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DOWNER ACQUIRES TENIX FOR \$300 MILLION

Downer EDI Limited (Downer) announced today that it has signed an agreement to acquire all of the shares in Tenix Holdings Australia Pty Limited (Tenix) for \$300 million on a cash and debt free basis.

The Chief Executive Officer of Downer, Grant Fenn, said Tenix was an excellent strategic fit.

"We have said consistently that we are interested in opportunities that are strategic, grow our capability and the right price," Mr Fenn said. "The acquisition of Tenix achieves all of these goals.

"Tenix is a leader in the electricity, gas and water sectors in Australia and New Zealand. There is little overlap between the two companies and Tenix will be the foundation for a new core Utilities business for Downer."

Mr Fenn said Tenix had strong, long term relationships with some of the largest utility businesses in Australia and New Zealand. Tenix is a low capital intensity business that operates on long term operations and maintenance contracts and has been working with many of its customers for over a decade.

"Importantly, there are strong prospects for future growth," Mr Fenn said. "Tenix has played a leading role in driving efficiency from the privatisation of electricity networks in Victoria and South Australia and is well placed to do the same in other States as power distribution assets are privatised.

"Tenix also designs, constructs and maintains water and waste water treatment plants for a number of municipal councils and has developed a reputation for providing leading solutions for its customers in this sector," Mr Fenn said.

Tenix's Power & Gas and Water businesses contribute about 85% of total revenue.

The Resources & Energy business contributes about 15% of revenue. It focuses primarily on gas and renewable energy and this fits well with Downer's existing capability in these markets.

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The acquisition of Tenix will be funded through a \$300 million committed bank debt facility. As a result, Downer's on balance sheet gearing is projected to be around 10% at 30 June 2015. The transaction will be completed on 31 October 2014.

The acquisition will be earnings per share accretive in the first year.

"Tenix has high quality people, a focused safety culture, strong market positions, high levels of secured revenue and, together with Downer, excellent growth opportunities," Mr Fenn said.

"I look forward to welcoming the Tenix team and working with them to build a stronger Downer Group."

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