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KEOLIS DOWNER SIGNS AGREEMENT TO ACQUIRE AUSTRALIAN TRANSIT ENTERPRISES

Downer EDI Limited (Downer) announced today that the Keolis Downer joint venture has signed an agreement to acquire Australian Transit Enterprises (ATE) for $163 million.

ATE is one of Australia's largest route, school and charter bus businesses operating a fleet of over 900 buses in South Australia, Western Australia and Queensland.

The Chief Executive Officer of Downer, Grant Fenn, said the acquisition of ATE supported Keolis Downer's strategy to expand both geographically and into new modes of public transport.

"Keolis Downer, through Yarra Trams, has been operating and maintaining the Melbourne tram network successfully for over five years and, in July 2014, Keolis Downer began operating and maintaining the Gold Coast Light Rail," Mr Fenn said.

"The acquisition of ATE will see Keolis Downer expand into substantial bus operations and also into the new geographies of South Australia and Western Australia."

Mr Fenn said ATE had annual revenues of about $190 million, long term route service contracts with State Government authorities and a strong and experienced management team capable of developing the business further with the support of Keolis Downer.

"Keolis Downer is well placed to build on this acquisition and become the leading operator of public transport in Australia," Mr Fenn said.

Completion of the acquisition is scheduled to occur in early April, 2015 subject to the satisfaction of conditions precedent.

Keolis Downer will fund the acquisition through a $65 million bank loan from HSBC and shareholder loans from Keolis and Downer. The bank debt is non-recourse to the parent entities.

Keolis Downer is a joint venture between Keolis, one of the world's leading public transport operators, and Downer.

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Downer EDI Limited (Downer) provides services to customers in market sectors including Mining, Rail, Transport, Utilities, Communications and Engineering, Construction & Maintenance. Downer employs approximately 20,000 people, primarily in Australia and New Zealand but also in the Asia-Pacific region, South America and Southern Africa.