



# Half Year Results 2009

27 February 2009

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

 **Downer EDi**

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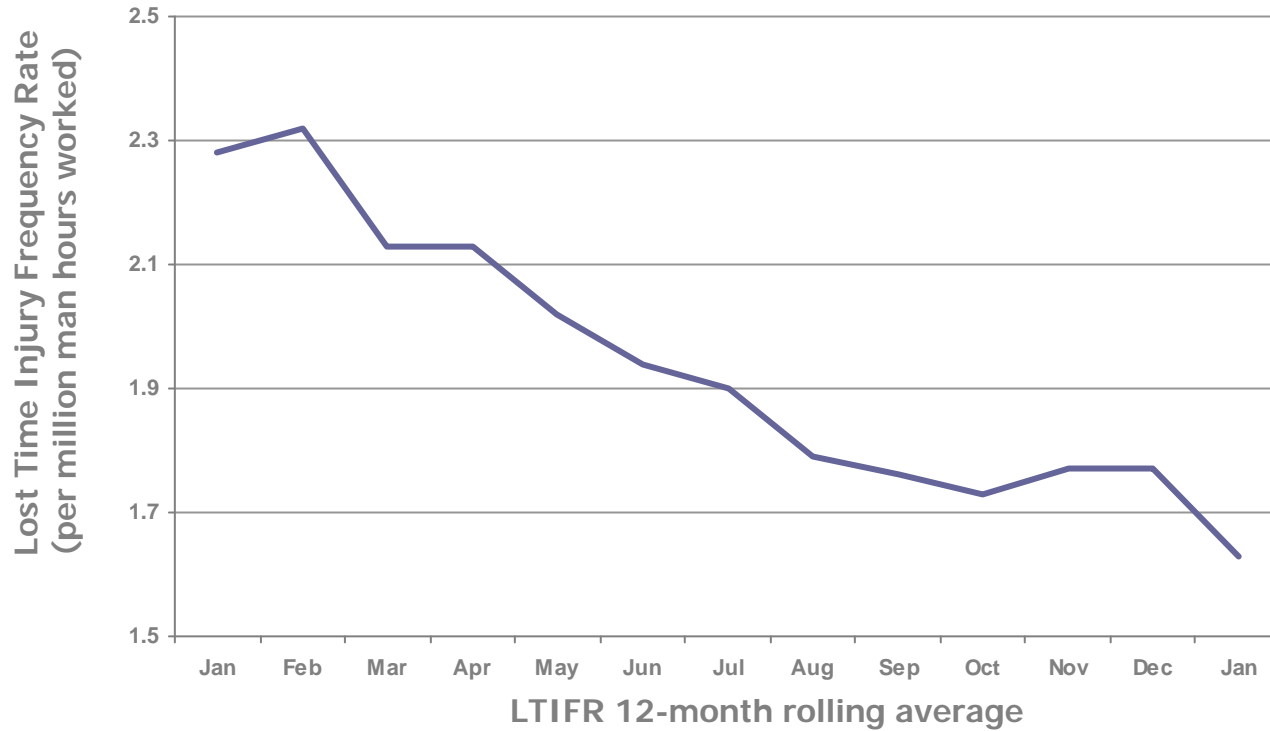
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# Agenda

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

# Zero Harm

Safety performance improving



Our aim is zero harm

# Significant progress on Back-to-Basics approach

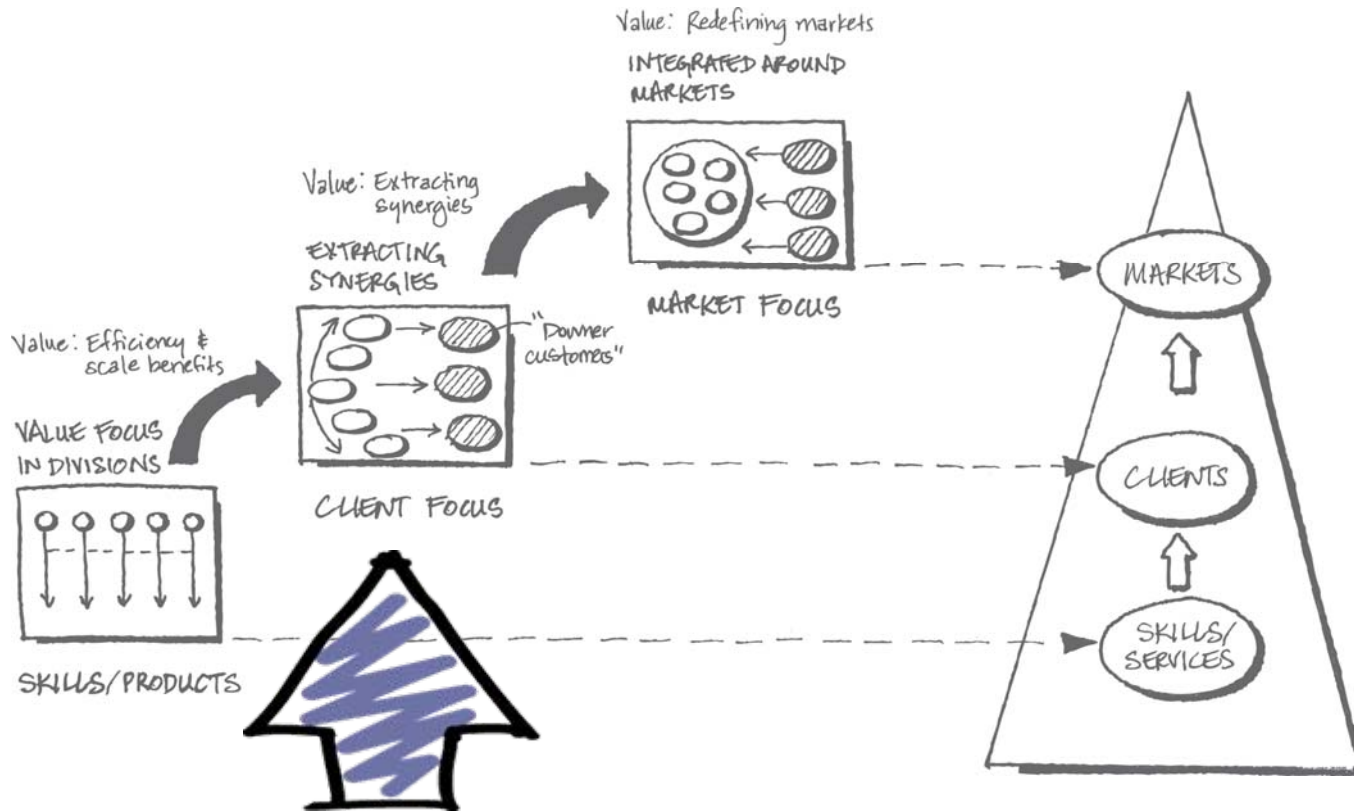


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## Key Back-to-Basics outcomes

- Zero Harm Program group wide
- Strategy developed and being delivered
- Strengthened organisation – structure, people and performance
- Client engagement program in place
- Divisions focusing on cross group opportunities
- Synergies program underway
- Business performance program implemented
- Strengthened risk management processes in place
- Mining division making progress
- Working with our client to deliver the NSW PPP

# Delivering our Strategic Plan



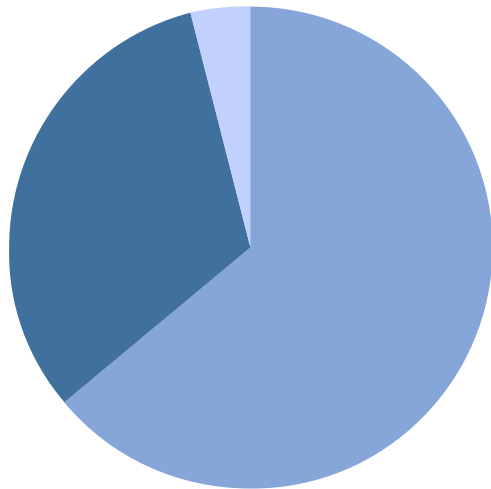
Working on clients' critical infrastructure across the Asia Pacific

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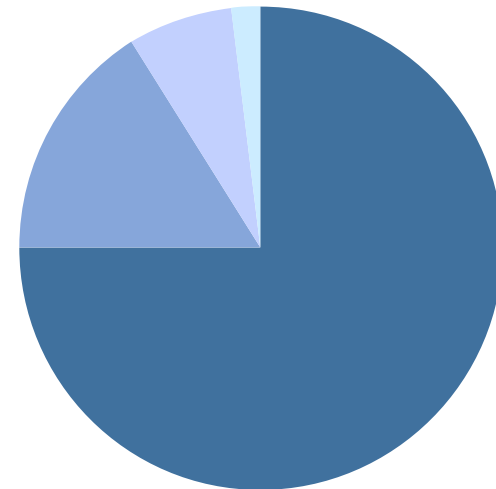
## Group highlights – diversified earnings stream delivering results

- Turnover of \$2.9b, up 6% on pcp
- Net profit after tax of \$85m, up 4%
- Operating cash flow of \$155m
- Conservative balance sheet with gearing at 36%
- Earnings per share of 26 cents
- Solid order book of \$11.5b

# Diversified portfolio capable of delivering through market cycles



■ Infrastructure	64%
■ Mining & Metals	32%
■ Energy	4%



■ Australia	75%
■ New Zealand	16%
■ Asia	7%
■ Other	2%

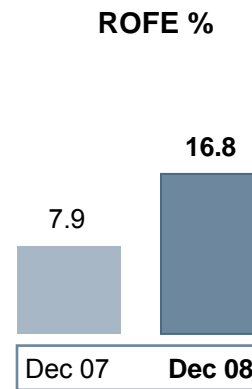
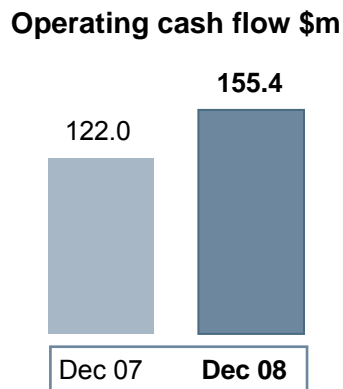
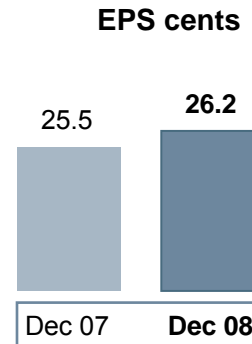
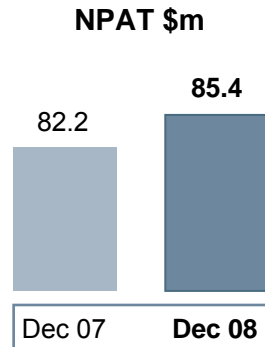


## Solid performance

Six months to 31 December (\$m)	2008	2007	%
Turnover	2,925.7	2,766.6	5.8%
EBIT	138.5	130.5	6.2%
Net Profit After Tax	85.4	82.2	4.0%
DPS (cents)	13.0	13.0	

**Diversified earnings stream delivering results**

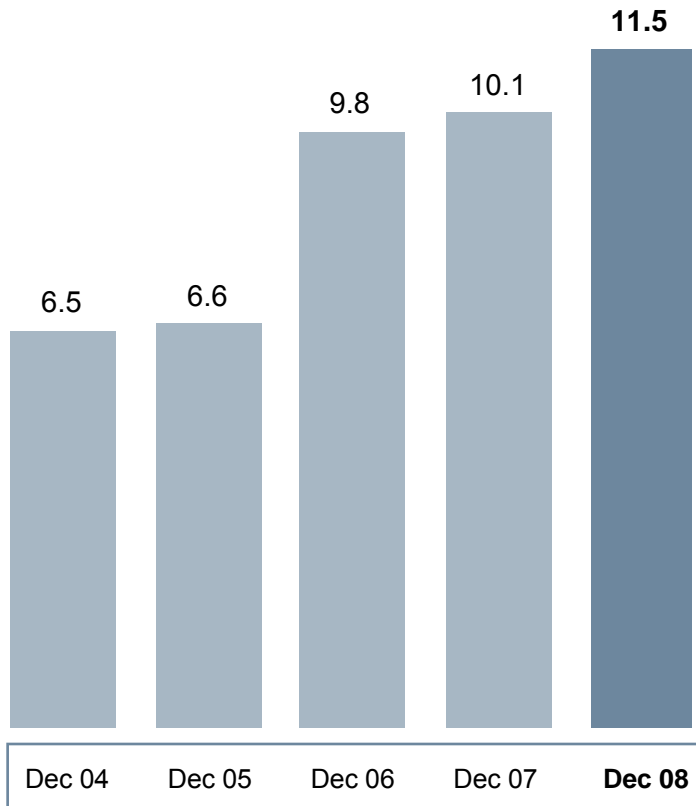
# Solid performance



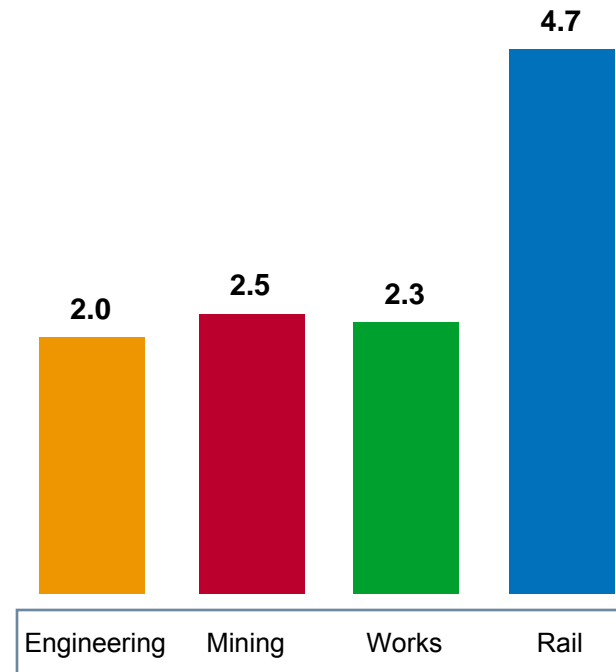
*ROFE = EBIT/AFE (AFE = Average Net Debt + Average Equity last three half year periods)*

# Demand for services remains sound

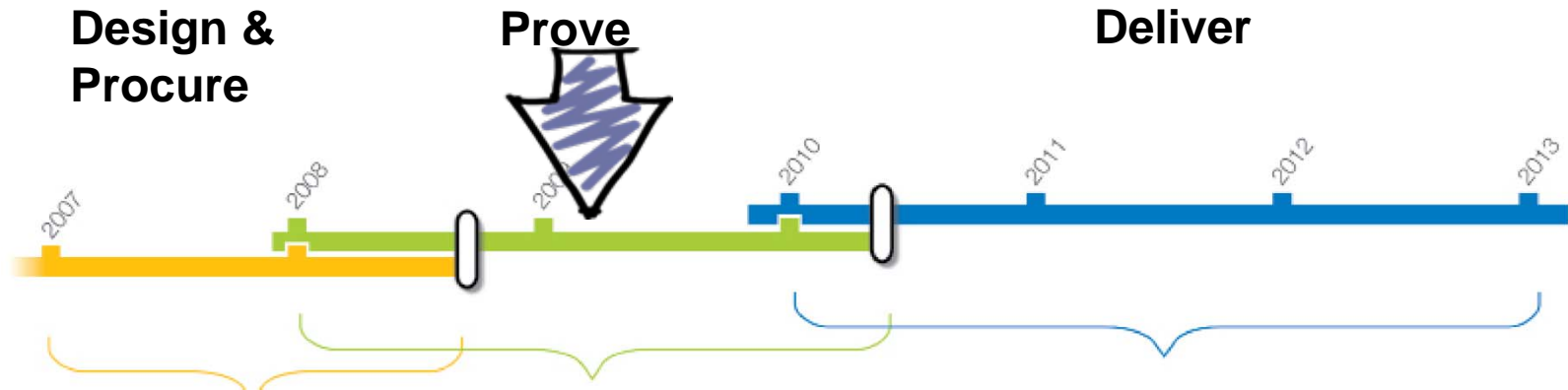
Order Book  
\$b



Order Book  
by Division \$b



# PPP progress



- 100% Tier 1 & 2 contracts let, Tier 3 contracting process well underway
- 100% of bodyshell and bogie drawings issued for procurement and build
- Bodyshell procurement for first trains complete
- Over 90% of drawings issued

- CRC production facility up and running
- First component inspections nearing completion
- Prototype to be delivered in 2H 2009, with first set in 2010
- Well advanced on testing and delivery plans with RailCorp

- Downer Project Team at CRC operational
- Cardiff facility nearing completion
- Auburn maintenance facility nearing completion
- Maintenance planning well advanced for work commencing in 2010
- Progressive delivery of sets into service by 2013



# Group Financials & Divisional Results

Peter Reichler, Chief Financial Officer

 **DownerEDi**

## Solid performance

Six months to 31 December (\$m)	2008	2007	%
Turnover	2,925.7	2,766.6	5.8%
EBIT	138.5	130.5	6.2%
Net Interest	(24.6)	(26.4)	(6.9)%
Profit Before Tax	113.9	104.0	9.5%
Tax Expense	(28.5)	(21.8)	
Net Profit After Tax	85.4	82.2	4.0%
EPS (cents) reported <sup>1</sup>	26.2	25.5	2.7%
DPS (cents)	13.0	13.0	

<sup>1</sup> Based on ordinary shares on issue

# Conservative balance sheet

As at 31 December (\$m)	2008	2007	%
Total Assets	3,388.5	3,117.8	8.7%
Total Equity	1,351.5	1,240.7	8.9%
Net Debt <sup>1</sup>	490.1	478.6	2.4%
Gearing <sup>2</sup>	36%	39%	
Interest cover <sup>3</sup>	5.6x	4.9x	

- Operating cash flow of \$155m, four consecutive periods of solid performance
- Raised funding of \$244m, continued success in funding diversification

*1 Includes mark to market revaluation adjustments*

*2 Net debt/Shareholders' funds*

*3 EBIT/Net interest expense*

## Group continues to deliver solid cash flow

As at 31 December (\$m)	2008	2007
Net profit after tax	85.4	82.2
Depreciation & amortisation	64.4	74.2
Working capital movement	(43.6)	22.4
Other	49.2	(56.8)
<b>Operating cash flow</b>	<b>155.4</b>	<b>122.0</b>
Investments (net)	(31.4)	38.4
Capital expenditure (net)	(154.2)	(103.6)
Dividends paid	(39.8)	(16.2)
Capital raising	0.6	0
Other	(13.8)	0
<b>(Increase) decrease in borrowings</b>	<b>(83.2)</b>	<b>(40.6)</b>
Net debt <sup>1</sup>	490.1	478.6
Net debt to equity (%)	36%	39%

*1 Includes mark to market revaluation adjustments*



## Works – sound Australasian performance

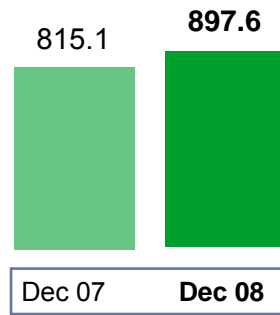
Six months to 31 December (\$m)	2008	2007	%
Turnover	897.6	815.1	10%
EBIT	39.4	39.0	1%
EBIT/Sales	4.4%	4.8%	
ROFE	19.9%	15.7%	
Order Book	2.3b	1.3b	

### HIGHLIGHTS

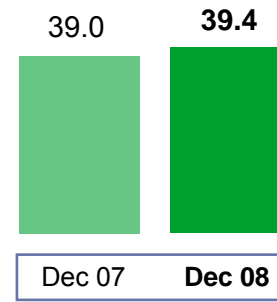
- Strong performance in Australia and New Zealand with a combined margin in excess of 5%
- In Australia, the Roads & Traffic Authority (NSW) contract expands Downer's east-coast presence
- New Zealand continues to perform well
- The business is well placed to pursue opportunities in the current market due to its scale and capabilities
- Office co-location strategy in capital cities and the start of shared IT support services

# Works

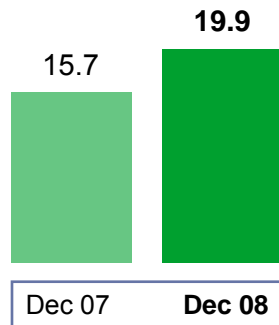
Turnover \$m



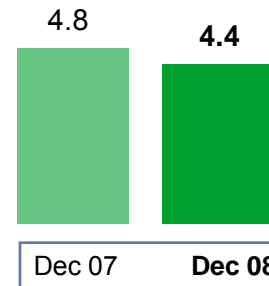
EBIT \$m



ROFE %



EBIT Sales Margin %



# Rail – another solid result

Six months to 31 December (\$m)	2008	2007	%
Turnover	440.4	278.8	58%
EBIT	28.2	20.7	36%
EBIT/Sales	6.4%	7.4%	
ROFE	30.1%	34.5%	
Order Book	4.7b	4.7b	

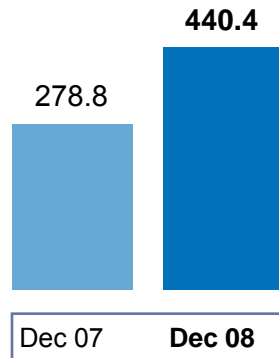
## HIGHLIGHTS

- Accelerated growth driven by expansion in base business and NSW PPP
- Secured new business including both build and maintenance of locomotives, passenger cars and wagons
- Developing leasing business – recent \$45m contract with QR
- PPP milestones achieved include: PDR<sup>1</sup>, CRC facility in production, first set stainless steel delivered and Cardiff and Auburn facilities nearing completion
- Beginning of shared services model in procurement and accounts payable

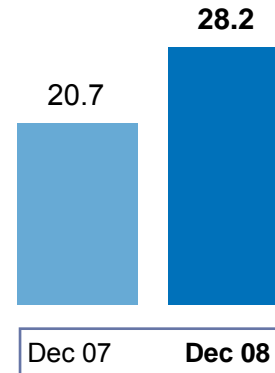
*1 Preliminary Design Review*

# Rail

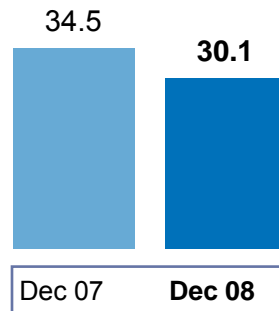
Turnover \$m



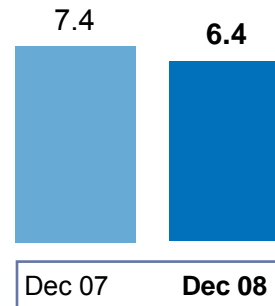
EBIT \$m



ROFE %



EBIT Sales Margin %



# Engineering – performing well

Six months to 31 December (\$m)	2008	2007	%
Turnover	1,048.3	1071.3	(2)%
EBIT	66.0	55.9	18%
EBIT/Sales	6.3%	5.2%	
ROFE	24.4%	(6.2)%	
Order Book	2.0b	1.5b	

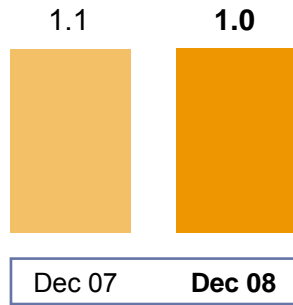
*Note: Engineering numbers include Process Engineering (Projects)*

## HIGHLIGHTS

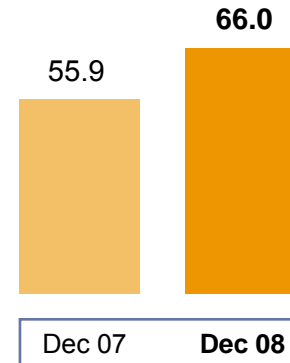
- Solid performance led by ongoing demand for services in Queensland, Western Australia and New Zealand
- Renewable energy sector and Carbon Emission Scheme creating opportunities
- Engineering margin driven by divisional focus on business performance and shared services
- Consulting group continues to perform well
- North Ryde (NSW) shared services centre operational

# Engineering

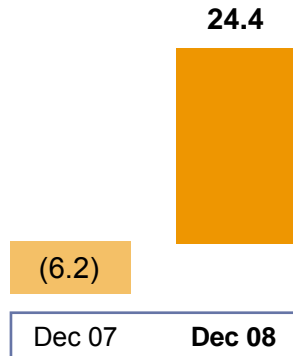
Turnover \$b



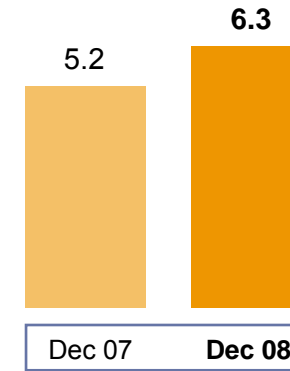
EBIT \$m



ROFE %



EBIT Sales Margin %



# Mining – recovery continues

Six months to 31 December (\$m)	2008	2007	%
Turnover	551.9	531.2	4%
EBIT	26.7	22.3	20%
EBIT/Sales	4.8%	4.2%	
ROFE	13.5%	5.6%	
Order Book	2.5b	2.6b	

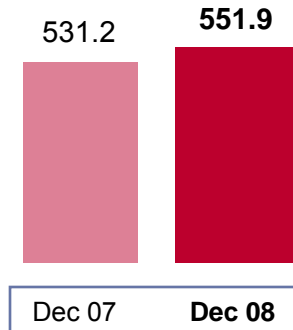
*Note: Mining numbers exclude Process Engineering (Projects) and Century Resources period on period*

## HIGHLIGHTS

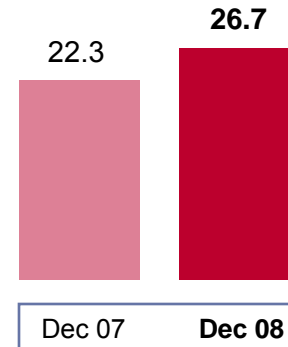
- Strategic appointments to leadership team
- Division continues its recovery program
- Secured wins with quality clients worth approximately \$400m in the period
- Bidding pipeline steady at over \$5b
- Starting to realise benefits of synergies program

# Mining

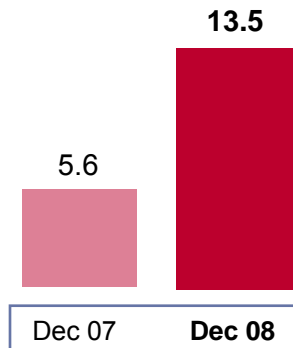
Turnover \$m



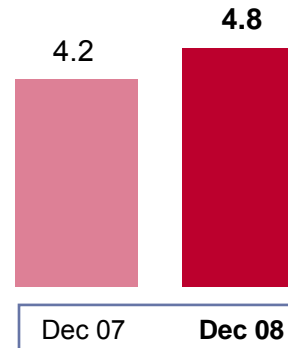
EBIT \$m



ROFE %



EBIT Sales Margin %







# Summary & Outlook

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# Significant progress on Back-to-Basics approach



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# Synergies program starting to deliver value

- Leadership team in place to drive synergies across the group
- \$47m of identified synergies to be realised over the medium term
- Early benefits reinvested in ongoing synergies program
- First shared services centre operational in North Ryde (NSW)
  - IT / Payroll / Human Resources / Procurement

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# Outlook

- Continued demand for groups' services
- No material change to FY09 guidance
- Continue to monitor our end-markets closely
- Transformation process continuing
- Synergies program gaining momentum
- Strategy delivering improved returns and opportunities