

Media/ ASX and NZX Release

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DOWNER REPORTS NET PROFIT AFTER TAX OF \$180.6 MILLION

Downer EDI Limited (Downer) today announced its financial results for the 12 months to 30 June 2016:

- Net profit after tax (NPAT) of \$180.6 million;
- Total revenue of \$7.4 billion;
- Earnings before interest and tax (EBIT) of \$276.9 million;
- Operating cash flow of \$447.8 million, representing cash conversion of 92.8% of earnings before interest, tax, depreciation and amortisation (EBITDA);
- Gearing of 4.0% (9.4% including off-balance sheet debt) with available liquidity of \$1.1 billion comprising cash of \$569.4 million and undrawn committed facilities of \$525.0 million; and
- Work-in-hand of \$18.6 billion.

The result includes the write-off of \$13 million in pre-tax bid costs relating to the unsuccessful bid for Capital Metro. In addition, Downer's Research and Development (R&D) grant income reduced by \$15 million as a result of the Federal Government capping grant income for large corporates at \$10 million. Adjusting for these items, EBIT was 1.5% lower than in the previous year.

The Chief Executive Officer of Downer, Grant Fenn, said he was pleased with the company's performance.

"For a sixth consecutive year, we have delivered profit on guidance and an outstanding cash flow result," Mr Fenn said. "Our cash conversion, at almost 93% of EBITDA, clearly differentiates us from our peers.

"Downer is successfully transitioning for the growth in public infrastructure and service delivery," he said. "Over 55% of Group revenues are generated from servicing public infrastructure customers in Australia and New Zealand and this percentage will rise as we grow our Transport, Utilities, Technology and Communications, Defence and Rail businesses.

"Furthermore, our work in hand has increased from \$18.0 billion to \$18.6 billion over the past six months and this growth has been driven by Transport Services, Utilities Services and Technology and Communications Services."

Downer reports its financial results under six service lines and the performance of each service line, compared with the previous corresponding period, is summarised below:

Transport Services

Total revenue of \$1.8 billion, down 3.9%
EBIT of \$103.7 million, up 17.4%
Work-in-hand of \$4.7 billion

Utilities Services

Total revenue of \$788.8 million, up 35.2%
EBIT of \$41.5 million, up 22.1%
Work-in-hand of \$3.3 billion

Technology and Communications Services

Total revenue of \$485.5 million, down 2.0%
EBIT of \$29.9 million, up 16.3%
Work-in-hand of \$1.5 billion

Rail

Total revenue of \$826.2 million, down 5.4%
EBIT of \$14.4 million, down 47.6%
Work-in-hand of \$4.7 billion

Engineering, Construction and Maintenance

Total revenue of \$1.9 billion, down 4.7%
EBIT of \$48.2 million, down 18.9%
Work-in-hand of \$1.9 billion

Mining

Total revenue of \$1.6 billion, up 0.3%
EBIT of \$130.0 million, down 2.0%
Work-in-hand of \$2.5 billion

Zero Harm

During the first half of the year, tragically, an employee died while working in the Western Australian EC&M business. This fatality highlights the importance of continuing Downer's focus on controlling the critical risks that can cause death.

Downer's Total Recordable Injury Frequency Rate reduced 12%, from 3.78 to 3.32 per million hours worked. The Lost Time Injury Frequency Rate of 0.66 remained below one incident per million hours worked.

Dividend

The Downer Board resolved to pay a fully franked final dividend of 12.0 cents per share (12.0 cents per share in the prior corresponding period), payable on 15 September 2016 to shareholders on the register at 18 August 2016. The company's Dividend Reinvestment Plan (DRP) remains suspended and will not operate for this dividend.

Board renewal

John Humphrey will retire as a Non-executive Director at the conclusion of Downer's Annual General Meeting on 3 November 2016. Mr Humphrey has been a Non-executive Director of Downer since April 2001 and has made an enormous contribution to Downer over the past 15 years.

As announced on 24 June 2016, Teresa Handicott has been appointed a Non-executive Director of Downer with her appointment effective on 21 September 2016.

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).

For further information please contact:

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Downer EDI Limited (Downer) is a leading provider of services to customers in markets including: Transport Services; Technology and Communications Services; Utilities Services; Rail; Engineering, Construction & Maintenance and Mining. We build strong relationships of trust with our customers, truly understanding and predicting their needs and bringing them world leading insights and solutions. Downer employs about 19,000 people across more than 200 sites and projects, mostly in Australia and New Zealand, but also in the Asia-Pacific region, South America and Southern Africa. For more on Downer, visit: www.downergroup.com