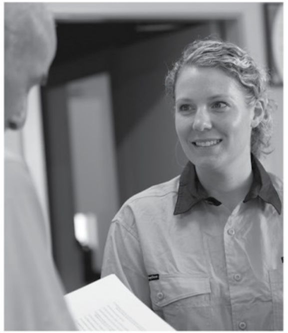

DOWNER FULL YEAR RESULTS

Investor presentation | **4 August 2016**

drive**invest**create

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OVERVIEW

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- Total revenue[1] $7,394 million, down 0.5%
- Earnings Before Interest and Tax (EBIT) $276.9 million, down 10.6%. Down 1.5% adjusting for $13 million Capital Metro bid costs and $15 million reduction in R&D grant income
- Net Profit After Tax (NPAT) $180.6 million, down 14.1%
- Return on Funds Employed (ROFE) 12.6%, down from 14.7%
- Work in hand[2] $18.6 billion, up from $18.0 billion at 31 December 2015
- Operating cash flow $447.8 million, EBITDA conversion 92.8%
- Net debt[3] $87.4 million, $91.6 million decrease from 30 June 2015
- Gearing[4] 4.0%, (9.4% including off-balance sheet debt)
- Final dividend declared: 12 cps, 100% franked no Dividend Reinvestment Plan
- LTIFR[5] of 0.66, down from 0.87 at 30 June 2015

  TRIFR[6] of 3.32, down from 3.78 at 30 June 2015

1 Total revenue is a non-statutory disclosure and includes revenue from joint ventures and other alliances and other income.

2 Work-in-hand numbers are unaudited.

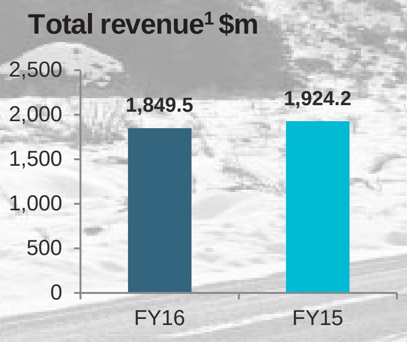
3 Adjusted for the mark-to-market of derivatives and deferred finance charges.

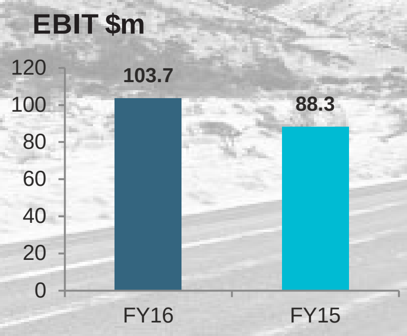
4 Gearing = Net debt / net debt + equity. Gearing including off-balance sheet debt based on present value of plant and equipment operating leases discounted at 10% pa: $128.5m (June 2015: $151.1m).

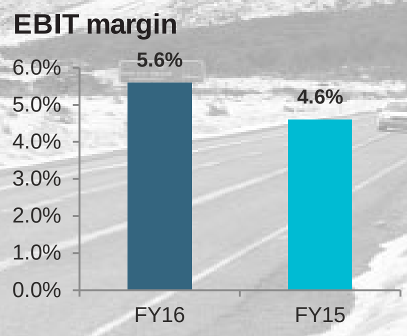
5 Lost Time Injury Frequency Rate - the number of lost time injuries (LTIs) per million hours worked.

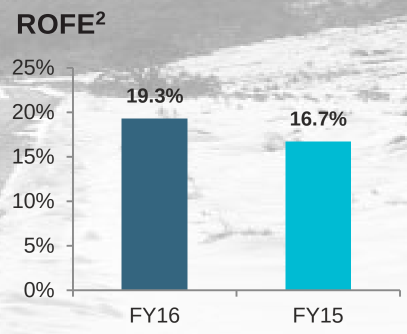
6 Total Recordable Injury Frequency Rate – the number of LTIs and medically treated injuries per million hours worked.

TRANSPORT SERVICES









HIGHLIGHTS

- Strong road surfacing performance in Australia and NZ
- Increased contribution from bitumen products
- Improved results from infrastructure projects
- Investment in world leading asphalt technology
- Success in network management contracts in NZ
- Development of FUSE asset management system

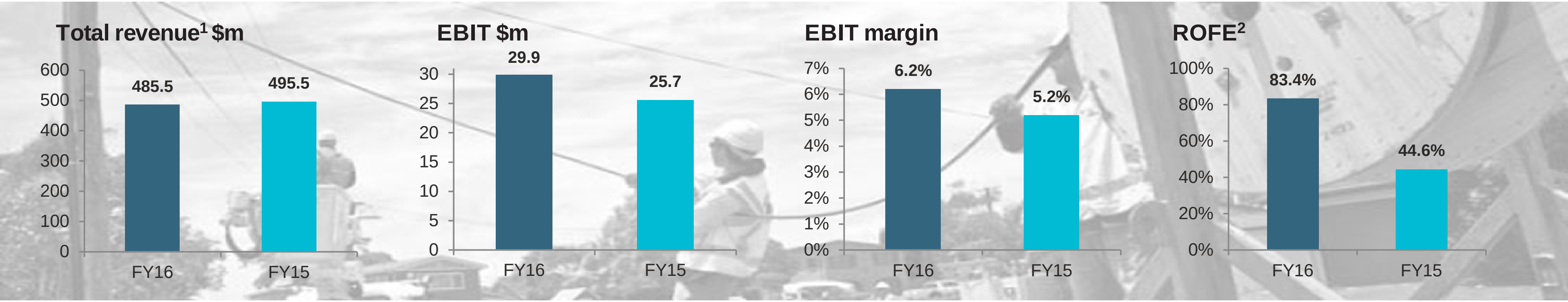
OUTLOOK

- Continue to build on market leading position
- Investment in surfacing facilities, products and services
- Leverage and build on our extensive road network maintenance capabilities
- Increasing demand for our Intelligent Transport Solutions
- Market leading customer solutions through FUSE
- Environmental leadership through technology and re-use

1 Total revenue includes joint ventures and other income.

2 ROFE = EBIT divided by average funds employed (AFE). AFE = Average Opening and Closing Net Debt + Equity.

TECHNOLOGY AND COMMUNICATIONS SERVICES



HIGHLIGHTS

- Strong performance on nbn™ with substantial growth in contracted scope
- Success in nbn™ HFC bid and preferred on other major bids
- Performance on Spark and Vodafone accounts

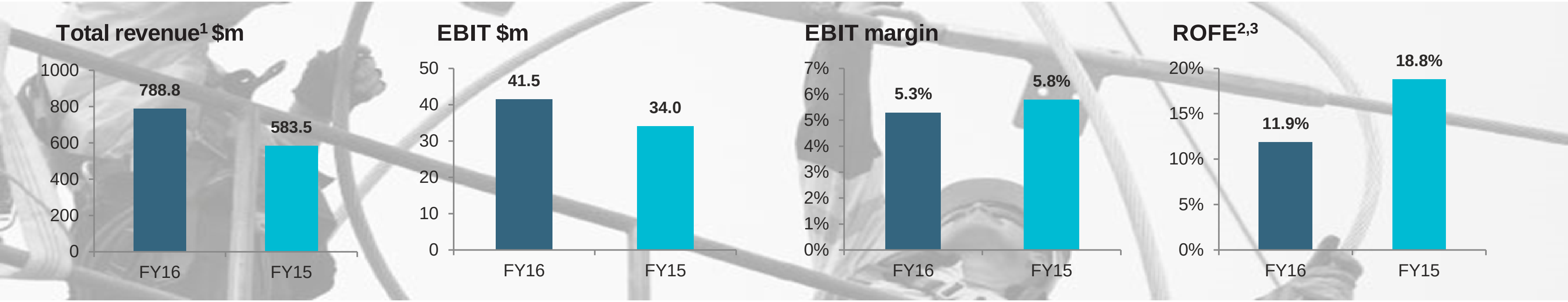
OUTLOOK

- Strong market positions in both Australia and NZ
- Expected growth in nbn™ volumes
- UFB2 rollout in NZ
- Building expanded ICT capability (information and communication technology)
- Continued push to broaden service offering

1 Total revenue includes joint ventures and other income.

2 ROFE = EBIT divided by average funds employed (AFE). AFE = Average Opening and Closing Net Debt + Equity.

UTILITIES SERVICES



HIGHLIGHTS

- Strong performance in Power and Gas
- Expansion of Renewable Energy business into solar – Sunshine Coast Solar Farm
- Increasing capability and market share in Water
- Successful integration of Tenix driving major improvements in its operational efficiency and safety

OUTLOOK

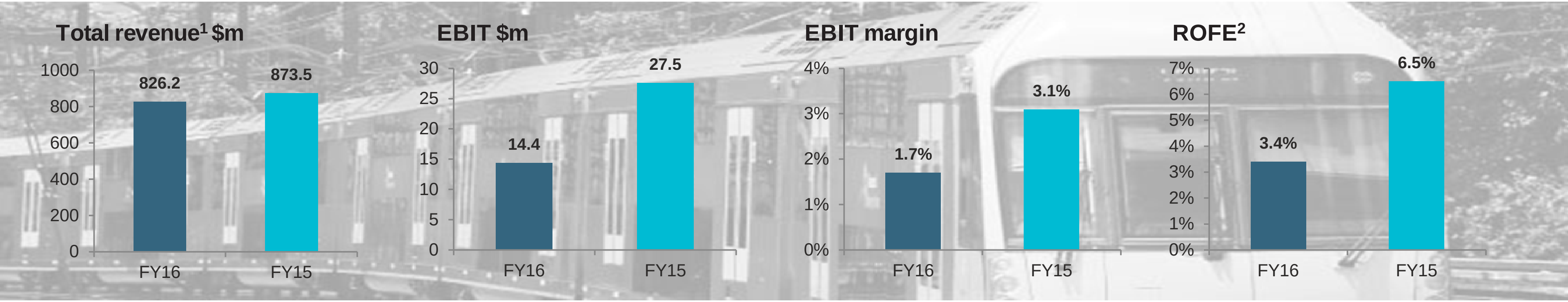
- Continue to build on market leading positons in Power, Gas and Water
- Government investment in regional water solutions
- Growth in rail network power upgrades
- Increased services into privatised and Government owned power distribution assets
- Strong growth in wind and solar

1 Total revenue includes joint ventures and other income.

2 ROFE = EBIT divided by average funds employed (AFE). AFE = Average Opening and Closing Net Debt + Equity.

3 Adjusted for the full year impact of Tenix acquisition funding, FY15 ROFE would have been 10.3%

RAIL



HIGHLIGHTS

- Exceptional Waratah reliability driving TLS profitability
- New build and maintain contracts with WA PTA
- Relationship strengthened with CRRC
- Long term QR maintenance program for Maryborough
- PN maintenance contract performing well
- Investment in facilities and people
- Successful integration of ATE acquisition

OUTLOOK

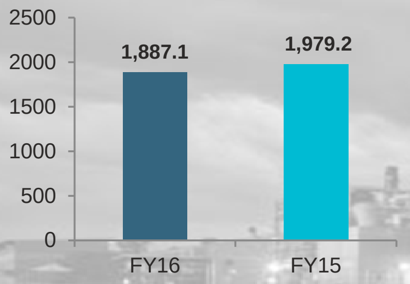
- Improved financial performance expected in FY17
- High Capacity Metro Trains (Victoria), New Intercity Fleet and Sydney Growth Trains (NSW)
- Further development of the CRRC relationship
- Sydney bus privatisation
- Newcastle multi-modal / Parramatta / Auckland light rail
- Heavy rail franchising

1 Total revenue includes joint ventures and other income.

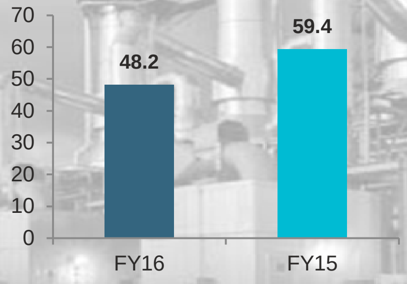
2 ROFE = EBIT divided by average funds employed (AFE). AFE = Average Opening and Closing Net Debt + Equity.

ENGINEERING, CONSTRUCTION & MAINTENANCE

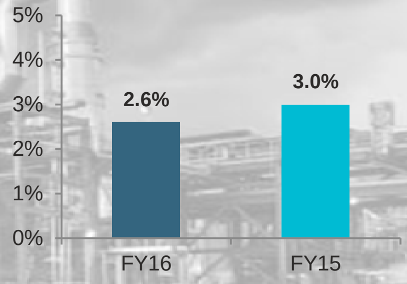
Total revenue[1] $m



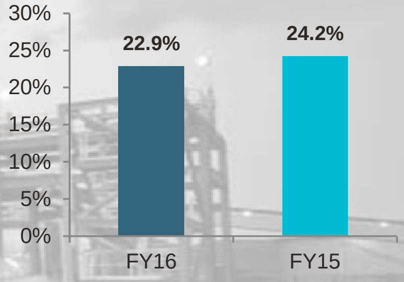
EBIT $m



EBIT margin



ROFE[2]



HIGHLIGHTS

- Strong performance at Gorgon and Wheatstone
- New leadership team and new efficient structure in place
- Investment in Engineering and Technology front end with QCC and MT returning to profitability
- New long term maintenance, shutdown and turnaround contracts

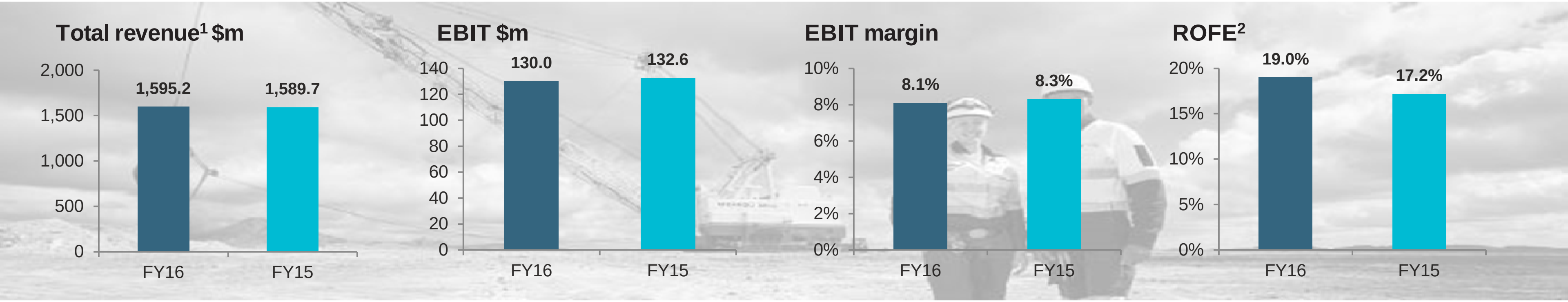
OUTLOOK

- Gorgon / Wheatstone to perform strongly through FY17
- M&E contracts on transport infrastructure projects
- Sustaining capital and maintenance in LNG / CSG
- Long term maintenance, shutdown and turnaround contracts in resources and industrial sectors
- Expansion of Defence business through targeted bolt on acquisitions and strategic partnerships

1 Total revenue includes joint ventures and other income.

2 ROFE = EBIT divided by average funds employed (AFE). AFE = Average Opening and Closing Net Debt + Equity.

MINING



HIGHLIGHTS

- Excellent operational performance
- Positive close-out of Christmas Creek contract
- Growth of maintenance services
- Improved performance by DBS
- Contract extensions on Meandu
- Technical Services Contract with Adani (India)

OUTLOOK

- Continued pressure on margins in FY17
- Further expansion of maintenance services
- DBS well placed for new contract wins and extensions
- Exploring opportunities for geographic expansion
- Developing near term opportunities for both new contract wins and contract extensions

1 Total revenue includes joint ventures and other income.

2 ROFE = EBIT divided by average funds employed (AFE). AFE = Average Opening and Closing Net Debt + Equity.

GROUP FINANCIALS

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FINANCIAL PERFORMANCE

$m	FY16	FY15	Change (%)
Total revenue[1]	7,393.9	7,430.1	(0.5)
EBITDA	535.6	562.8	(4.8)
EBIT	276.9	309.7	(10.6)
Net interest expense	(33.0)	(29.9)	(10.4)
Tax expense	(63.3)	(69.6)	9.1
Net profit after tax	**180.6**	**210.2**	**(14.1)**
EBIT margin	3.7%	4.2%	(0.5)
Effective tax rate	26.0%	24.9%	1.1
ROFE[2]	12.6%	14.7%	(2.1)
Dividend declared (cents per share)	24.0	24.0	-
Ordinary Dividend payout ratio	59.9%	52.0%	7.9

1 Total revenue includes joint ventures and other income.

2 ROFE = EBIT divided by average funds employed (AFE); AFE = Average Opening and Closing Net Debt + Equity.

SUMMARY OF EARNINGS

$m	Total	Transport	Tech & Comm	Utilities	Rail	EC&M	Mining	Corp
Statutory EBIT	**276.9**	**103.7**	**29.9**	**41.5**	**14.4**	**48.2**	**130.0**	**(90.8)**
Capital Metro bid costs	13.0							13.0
Restructuring costs	24.5				8.2	10.6	2.1	3.6
Former employee entitlements	10.8						10.8	
Loss on sale of Rimtec	2.3						2.3	
Contracts settlement and adjustments	(21.1)						(21.1)	
Adjusted EBIT (approx)	**306.4**	**103.7**	**29.9**	**41.5**	**22.6**	**58.8**	**124.1**	**(74.2)**

UNALLOCATED COSTS (CORPORATE COSTS)

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	FY16	FY15
R&D incentives	-	15.1
Capital Metro bid costs write off	(13.0)	-
Restructuring costs	(3.6)	(2.6)
Corporate costs	(74.2)	(70.3)
Total unallocated	**(90.8)**	**(57.8)**

OPERATING CASH FLOW

$m	FY16	FY15
EBIT	276.9	309.7
Add: depreciation & amortisation	258.7	253.1
EBITDA	**535.6**	**562.8**
Operating cash flow	**447.8**	**486.5**
Add: Net interest paid[1]	26.5	25.2
Tax (received) / paid	35.9	49.0
Waratah Train Project net cash (inflow)[2]	(13.4)	(62.6)
Adjusted operating cash flow	496.8	498.1
EBITDA conversion	**92.8%**	**88.5%**

1 Interest and other costs of finance paid minus interest received.

2 Unaudited.

CASH FLOW

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$m	FY16	FY15
Total operating	**447.8**	**486.5**
Net capital expenditure	(165.3)	(98.3)
Tenix, ATE and VEC acquisitions	-	(368.3)
IT Transformation and Other	(40.2)	(31.6)
Total investing	**(205.5)**	**(498.2)**
On-market share buy-back[1]	(26.5)	(11.7)
Net proceeds of borrowings	93.8	79.7
Dividends paid	(113.1)	(114.8)
Total financing	**(45.8)**	**(46.8)**
Net increase/(decrease) in cash held	196.5	(58.5)
Cash at 30 June	**569.4**	**372.2**
Total liquidity[2]	**1,094.4**	**982.2**

1 As at 30 June 2016, Downer had bought back 79 million shares, reducing the total number of shares outstanding to 424.8 million.

2 Refer to slide 24 for details.

DEBT MATURITY PROFILE

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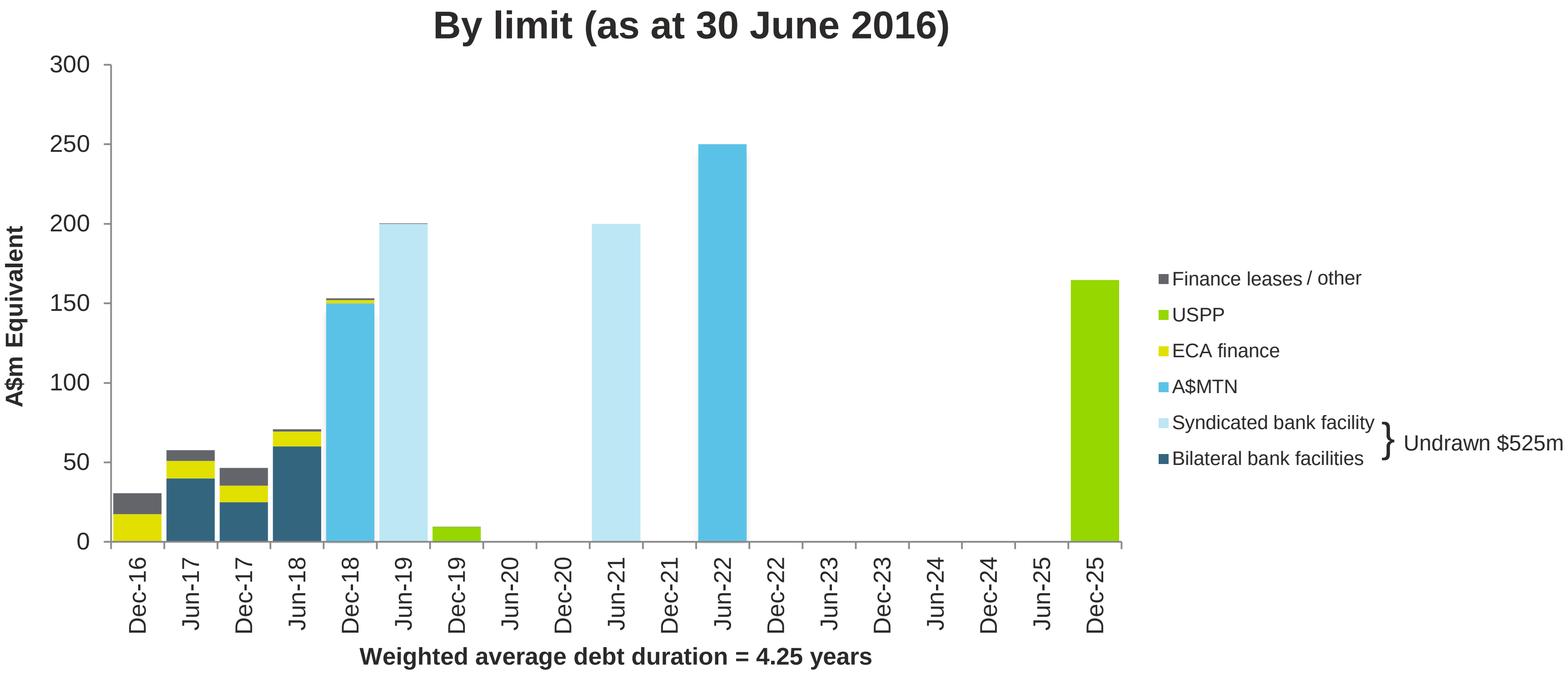

BALANCE SHEET AND CAPITAL MANAGEMENT

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$m	FY16	FY15
Total assets[1]	4,200.3	4,004.4
Total shareholders' equity	2,088.5	2,035.3
Net debt[2]	87.4	179.0
Gearing: net debt to net debt plus equity	4.0%	8.1%
Gearing (including off balance sheet debt)[3]	9.4%	14.0%
Debtor days	23.6	25.7
WIP days	34.1	31.0
Creditor days	37.2	35.2
Interest cover	8.8 x	10.4 x
Net Debt / EBITDA	0.2	0.3
Adjusted Net Debt / adjusted EBITDAR[4]	1.6 x	1.9 x

1 Total assets includes $21.7m in capitalised bid costs incurred in relation to Downer's bid for the New Intercity Fleet, High Capacity Metro Trains and Sydney Growth Trains rail projects.

2 Adjusted for the mark-to-market of derivatives and deferred finance charges.

3 Includes the present value of plant and equipment operating leases discounted at 10% pa: $128.5m (2015: $151.1m).

4 Adjusted Net Debt Includes Net Debt plus 6x operating lease expenses in the year. Adjusted EBITDAR equals underlying earnings before interest, tax, depreciation, amortisation and operating lease expense (on a rolling 12 month basis).

OUTLOOK

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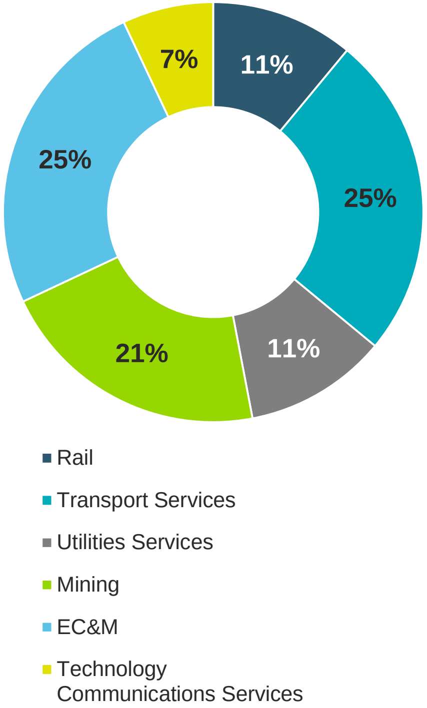
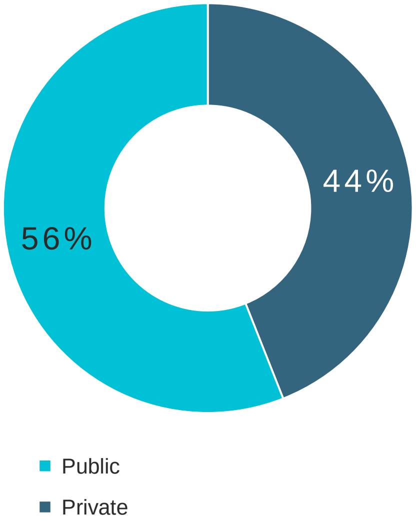
DOWNER REVENUE BASE





WORK-IN-HAND: $18.6 BILLION

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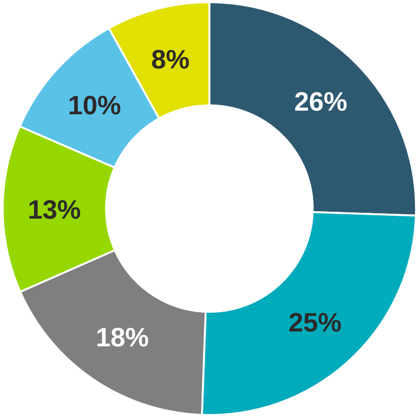
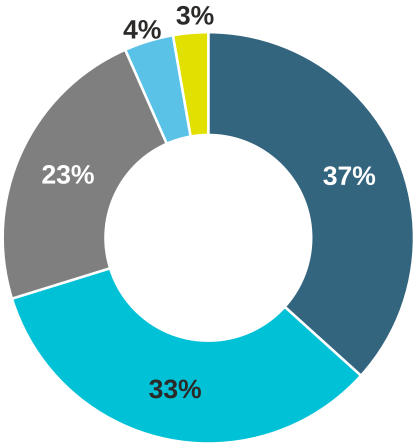
By Service Line – June 2016



Rail	$4.7b
Transport Services	$4.7b
Utilities Services	$3.3b
Mining	$2.5b
EC&M	$1.9b
Technology Communications Services	$1.5b

By Contract Type – June 2016



Schedule of Rates	$6.8b
Fixed Price / Lump Sum	$6.3b
Recurring	$4.3b
Cost Plus	$0.7b
Target Cost / Alliance	$0.5b

WORK-IN-HAND: Stable despite resource downturn

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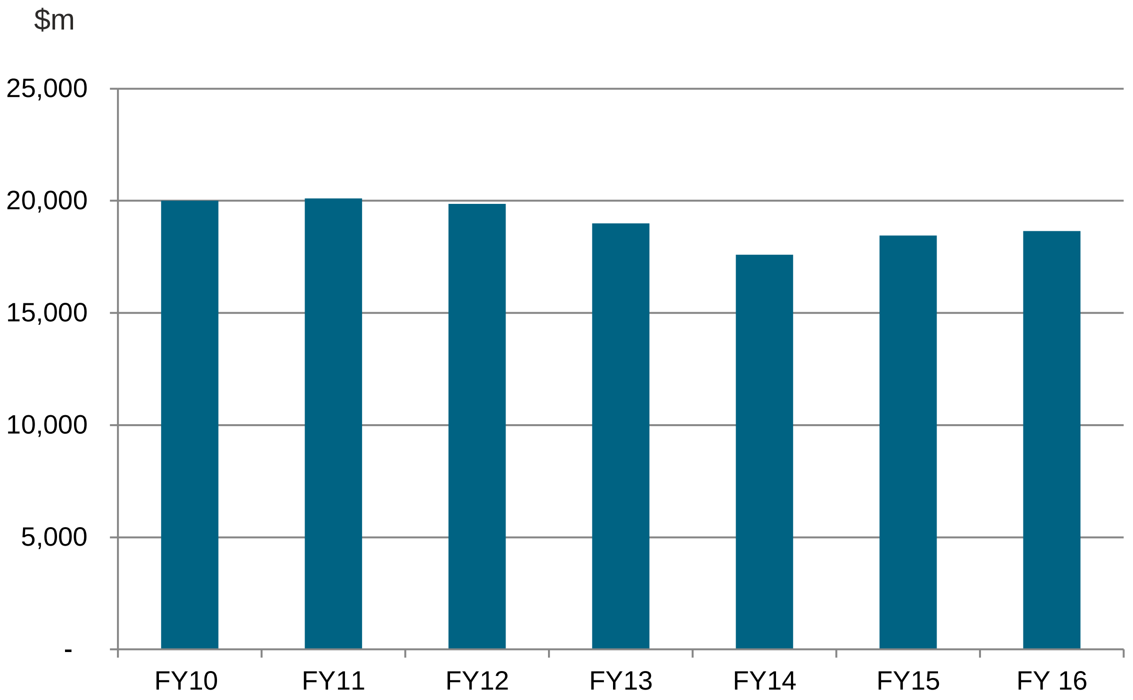
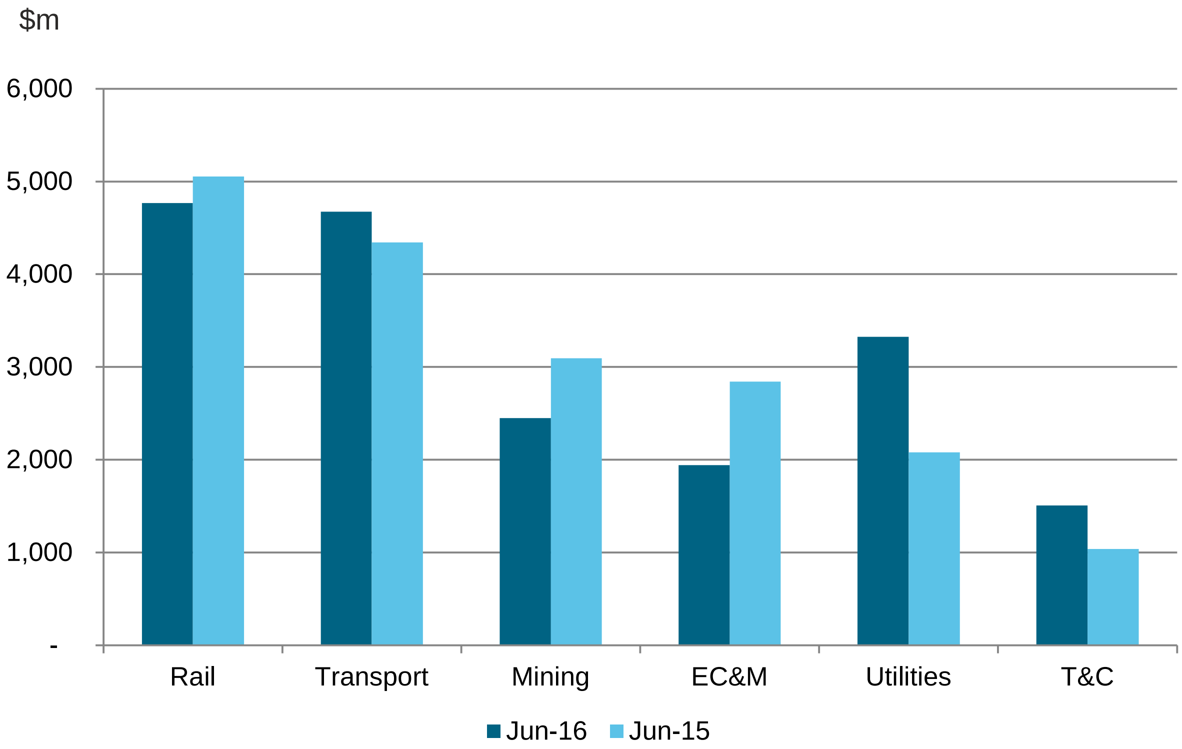


WORK-IN-HAND BY SERVICE LINE



OUTLOOK

Whilst Downer faces continued pressure in its resources based businesses, the company is progressing well in repositioning to service increased investment and outsourcing in Roads and Rail, Public Transport, Utilities, Defence and Communications.

Downer anticipates that the company's diversity and strong market positions in key sectors will continue to provide reliable earnings, growth opportunities and high cash flow generation in 2017.

As each of the major Rail bids will be announced in the first half of the 2017 financial year, there remains a risk that Downer will be required to expense a proportion or all of those bid costs in the event it is unsuccessful on one or more of the bids.

Downer is targeting NPAT of around $170 million for the 2017 financial year (excluding any major Rail related bid cost write offs).

SUPPLEMENTARY INFORMATION

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DEBT AND BONDING FACILITIES

Debt facilities	$m
Total facilities	1,181.8
Drawn	(656.8)
Available facilities	**525.0**
Cash	569.4
Total liquidity	**1,094.4**

Debt facilities by type	%
Syndicated bank facility	34
A$MTN	34
USPP	14
Bilateral bank facilities	11
ECA finance	4
Finance leases & other	3
	100

Bonding facilities	$m
Total facilities	1,336.5
Drawn	(722.0)
Available facilities	**614.5**

Debt facilities by geography	%
Australia / NZ	51
North America	23
Asia[1]	21
Europe[1]	5
	100

1 Including A$ Medium Term Notes sold to Asian and European domiciled investors measured at financial close of the transaction.

SEGMENT REPORTING

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FY16								
$m	Transport Services	Technology and Communications Services	Utilities Services	Rail	EC&M	Mining	Unallocated	Total
Segment revenue	1,786.7	485.5	788.8	421.8	1,856.7	1,548.9	(38.4)	6,850.0
Share of sales from JVs and Associates[1]	62.8	-	-	404.4	30.4	46.3	-	543.9
Total revenue[1]	1,849.5	485.5	788.8	826.2	1,887.1	1,595.2	(38.4)	7,393.9
EBIT	103.7	29.9	41.5	14.4	48.2	130.0	(90.8)	276.9
EBIT margin	5.6%	6.2%	5.3%	1.7%	2.6%	8.1%	-	3.7%

FY15								
$m	Transport Services	Technology and Communications Services	Utilities Services	Rail	EC&M	Mining	Unallocated	Total
Segment revenue	1,863.6	495.5	583.5	611.6	1,948.8	1,532.4	(15.5)	7,019.9
Share of sales from JVs and Associates[1]	60.6	-	-	261.9	30.4	57.3	-	410.2
Total revenue[1]	1,924.2	495.5	583.5	873.5	1,979.2	1,589.7	(15.5)	7,430.1
EBIT	88.3	25.7	34.0	27.5	59.4	132.6	(57.8)	309.7
EBIT margin	4.6%	5.2%	5.8%	3.1%	3.0%	8.3%	-	4.2%

1 This is a non-statutory disclosure as it relates to/includes Downer’s share of revenue from equity accounted joint ventures and associates

DISCLAIMER

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RELIANCE ON THIRD PARTY INFORMATION

This Presentation may contain information that has been derived from publicly available sources that have not been independently verified. No representation or warranty is made as to the accuracy, completeness or reliability of the information. No responsibility, warranty or liability is accepted by the Company, its officers, employees, agents or contractors for any errors, misstatements in or omissions from this Presentation.

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This Presentation is information in a summary form only and does not purport to be complete. It should be read in conjunction with the consolidated Financial Report for the year ended 30 June 2016. Any information or opinions expressed in this Presentation are subject to change without notice and the Company is not under any obligation to update or keep current the information contained within this Presentation.

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DISCLOSURE OF NON-IFRS FINANCIAL INFORMATION

Throughout this Presentation, there are occasions where financial information is presented not in accordance with accounting standards. There are a number of reasons why the Company has chosen to do this including: to maintain a consistency of disclosure across reporting periods; to demonstrate key financial indicators in a comparable way to how the market assesses the performance of the Company; to demonstrate the impact that significant one-off items have had on Company performance.

Where Company earnings have been distorted by significant items, Management have used their discretion in highlighting these. These items are short-term in nature and considered to be outside the normal course of business. Unaudited numbers used throughout are labelled accordingly.

ROUNDING

Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided.

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