



Full Year Results 2008

21 August 2008

Geoff Knox, Chief Executive Officer and
Peter Reichler, Chief Financial Officer

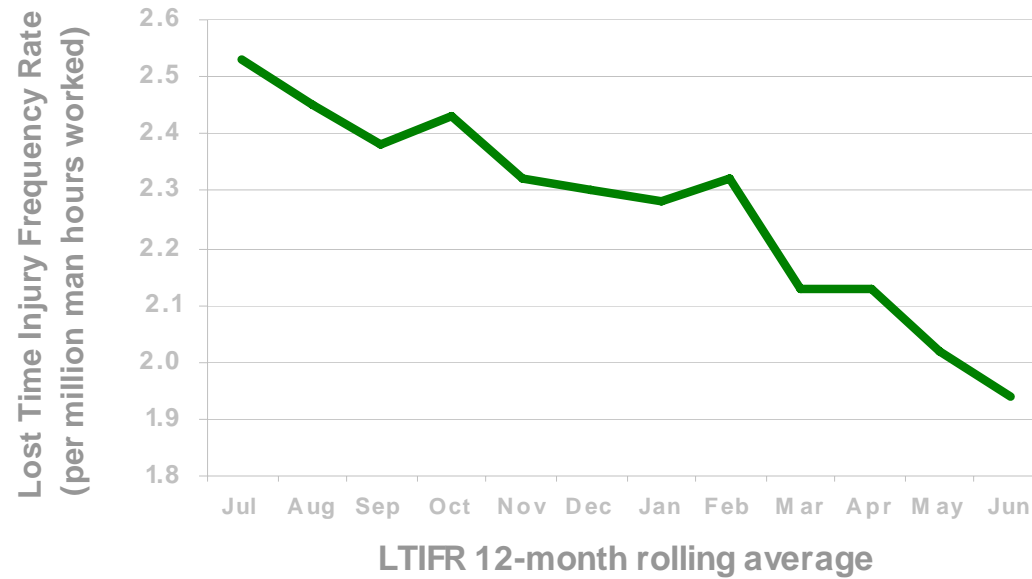
 **Downer EDi**

Agenda

- Zero Harm
- Highlights & Group Overview
- Group Financials & Divisional Results
- Outlook

Zero Harm

Safety performance improving



LTIFR is improving and our aim is zero harm.

Group highlights

- EBIT \$281m, Profit \$166m and full-year dividend of 25.5 cents
- Third consecutive half of strong cash flow
- Strong performance by Works, Engineering and Rail
- Mining recovery continues
- Rail PPP on track
- Delivering our strategic plan
- Strong footprint in Asia-Pacific markets
- Record forward order book

Divisional highlights

- Overall divisional EBIT margins of 6%¹
- Engineering – revenue grew 16% and strong EBIT growth
- Works – strong year with revenue up 10% and EBIT up 48%
- Rail – revenue grew 14% and EBIT up 10%
- Mining – strong stable order book of \$2.6bn

1 excluding Mining

Delivering on commitments

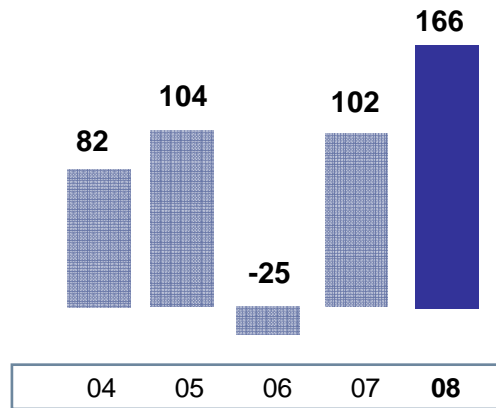
Full Year to 30 June (\$m)	2008	2007	%
Turnover	5,588 ¹	5,422	3.1%
EBIT	281	129	119%
Net Profit After Tax	166	102	63%
DPS (cents)	25.5	21.0	21%

Increased profit and dividend

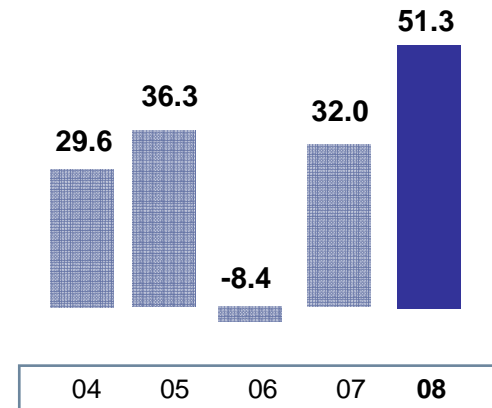
1 Excludes revenue from Century Resources subsequent to its sale on December 31 2007

Performance improvement

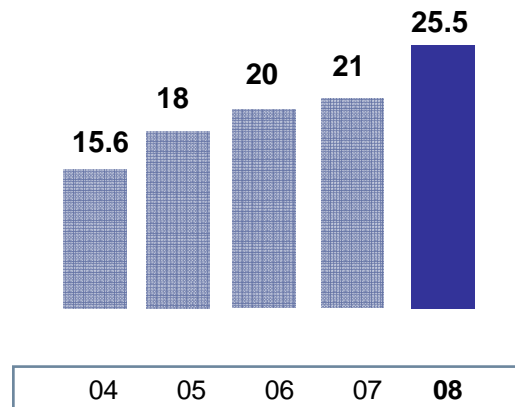
Net profit after tax \$m



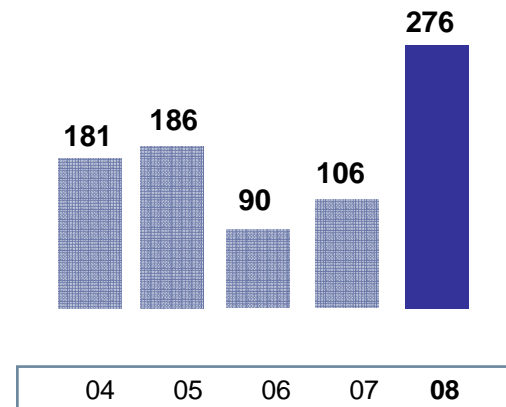
Earnings per share EPS (cents)



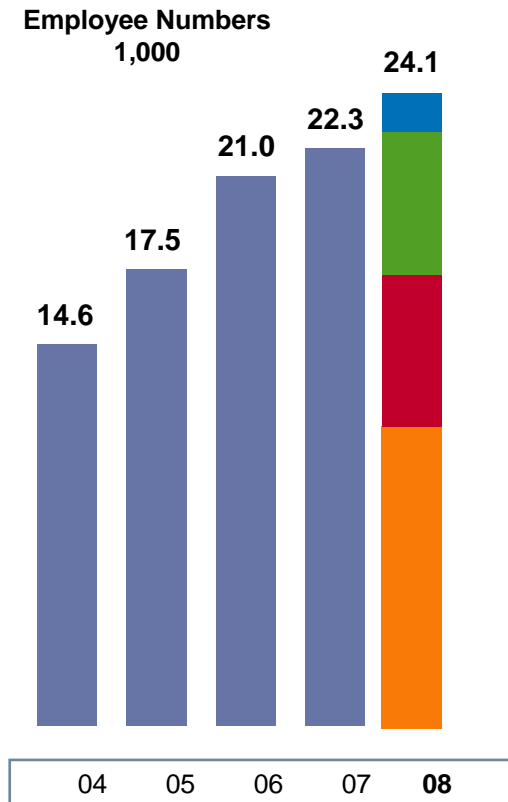
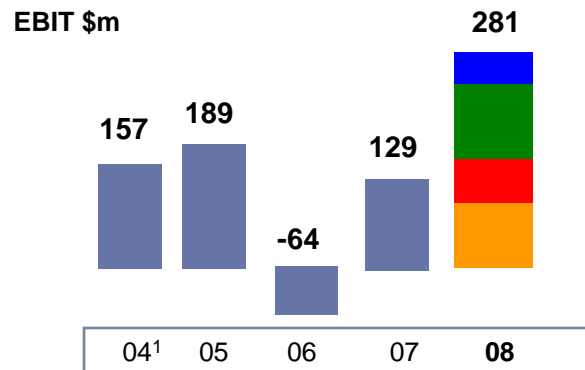
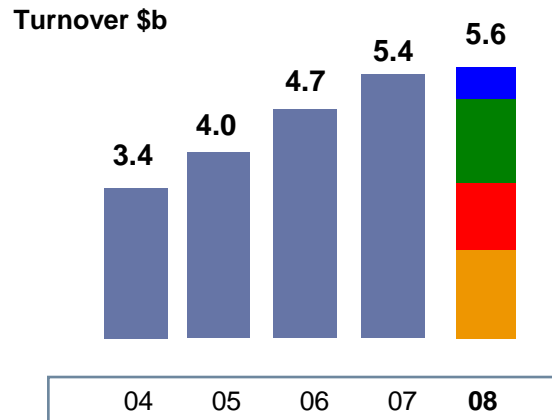
Dividend per share (cents)



Operating cashflow \$m



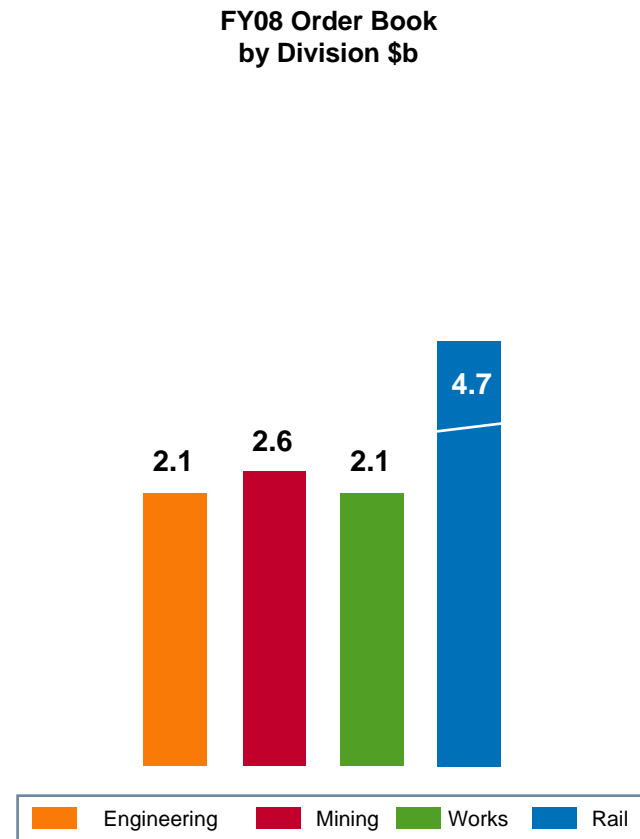
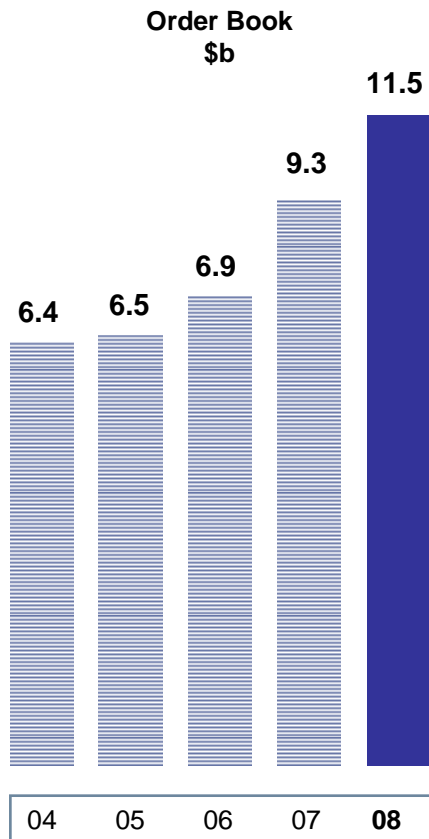
Business momentum continues



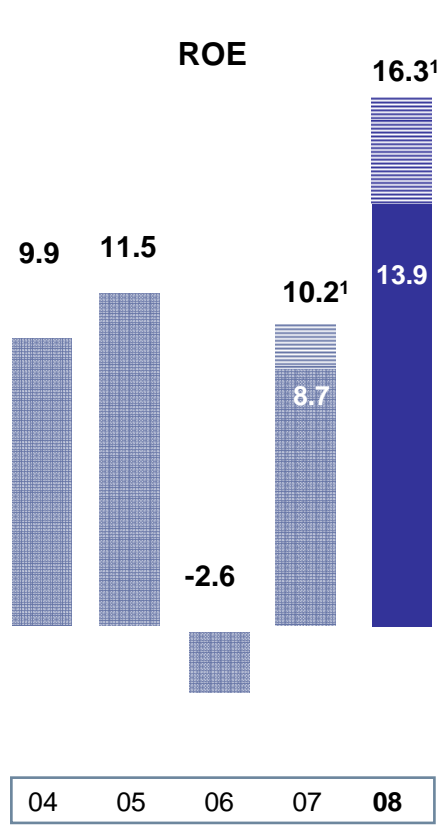
¹ EBITA pre IFRS



Markets remain strong

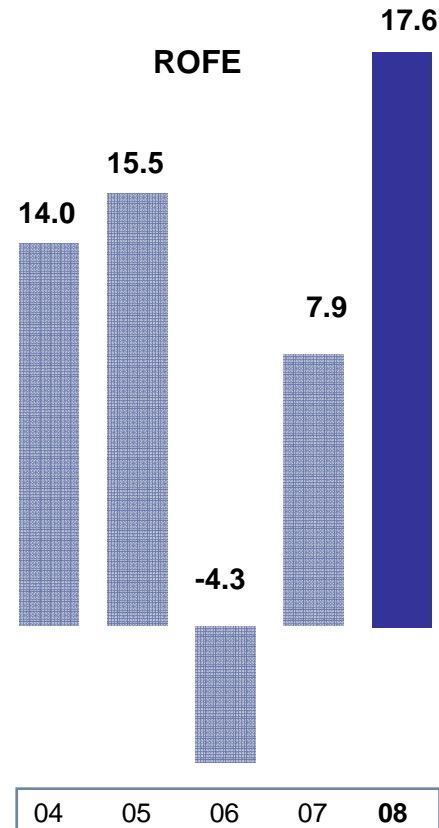


Focusing on shareholder value



ROE = NPAT/Equity

¹ Excluding ROADS



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



Group Financials & Divisional Results

Peter Reichler, CFO

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Solid performance

Full Year to 30 June (\$m)	2008	2007	%
Revenue	5,463 ¹	5,330	2.5%
EBIT	281	129	119%
Net Interest	(49)	(56)	12%
Profit Before Tax	232	73	219%
Tax (Expense)/Benefit	(66)	29	-
Net Profit After Tax	166	102	63%
EPS (cents) reported ²	51.3	32.0	60%
DPS (cents)	25.5	21.0	21%

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

2 Based on ordinary shares on issue

Third consecutive half year of strong cash flow

\$million	June 2008	June 2007
Net Profit after tax	166	102
Depreciation & amortisation	119	137
Working capital movement	94	(114)
Other	(103)	(19)
Operating cash flow	276	106
Investments (net)	34	(128)
Capital expenditure (net)	(181)	(97)
Dividends paid	(55)	(36)
Capital raising	0	177
Other	38	(9)
(Increase) decrease in borrowings	112	13
Net debt ¹	407	519
Net debt to equity (%)	34	44

1 includes \$86m mark to market revaluation adjustment in FY08 and \$69m in FY07

Strong balance sheet – well positioned for growth

- June net debt of \$407m
- Gearing¹34.0% 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
- Term debt facilities maturing in FY09 of \$252 million – 23% of borrowing capacity

1 Net debt/Shareholders' funds

2 EBIT/Net interest expense

Works – another strong performance

Full Year to 30 June (\$m)	2008	2007	%
Revenue	1,770	1,610	10%
EBIT	110	74	48%
EBIT/Sales	6.2%	4.6%	-
ROFE	17.1%	15.4%	-
Order Book	2.1bn	1.2bn	75%

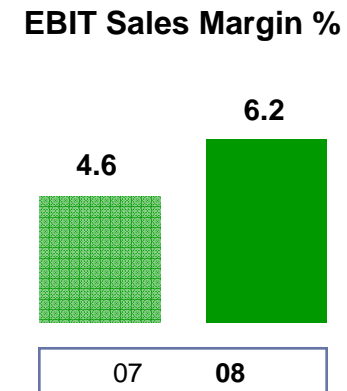
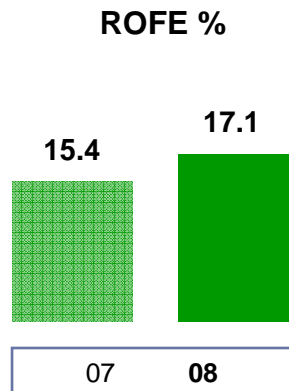
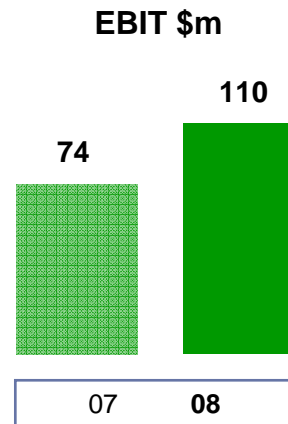
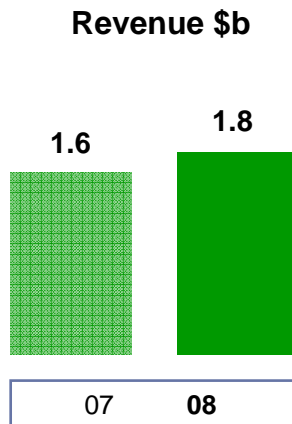
HIGHLIGHTS

- Continued expansion in Asia-Pacific markets
- Strong performance in New Zealand
- Overseas operations improving performance
- Strong forward market opportunities

STRATEGY

- Scale player in our markets
- Build a strong organisation leveraging the best of big business (scale) and small business (agility)
- Become an integral part of the communities we service

Works – another strong performance



Rail – PPP on track and base business performing strongly

Full Year to 30 June (\$m)	2008	2007	%
Revenue	613	537	14%
EBIT	46	42	10%
EBIT/Sales	7.5%	7.8%	-
ROFE	33.8%	35.0%	-
Order Book	4.7bn	4.7bn	-

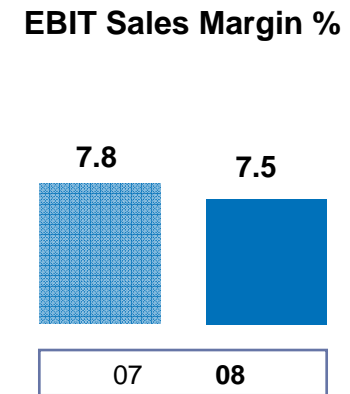
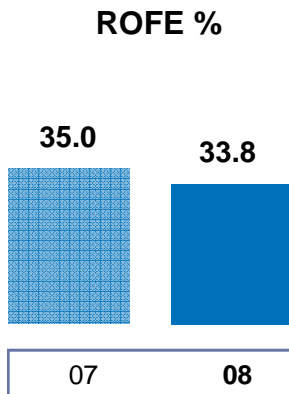
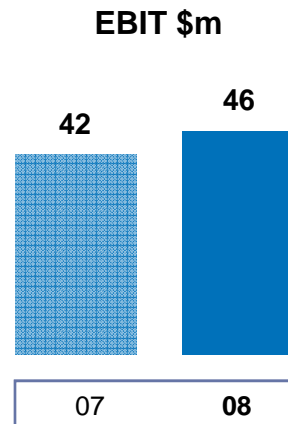
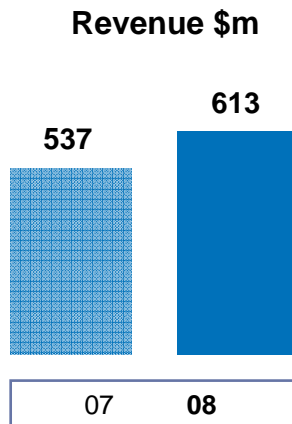
HIGHLIGHTS

- Base business grew 12%
- PPP on track
- KDR – a joint venture with Keolis
- Strong demand for locos and passenger

STRATEGY

- Realising the opportunities through
 - Delivering all projects including PPP
 - Growing the existing business
 - Expanding rail solutions

Rail – base business performing strongly



Engineering – revenue and margin growth

Full Year to 30 June (\$m)	2008	2007	%
Revenue	1,822	1,569	16%
EBIT	96	3	>100%
EBIT/Sales	5.3%	0.2%	-
ROFE	22.9%	2.9%	-
Order Book	2.1bn	1.6bn	31%

HIGHLIGHTS – Engineering

- Solid trading in Transmission and Renewables
- Further repeat work with key sector customers
- NZ - expanding operational strength

HIGHLIGHTS - Consulting

- Consulting revenue up 18%
- Strong demand for services in Asia
- Growth in the Middle East and India
- Increased presence in New Zealand market

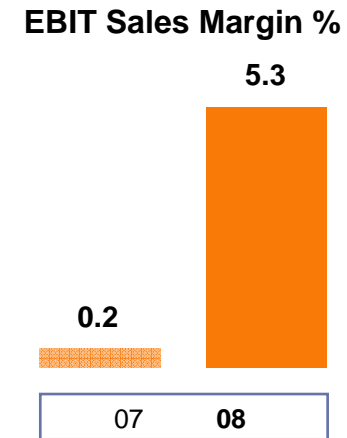
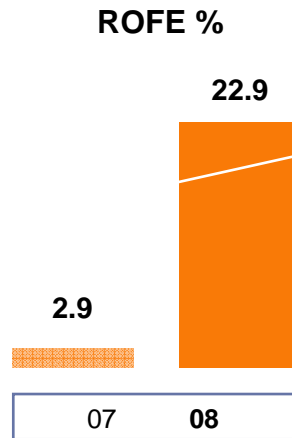
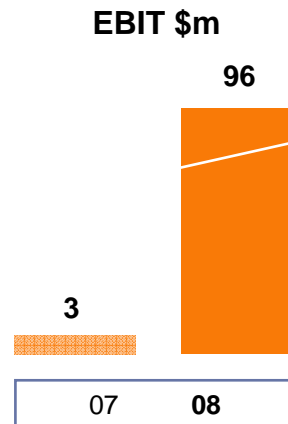
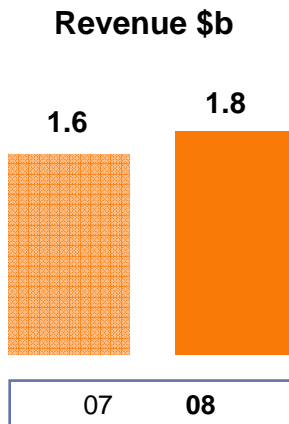
STRATEGY – Engineering

- Two growth strategies across our four markets of Projects, Contracting, Technical Services and Transmission & Renewables
 - Extend market share in what we already do well
 - Extend our services into adjacent markets and industries

STRATEGY - Consulting

- Transform knowledge into value for clients
- Connect knowledge networks across Downer EDI Group to deliver client focused solutions

Engineering – revenue and margin growth



Mining – turnaround continues

Full Year to 30 June (\$m)	2008	2007	Change
Revenue ¹	1,308	1,653	(21%)
EBIT	66	5	>100%
EBIT/Sales	5.1%	0.3%	-
ROFE	11.1%	(21.4%)	-
Order Book	2.6bn	1.8bn	44%

HIGHLIGHTS

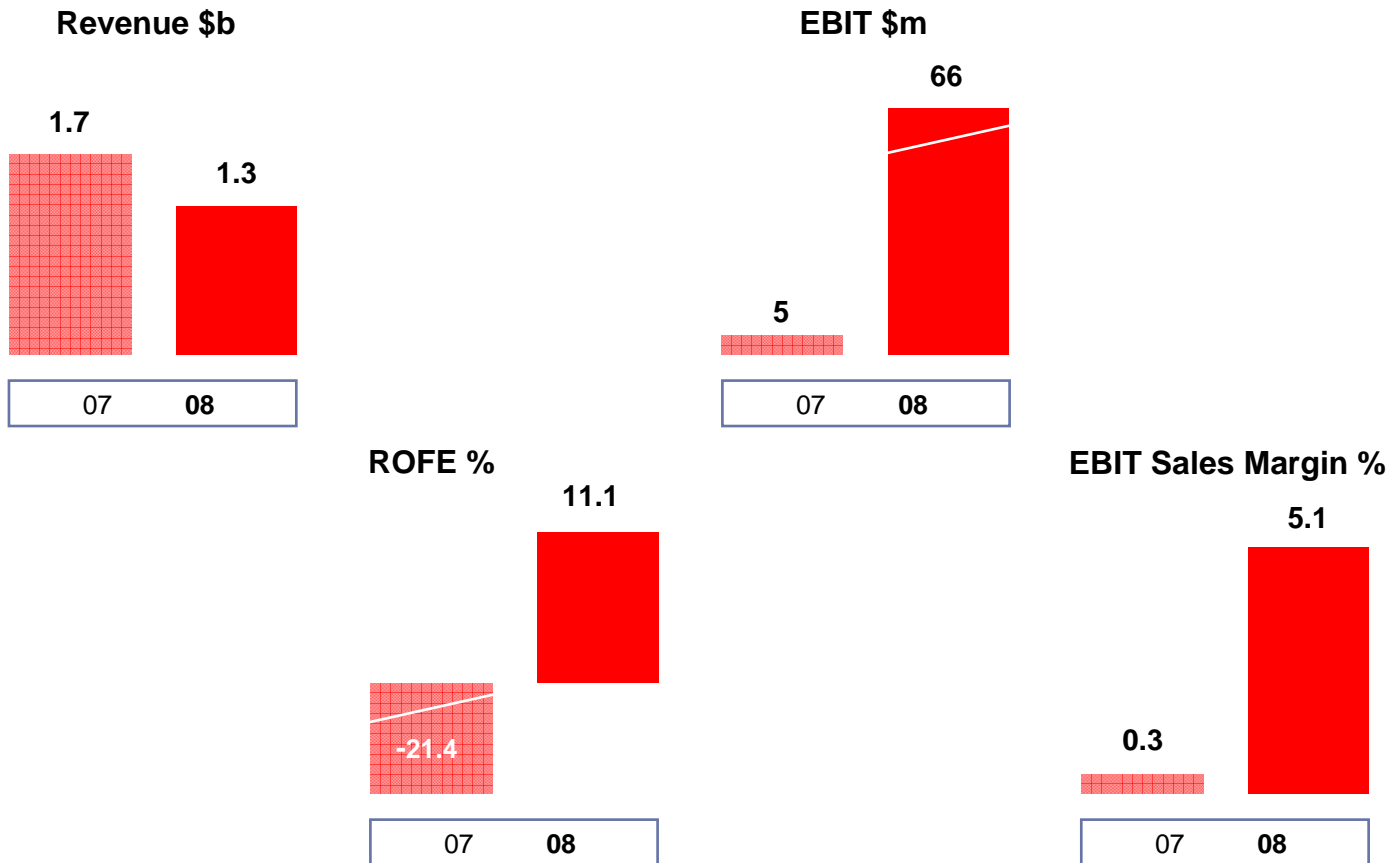
- Major new contract wins
- Investing in new technology
- Currently bidding on \$5.4bn of work
- Utilisation rates improving
- Strong demand for services businesses

STRATEGY

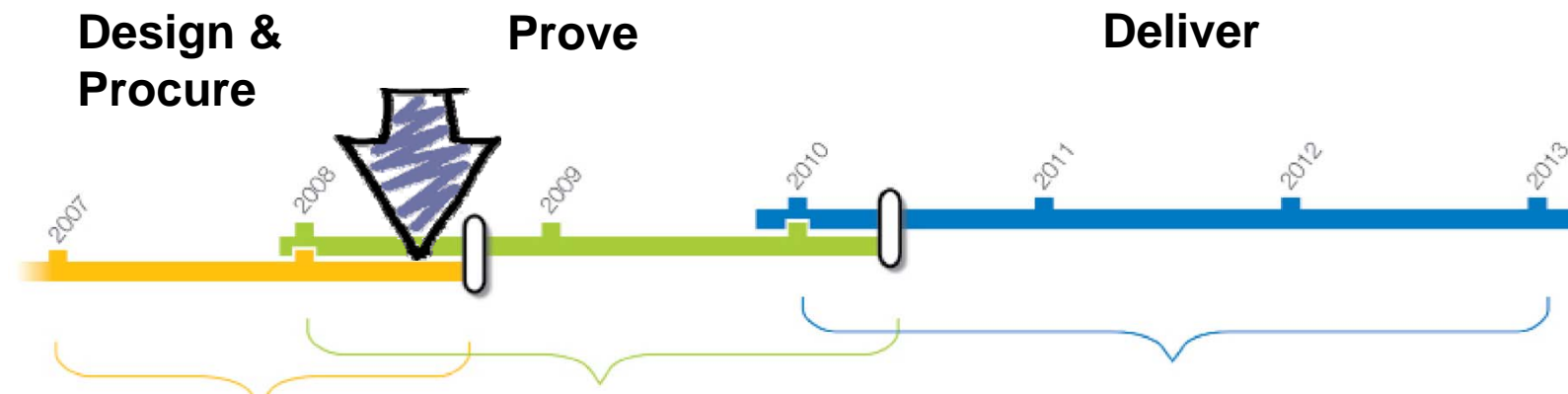
- Re-establish the fundamentals – back to basics
- Growth through:
 - Strengthening relationships with customers
 - Strengthening relationships with critical suppliers
 - Smart capital usage
 - Unlocking our people
 - Environmental solutions

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

Mining – turnaround continues



PPP progress



- 100% Tier 1 & 2 contracts let, Tier 3 contracting process underway
- 74% of material value ordered
- Full-scale model delivered in February – model review complete
- 60% 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

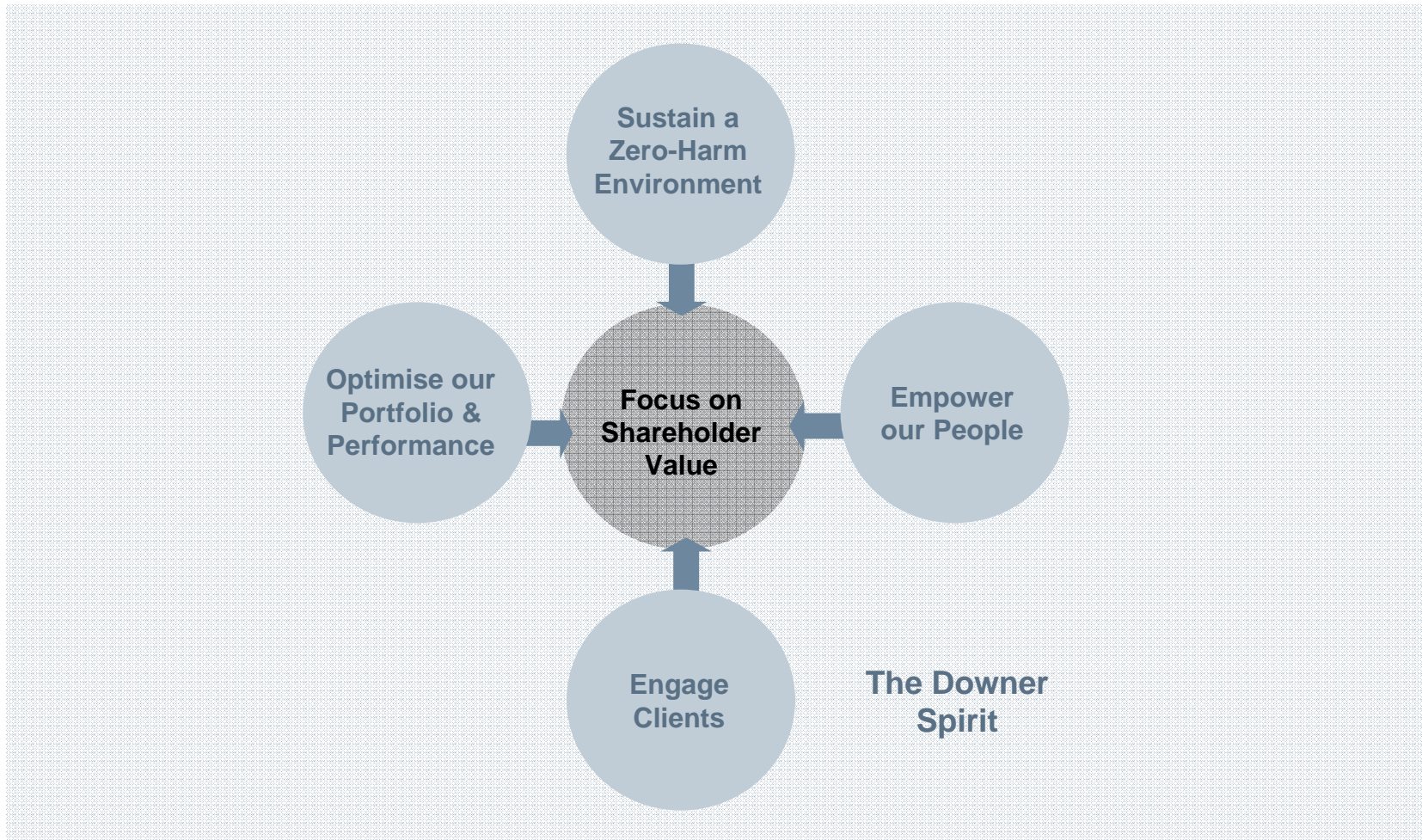


Outlook

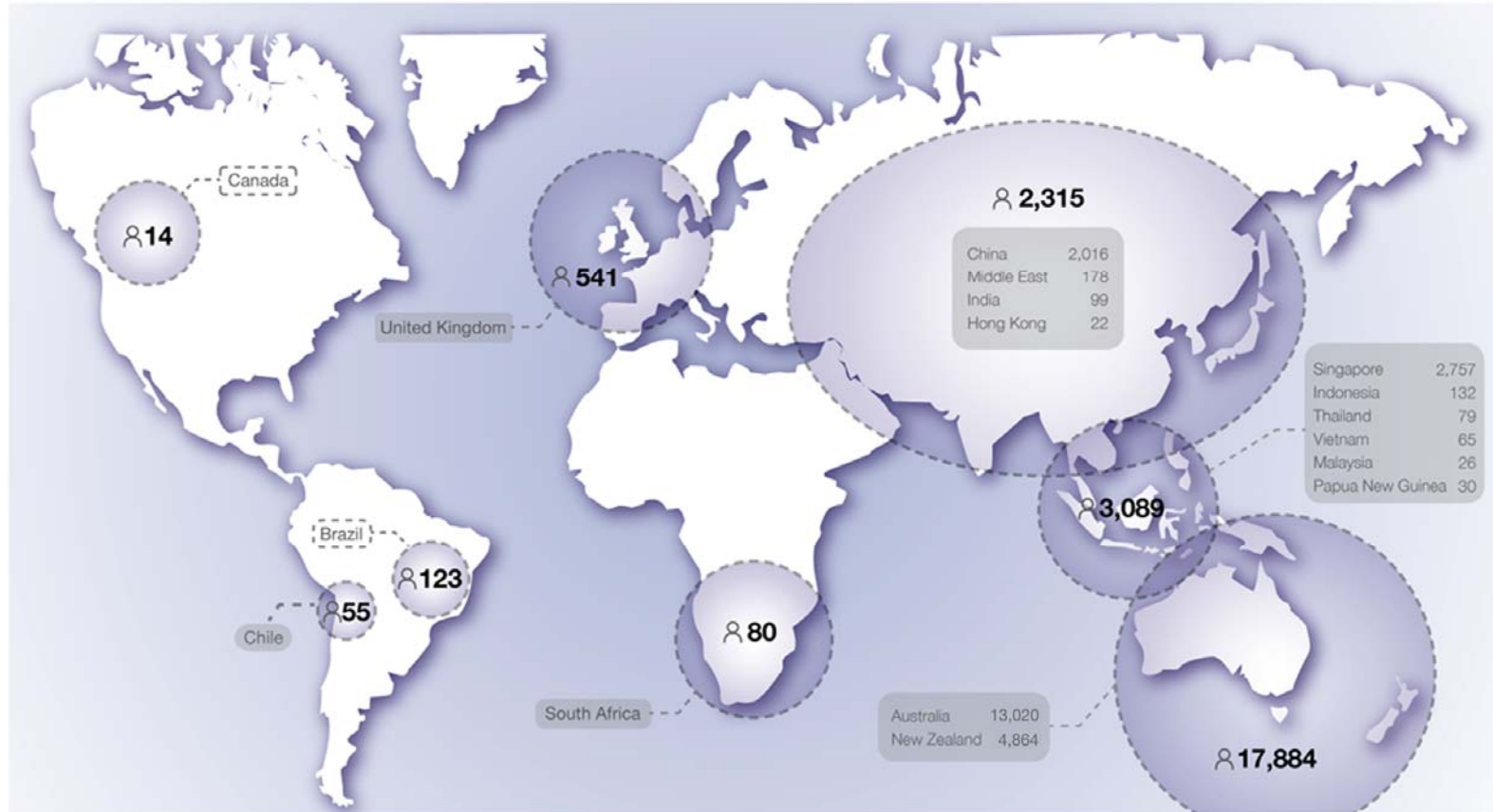
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Back-to-basics approach

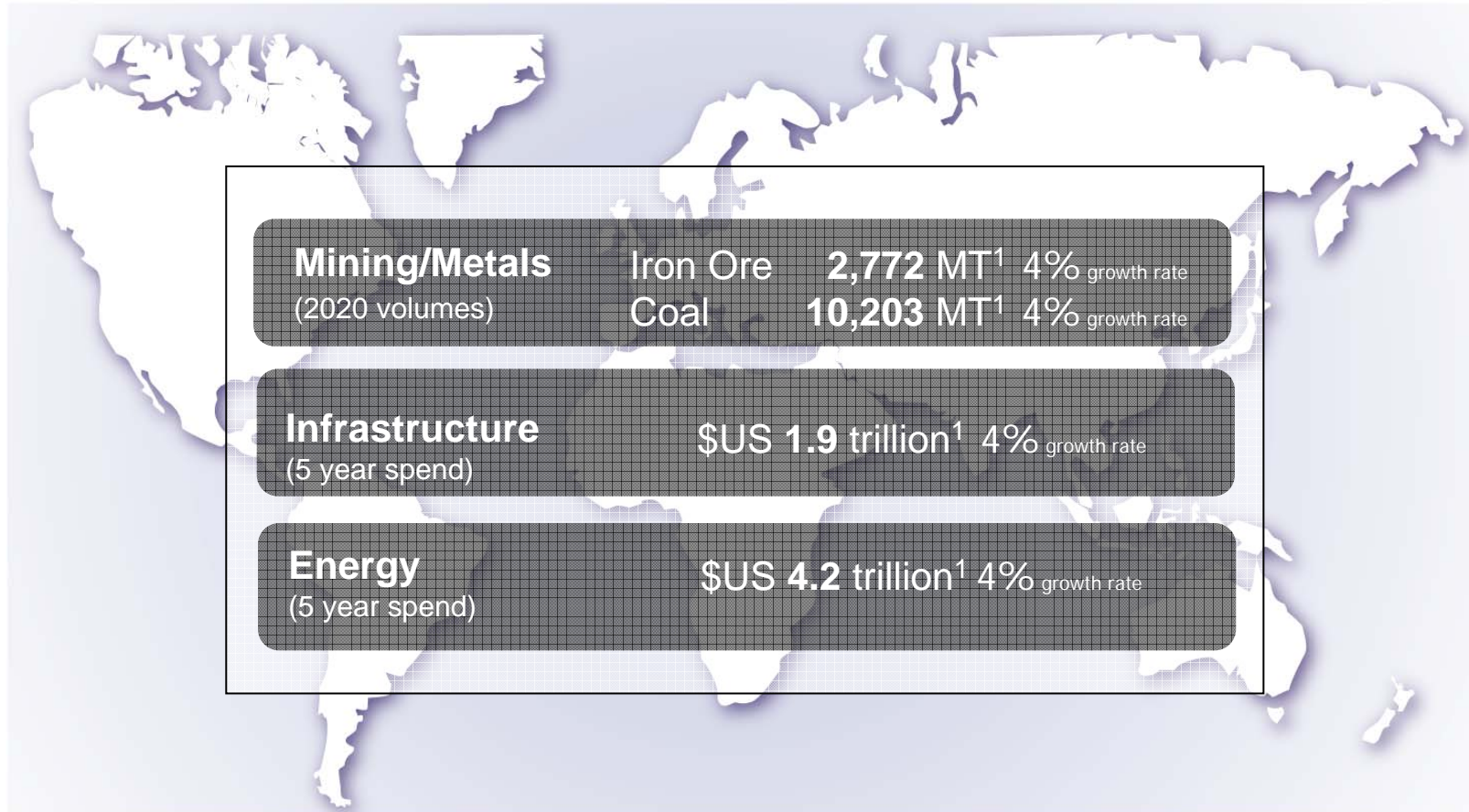


Strong presence in Asia-Pacific



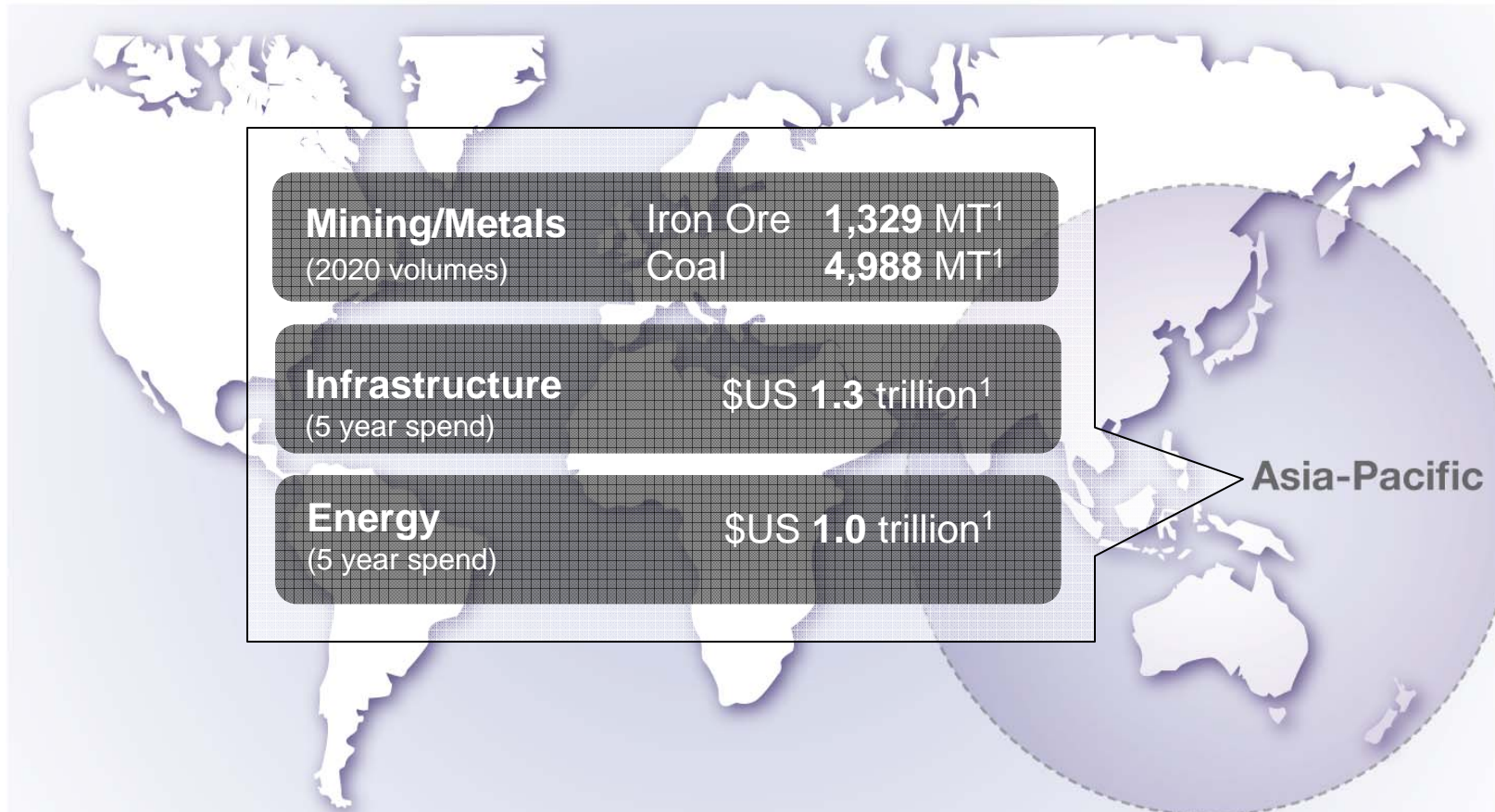
Global markets

Group presence in strong physical markets



Our Asia-Pacific Markets

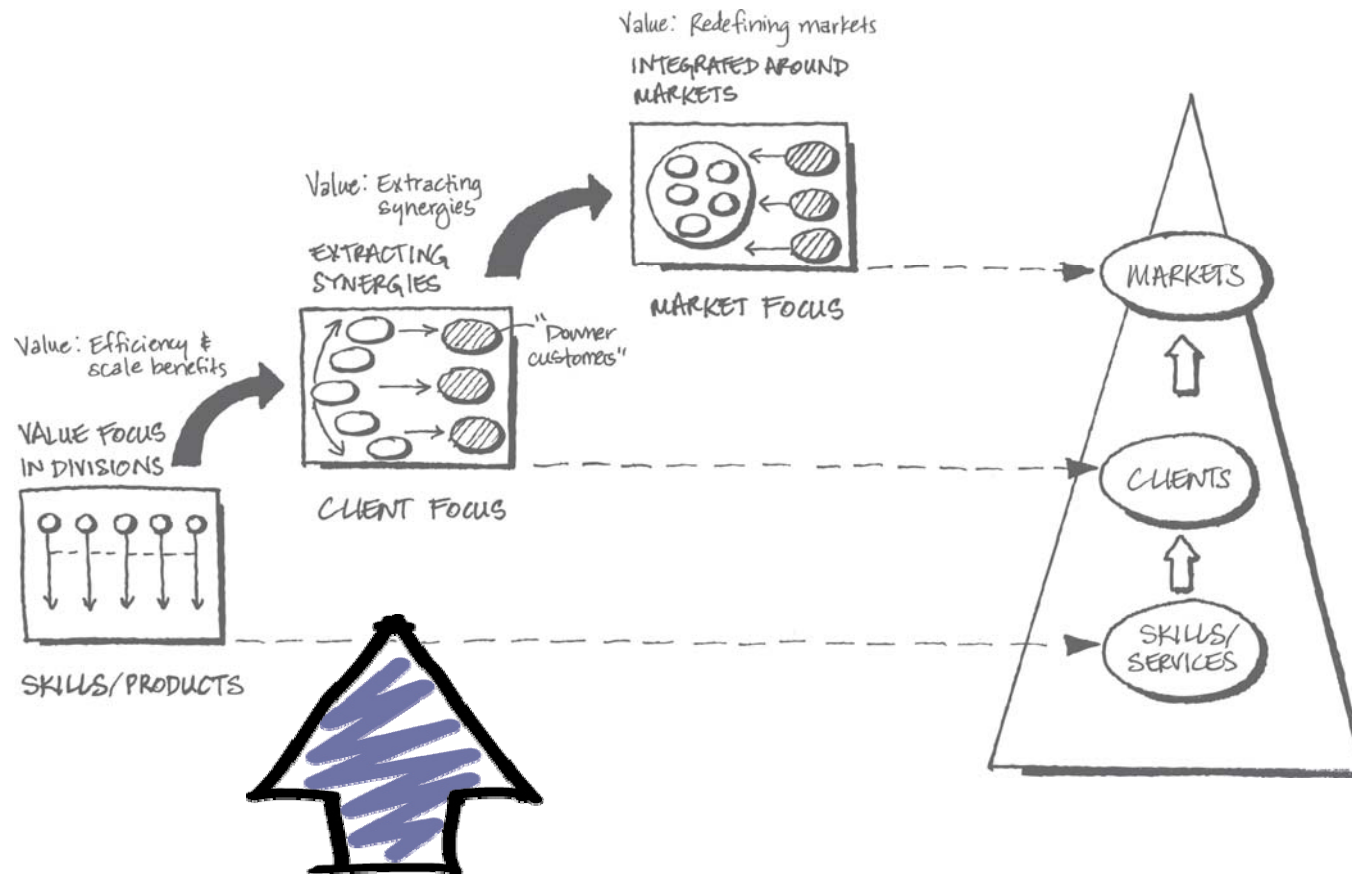
Group presence in strong physical markets



1. ISS International

Delivering our Strategic Plan

Making the whole greater than the sum of the parts



Carbon economy creates opportunities

- Energy efficiency across the firm
- 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
- Green building design

Outlook

- Strong physical markets
- Double-digit NPAT growth in FY09
- Ongoing double-digit growth for the 5 year plan
- Delivering group synergies - margin and ROFE improvements looking forward
- Downer EDI well placed to deliver greater shareholder value



Full Year Results 2008

21 August 2008

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