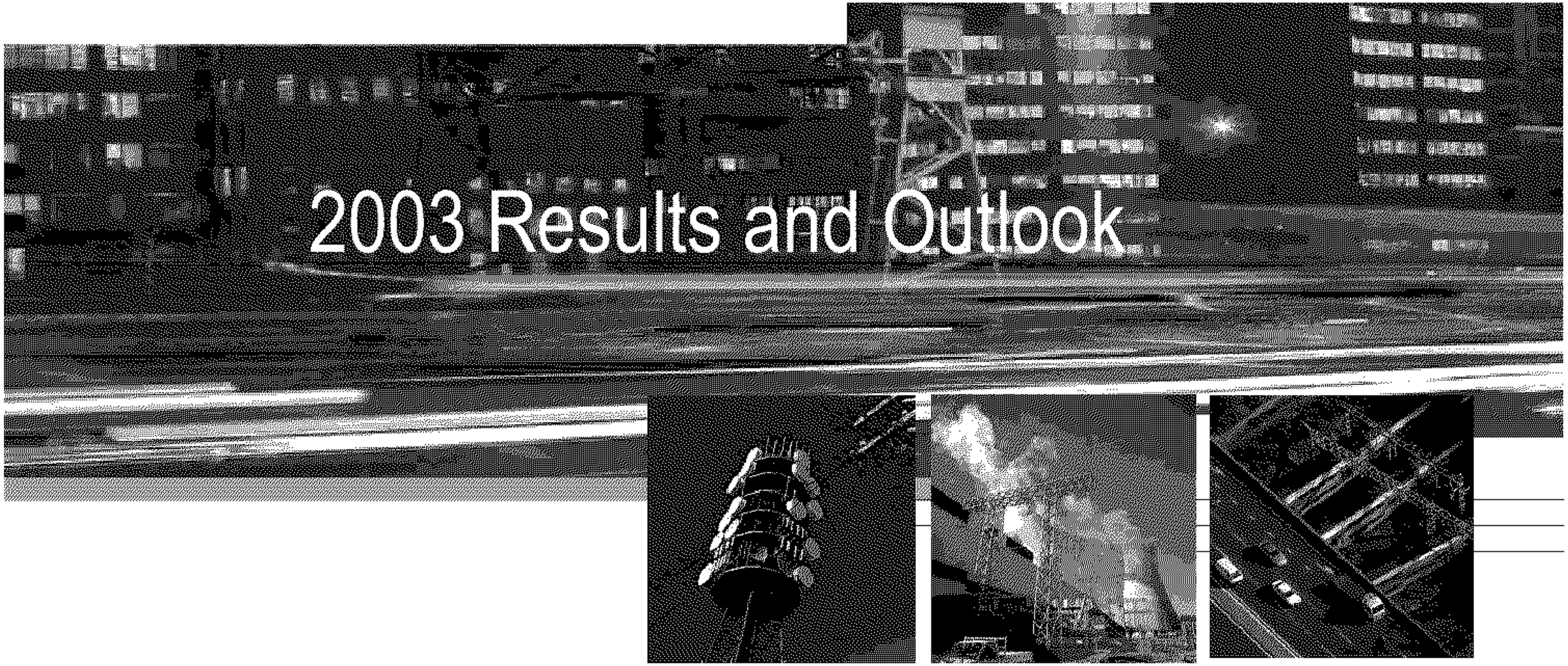
Downner EDi LIMITED

2003 Results and Outlook



26 August 2003

Downer EDi LIMITED

RESULTS PRESENTATION

STEPHEN GILLIES
MANAGING DIRECTOR

GEOFF BRUCE
CHIEF FINANCIAL OFFICER

JOHN DAVENPORT
GENERAL MANAGER GROUP FUNDING

Downer EDi LIMITED

COMPANY SUMMARY

Downner EDi LIMITED

"The diversification of Downer EDI's business platform has delivered a robust financial performance, during a period of mixed economic activity in the region, and our industry platforms continue to strengthen."

Downer EDi LIMITED

2003 – Key Points

- Sales **up** 10% to record $2.7 billion
- NPAT **up** 18% to record $66.6 million ($82.6 million pre-goodwill)
- EPS **up** 18%
- **Record Cashflow** from Operations of $225 million; matched by Cash on Hand of $207 million
- **Interest costs down** year on year (down 15%)
- **First ever** franked dividend – **50% franking** on 2003 final dividend
- **Increased DPS** due to higher EPS – 2.9 cents per share full year
- Dividend **payout ratio** maintained at **50%**

Downner EDi LIMITED

2003 – Key Points

- Net Debt to Equity at **record low** of 39%
- NPAT/Avg.Shareholders' Funds **rose** to 10.6% pre-goodwill
- Order book **firm** at $5.5 billion and growing to $6.0 billion
- New $200 million 3 year Syndicated Facility established
- Available cash liquidity **strong** >$300 million
- Acquisition of CPG completed
- Downner EDI management now a major shareholder; CPG management also participated
- Investment Grade Credit Rating assigned

Downner EDi LIMITED

FINANCIAL COMMENTARY

Downer EDi LIMITED

2003 Overview

- Revenue grew by over $200 million off stable/declining level of funds employed reflecting emphasis on services and working capital management.
- Strong organic growth in Power, Road and Mining. Telco and Rail maintenance increasing.
- CPG delivered on budget first three months of ownership; strong management
- Result reflects one off charges for downsizing of Walkers to pure rail and restructuring of Century and Capital Works
- Balance sheet is the strongest it has ever been – a product of existing and ongoing focus

2003 Overview

(A$ Millions)	2002	2003	Change
Revenue**	2,442	2,697	10%
EBITA	128	140	9%
Net Interest	34	29	-15%
Profit Before Tax	79	95	19%
Net Profit After Tax	56	67	18%
Goodwill Amortisation	14	16	12%
Net Profit (Before Goodwill Amortisation)	71	83	17%
EPS			
- Shares on Issue at 30 June (mill.)	963	976	
- EPS (after Preference Dividend $5.2 mill.)	5.3	6.3	18%
- Weighted Average, fully diluted shares (mill.)	1,036	1,098	
- EPS fully diluted (Cents)	5.5	6.1	10%
DPS - Final (Cents)	1.9	2.4	26%

** Excludes JV Sales

Downer EDi Limited

2003 Result – Pro Forma CPG

(A$ Millions)	2003 Full Year (incl CPG 3 mths)	2003 Pro Forma CPG Full Year
Gross Revenue	2,697	2,931
EBITA	140	155

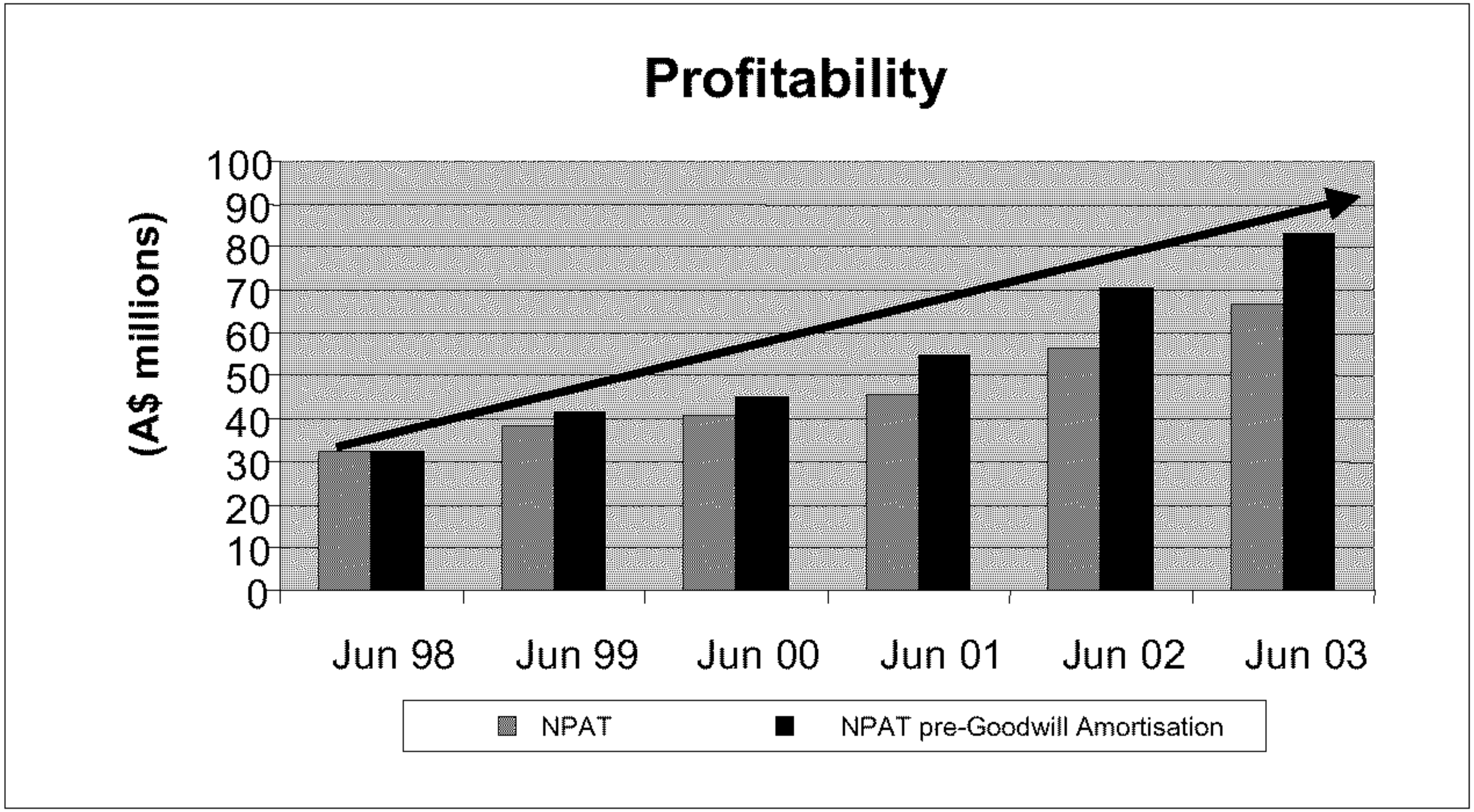
Downer EDi Limited

2003 Overview

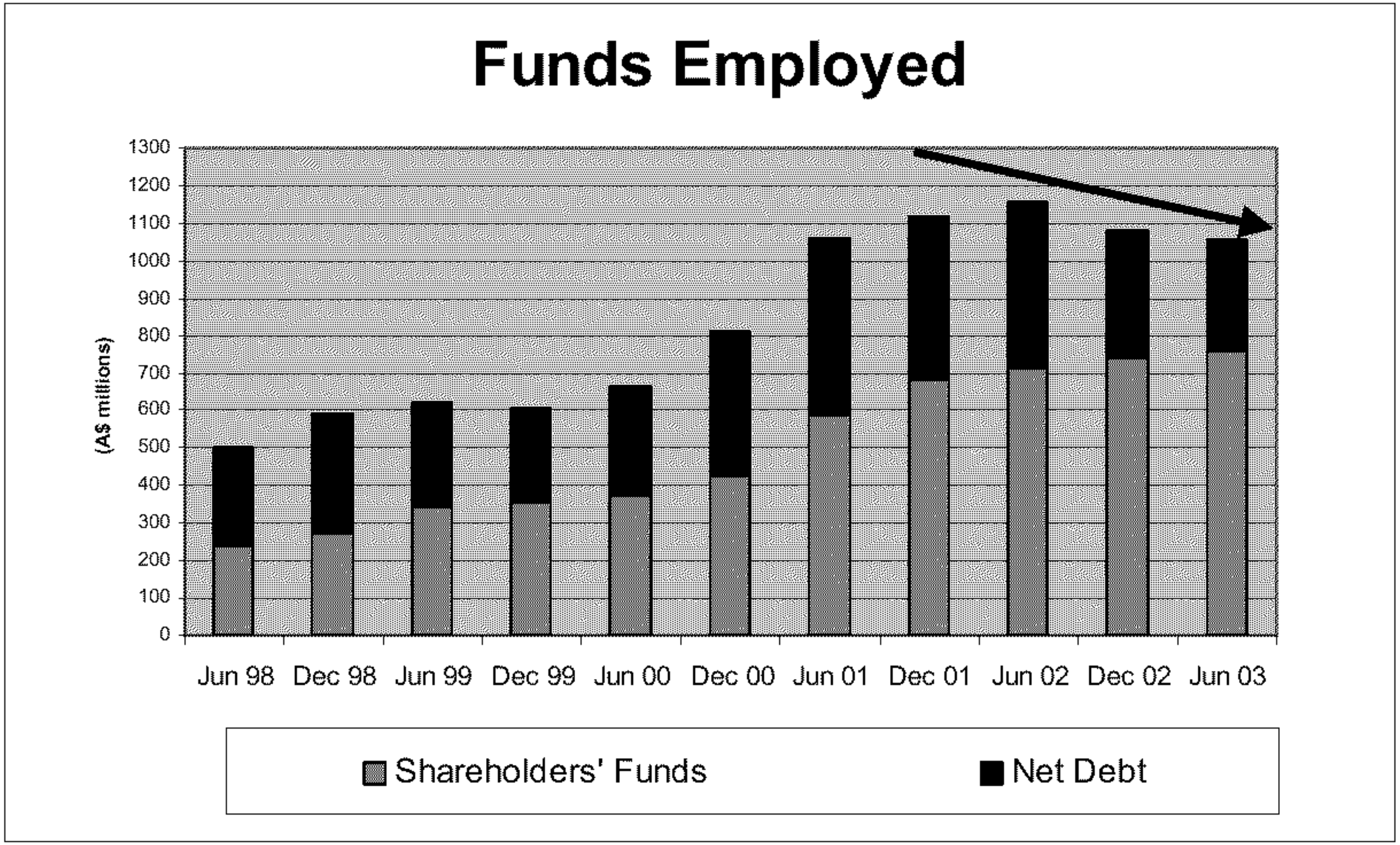
Balance Sheet as at 30 June (A$ Millions)	2002	2003	Change
Total Assets (Excluding Cash)	1,724	1,826	6%
Net Debt	447	296	-34%
Shareholders' Funds	710	760	7%
Funds Employed	1,157	1,056	-9%

Downner EDi LIMITED

Sixth Consecutive Year of Profit Growth

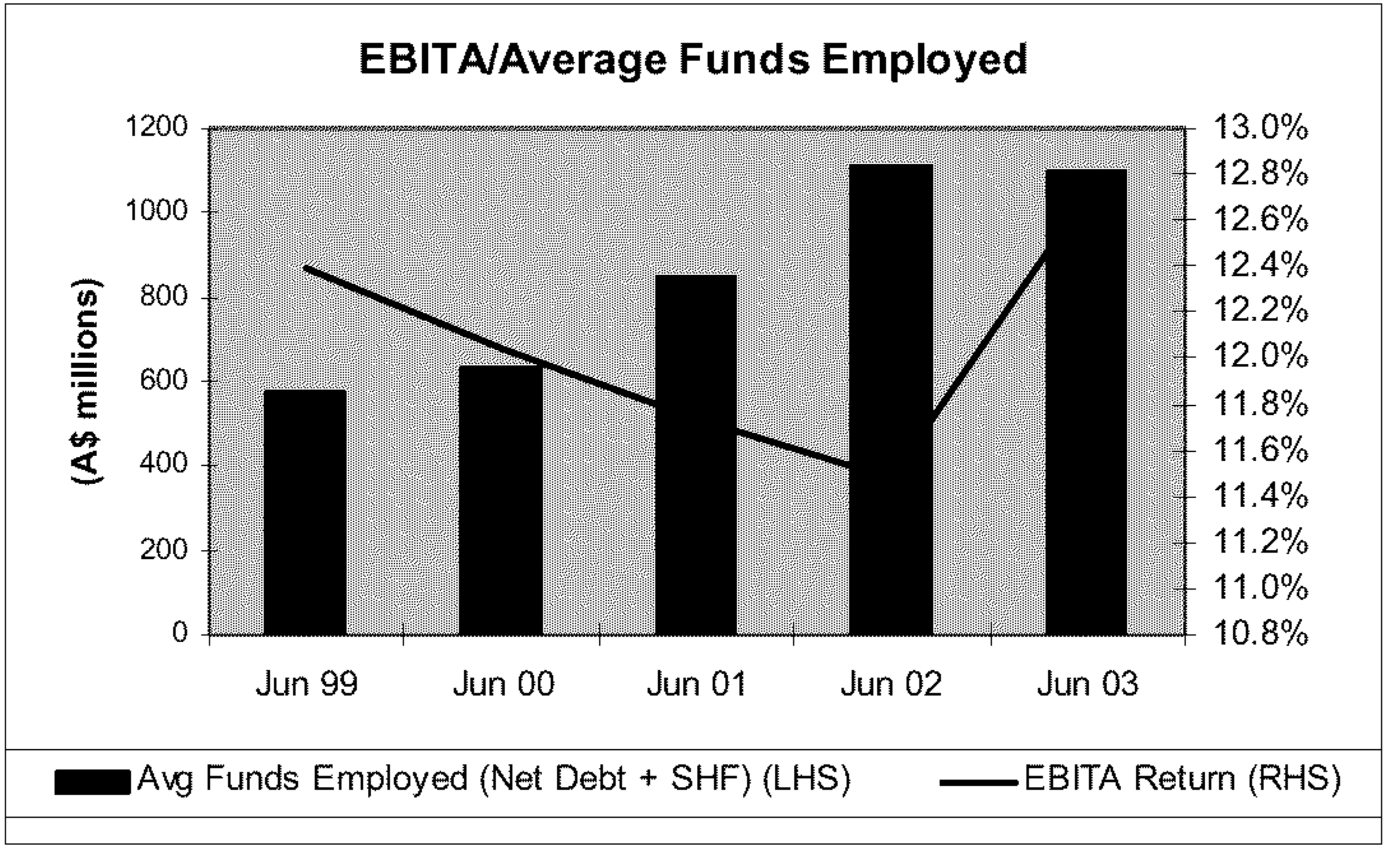


Reducing Funds Employed



Downer EDi LIMITED

Improving EBITA Return on Funds Employed



Downner EDi LIMITED

Margin Stable

For Year Ended June 30	2002	2003
Revenue (A$ Millions)	2,442	2,697
EBITA (A$ Millions)	128	140
Margin %	5.2%	5.2%
Average Peer Margin: 3 years to 2002	4.1%	

(Peer Group: LEI; LLC; SPT; TEM; TSE; UGL)

- Focus on maintaining margin combined with outlook for growing revenue will deliver uplift in headline profit in 2004

Downner EDi LIMITED

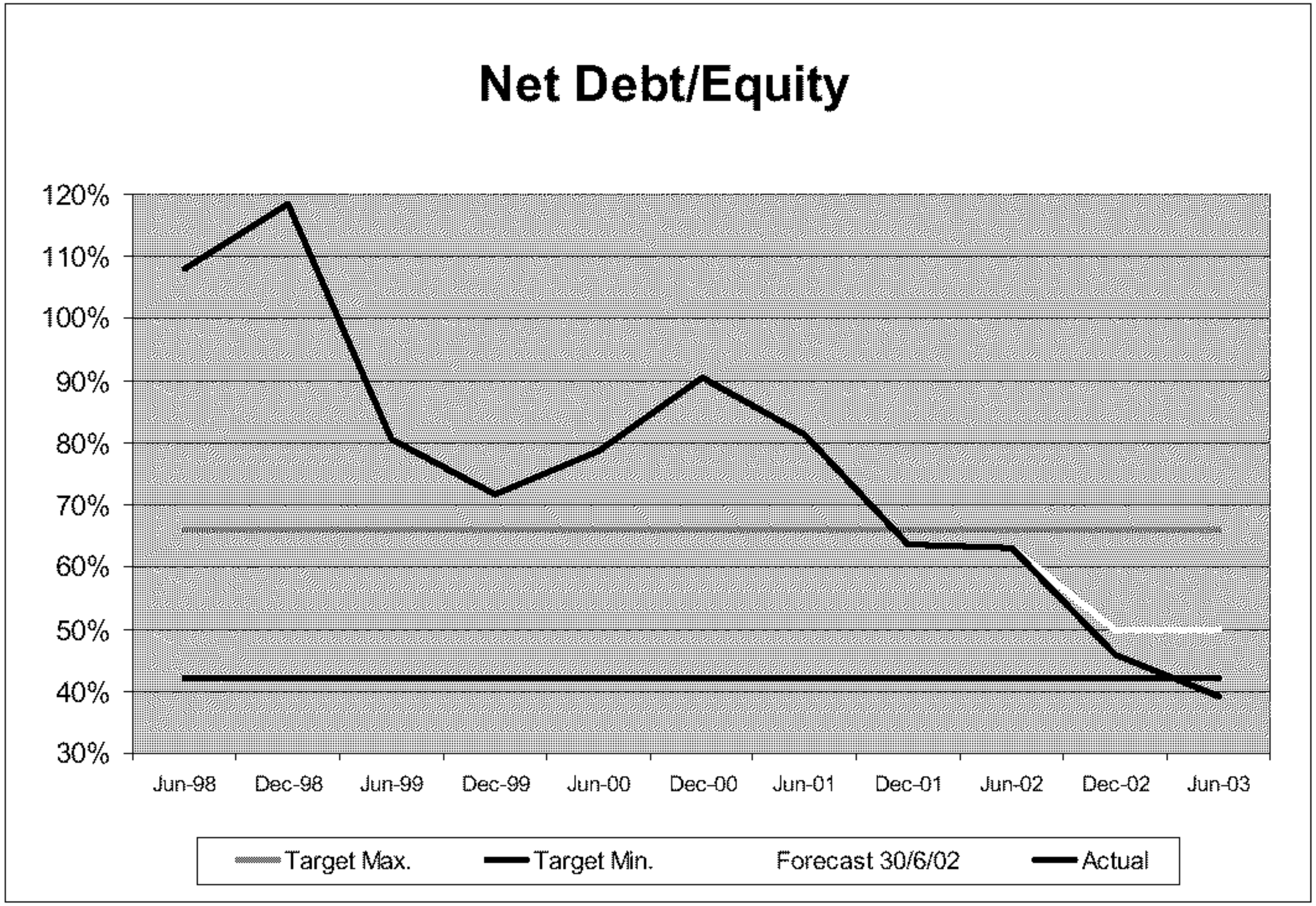
Interest Cover Strengthening

Cover as at 30 June (Times)	2001	2002	2003 Forecast*	2003 Actual	2004 Target
EBIT/Net Interest	3.5	3.3	>4.0	4.3	>4.5
EBITA/Net Interest	3.8	3.7	>4.5	4.8	>5.0
EBITDA/Net Interest	6.6	6.5	>7.0	8.4	>8.7

* As at 2002 full year presentation

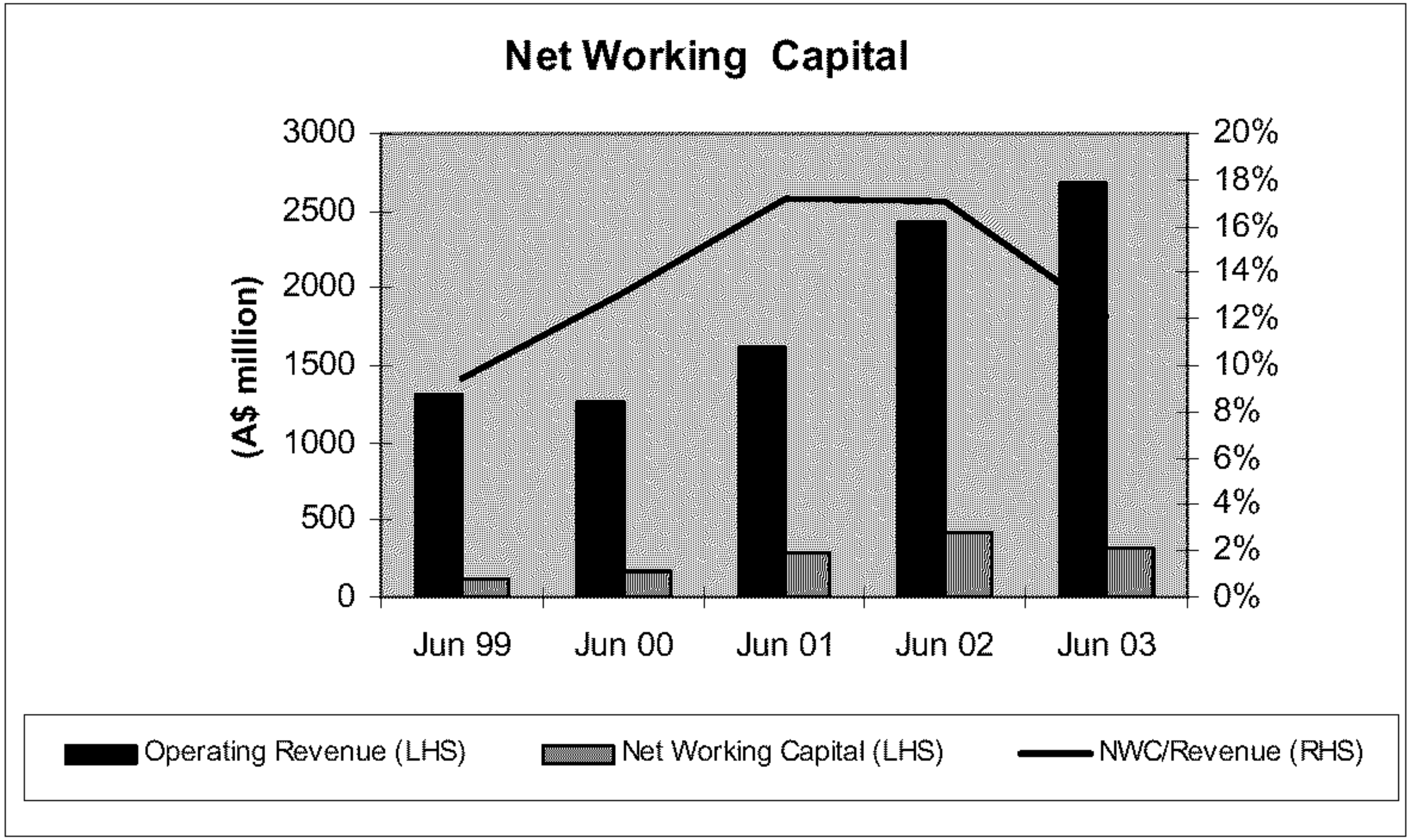
Downer EDi LIMITED

Gearing at Record Low



Downer EDi Limited

Working Capital Improved



Downner EDi LIMITED

2003 Objectives (as per 2002 Results Presentation)

Objectives	Outcomes
Focus on key market sectors and expanding service offering	Sales from key market sectors in total expanded; services component increased by over $350 million
"Trim" the balance sheet	Average Funds Employed and working capital decreased
↑ Non-mining revenues as % total revenue	No change but on current forecast expect decrease to around 30%
↑ EBITA / AFE (>12%)	EBITA/ AFE 12.7%
↓ Gearing (Net Debt/Equity <50%)	Net Debt to Equity 39%
↑ Order Book (>$5 Billion)	Order Book > $5 billion and heading to $6 billion

Downer EDi LIMITED

2004 Financial Year Targets

(A$ Millions)	2004 Full Year	2004 Change on 2003 FY Actual
Gross Revenue	>3100	>15%
EBITA	>160	>15%

Downner EDi LIMITED

2004 Operating Outlook

MINING	Stable market conditions; selective growth; contain capital employed by pursuing emphasis on "as is business"; seeking value for intellectual property
POWER	Well positioned for increasing demand; strong growth expected; infrastructure assets failing; power shortages driving new production and reticulation upgrade opportunities
RAIL	Rollingstock manufacture steady, delivering long-tailed maintenance; rail track infrastructure failing; government needs to invest but how?

Downner EDi LIMITED

2004 Operating Outlook

ROAD	Strong growth; increasing expenditure on maintenance enhancement (upgrade); facilitation of greater carrying capacity is taxing governments
TELCO	Increasing demand for our services despite capex spend continuing at an all time low.
INFRASTRUCTURE ASSET DESIGN / F.M.	Increasing opportunities; "one stop shop" potential to deliver internally generated projects

Downner EDi LIMITED

2004 – Outlook Generally

- No requirement for new share capital
- EPS will continue to increase
- Surplus cash flow able to be reinvested into infrastructure operations - otherwise capital management initiatives will be considered
- Asia beginning to look attractive again

Downner EDi LIMITED

QUESTIONS & ANSWERS

Downner EDi LIMITED