

DOWNER EDI (DOW)

Upgrades Fiscal 2017 guidance

RESULTS	1H16	1H17	CHANGE	CONSENSUS	BELL POTTER ESTIMATES	COMMENTS
Revenue (\$m)	3,265	3335	2.1%			
EBIT (\$m)	113.2	120.8	6.7%			
Net Profit After Tax (\$m)	72.1	78.2	8.5%		69.5	(Reported pre ROADS Pref Div)
Interim Dividend (cents)	12.0	12.0	steady			fully franked. ex 15 Feb, pay 16 Mar

- Divisional EBIT:

- Transport Services up 31% to \$41.4m (strong performance and the successful integration of the RPQ acquisition.)
- Technology and Communication up 53.9% to \$21.7m (strong Aus and NZ)
- Utility Services down 8.8% to \$20.8m (lower than expected profit from the Ararat wind farm project)
- Engineering Construction and Maintenance up 31.6% to \$27.1m (strong performance on the Gorgon and Wheatstone projects and improved results from the resources related consultancies)
- Mining EBIT down 34.4% to \$44.4m (predominantly due to the completion of the contract at Christmas Creek)
- Rail up \$9.5m to \$14.0m (improved profitability relating to Waratah TLS, benefits from cost saving initiatives following a restructure in the pcg, and improved performance by joint venture operations.) The prior period included \$5.7 million of restructuring costs.

- Net Operating cash flow up 36.7% to \$243.6m due to strong contract performance, advance payments received and higher distributions from equity accounted investees

Outlook: Downer is targeting NPAT (pre ROADS Pref Div) of around \$175 million for FY2017 (up from \$163m previously).

Today's share price reaction: Up 15% to \$7.19 (10.53 am)

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