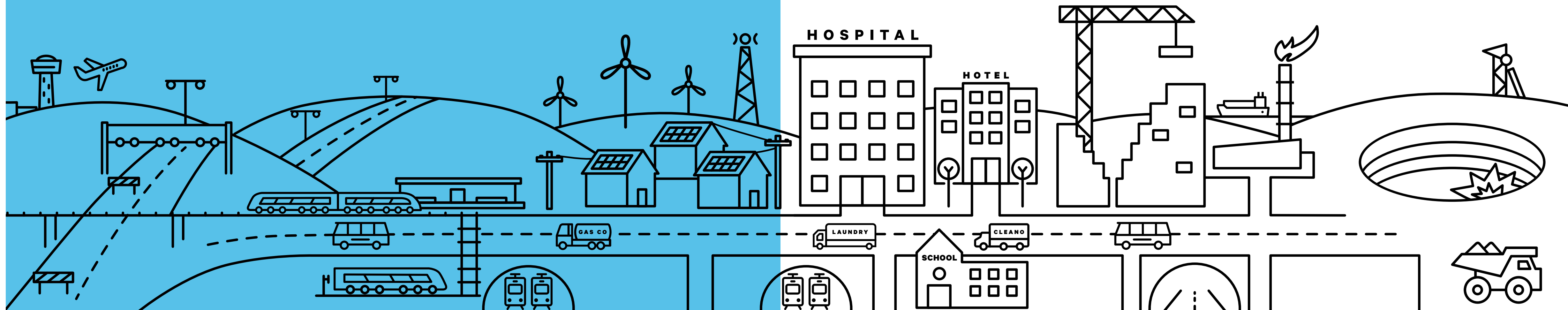


Investor Day - 2018



Our Purpose, Promise and Pillars

At Downer, our customers are at the heart of everything we do.

Our Purpose is to create and sustain the modern environment by building trusted relationships with our customers.

Our Promise is to work closely with our customers to help them succeed, using world-leading insights and solutions.

Our Pillars

Safety

Zero Harm is embedded in Downer's culture and is fundamental to the company's future success



Delivery

We build trust by delivering on our promises with **excellence** while focusing on safety, value for money and efficiency

Relationships

We **collaborate** to build and sustain enduring relationships based on trust and **integrity**

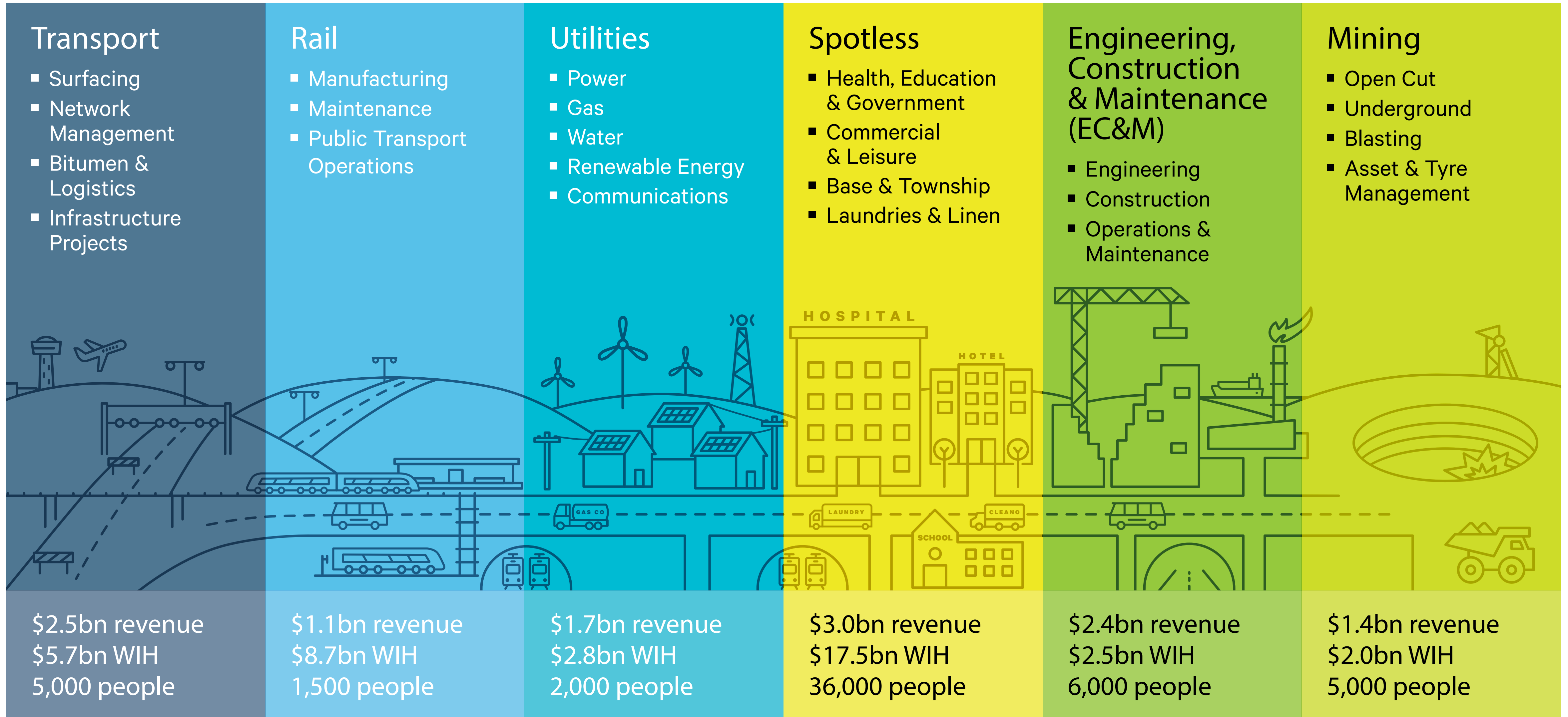
Thought leadership

We remain at the forefront of our industry by employing the best people and having the **courage** to challenge the status quo

The Downer ecosystem

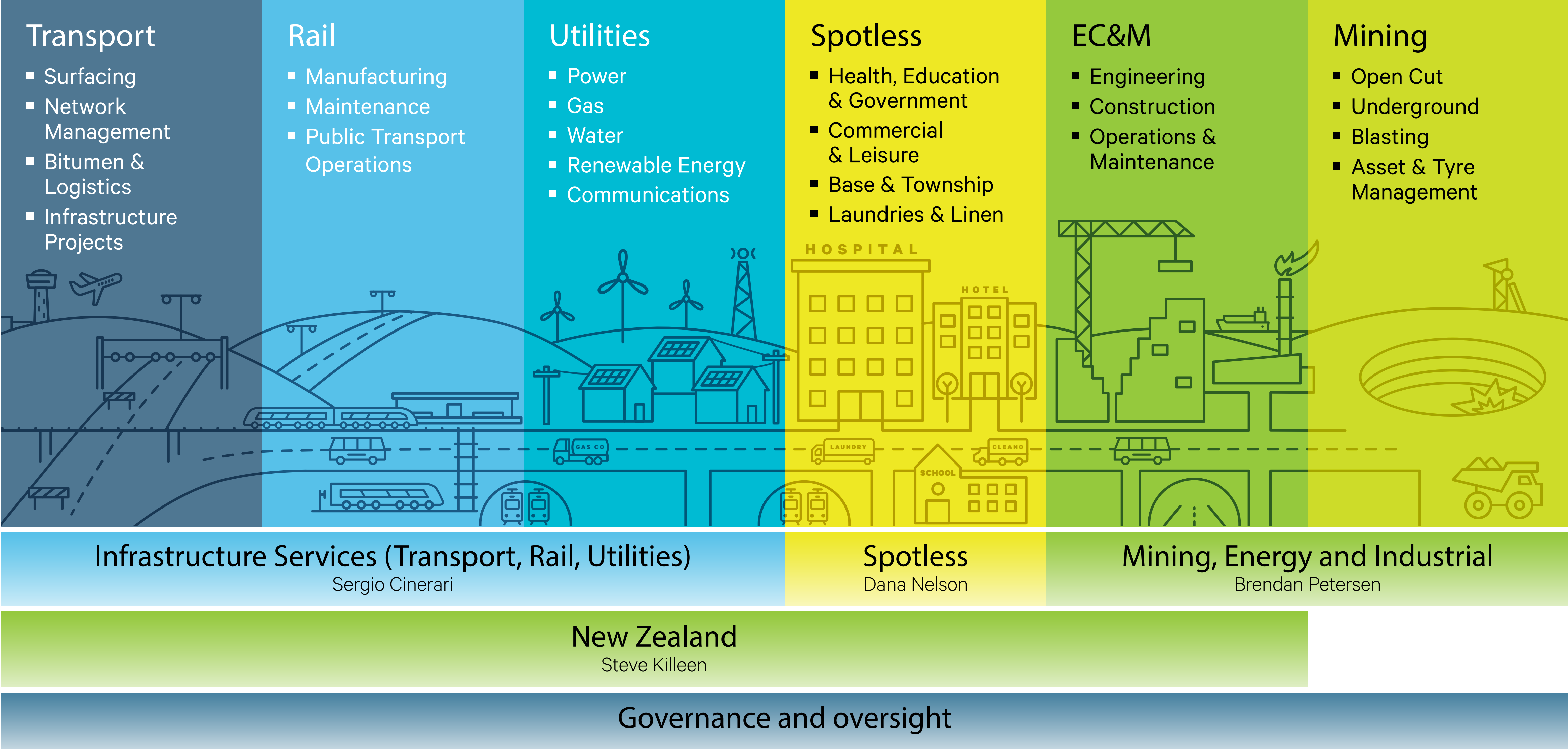


Our service lines



Note: revenue is annualised 1H FY18, WIH is at December 2017

Organisation structure



Transport

Transport (Australia)

- Surfacing
- Network Management
- Bitumen & Logistics
- Infrastructure Projects

\$1.9bn revenue
\$3.1bn WIH



Rail

- Manufacturing
- Maintenance
- Public Transport Operations

\$1.1bn revenue
\$8.7bn WIH



Transport

- Customer alignment
- Scale and efficiency
- Multi-modal focus
- Increasing government investment

\$3.0bn revenue
\$11.8bn WIH



Mining, Energy and Industrial



EC&M (Australia)

- Engineering
- Construction
- Operations & Maintenance

+ **Mining**

- Open Cut
- Underground
- Blasting
- Asset & Tyre Management

= **MEI**

- Customer alignment
- Scale and efficiency
- Extend service offering
- Accelerated change program

\$1.4bn revenue
\$2.1bn WIH

\$1.4bn revenue
\$3.0bn WIH

\$2.8bn revenue
\$5.1bn WIH

WIH includes contract wins since 1H FY18 results

Managing for success

Business planning and governance

- Annual three year plan
- Bottom up/top down
- Target setting/guidance
- Common management systems and processes
- Focus on capital allocation, returns, cash conversion
- Monthly business performance reviews
- Management by forecast exception

Risk management

- Safety
- Risk aversion
- Legal team
- Bid approval process
- Project Management Office
- Internal audit

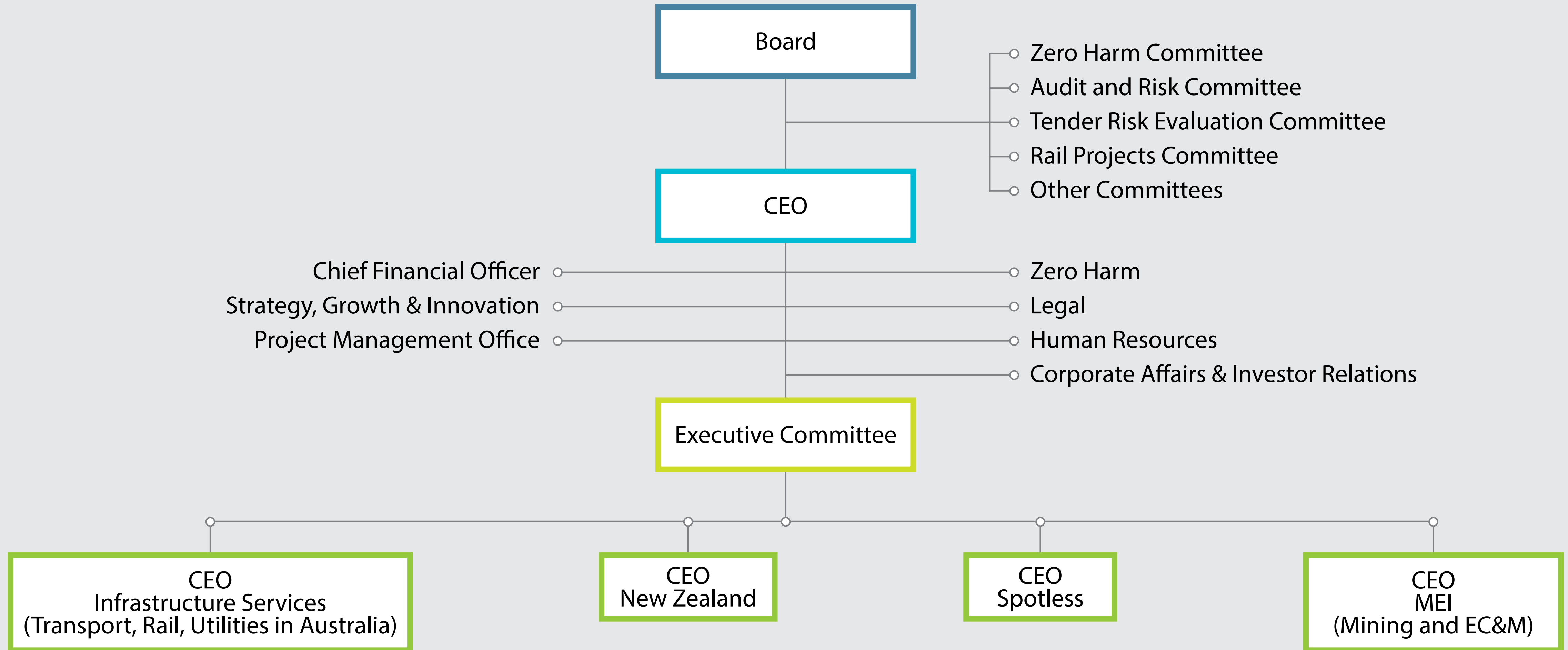
Accountability framework

- CEO's accountable for business performance
- Remuneration structure drives consistent safety, earnings, cash and people focus
- High level of CEO decision rights
- Transparency highly valued
- High level KPIs

Talent and capability

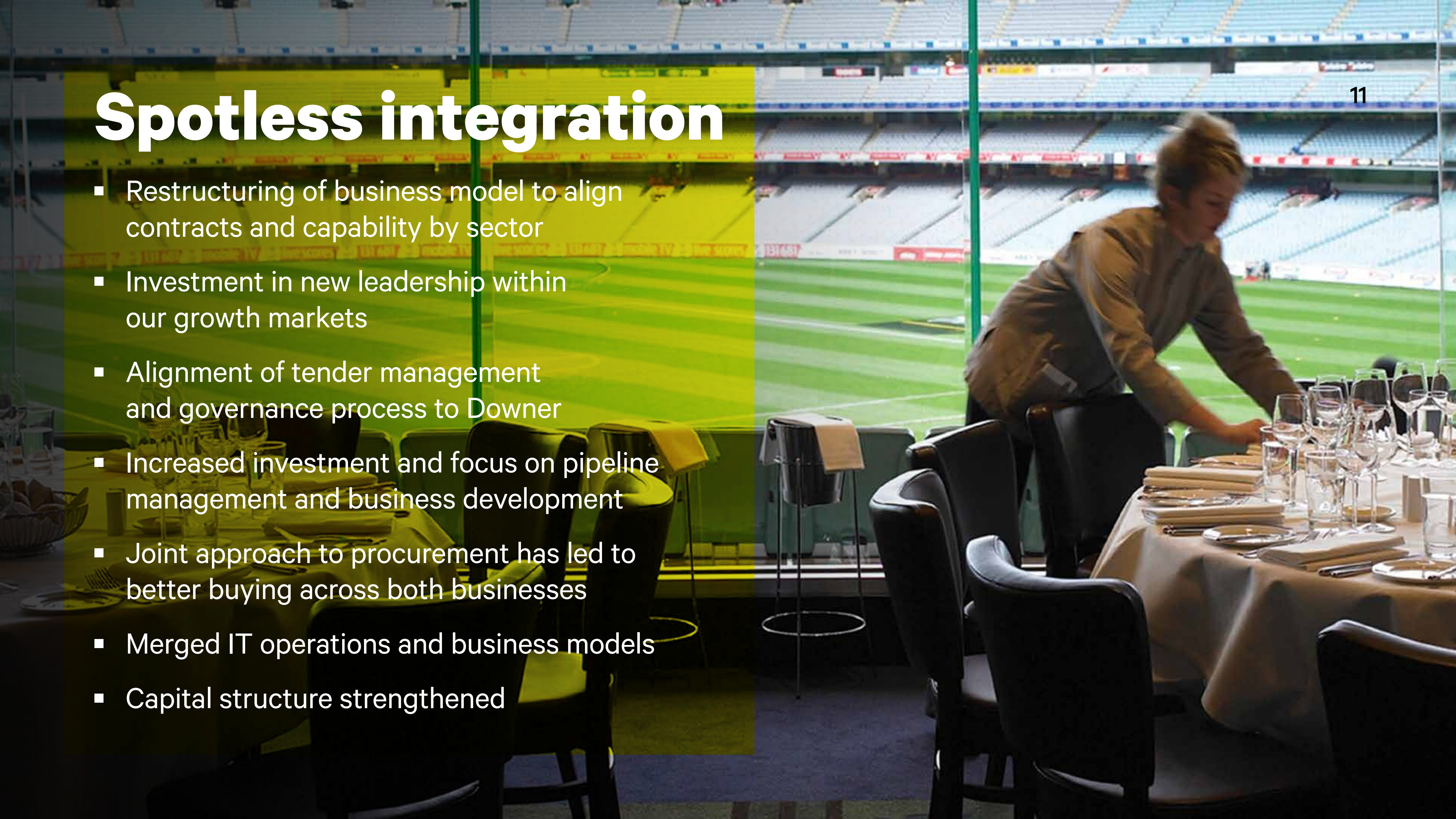
- Employer of choice
- Remuneration
- Stability
- Culture
- Innovation
- Business breadth
- Opportunity

Managing for success



Spotless integration

- Restructuring of business model to align contracts and capability by sector
- Investment in new leadership within our growth markets
- Alignment of tender management and governance process to Downer
- Increased investment and focus on pipeline management and business development
- Joint approach to procurement has led to better buying across both businesses
- Merged IT operations and business models
- Capital structure strengthened



Over \$2 billion added to Spotless order book

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Wins in core markets

More than \$400m of new customers in our core markets

- Perth Zoo function centre DBFO
- Victorian schools cleaning
- BHP House and township FM

Joint approach to markets

Over \$100m of work secured through joint bidding

- Victorian Police headquarters M&E fit-out
- Ballarat Energy Storage Project

Renewals and contract extensions

Contracts extended and renewed since offer close increases order book by over \$1.3bn

- NSW Government facility management
- SA Government facility management
- Defence Estate facility management

Capture revenue leakage

Internal services provision by Spotless captures \$150m previously outsourced revenues

- Train cleaning and FM
- NBN linework
- Downer office and depot cleaning and FM

Joint bidding, market and pipeline development

- Defence: Co-ordinated approach to market as one of Australia's largest and most diverse service providers to Defence
- Commercial and Social M&E contracting: integrated service capability offering the best of both Downer and Spotless businesses (AE Smith and Nuvo)
- Aligned NZ model: Aggregation of NZ scale, appointment of country leadership and co-ordinated approach to region
- Transport services: Combining capability to self perform services throughout the supply chain for rail and infrastructure PPPs
- Integrated resources offering: End to end service offering to mineral and Oil & Gas resource customers, capable of providing services from pit to port
- Joint Utilities sector approach: Complementary skills offering to a significant combined customer base

Royal Adelaide Hospital

- Spotless commenced facilities management subcontract in September 2017
- Numerous issues identified relating to scope of services and commercial issues
- Currently cash negative and with a higher number of full time employees than originally forecast
- Commercial discussions are ongoing with key stakeholders – South Australian Government, Celsus (PPP project company) and Spotless



Refinancing

- Coordinated syndicated loan refinancing launched 19 March:
 - \$400m for Downer (tenor split between 4 and 5 years)
 - \$900m for Spotless (tenor split between 3 and 4 years)
- Book build completed 4 May with both transactions significantly over-subscribed and well supported by both existing and new lenders
- Financial close scheduled for the week commencing 14 May
- Downer's credit strength and 87.8% equity interest were pivotal to the successful refinancing of Spotless
- Strategic goals achieved include:
 - increased lender diversification
 - for Spotless, a stable long term funding platform with extended debt duration (increasing from 1.7 years at 31 December 2017 to more than 3 years at 30 June 2018)
- Overall reduction in funding costs

Guidance confirmed

Downer is targeting consolidated underlying net profit after tax and before amortisation of acquired intangible assets (NPATA) of \$295 million before minority interests for the 2018 financial year.

Infrastructure Services (Transport, Rail, Utilities in Australia)

	Roads	Rail	Utilities	Infrastructure projects
	<p>Road network management; asphalt production and asphalt surfacing; spray seal and micro-surfacing, specialist binders and stabilisation; bituminous products; repurposing, recycling and alternative material streams</p>	<p>Passenger rail rolling stock: long term through-life-support; overhaul and project management; digital asset management and fleet performance.</p> <p>Keolis Downer: light rail, bus and transport solutions</p>	<p>Telecommunications and technology; HV transmission; power and gas distribution network management and maintenance; management and renewal of water assets; management, design and construction of wastewater treatment plants; design and construction of solar and wind farms; energy storage</p>	<p>Heavy and light rail construction and maintenance; signalling; bridges and structures; civil and road infrastructure</p>
Strategic initiatives	<ul style="list-style-type: none"> ▪ Grow core services as population grows ▪ Continue to build road network management business ▪ Expand intelligent transport systems ▪ Grow repurposing offerings 	<ul style="list-style-type: none"> ▪ Successful delivery of SGT and HCMT ▪ Enhance TLS asset management services – digital and data ▪ Build on key partnerships: Keolis Downer and CRRC 	<ul style="list-style-type: none"> ▪ Grow technology and communications into new markets e.g. 5G ▪ Expand power and gas distribution services ▪ Continue to build an integrated national Water business ▪ Further development of Renewables – generation, storage and transmission 	<ul style="list-style-type: none"> ▪ Expand current footprint to other States ▪ Deliver new services e.g. rail infrastructure maintenance, signalling ▪ Continue to grow bridge strengthening and rehabilitation offering

Transport Services

Roads, rail, ports, airports, open space management

Utilities

Power, gas, water, technology and communications, ITS

Infrastructure Projects

Civil, mechanical and electrical services to transport, energy, water and industrial sectors

Building Projects

Non-residential building

Strategic initiatives

- Consolidate market leadership position in airports
- Leverage Australian capability for rail maintenance activities
- Disciplined delivery
- Innovation e.g. recycling and bitumen
- New geographies e.g. Fiji

- Focus on increasing renewal work for ageing assets
- Continued growth in high demand Water sector
- Multi-skilling capability of workforce
- Adapt to changing technologies e.g. 5G
- Outsourcing opportunity in power distribution

- Leverage Australian capability into rail/light rail market opportunities
- Increase 3 Waters renewal capability to align with growth market
- Position as preferred provider of collaborative contract e.g. ECIs and Alliances
- Greater presence in “thought leadership” aligned with project planning and government relations
- Develop best in class project controls and associated governance

- Continue to develop preferred position with long-term institutional customers e.g. universities and airports
- Use market leading BIM capability to secure premium work with value focused customers
- Attract and retain the industry’s best talent
- Develop best in class project controls and associated governance

Engineering & Construction

- Global minerals technology process engineering and manufacturing
- EPC services to the resources and industrial sectors
- Large scale mechanical and electrical construction services to:
 - Oil & Gas
 - Resources
 - Industrial
 - Transport infrastructure

Contract Mining

- Resource definition, exploration drilling and mine feasibility studies
- Open cut mining services to Australian coal, iron ore and gold
- Underground mining services to Australian, PNG and South African copper and gold
- Drilling, explosives supply, blasting and crushing
- Mine closure and rehabilitation

Asset Services

- Asset management, reliability engineering, turnarounds, shutdowns and sustaining capital programs for:
 - LNG/CSG
 - Power generation
 - Mining
 - Industrial markets
- International mobile mining equipment and tyre management

Strategic initiatives

- Engineering services, equipment supply and EPC solutions to global mineral sands, precious metals and 'battery' minerals (high grade Fe, Zn, Li, Ni, Co)
- EPC solutions to the growing Australian base and precious metals (copper and gold) market
- Large scale mechanical and electrical construction in iron ore, transport infrastructure and waste to energy
- Technology investment in BIM for construction 'Advanced Work Packaging'

- Contract extensions for open cut coking coal and iron ore mining
- Grow underground mining business focusing on copper and gold, both in Australia and Africa
- Leverage vertical integration capability of mining, blasting and tyre management services
- Leverage our global footprint in Africa and South America
- Technology investment in autonomous operations and remote analytics

- Grow annuity contracts across our sectors, including LNG and CSG field services
- Target turnaround and shutdown services in power generation, resources and oil & gas
- Grow mining maintenance services for fixed and mobile assets
- Technology investment in field mobility solutions, data capture and operational analytics for optimising operating asset performance and maintenance strategies

Infrastructure & Construction

Electrical, Mechanical and HVAC

Laundries

Health Private and Public, Industrial and Accommodation

Hospitality & FM

Leisure, Business, Private Education and Resources

Government

Social Housing, Whole of Government, Local Government, Education (incl. Tertiary) and Health

Defence

Estate and Infrastructure, CASG & JLC and OEMs

Strategic initiatives

- Build our integrated M&E offering into New Zealand leveraging Hawkins/Downer supply chain
- Transition discrete Mechanical & Electrical capability into integrated M&E service offering
- Create a 'Project Development' capability within our I&C business which provides niche building services to Spotless and the Downer Group

- Reshape our offering in Laundries market to differentiate through logistics, commercial innovation and technology
- Develop Reusable, Barrier Fabric (RFB) solution to minimise impact of surgical reductions
- Develop smart hospital model with Government and I&C businesses
- Target premium opportunities in accommodation market

- Target growth opportunities from single service to integrated offerings
- Leverage Downer Group synergies to grow in Resources
- Partner with property management company to deliver hospitality services

- Establish Justice sector capability through forming joint ventures and B2B partnerships
- Explore potential export markets where our capabilities can be translated (Asia, America, Europe and Middle East)
- Leverage Downer relationship to take our FM capability to Utilities customers
- Target key, non-PPP hospital projects and infrastructure and transport PPPs
- Shape market around core tenancy management capabilities

- Establish Defence Centre of Excellence
- Create OEM partnerships within Defence to expand our service offering
- Explore potential export markets where our capabilities can be translated (Canada and America)