Investor Roadshow

Singapore & Hong Kong

November 2005

Downer EDi Limited

Company Overview

Introduction

- Australia's largest listed infrastructure engineering ***services*** company
- Focused on the design, operation and maintenance of ***essential*** public & private infrastructure
- 8 years consecutive earnings growth as a public company
- Market cap. > US$1.3bn
- ASX 100 listed company, MSCI Australia weighting 0.244%
- Stable management team – 6% private shareholding
- 17,500 employees
- All divisions enjoying moderate to strong growth next few years

What Do We Do?

Transportation – Road/Rail

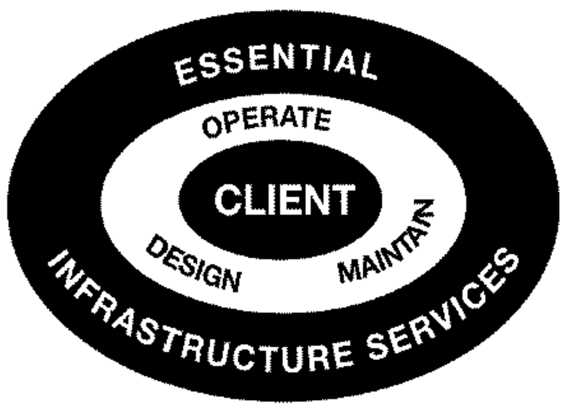
- **Ranked Top 2 in Australia/ NZ**
- **Turnover - $0.9bn**
- Road upgrades & maintenance
- Bitumen supply
- Design, develop wet weather polymers
- Traffic control
- Vegetation control & street furniture

Rail Rollingstock

- **Ranked #1 in Australia**
- **Turnover - $0.4b**
- Supply through design, manufacture & maintenance of passenger & freight rollingstock
- Passenger & loco maintenance & refurbishments
- Spare parts

Energy & Communications

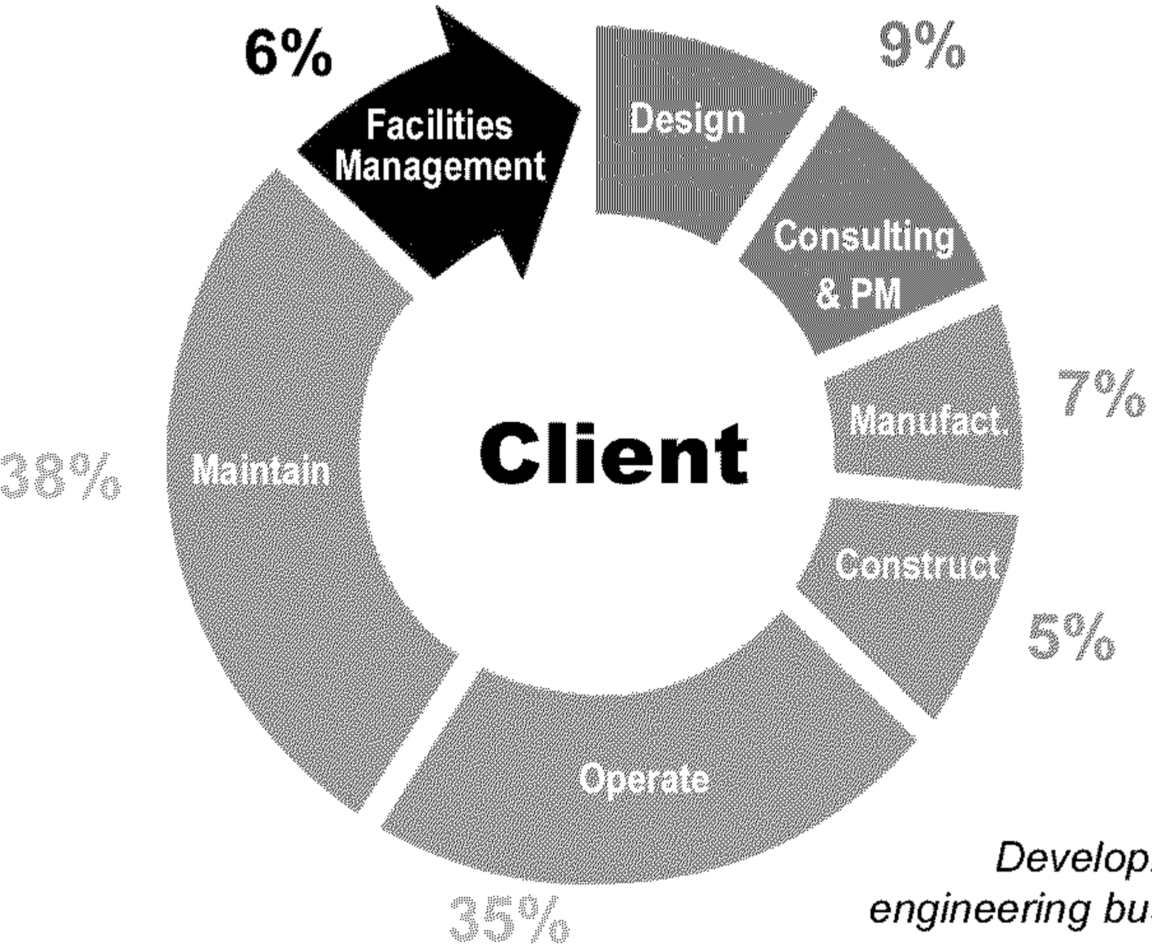
- **Ranked Top 2 in Australia/NZ**
- **Turnover - $1.3b**
- Maintain fixed line networks and exchange
- Design, erection & maintenance of mobile towers
- Procurement, installation, replacement and upgrade of comms equipment
- Electrical contracting
- Maintain & upgrade of transmission towers and lines
- Design, install and instrumentation of power plants and industrial power systems



Resources

- **Ranked #1 in Australia**
- **Turnover - $1.4 b**
- Full mine management
- Mining services include:
  - explosive design & manufacture
  - process engineering (coal & metaliferous and mineral sands)
  - front end feasibility & design
  - mining services consulting
  - staff training

Robust Business Model



Proportion of revenues in long term O & M contracts today

Mining	*60-70%*
Engineering	*50-60%*
Infrastructure	*70-90%*
Rail	*50-70%*

Developing the 'front' & 'back' end engineering business to drive improving returns

$100m Invested In FEED Bolt Ons

(2001 – 2005)

Resources

JR	Metalliferous Process Eng. & Design *(Aust: >1000 empl.)*
QCC	Coal Consulting, Mine Design & Development *(Aust: 35)*
Snowden	Mine Feasibility & Design, Consulting Services & Training *(Aust, Canada, South Africa: 130)*

Infrastructure

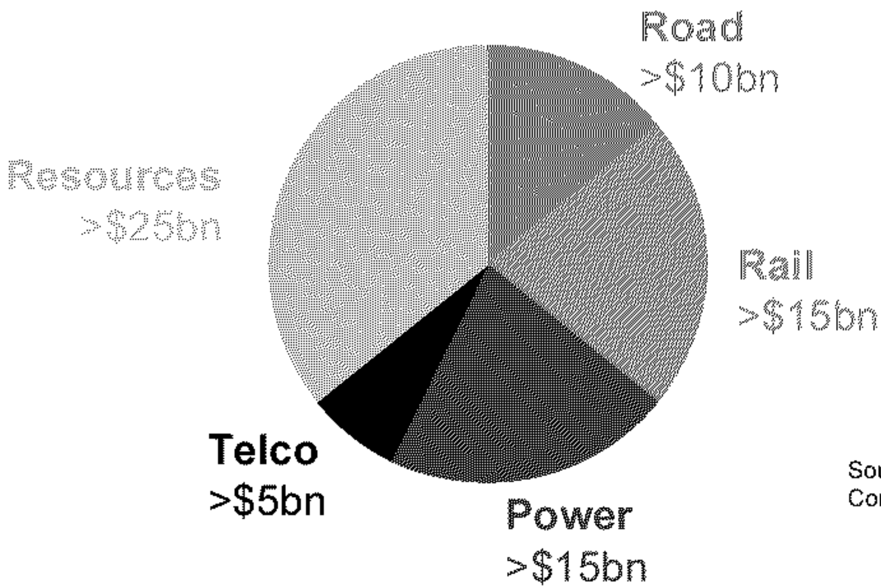
CPG	Master Planning, Architectural Design, Facilities Management *(Singapore, China, India, Vietnam: 2000+)*
Duffill Watts King	Infrastructure Consulting Engineering Services *(NZ: >150)*
Coomes Consulting	Infrastructure Consulting Engineering Services (*Aust: >150*)

…and investment to continue…

Why Are We There?

- Infrastructure sector offers growth with defensive qualities
- Outsourcing of essential engineering services is a growth business
- Operate & Maintain
  - Earnings quality
  - Earnings predictability through long term relationships
- Design & Consulting
  - Earnings quality
  - Client relationship
  - IP leveraged into O & M

Infrastructure Rehabilitation Spend > A$30bn (2005-2010)



Sources: ABS, BIS Shrapnel, Government docs, Company estimates

- Implies baseline <u>organic</u> revenue growth of 10% pa next 5 years
- Opportunity to grow maintenance business as maintenance spend lags the construction phase
- $90b to be spent over 15 year period

** Business Council of Australia*

Delivering Sustainable Annuity Style Earnings

	Earnings Impact	
Contract duration	LOW	70% are long term O & M
Contract renewal rate	LOW	Consistently > 80%
Economic cycle	LOW	Maintenance spend on essential infrastructure assets is non-cyclical
Cost pressures	LOW	90% contracts have "pass through" for key inputs: few fixed price contracts
Client credit risk	LOW	> 50% of business is government No client > 5% revenue
Interest rate cycle	LOW	1% rate change <$1m NPAT impact
Exchange rate	LOW	5% change SGD, NZD <1% NPAT impact

Financial Performance

2005 – Financial Highlights

Sales	↑ 19%	$3,815m	*Record level*
NPAT	↑ 28%	$104m	*Above consensus, 8th year of growth*
EBITA	↑ 20%	$189m	*Core business up*
EPS cps	↑ 23%	36.3	*Double digit growth*
DPS cps	↑ 15%	18.0	*Final dividend up 24%*
Op Cash Flow	Strong & steady	$186m	*3rd strong year in a row*
Gearing	Steady	38%	*Balance sheet strength maintained*
ROFE	↑	16%	*Up from 14%*
Franking	↑	70%	*Up from 50%*
Payout ratio	Steady	50%	*Providing flexibility*

Divisional Performance

Mining & Resources

	2006	2005	2004
Sales	1,500	1,316	935
EBITA		72.3	44.0

- *Record EBITA*
- *Mining EBITA up 35% to $65m - higher volume & steady margins*
- *Mine engineering services up*

Engineering

	2006	2005	2004
Sales	1,350	1,251	1,101
EBITA		58.4	64.2

- *Reported EBITA down, underlying earnings steady*
- *Sales in line with guidance*
- *India emerging as new growth market for CPG. New office set up costs & FX detracted $3m from EBITA*

Divisional Performance

Infrastructure

	2006	2005	2004
Sales	980	873	676
EBITA		49.7	42.6

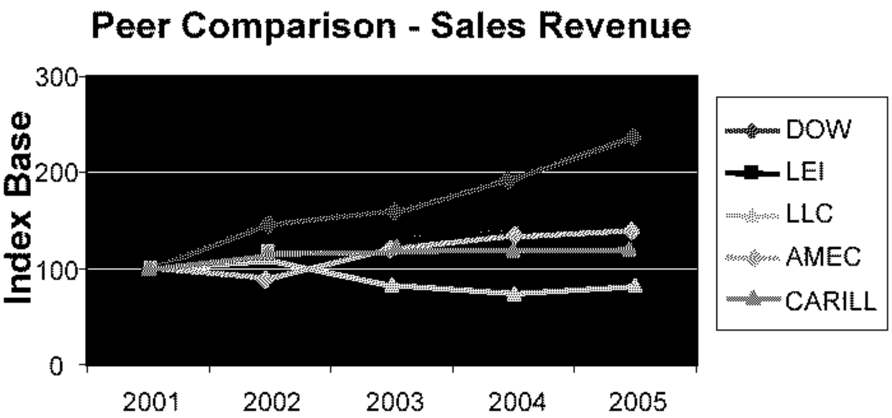
- *Record EBITA, up 17% yoy*
- *Strong sales growth in both NZ & Australia*
- *Margins reflect sales mix, not underlying performance*
- *Buoyant conditions to remain*
- *Australia to account for 50% of earnings in 3 years, up from 30%*

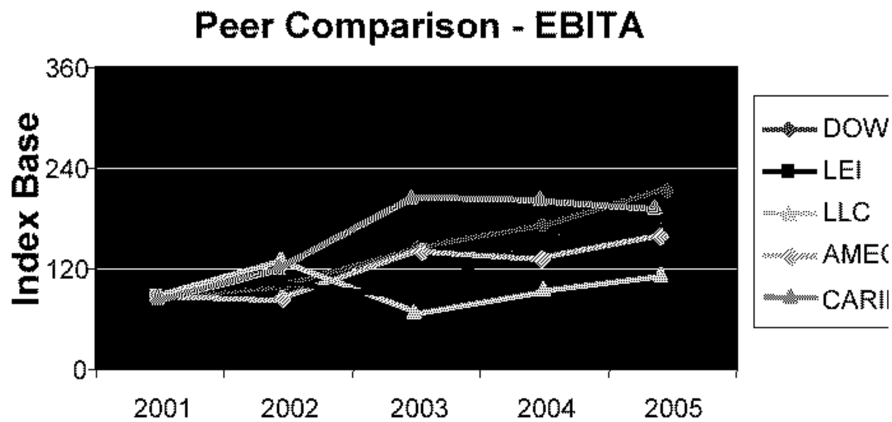
Rail

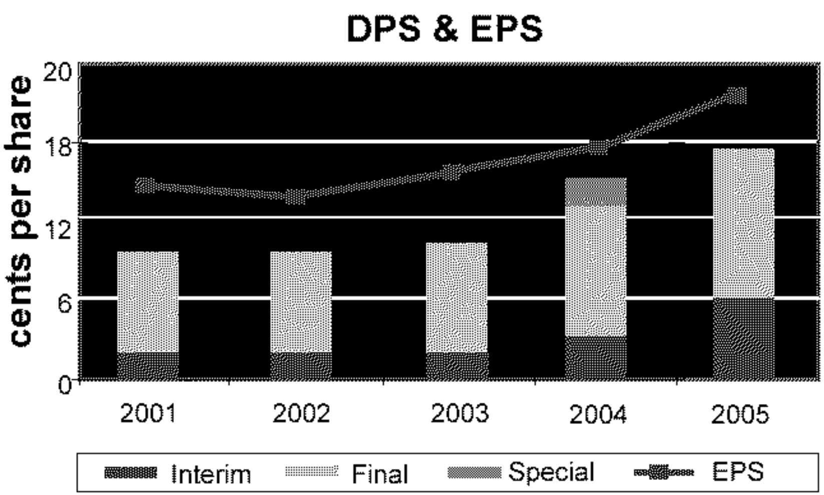
	2006	2005	2004
Sales	400	361	410
EBITA		23.3	24.2

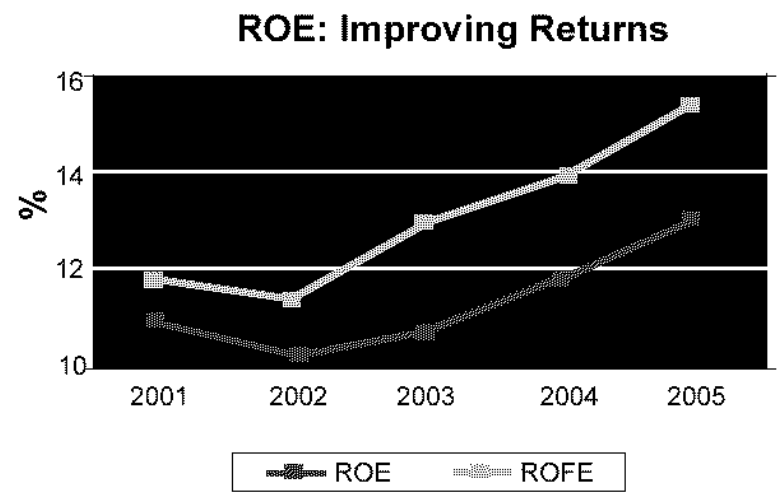
- *EBITA improved off a lower sales base*
- *Sales reflect end of build contracts and free-ing up of capacity ahead of the PPP & emerging freight opportunities*
- *Transitioned to maintenance & spare parts revenue*
- *Maintenance now 2/3rds of EBITA - sustainable*

Financial Performance



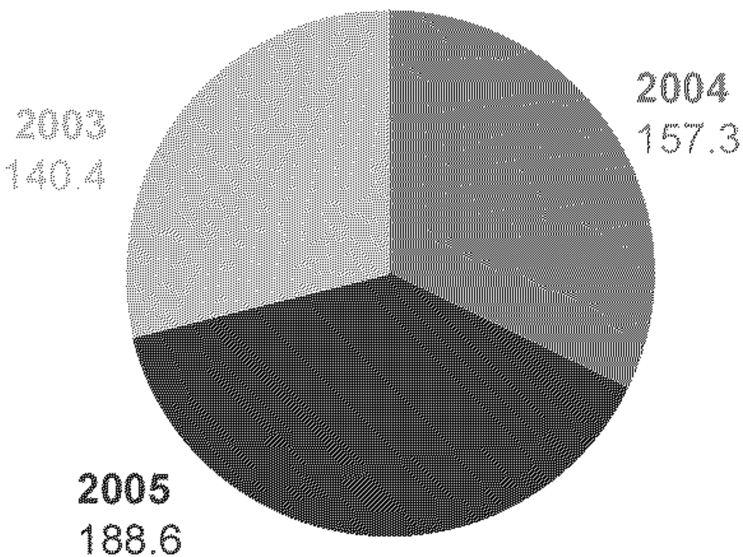






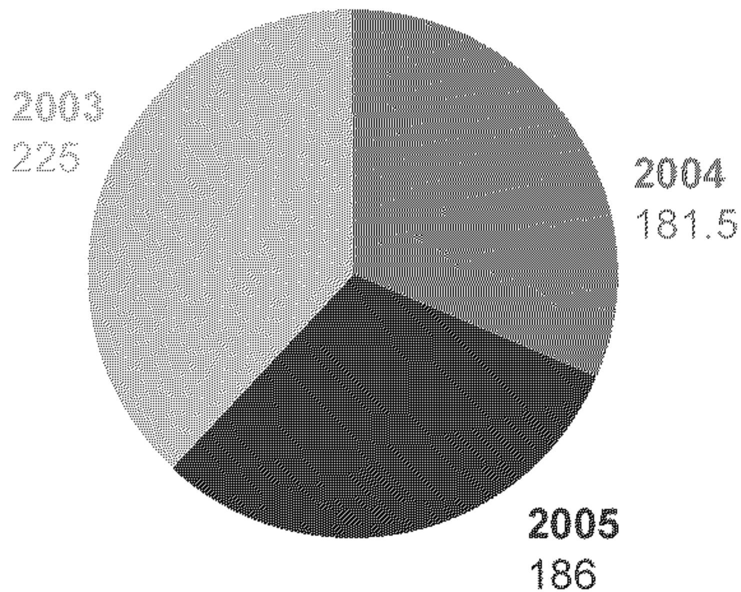
Strong Operating Cash Flow

EBITA
($mil.)



3 year total = $486.3

CASH FLOW
FROM OPERATIONS
($mil.)



3 year total = $592.5

Outlook & Summary

Outlook

1 Year

- Organic growth still a priority but in a controlled manner
- Selective approach to projects & clients
- Focus on improving returns
- Recognise the tightening bias for ongoing skill shortages
- Invest in management, further succession planning

2 Years

- Organic growth focus with M&A activity designed to open new markets

Medium Term (5 Years)

- Focus on privatisation opportunities (Asia)
- Export business model to DOW's major operating locations

Why Is the Outlook So Positive?

Shortage of resources

+

Strong demand

↓

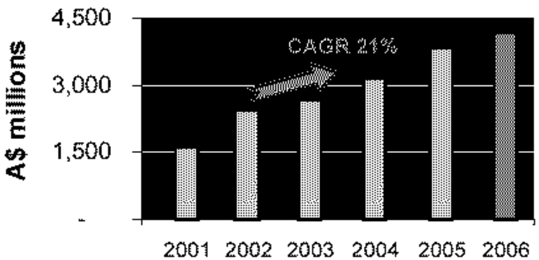
Owners of resources are well-placed

- Shortage of skilled labour
- Consumables (tyres, explosives) shortage
- Equipment shortages & long factory queues
- Unprecedented level of infrastructure spend
- Result: rebalancing of client & outsource provider relationship towards a ‘partnership’ basis
- Large outsource providers have the privileged position of being selective about client, projects, contract terms

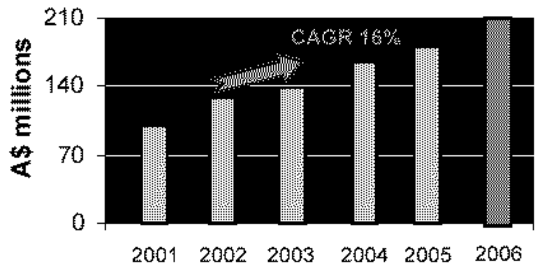
Summary

- Exposure to infrastructure with a bias towards long term recurring maintenance income flows
- Significant and sizeable player in market segments for infrastructure maintenance
- Know how to invest, all acquisitions trading at / better than forecast

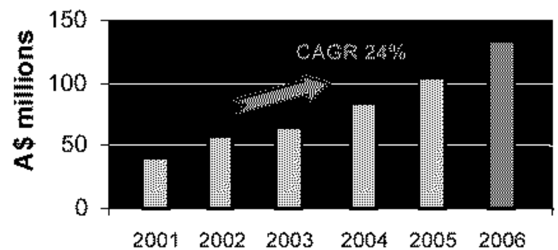
REVENUE



EBITA



Reported NPAT



Actual   Broker Consensus

Summary

Infrastructure capacity problems

+

Resource shortages

+

Buoyant rehabilitation market (Aged Infrastructure)

+

Strong spend by both Government & resource companies

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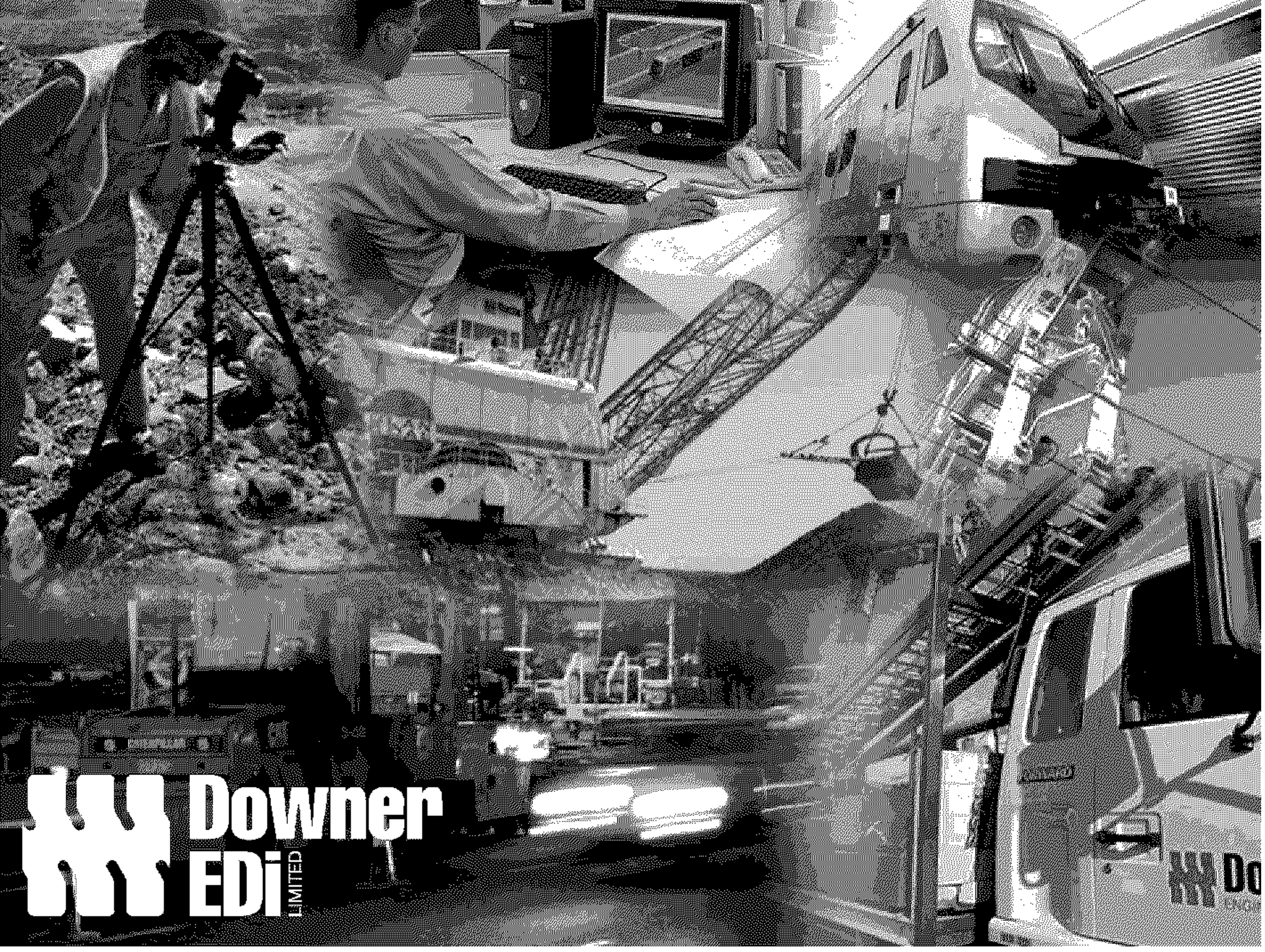
Strong market share (DOW)

+

Strong balance sheet (DOW)

Double Digit Earnings Growth (DOW)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LIMITED

HISTORICAL DATA

For year ended 30 June	2005 $mil	2004 $mil	2003 $mil	2002 $mil	2001 $mil
Turnover	3,972.3	3,417.5	2,867.9	2,585.6	1,718.1
Revenue	3,814.5	3,193.3	2,697.0	2,442.4	1,632.8
Earnings before interest tax and amortisation of intangibles (EBITA)	188.6	157.3	140.4	128.7	100.5
Net interest expense	36.3	28.5	28.8	34.1	25.9
Income tax	27.6	27.7	28.2	22.9	18.6
Net profit after tax (NPAT)	104.0	81.5	66.6	56.4	45.5
NPAT pre goodwill amortisation	124.7	100.2	82.6	70.7	54.9
Cash flow from operations	186.0	181.5	225.0	47.4	70.5
Basic earnings per share pre amortisation of intangibles (cents)	43.5	36.8	32.0	30.0	30.8
Basic earnings per share (cents) *	36.3	29.6	25.2	23.2	24.4
Diluted earnings per share (cents) *	36.3	29.6	24.4	22.0	22.8
Dividends per ordinary share (cents) *	18.0	15.6	11.6	9.6	8.4
Dividend payout ratio as a percentage of profit after tax	50.0%	53.9%	50.3%	50.3%	47.8%
Total assets	2,343.1	2119.1	2032.7	1829.7	1629.4
Total equity	908.0	823.0	760.2	709.6	586.1
Market value of equity	1,554.8	902.4	739.0	635.4	435.4
Shares on issue (basic as at year end)	291.7	282.0	243.9	240.7	197.9
Closing share price (dollars) *	$5.33	$3.20	$3.08	$2.64	$2.20
ROE	16.0%	13.1%	10.9%	10.2%	11.1%
Net debt to equity	38%	41%	39%	63%	81%
Net debt to capitalisation (debt plus equity)	27%	29%	28%	39%	45%
Interest cover (EBITA/net interest)	5.2	5.5	4.8	3.7	3.8
Trade debtors turnover (rolling 3 month average) - days	46.8	41.4	42.1	43.3	43.0
Net working capital/operating revenue	11%	11%	13%	18%	18%
Order book	6,500	6,400	5,500	4,500	3,700