

Media/ ASX and NZX Release

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DOWNER REPORTS NET PROFIT AFTER TAX OF \$78.2 MILLION AND INCREASES FULL YEAR GUIDANCE

Downer EDI Limited (Downer) today announced its financial results for the six months to 31 December 2016:

- Net profit after tax (NPAT) of \$78.2 million, up 8.5% on the previous corresponding period;
- Total revenue of \$3.6 billion, up 1.7%;
- Earnings before interest and tax (EBIT) of \$120.8 million, up 6.7%;
- Operating cash flow of \$243.6 million, representing cash conversion of 102.6% of earnings before interest, tax, depreciation and amortisation (EBITDA);
- Gearing of 1.0% (6.4% including off-balance sheet debt);
- Work-in-hand of \$21.1 billion, up from \$18.6 billion at 30 June 2016; and
- Full year NPAT guidance increased from \$163 million to around \$175 million.

The result includes the write-off of \$10 million in pre-tax bid costs as announced on 18 August 2016.

The Chief Executive Officer of Downer, Grant Fenn, said he was very pleased with the first half result which featured strong performances from all of the businesses and a number of significant contract wins.

“We continue to reposition our business successfully to service increased investment and outsourcing in sectors including Roads and Rail, Public Transport, Utilities, Communications and Defence,” Mr Fenn said.

“Our cash flow result, and our cash conversion of 102.6% of EBITDA, was again outstanding and our net debt is just \$22.2 million with gearing of 1%, or 6.4% including off-balance sheet debt.

“Work-in-hand has increased over 13% during the half to \$21.1 billion with major contracts wins in both Australia and New Zealand including High Capacity Metro Trains in Victoria and Sydney Growth Trains in New South Wales.

“Overall it has been a very strong operational and financial performance and we are increasing our guidance for full year NPAT to around \$175 million, up from \$163 million.”

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 \$911.2 million, up 13.5%
EBIT of \$41.4 million, up 31.0%
Work-in-hand of \$5.3 billion

Utilities Services

Total revenue of \$442.3 million, up 17.5%
EBIT of \$20.8 million, down 8.8%
Work-in-hand of \$3.5 billion

Engineering, Construction and Maintenance

Total revenue of \$973.4 million, up 4.9%
EBIT of \$27.1 million, up 31.6%
Work-in-hand of \$1.5 billion

Technology and Communications Services

Total revenue of \$245.9 million, down 1.6%
EBIT of \$21.7 million, up 53.9%
Work-in-hand of \$1.6 billion

Rail

Total revenue of \$399.7 million, down 4.9%
EBIT of \$14.0 million, up 211.1%
Work-in-hand of \$7.2 billion

Mining

Total revenue of \$635.4 million, down 18.7%
EBIT of \$44.4 million, down 34.4%
Work-in-hand of \$2.0 billion

Zero Harm

Downer's Lost Time Injury Frequency Rate of 0.55 remained below one incident per million hours worked. Total Recordable Injury Frequency Rate reduced from 3.67 to 3.61 per million hours worked.

Dividend

The Downer Board resolved to pay a fully franked interim dividend of 12.0 cents per share (12.0 cents per share in the prior corresponding period), payable on 16 March 2017 to shareholders on the register at 16 February 2017. The company's Dividend Reinvestment Plan (DRP) remains suspended and will not operate for this dividend.

Outlook

Downer is targeting NPAT of around \$175 million for the 2017 financial year.

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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