



# Annual General Meeting

**30 October 2008**

**Downer EDi**

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# CEO's Report

Mr Geoff Knox

 **Downer EDi**

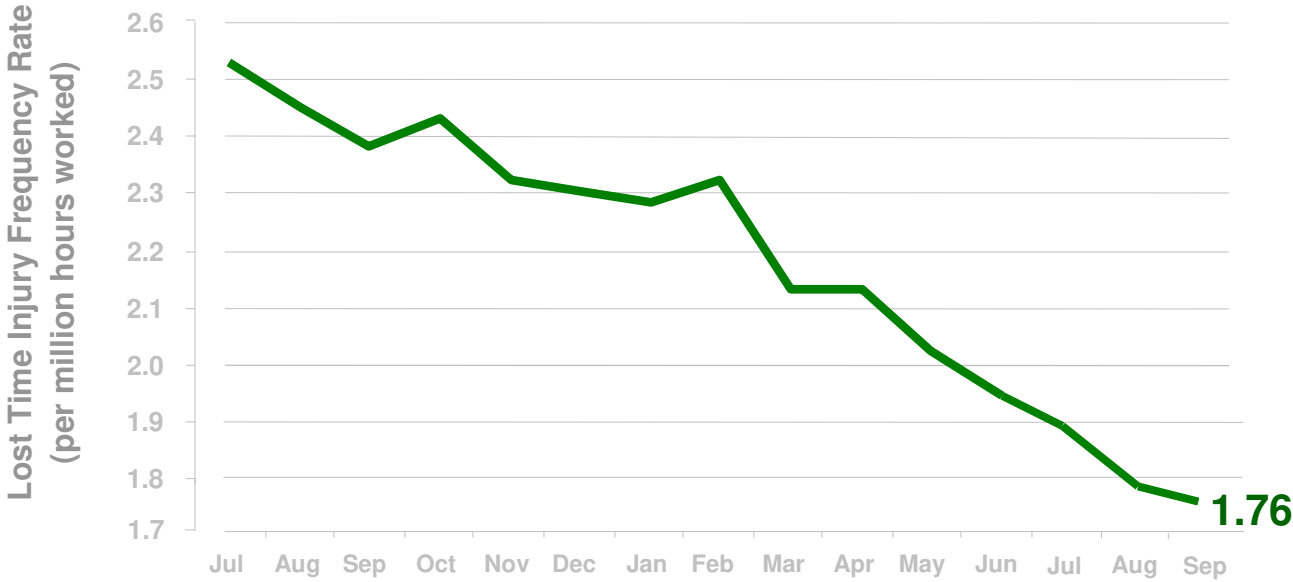


# Agenda

- Zero Harm
- Year in Review
- Outlook

# Zero Harm

Safety performance continues to improve



Our aim is Zero Harm

# Zero Harm – Health, Safety, Sustainability and Environment

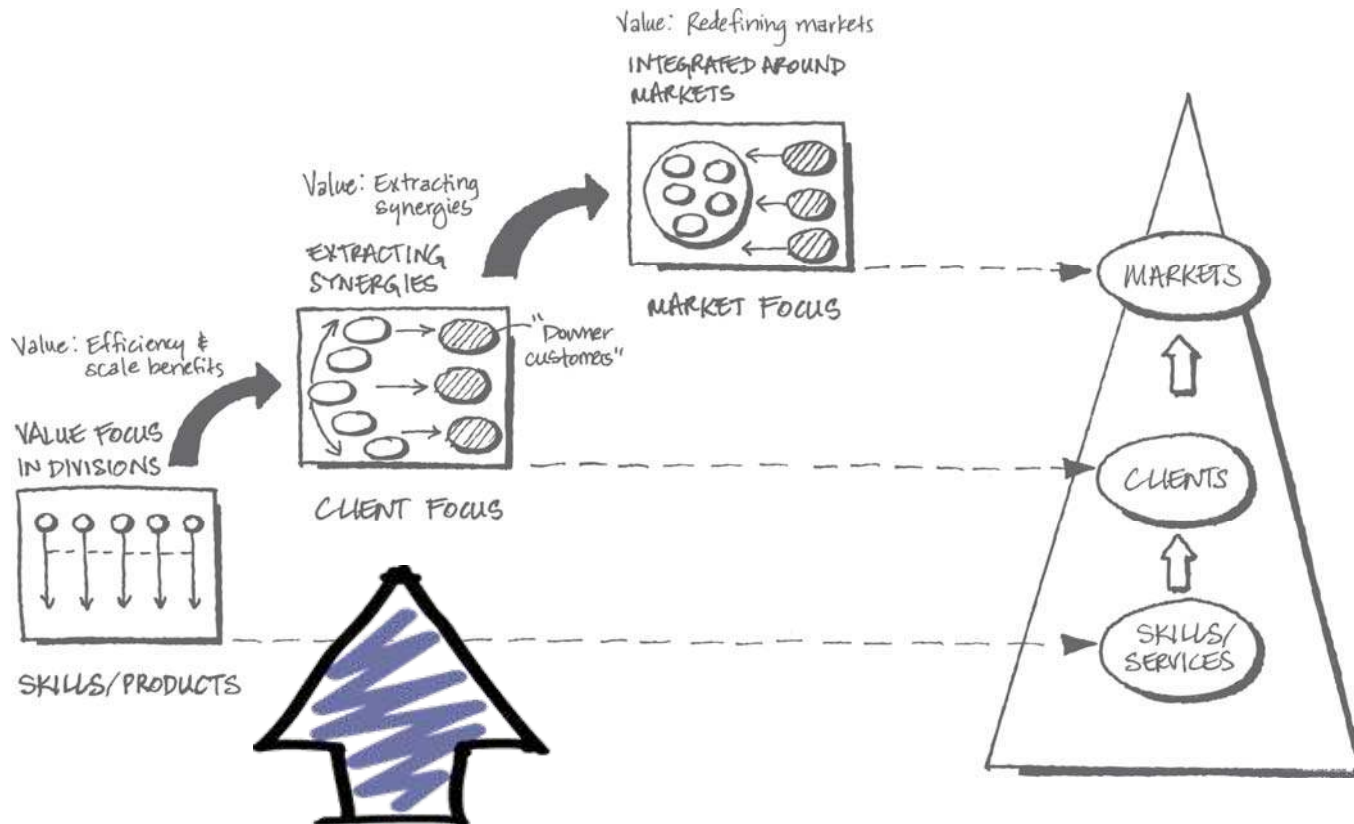
- During 2008 we launched a Zero Harm programme across the business
- LTIFR 1.76 per million hours worked
- Medical treatment injury rate is also showing a strong downward trend
- We are implementing governance processes across the group to improve our total sustainability performance
- We have established our baseline greenhouse gas intensity and our carbon footprint is low
- Leading constructor of wind farms and energy efficient pavement solutions
- Researching biofuel alternatives
- Working with our clients to reduce their ecological footprints

# Back-to-basics approach



# Delivering our Strategic Plan

Making the whole greater than the sum of the parts





# Year in Review

 **Downer EDi**



# Delivering on commitments

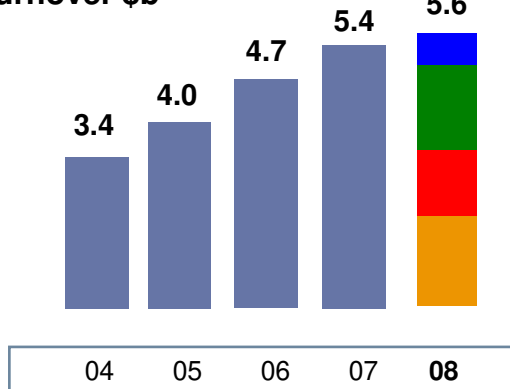
Full Year to 30 June (\$m)	2008	2007	%
Turnover	5,588 <sup>1</sup>	5,422	3.1%
EBIT	281	129	119%
Net Profit After Tax	166	102	63%
DPS (cents)	25.5	21.0	21%

## Increased profit and dividend

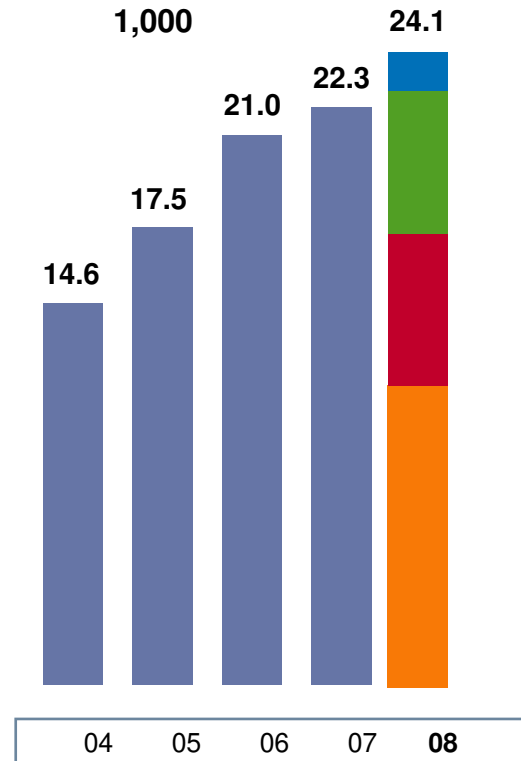
*1 Excludes revenue from Century Resources subsequent to its sale on December 31 2007*

# Business momentum continues

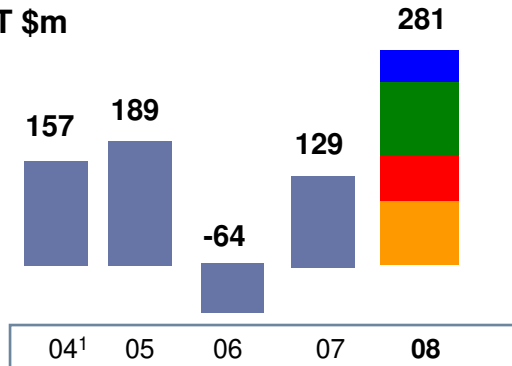
Turnover \$b



Employee Numbers  
1,000



EBIT \$m

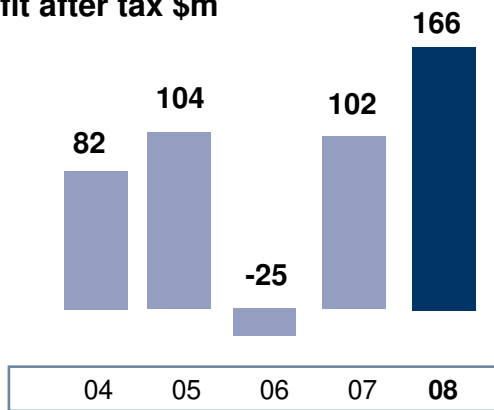


<sup>1</sup> EBITA pre IFRS

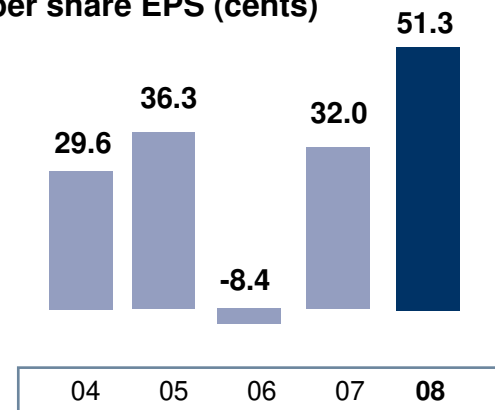
Engineering Mining Works Rail

# Improved performance

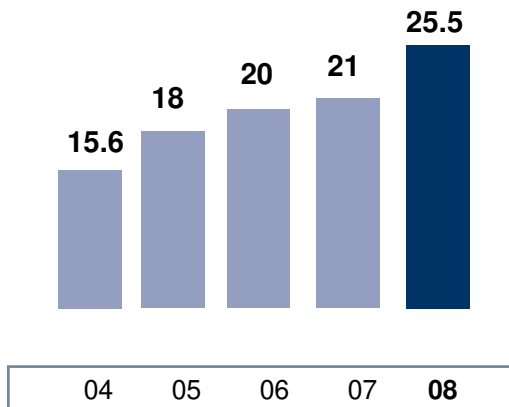
Net profit after tax \$m



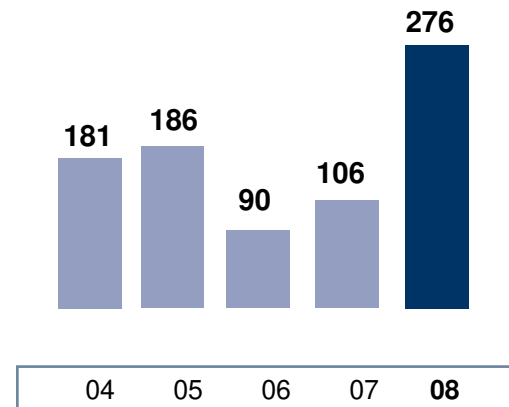
Earnings per share EPS (cents)



Dividend per share (cents)

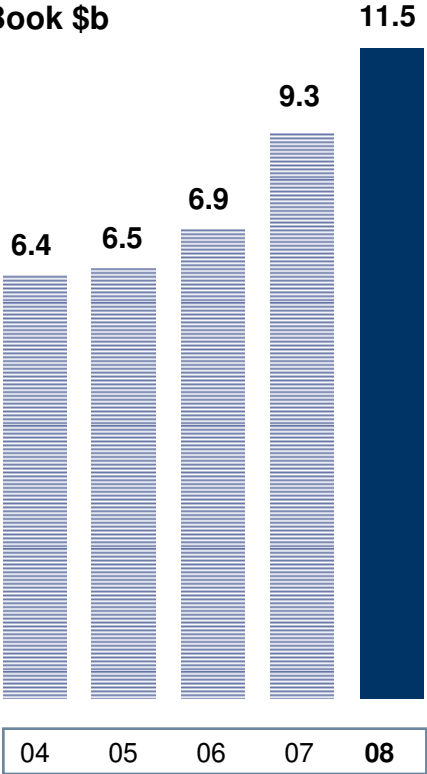


Operating cashflow \$m

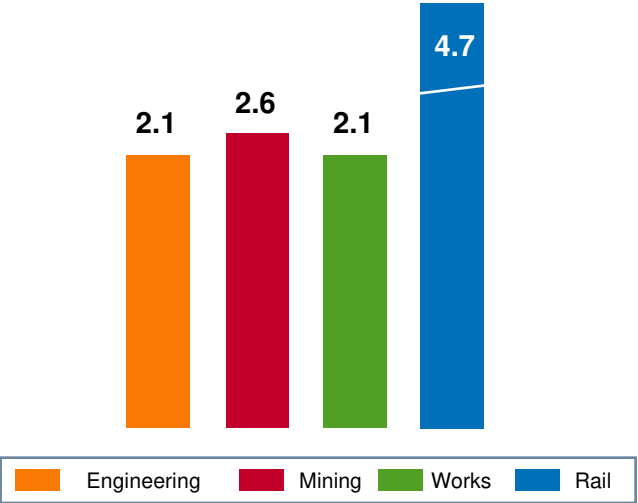


# Strong order book

Order Book \$b

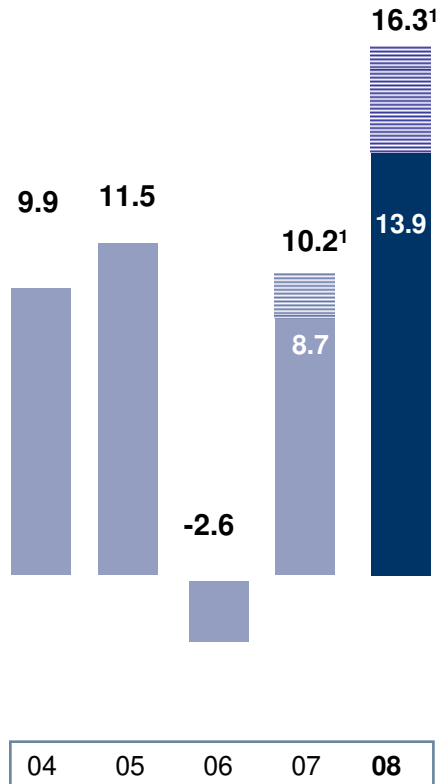


FY08 Order Book by Division \$b



# Focusing on shareholder value

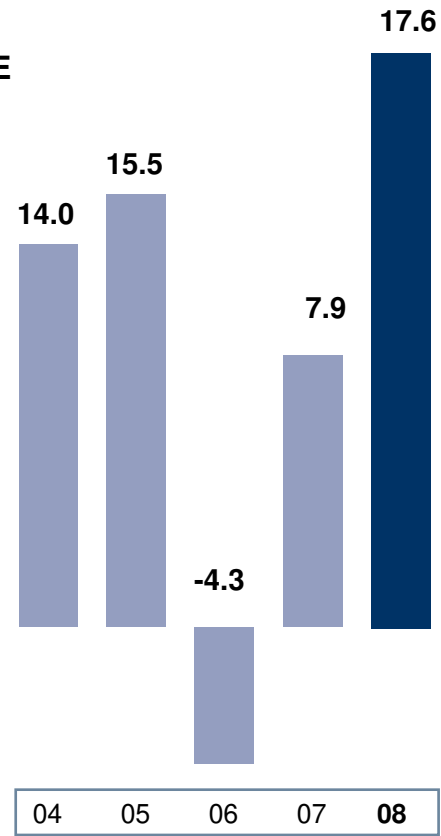
ROE



ROE = NPAT/Equity

<sup>1</sup> Excluding ROADS

ROFE



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

# Sound balance sheet

- Gearing<sup>1</sup> 34.0% and interest cover<sup>2</sup> 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

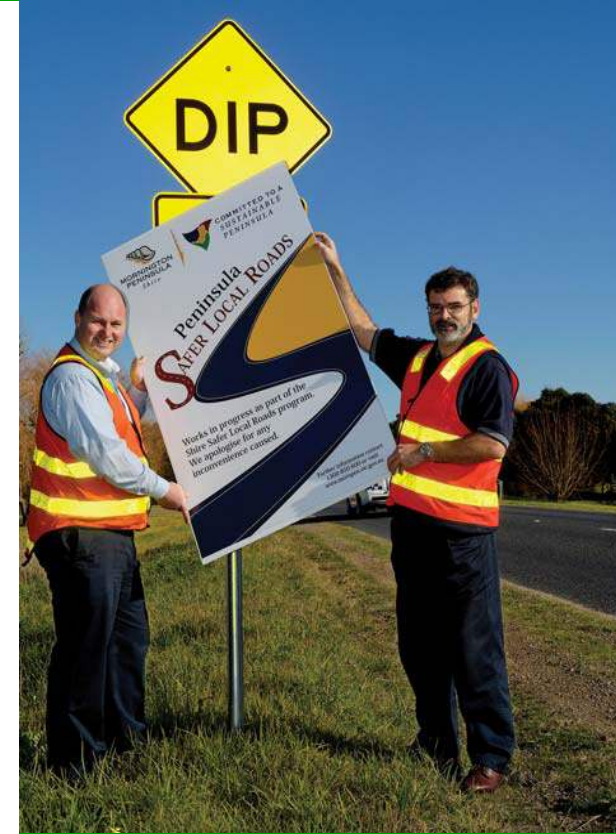
*1 Net debt/Shareholders' funds*

*2 EBIT/Net interest expense*

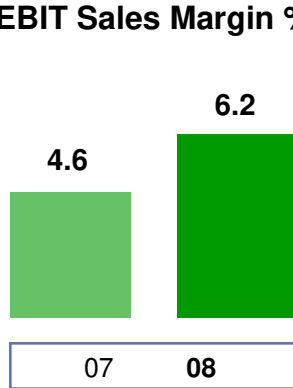
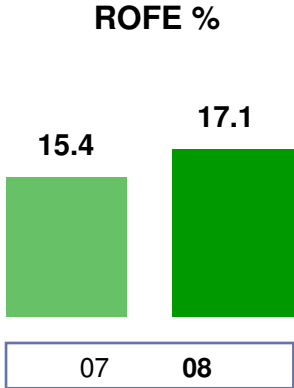
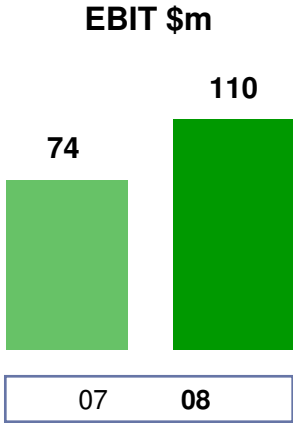
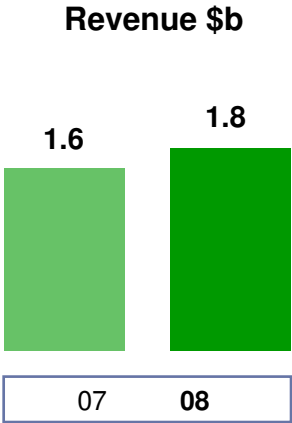
# Project highlight – Works Australia

## Mornington Peninsula

- A 15-year partnership with Mornington Peninsula Shire Council
- Integrated road maintenance management approach
- Clearly defined performance goals and index performance requirements
- Focus on products and techniques that minimise environmental impact
- Ongoing support of local sub-contractors and suppliers, and preferential employment of local people
- Staff development and safety programmes, client/contractor resource sharing and traineeships



# Works – another strong performance



# Project highlight – Rail

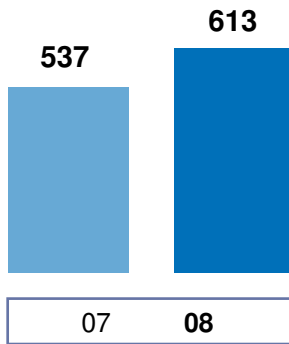
Public Transport Authority – Western Australia

- Successful long-term partnership with the PTA.
- Performance-based contract
- JV designed and constructed a new purpose-built maintenance facility.
- Currently manufacturing 15 three-car sets for delivery in 2009.
- In total, the joint venture has supplied 94 electric railcar sets and continues to provide maintenance services to the WA Government.

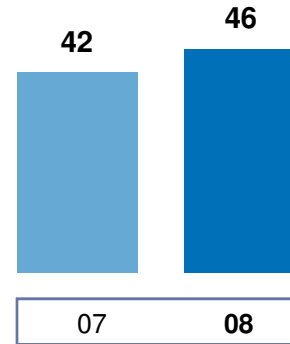


# Rail – business performed strongly

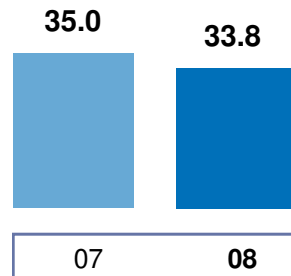
Revenue \$m



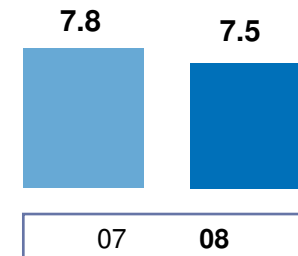
EBIT \$m



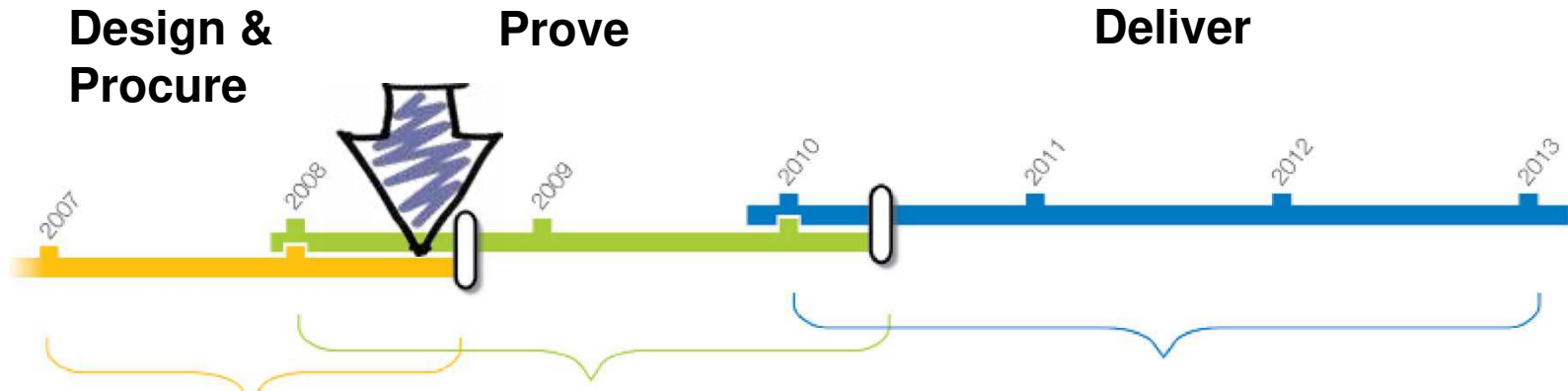
ROFE %



EBIT Sales Margin %



# PPP progress



- 100% Tier 1 & 2 contracts let, Tier 3 contracting process underway
- 76% of material value ordered
- Full-scale model delivered in February – model review complete
- 77% 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

# Project highlight – Engineering

## North West Shelf

- The North West Shelf Venture in WA, produces 48 per cent of Australia's oil and gas.
- In 1986 Downer EDI commenced providing electrical and instrumentation services to Woodside and our partnership continues to grow.
- Works include high-voltage power line diversion, cabling for greenfield and brownfield sites, and electrical and instrumentation work.



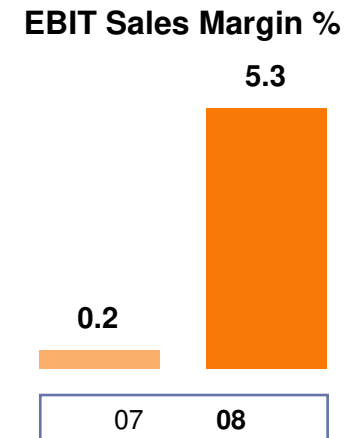
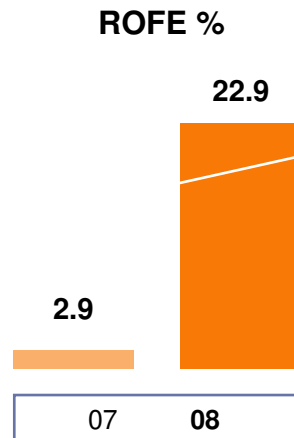
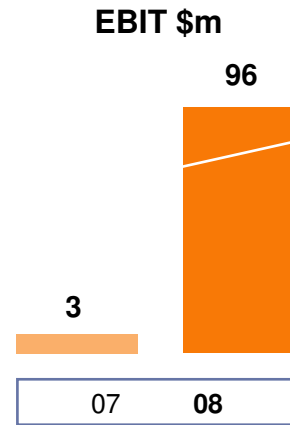
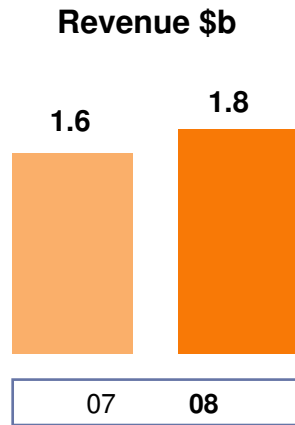
# Project highlight – Consulting

## Gardens By The Sea

- Singapore's premier city-in-a-garden project
- Awarded a Green Mark (Gold Plus) Award from the Building and Construction Authority of Singapore.
- CPG provided full design consultancy services including architectural and green design; mechanical, electrical, civil and structural engineering; quantity surveying and project management services.
- It will be complemented by a 32-hectare waterfront garden and a 15-hectare beachfront garden.



# Engineering – revenue and margin growth



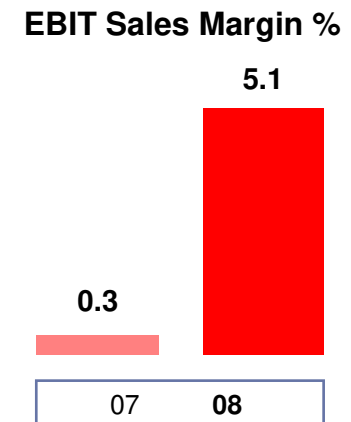
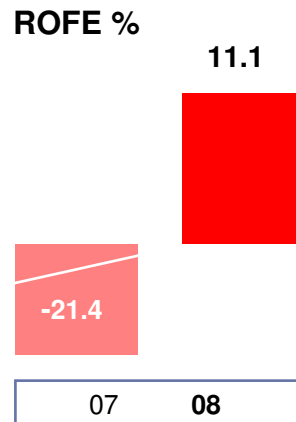
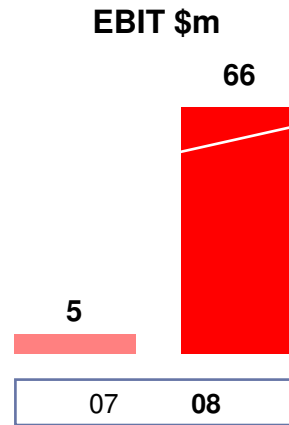
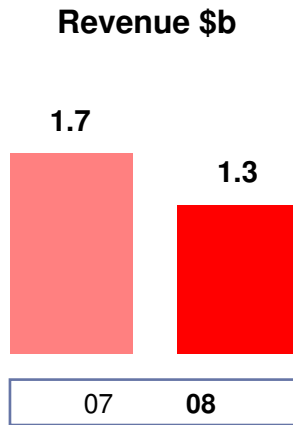
# Project highlight – Mining

## AngloGold Ashanti

- Downer EDI has been working at AngloGold Ashanti's Sunrise Dam open-cut gold mine since production commenced in 1997
- We now operate under a 'Life of Mine' Alliance
- Developing indigenous engagement and community partnership programmes
- We will continue to offer our services to AngloGold Ashanti as it grows its business throughout the world



# Mining – turnaround continues

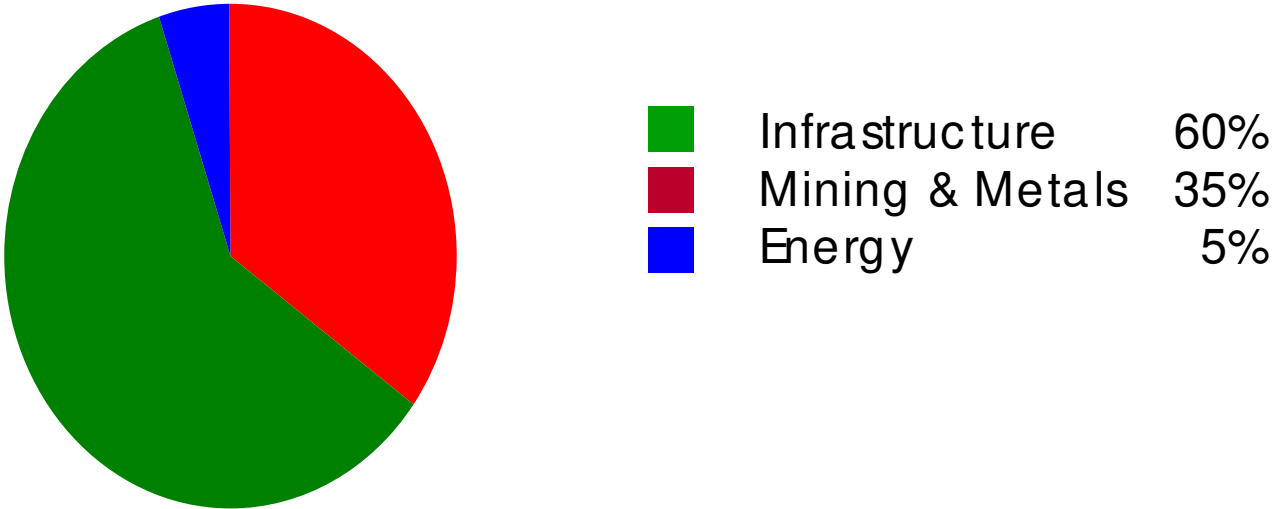




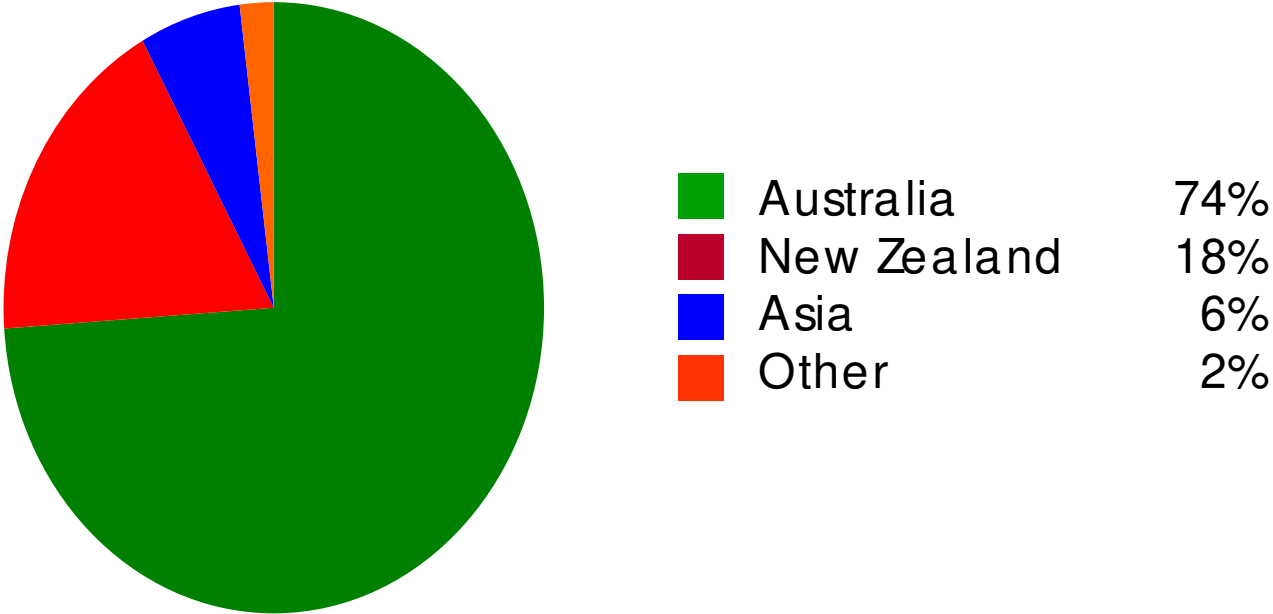
# Outlook

 **Downer EDi**

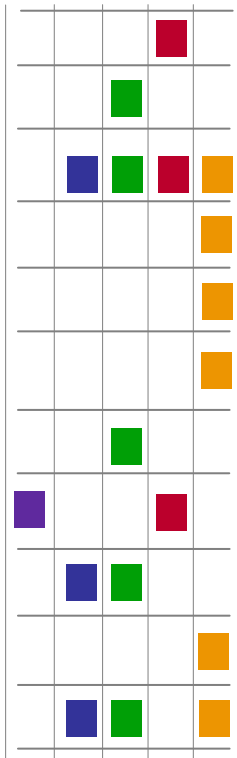
# Sound market sectors



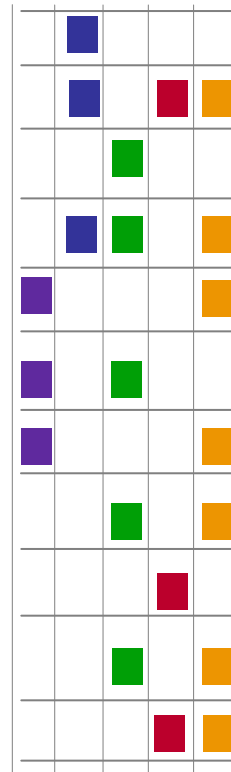
# Strong presence in Asia Pacific



# Servicing major clients



**AngloGold Ashanti**  
**ARTC**  
**BHPBilliton & BMA**  
**Caltex**  
**FOXTEL**  
**Exxon Mobil**  
**Main Roads WA**  
**Peabody**  
**Pacific National**  
**Powerlink QLD**  
**RailCorp**



**Reliance Rail**  
**Rio Tinto**  
**RTA NSW**  
**Queensland Rail**  
**Telecom NZ**  
**NZ Transport Agency**  
**TelstraClear**  
**Vic Roads**  
**Wesfarmers**  
**Woodside**  
**Xstrata**

# Positive demand environment

- Demand for our services remains positive
- Over 85% of revenues secured for FY09
- Order book strong – approx \$11.5bn
- Infrastructure – Governments continuing to stimulate spending, further underpinning our strong, long term order book
- Mining & Metals – major clients forecasting continued output and demand for our services
- Energy sector – we remain very busy in the oil and gas space and demand for renewable energy projects is ongoing

# Carbon economy creates opportunities

- Energy and cost efficiencies across the company
- 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 – involved in over 70 Water Treatment projects across Australia, New Zealand and Asia
- Trend towards ‘Green’ building design – CPG is internationally-renowned for and well placed to capitalise on sustainable development opportunities throughout the Asia Pacific

# Outlook

- Demand remains positive
- Over 85% of revenues secured for FY09
- Strong leadership team, great people
- Forward funding plans progressing well – 23% of our facilities maturing FY09
- Expansion opportunities emerging from current environment
- No material change to guidance for FY09
- Ongoing growth consistent with strategic plan objectives
- Continue to monitor end-market demand closely



# Annual General Meeting

Please join us in the foyer for refreshments

 **Downer EDi**

