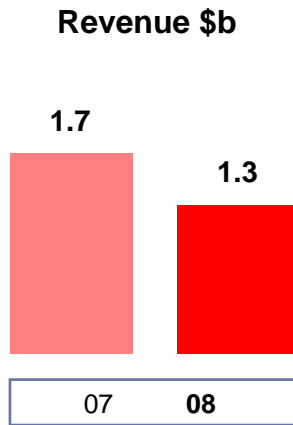
Project highlight – Mining

AngloGold Ashanti

- Downer EDI has been working at AngloGold Ashanti's Sunrise Dam open-cut gold mine since production commenced in 1997
- We now operate under a 'Life of Mine' Alliance
- Developing indigenous engagement and community partnership programmes
- We will continue to offer our services to AngloGold Ashanti as it grows its business throughout the world



Mining – turnaround continues



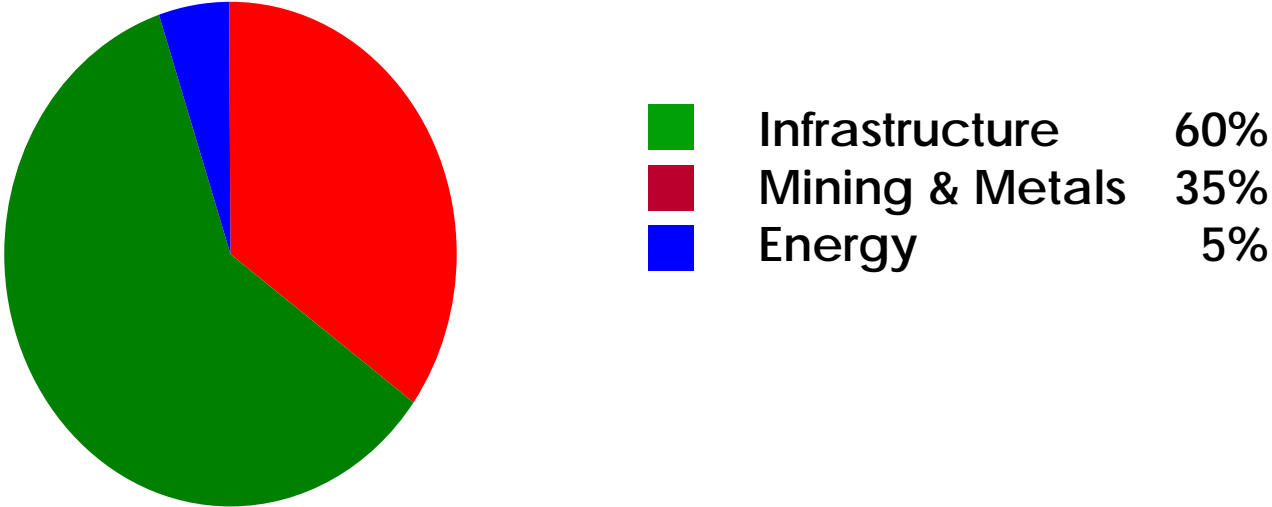


Outlook

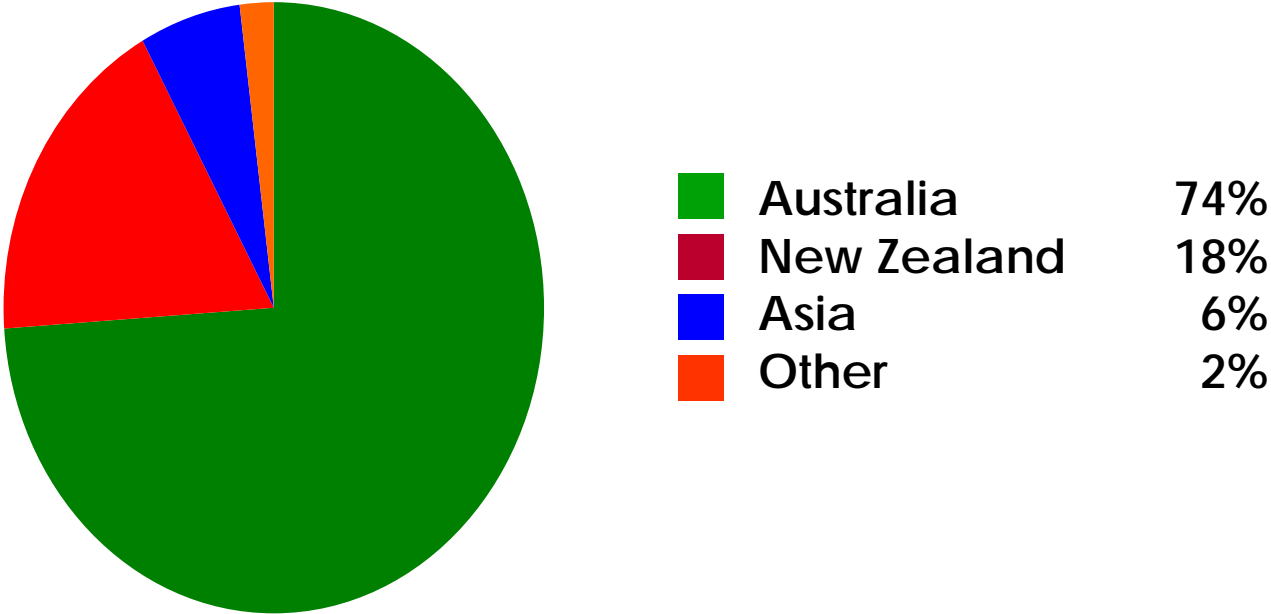
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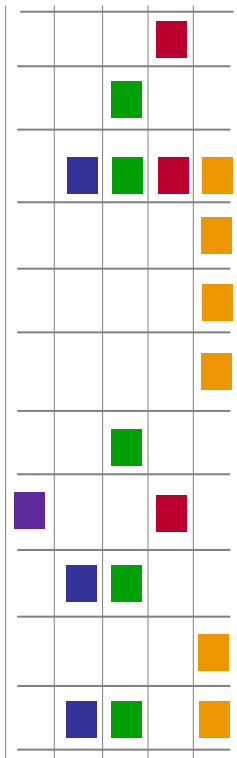
Sound market sectors



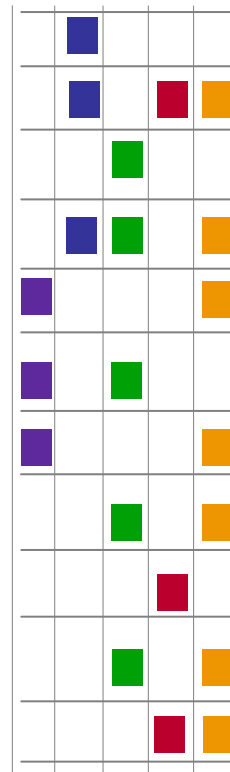
Strong presence in Asia Pacific



Servicing major clients



AngloGold Ashanti
ARTC
BHPBilliton & BMA
Caltex
FOXTEL
Exxon Mobil
Main Roads WA
Peabody
Pacific National
Powerlink QLD
RailCorp



Reliance Rail
Rio Tinto
RTA NSW
Queensland Rail
Telecom NZ
NZ Transport Agency
TelstraClear
Vic Roads
Wesfarmers
Woodside
Xstrata

Positive demand environment

- Demand for our services remains positive
- Over 85% of revenues secured for FY09
- Order book strong – approx \$11.5bn
- Infrastructure – Governments continuing to stimulate spending, further underpinning our strong, long term order book
- Mining & Metals – major clients forecasting continued output and demand for our services
- Energy sector – we remain very busy in the oil and gas space and demand for renewable energy projects is ongoing

Carbon economy creates opportunities

- Energy and cost efficiencies across the company
- Renewable energy work for key clients
- Upgrading existing industrial facilities and infrastructure for our clients
- The renaissance of rail as a transport mode
- Water treatment and recycling – involved in over 70 Water Treatment projects across Australia, New Zealand and Asia
- Trend towards ‘Green’ building design – CPG is internationally-renowned for and well placed to capitalise on sustainable development opportunities throughout the Asia Pacific

Outlook

- Demand remains positive
- Over 85% of revenues secured for FY09
- Strong leadership team, great people
- Forward funding plans progressing well – 23% of our facilities maturing FY09
- Expansion opportunities emerging from current environment
- No material change to guidance for FY09
- Ongoing growth consistent with strategic plan objectives
- Continue to monitor end-market demand closely



Annual General Meeting

Please join us in the foyer for refreshments

 **Downer EDi**

