Welcome to

Downner EDI
Annual General Meeting 2007

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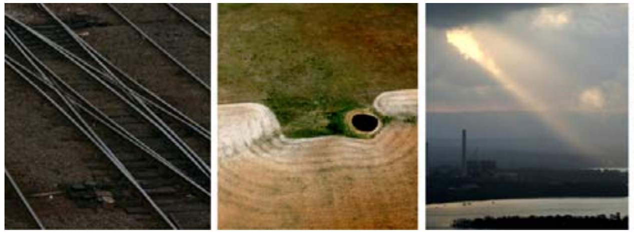
2 November 2007

Welcome

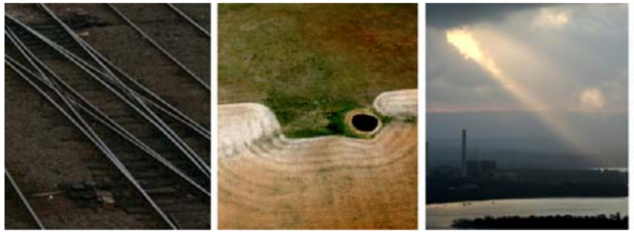


FY ’07 In Review

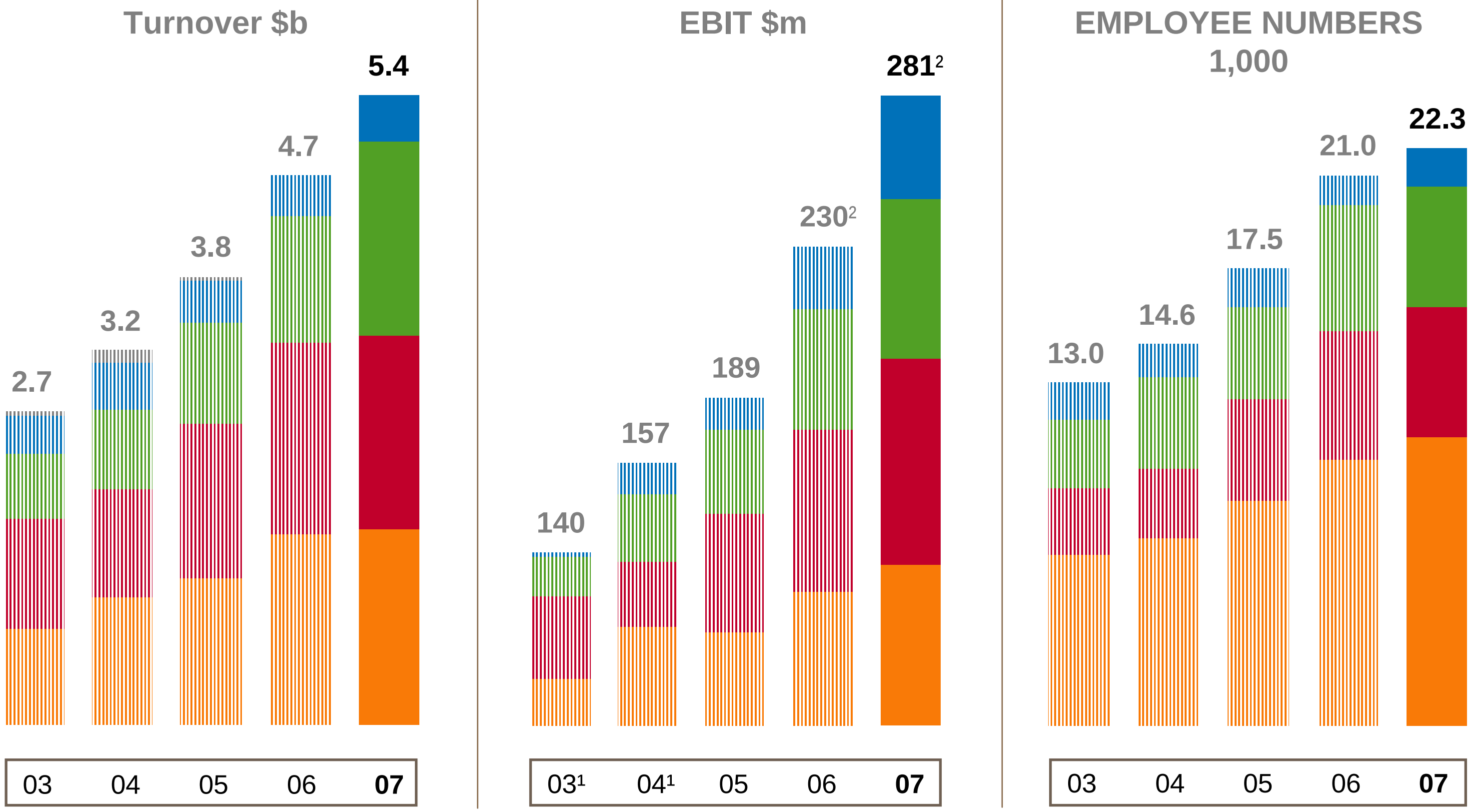


Revenue and EBIT growth

Full Year to 30 June ($m)	2007	2006	%
Revenue	5,362	4,656	15%
Underlying EBIT	281	230	22%
Reported EBIT	129	(64)	
Net Interest	(56)	(47)	
Profit Before Tax	73	(111)	
Tax benefit	29	86	
Net Profit After Tax	101	(25)	
EPS (cents) reported	31. 3	(8.4)	
DPS (cents)	21	20	5%

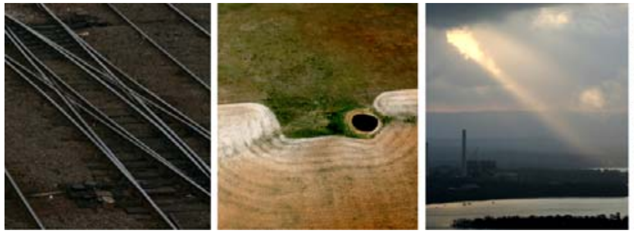


Core markets continue to be strong



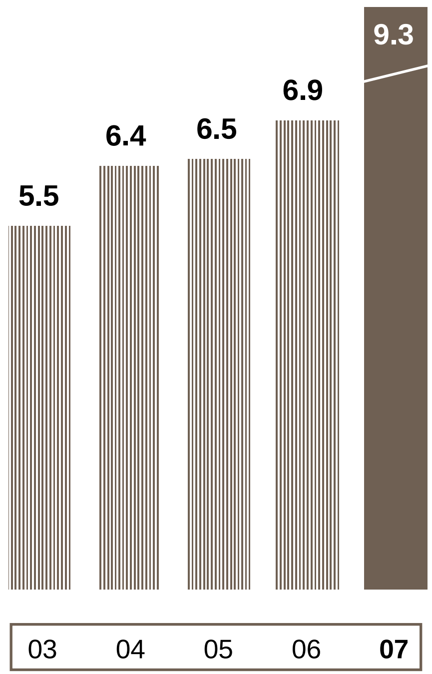
[1] *EBITA pre IFRS* [2] *Underlying*

Engineering Mining & Resources Works Rail Discontinued



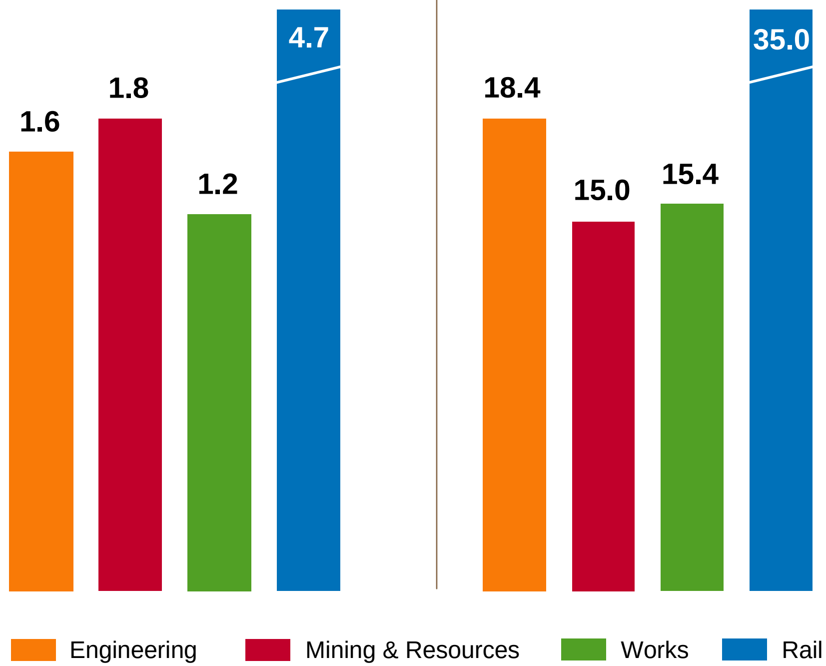
Strong divisional performance in FY07

Total Secured Sales $b

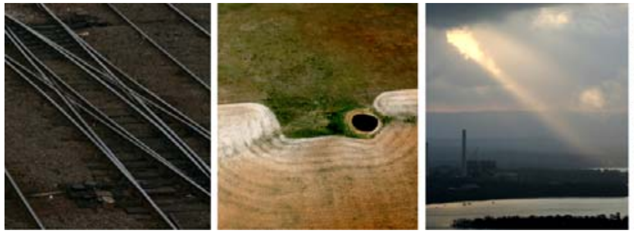


FY07 Secured Sales by Division $b

FY07 ROFE[1] %



ROFE = EBIT/AFE; AFE = Avg Net Debt + Avg Equity last 3 half years   [1] *Underlying*



Projects Update

One project to finish – expected completion Q1 2008

Process Engineering

- **Iluka** – COMPLETED SEEKING RECOVERIES
- **NewPac** – DEED OF RELEASE
- **Carborough Downs** – DEED OF RELEASE
- **Foxleigh** – DEED OF RELEASE
- **Isaac Plains** – COMPLETED

Energy Systems

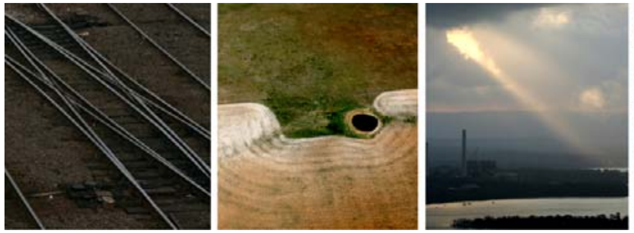
- **Alinta 2** – Finished & Settled
- **Huntly** – COMPLETED
- **Condong & Broadwater** – 92% & 72% COMPLETE



Mandate for Change

A review of my first 21 days – revised operating structure

DownerEDi Rail	DownerEDi Works	DownerEDi Engineering	DownerEDi Mining	Consulting Services
				
CEO	**CEO**	**CEO**	**CEO**	**CEO**
Guy Wannop	David Cattell	Wayne Nolan	Damien O'Reilly	Peter Reidy

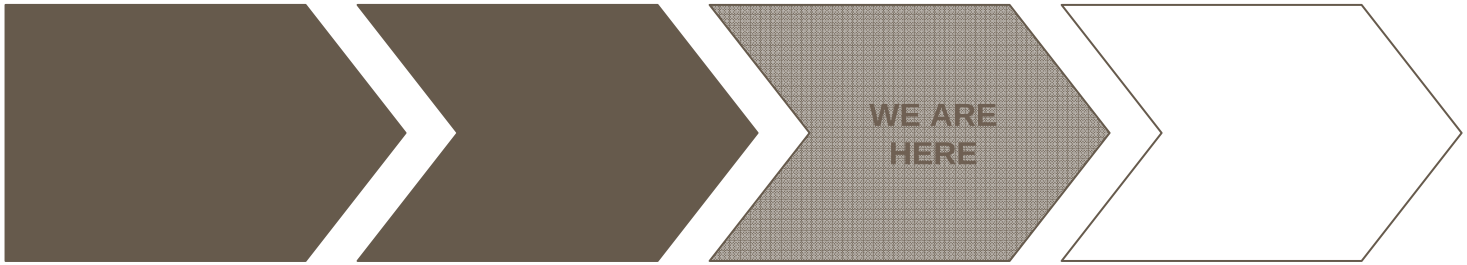


Mandate for Change

- UBS appointed to assist in analysis of the business and its markets.
- 2nd Road appointed to facilitate Strategic Review

Business review

We have made significant progress



Examine business strategy

Test it against business streams

Review business streams

Outcomes & actions from review

Examine Business Strategy

PLAYING THE GLOBAL INFRASTRUCTURE BOOM

"As the nation's—and the world's—bridges, roads, and airports age, **public private partnerships** may be the most viable way to save them"

Business Week, 11 September 2007

EVOLVING MARKET FOR INFRASTRUCTURE FUNDING & DEVELOPMENT

"Public private partnerships are here to stay and may well be the only viable way for governments to reach their infrastructure development goals."

Dale Reiss, Director of Ernst & Young's Global Real Estate Group, Urban Land Institute: Infrastructure 2007: A Global Perspective

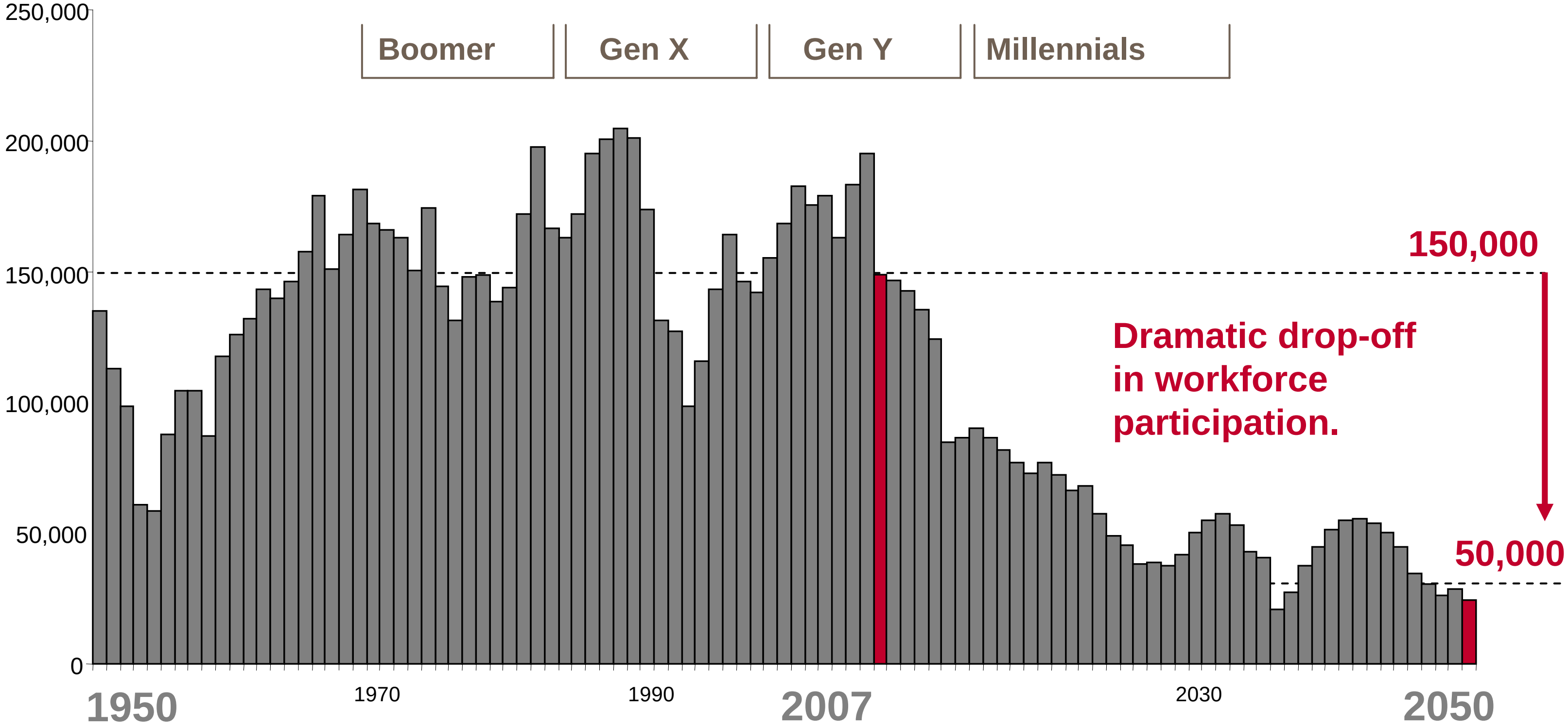
INFRASTRUCTURE EMERGES AS NEW ASSET CLASS

"The **private sector** is going to play an expanded role in the coming global movement to build and modernise the world's infrastructure."

Dale Reiss, Director of Ernst & Young's Global Real Estate Group, Global Real Estate Monitor, June 2007, Vol. 2

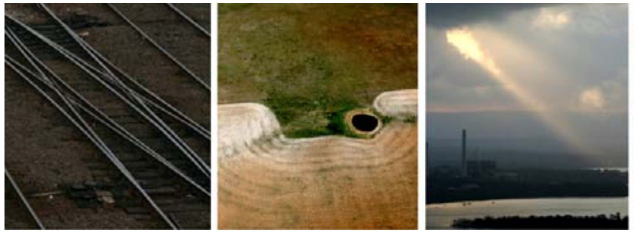
Examine The Business Strategy

Resource constraints are only going to get worse



Net growth in working age population (15-64) over 100 years

Source: KPMG Property Advisory (2007); Australian Historical Population Statistics, ABS (2004); Population Projections, Australia, 2004 to 2101 (2006)



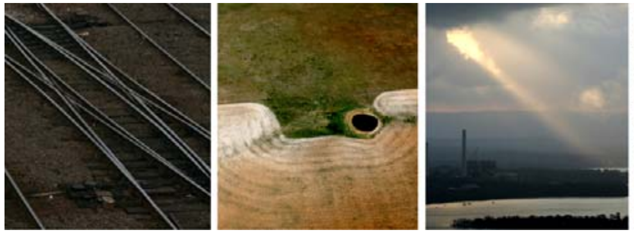
Examine The Business Strategy

The value proposition that gave rise to Downer EDI in the first place is stronger than ever

Western economies challenged by infrastructure boom.

Emerging discontinuities

Demographic shift leading to resource constraints.



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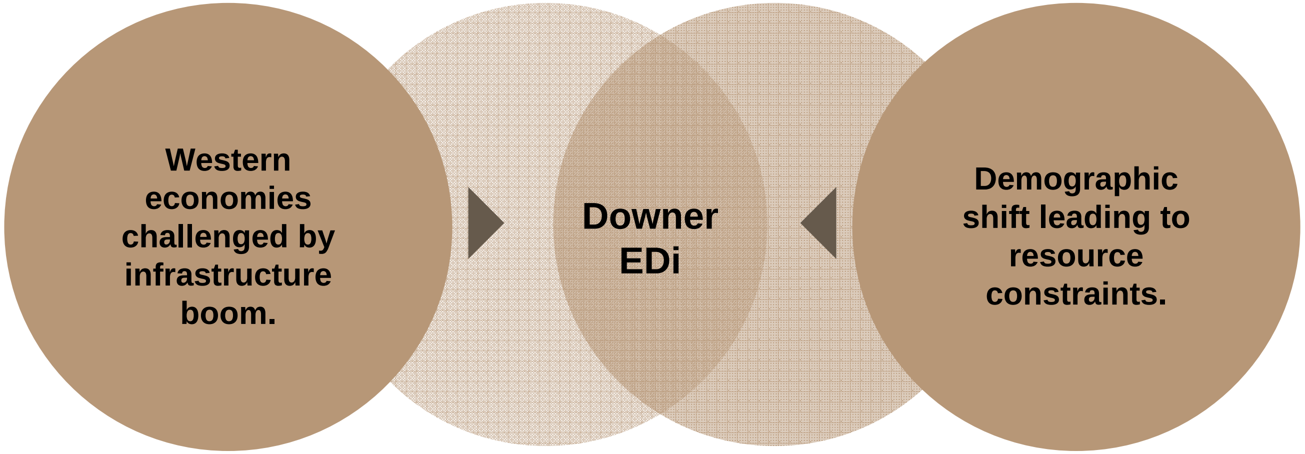
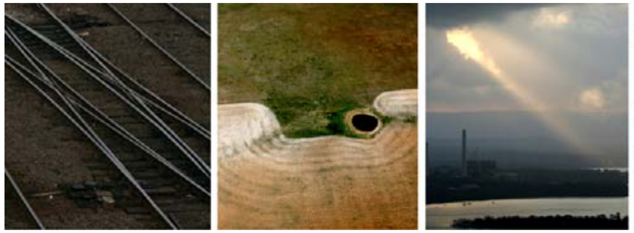




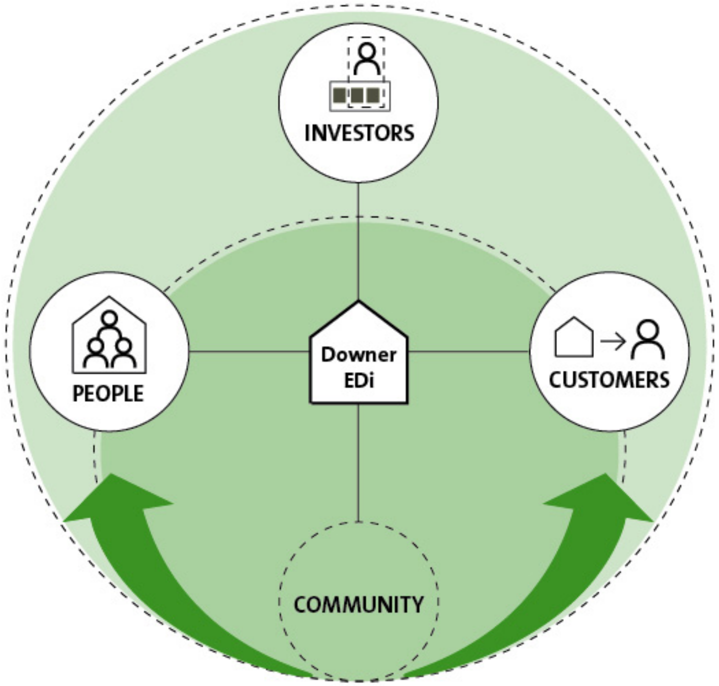
Writing our new chapter

We have revisited our business and committed to a shared mission for the future

Sustaining infrastructure so communities thrive

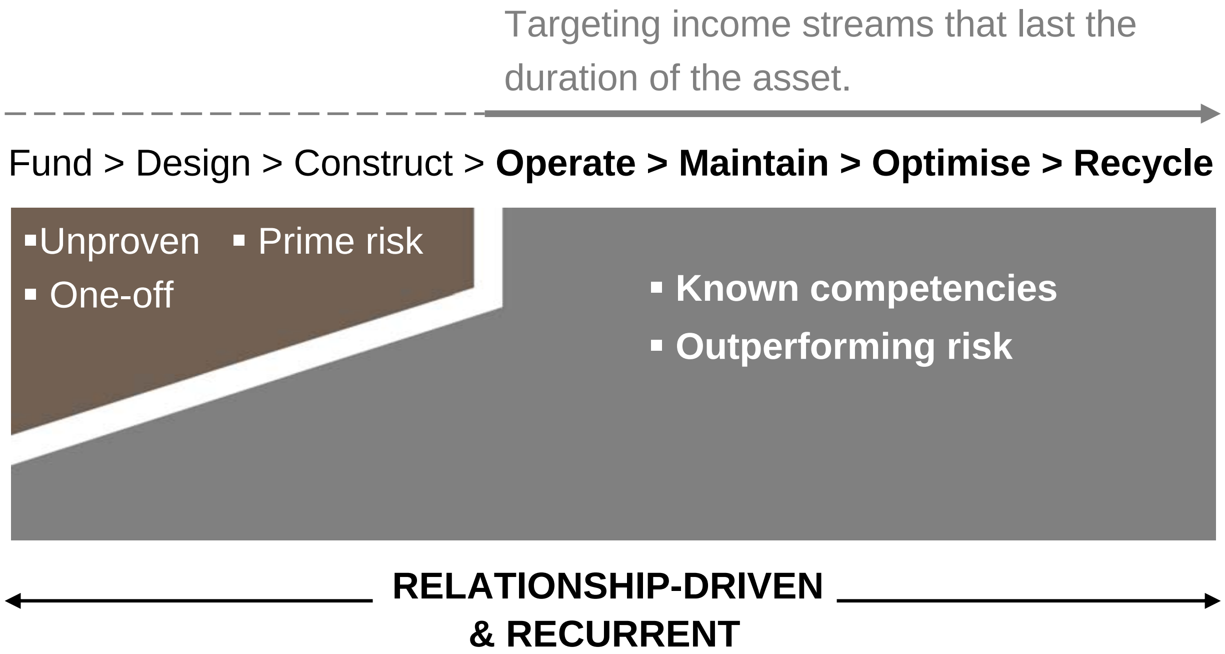
Writing our new chapter

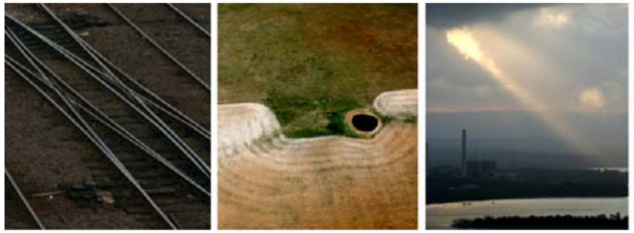
Superior Value Creation



Writing our new chapter

We will lead the market in “services to infrastructure”.
. . . by only playing where we can outperform risk.



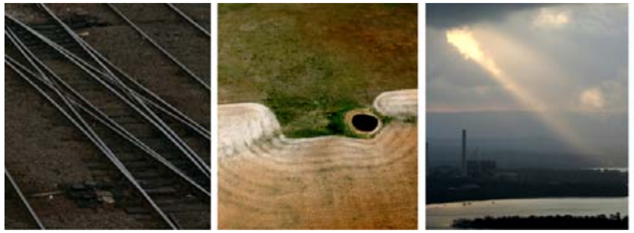


Writing our new chapter

We will focus on what we do best & will be driven by core values

WHAT WE DO BEST

- "We deliver."
- Building Relationships
- Engaging our people
- Creative Problem-solving

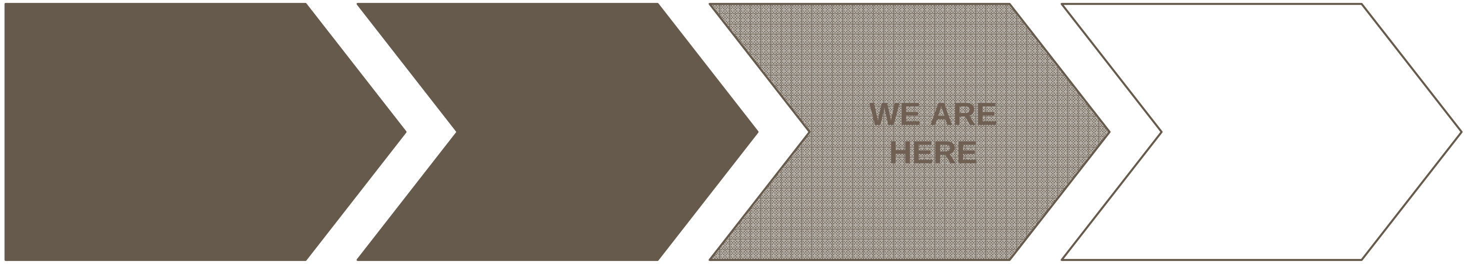


What will we do to get there

Focus on five key areas

Governance	Play only where we have proven to outperform risk.	**Culture**
Core Competencies	Build on our critical core competencies & share the knowledge.	
Financial Focus	Transparent accountability around financial performance & lead indicators.	
M & A	Deliver consistent & accretive value from our portfolio of assets.	

Next Steps



Examine business strategy

Test it against business streams

Review business streams

Outcomes & actions from review

Updates

- Sale of Century Resources
- NSW PPP
  - Progress report
  - CRC



Q1 Financial Update

Performance in line with expectations.

Quarter 1 to 30 September ($m)	2008[1]	2007	%
Revenue	1,332	1,271	5%
EBIT	58.2	50.1[2]	16%

[1] *Unaudited* [2] *Underlying EBIT*

- Q1 operational result in line with expectations
- Guidance for FY08 – EBIT of $280m in line with last year
  – updated outlook impacted by mining operations
- Balance sheet remains strong – investment grade credit rating

Divisional Update

Most divisions perform in line or ahead of expectations

Divisions	Commentary
DownerEDi Engineering	▪ Strong market demand in industrial and transmission markets ▪ Ahead of expectations in Q1
DownerEDi Works	▪ Australian operation continues to grow ▪ UK operations recovering – management change in UK
DownerEDi Mining	▪ Slower start to year in core mining activity ▪ Missed contract opportunities impact outlook ▪ Service operations performing to expectations
DownerEDi Rail	▪ Performance in line with expectations
Consulting Services	▪ Growth in home markets and abroad
Downer EDi	▪ Overall Q1 in line with expectations

Thank you

2 November 2007