

4 November 2021

ASX Market Announcements Office  
ASX Limited  
20 Bridge Street  
Sydney NSW 2000

Dear Sir/Madam

**RE: Downer EDI Limited 2021 Annual General Meeting**

Please find attached a copy of the following documents related to the Annual General Meeting of Downer EDI Limited to be held at 11.00am today:

- Chairman's address to shareholders;
- Chief Executive Officer's report; and
- Slide presentation for the meeting.

Release of this announcement is authorised by:



**Robert Regan**  
Company Secretary

## **DOWNER GROUP ANNUAL GENERAL MEETING 2021 CHAIRMAN'S ADDRESS AND CHIEF EXECUTIVE OFFICER'S REPORT**

### **Chairman's Address, Mark Chellew**

Ladies and gentlemen,

I joined the Downer Board just two months ago and became Chairman last month. I believe Downer has an excellent portfolio of businesses and I am excited about its future prospects. If elected later in this meeting, I believe my four decades of experience in senior leadership and governance roles will be valuable to the Board and to you as shareholders.

Unfortunately, since I joined the Board COVID-19 restrictions have significantly limited my ability to visit Downer work sites or meet senior management face-to-face – although I have been able to have virtual meetings with a large number of the executive team. It would therefore be premature for me to make too many judgments about your company.

I can say, however, that I believe Downer has an industry leading Zero Harm culture. With my background in industrial businesses, this is of paramount importance to me – as I'm sure it is to you as shareholders.

I am also very pleased that Downer continues to improve its sustainability performance and reporting. I believe, as with Zero Harm, Downer is an industry leader in this area. If you haven't already done so, I strongly encourage you to read our Sustainability Report, which is available on our website. It includes many case studies as well as full details of our performance across the Group.

Ladies and gentlemen, one of my first priorities as Chairman will be to continue the process of Board renewal at Downer.

This is the first Downer Annual General Meeting since 2007 that hasn't featured Mike Harding. Mike joined the board in 2008 and became Chairman in 2010. He retired from the Downer Board at the end of September this year, having given over 13 years' service to your company.

Mike made an enormous contribution to Downer during a period in which the company successfully navigated many challenges and achieved significant growth. On behalf of the Board, I thank Mike for his leadership in positioning Downer for success in the future.

Philip Garling has been on your Board for ten years and while he is standing for re-election as a Non-executive Director today, we have stated in the Notice of Meeting that, if re-elected, he intends to retire during his next term as part of the process of Board renewal at Downer.

The Board has appointed a recruitment firm to assist it in this renewal process and the firm will work closely with the Board to identify the skills that new Directors should bring to Downer and then identify a list of candidates to be interviewed. I expect that at next year's Annual General Meeting there will be at least two new Non-executive Directors on your Board – and hopefully you will be able to see them in person, not just on a screen.

When a company appoints a new Chairman, he or she is usually asked if they support the current corporate strategy. I confirm my support for Downer's Urban Services strategy and congratulate the team for successfully reshaping the Group into a focused Urban Services business with a strong platform for long term, sustainable growth.

A lot has been achieved in relation to this strategy since last year's Annual General Meeting, including divestment of the non-core Mining and Laundries businesses – and Grant will have more to say about that in his report.

Importantly, Downer's Urban Services focus enabled the group to deliver a resilient performance despite this year's COVID restrictions and lockdowns in both Australia and New Zealand. Again, Grant will provide you with more details.

I would like to thank Grant, his executive team and our people for their efforts during what has been another very challenging 12 months. I would also like to thank you, our shareholders, for your support for Downer during the year.

I will now hand over to Grant before I return to run through the resolutions that will be put to the meeting.

Thank you.

## **Chief Executive Officer's Report, Grant Fenn**

Thanks very much, Chairman

Ladies and gentlemen, the 2021 financial year really tested the resilience of our business and in doing so it brought out the best in our people.

I am very proud of the way we continued to adapt and respond to the many challenges that confronted us, particularly the myriad of ever-changing COVID-19 restrictions. It has been a handful. That we continued to deliver for our customers in such a positive way is a testament to this great company and I would like to take this opportunity to thank our people and our customers for their amazing efforts during the year.

Financial year 2021 was an important year for Downer. Twelve months ago, we laid out a number of priorities.

We said we needed to deliver strong earnings and cash in the 2021 financial year and earnings were up 21%, cash conversion was 101% of EBITDA and margins increased by 0.7 percentage points. Overall, it was a very solid financial performance particularly in light of COVID-19 operating restrictions.

The Board declared a final dividend of 12 cents per share, that's a 60% payout ratio for the second half of the year, and full year dividends totalled 21 cents per share. And we intend to build the dividend per share over time

We said we needed to complete the sale of our non-core assets. During the year we made very good progress and have since announced the sale of our last mining business, Open Cut East. The divestment of our Mining, Laundries and a large chunk of Hospitality contracts has realised \$778million in total proceeds. A very good outcome for shareholders. We have received \$537 million to date with the remainder expected to be received in the next two months.

We have taken action to change our corporate structure to improve market focus and reduce costs. The Spotless operations are now fully integrated into Downer and we have reduced management layers and consolidated functions for better performance.

We have recapitalised the business, reset our target capital structure and commenced a \$400 million on-market share buyback. We have so far bought back about \$90 million worth of shares under this program and we will continue buying back shares into the 2022 financial year.

Ladies and gentlemen, our Urban Services strategy focusing on Transport, Utilities and Facilities is the right one. We are leveraged to the long-term trends of expanding population, urbanisation, government outsourcing and now, with the Federal Government's commitment for net zero carbon emissions by 2050, decarbonisation of the economy.

Government is getting bigger every day and 90% of our work-in-hand – which totals more than \$35 billion – now comes from contracts with governments and owners of critical national infrastructure in Australia and New Zealand. This compares with 56% five years ago – a huge change.

The Downer portfolio is now less cyclical, with lower capital requirements and stronger cash conversion. Importantly, we have scale, diversity and financial strength.

The Chairman mentioned earlier that our sustainability reporting and performance has continued to improve – as have our external ratings in this important area. At Downer, we believe the increasing focus on sustainability by our customers and capital providers is a real opportunity to differentiate ourselves.

The divestment of our Mining and Laundries assets will reduce our scope 1 and 2 emissions by 35% or 206,000 tonnes of carbon dioxide equivalent.

Downer's technical capabilities and investment in new technologies will not only lower capital intensity for our own business but increasingly we are helping our customers reduce their carbon emissions.

Our Road Services business has been very successful in developing new "green" products that use a high level of recycled or re-purposed materials from roads, road sweepings, glass and other waste that otherwise would go straight to landfill. These products are very popular with customers, particularly local governments. We are investing in "state of the art" manufacturing and recycling plants that are energy efficient and can blend high levels of recycled material into our product mix. Not only is this more sustainable environmentally but it is cost effective when compared with virgin materials dug out of the ground. We expect more investment in recovery and re-purposing of materials for road building and maintenance, and our Reconomy, Repurpose It and Reconophalt service offerings put us in a very strong position.

More broadly in the transport sector, we will continue to develop smart road and rail solutions and we are already building the new infrastructure required to support alternate fuel vehicles. All governments and fleet owners will look to reduce energy use and we are working on the production and trial of lower emissions trains and locomotives as well as zero emissions buses.

Our Utilities business will continue to play a role in renewable electricity generation and benefit from the network upgrades required to support higher renewable capacity – including transmission lines, substations and associated connections.

There are also opportunities in energy storage systems, energy efficient wastewater treatment facilities and smart meter technology.

We will continue to maintain and upgrade existing power generation assets and we are well placed to play a role in delivering hydrogen associated infrastructure as well as carbon capture and underground storage.

Across the Group, you can see that Downer's extensive capabilities are well placed for this potentially massive decarbonisation effort that will be required to meet our net zero target. We anticipate that State and Local Governments and major corporates will accelerate their efforts and Downer will be there with the solutions.

More broadly on the ESG front, we are a good corporate citizen and our corporate culture is strong. Our workforce is diverse and we support and empower Indigenous business, culture and education.

We work very hard to look after our people, including their mental health. We have implemented a range of initiatives in recent years to change the conversation around mental health, reduce the stigma associated with it, and empower our people with strategies and activities to support their wellbeing. In May this year, we became a major partner of Beyond Blue, a leading Australian mental health organisation. This partnership deepens our support for our people and also the broader community, which has reached out to Beyond Blue in record numbers during the COVID-19 pandemic.

Ladies and gentlemen, now let's turn to financial year 2022.

When we reported our full year results in August, we stated that while we were not immune from the impact of COVID-19 restrictions, the impact on Downer was relatively limited.

We said that we expected our core Urban Services to continue to grow in the 2022 financial year, both in revenue and earnings.

We also noted that we were cautious of the changing nature of the COVID pandemic and the ongoing restrictions and so we did not provide specific earnings guidance for FY22.

Soon after we reported, as you would all unfortunately understand, the Delta strain was upon us and there was a significant increase in the severity of restrictions across Australia and New Zealand and this has impacted all of our businesses to varying levels.

In the core business, the most heavily impacted have been our NZ operations (with a Level 4 shutdown) and our Facilities and Asset Services with the shutdown of small scale construction and State border closures. Of our remaining non-core businesses Hospitality has been most heavily affected as events have been cancelled at our major venue, the MCG.

Despite the negative impacts of increased COVID-19 restrictions, the first three months of trading for financial year 2022 (July to September) have again shown the resilience of the core Downer business (Transport, Utilities and Facilities) with core EBITA in line with the prior year. We are hopeful that the worst is over with restrictions on work and mobility starting to lift. Demand for our services remains strong for the remainder of financial year 2022.

In conclusion, I would again like to thank our people, right across the Group, for their massive contribution in financial year 2021, and also to thank you, our shareholders, for your continued support.

I now hand the meeting back to our Chairman to discuss the items outlined in the Notice of Meeting.

# Downer

## Annual General Meeting

### 4 November

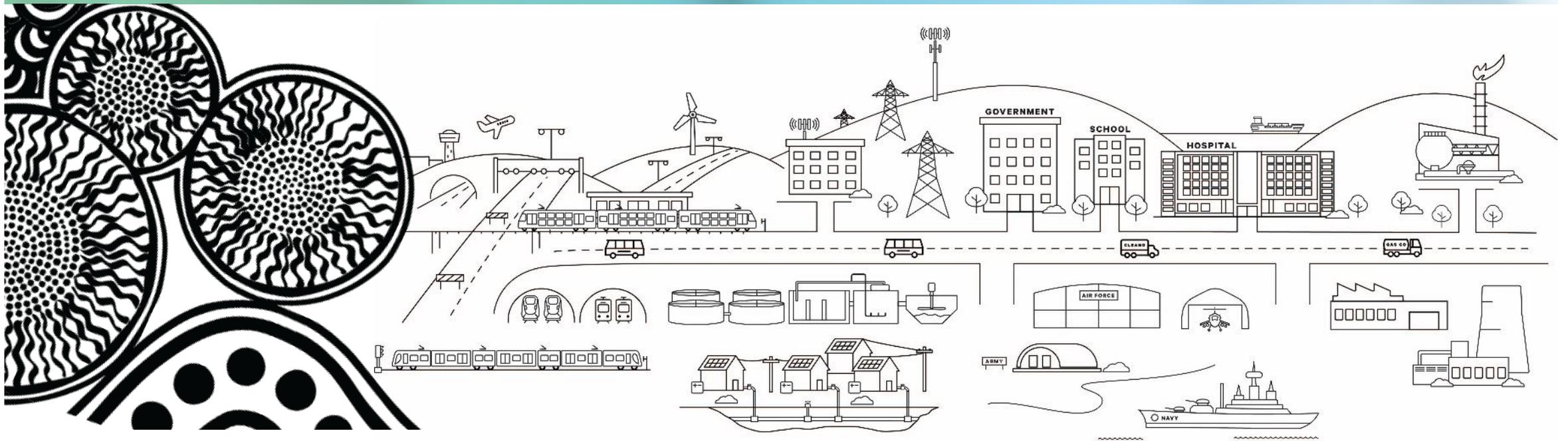
# 2021

**Downer**  
Relationships creating success



# Mark Chellew

## Chairman



# Housekeeping

## To vote

When open, the vote will be accessible by selecting the voting tab at the top of the screen



To vote simply select the direction in which you would like to cast your vote. The selected option will change colour

For  Against  Abstain

There is no submit or send button, your selection is automatically recorded. You can change your mind or cancel your vote any time before the poll is closed

123-456-789

HOME MESSAGING VOTING

Poll Open

You have voted on 0 of 2 items

**Resolution 1**

Select a choice.

For  Against  Abstain

CANCEL

**Question 2**

Select a choice.

Yes  No  Unsure

The screenshot shows a mobile application interface for voting. At the top, there's a dark header with the phone number '123-456-789' and three navigation tabs: 'HOME', 'MESSAGING', and 'VOTING'. Below the header, it says 'Poll Open' and 'You have voted on 0 of 2 items'. The first question is 'Resolution 1' with the instruction 'Select a choice.' and three radio button options: 'For', 'Against', and 'Abstain'. Below these is a 'CANCEL' button. The second question is 'Question 2' with the instruction 'Select a choice.' and three radio button options: 'Yes', 'No', and 'Unsure'. An orange arrow points from the 'CANCEL' button in the screenshot to the text in the third callout box.

# Housekeeping

## To ask a written question

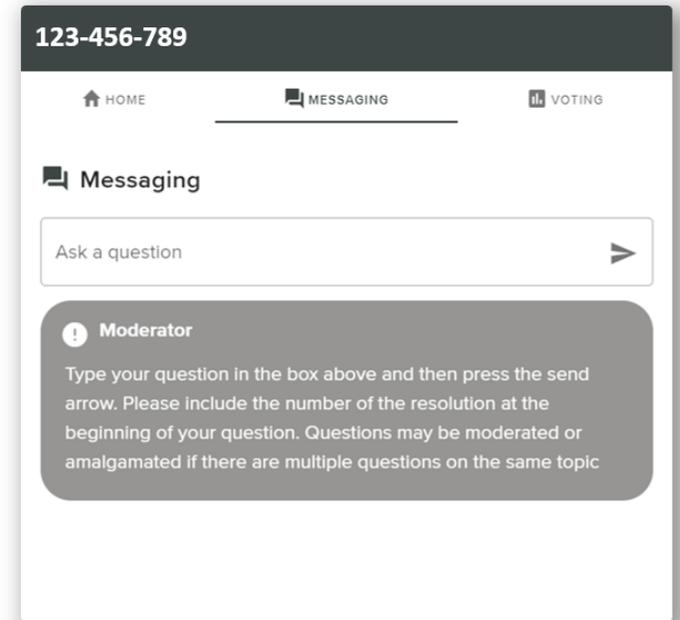
When the question function is available, the messaging tab will appear at the top of the screen



To submit a question, type your question in the "Ask a question" box and press the send arrow



Your question will be sent immediately for review

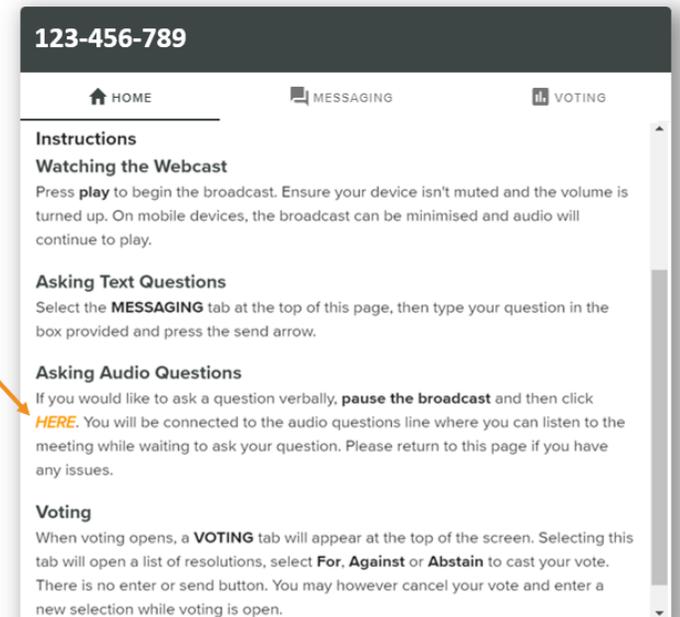


## To ask an audio question

When the audio questions line is available, a link will appear on the home tab titled **Asking Audio Questions**

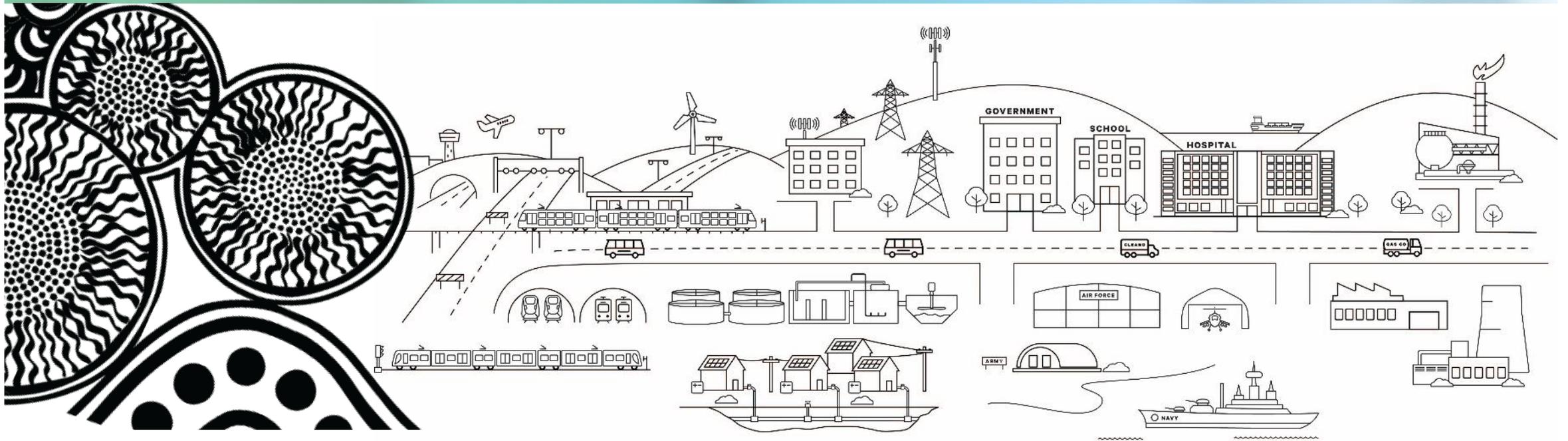
If you would like to ask an audio question, **pause the meeting broadcast** and click on the link

You will be prompted to enter your name and the topic of your question before being placed in the audio questions queue



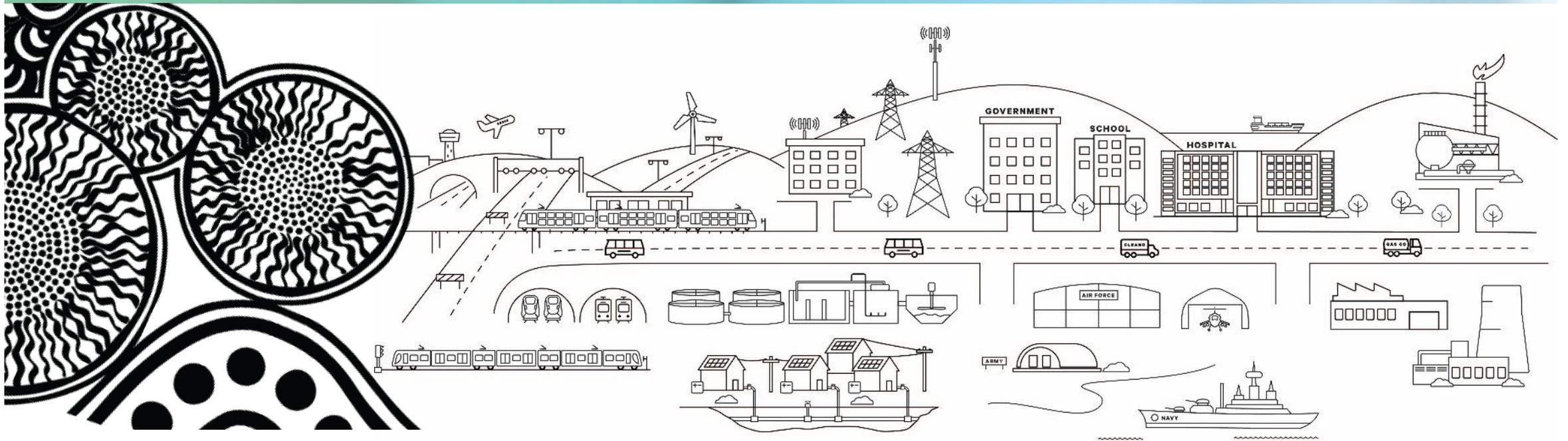
# Mark Chellew

## Chairman



# Grant Fenn

Managing Director and Chief Executive Officer



# Financial Year 2021 - Delivering on priorities

## Deliver strong FY21 earnings and cash result

- ✓ High underlying cash conversion of 101%
- ✓ Increased dividend payout ratio (21cps full year)
- ✓ Underlying EBITA margin improvement (+0.7bps)

## Urban Services Portfolio

- ✓ Total proceeds of sales at 30 June 2021 of \$628m<sup>1</sup> with \$510m<sup>2</sup> received in FY21
- ✓ Refinement of corporate structure and cost base
- ✓ Progressing divestment of Open Cut East



Complete



In progress

## Capital Management

- ✓ Reset optimal capital structure at Net Debt / EBITDA of 2.0-2.5x (Gearing 19%)
- ✓ \$400m share buy-back commenced

## Sustainability

- ✓ Signatory to the SBTi, committed to Net Zero by 2050 in line with the 1.5C business ambition pathway
- ✓ S&P CSA Global ranked Downer in the top 15 per cent for our industry sector

## Implementation of The Downer Standard

- ✓ Quality systems and IP capture
- ✓ Common processes / single certification

<sup>1</sup> Includes proceeds from Laundries and Mining Divestments (Downer Blasting Services, Open Cut West, RTL joint venture, Snowden, Underground, Otraco and various equipment sales).

<sup>2</sup> Excludes \$39m deferred payments in relation to Open Cut West as at 30 June 2021 and \$79m from Otraco sale which is expected to complete before December 2021.

# Sustainability Achievements

- ✓ S&P Global Sustainability Yearbook Member and Industry Mover in 2021.
- ✓ Establishment of \$1.4bn syndicated sustainability linked loan facility

## Environment

- ✓ Signatory to the Science Based Target Initiative (SBTi), committed to Net Zero by 2050 in line with the 1.5C business ambition pathway.
- ✓ Increased the percentage of recycled materials in Asphalt products
- ✓ Signed up to the CDP Supply Chain program

## Social

- ✓ Above Industry Benchmarks for safety performance LTIFR<sup>1</sup> 0.99 & TRIFR<sup>2</sup> 2.60
- ✓ Increased number of Indigenous procurement supplier agreements
- ✓ Increased Māori engagement through supplier and development programs such as Amotai and Māori Leadership programs (Te Ara Whanake)
- ✓ Maintained Gold Accreditation in Mental Health First Aid and Partnership with Beyond Blue

## Governance

- ✓ Established The Downer Standard, achieved centralised third-party accreditation to the ISO 45001 (Safety), ISO 9001 (Quality) and ISO 14001 (Environment)
- ✓ Downer published its inaugural Modern Slavery Statement.



<sup>1</sup> Lost-time injury frequency rate  
<sup>2</sup> Total recordable injury frequency rate

# Sustainability opportunities

- Group**
- Sustainability linked finance
  - Support Mental Health in Downer and the community
  - Provide staff with opportunity for workplace giving
  - Support indigenous education and cultural awareness
  - Support diversity within Downer and the community

## Transport



- Further investment in recovery and re-purposing materials for road building and maintenance (Reconomy, Repurpose It, Reconophalt)
- New infrastructure to support alternate fuel vehicles (EV charging)
- Development of smart road and rail solutions
- Construction of more climate resilient infrastructure
- Lower emissions trains and locomotives, zero emissions buses, automated and digitised transport systems
- Energy reduction modifications on existing transport fleets

## Utilities



- Network upgrades to support higher renewable capacity (e.g. transmission lines, substations and associated connections)
- Design, construction and maintenance of renewable electricity generation (e.g. solar and wind farms)
- Microgrids and energy storage systems
- Energy efficient wastewater treatment facilities (e.g. biosolids gasification technology)
- Smart meter technology upgrades

## Facilities



- Asset Services
  - End-to-end hydrogen associated infrastructure
  - Maintenance, shutdowns upgrades of existing power generation assets
  - Carbon capture and underground storage
- Facilities
  - Smart integrated building management systems (rooftop solar, sensor technology)
  - Predictive maintenance solutions
  - Energy efficiency solutions

# Financial Year 2022 - Update

## Core Trading Update (July – Sept)

- Core<sup>3</sup> EBITA in line with prior year
- Strong Transport performance
- Covid shutdown impact on NZ, Facilities & Utilities

## Urban Services Portfolio

- Total proceeds of sales to date of \$778m<sup>1</sup> with \$537m<sup>2</sup> received
- Divestment of Corporate, Industrial and Education hospitality business
- Divestment of Open Cut East

## Capital Management

- Refinanced \$1.4bn Sustainability Linked Loan
- \$400m share buy-back (\$90m purchased to date)

## Sustainability Opportunities

- Improvement in ratings following exit from Mining
- Customer demand for decarbonisation solutions

## Growth

- Roads – Bolt on
- Decarbonisation economy – Net Zero 2050

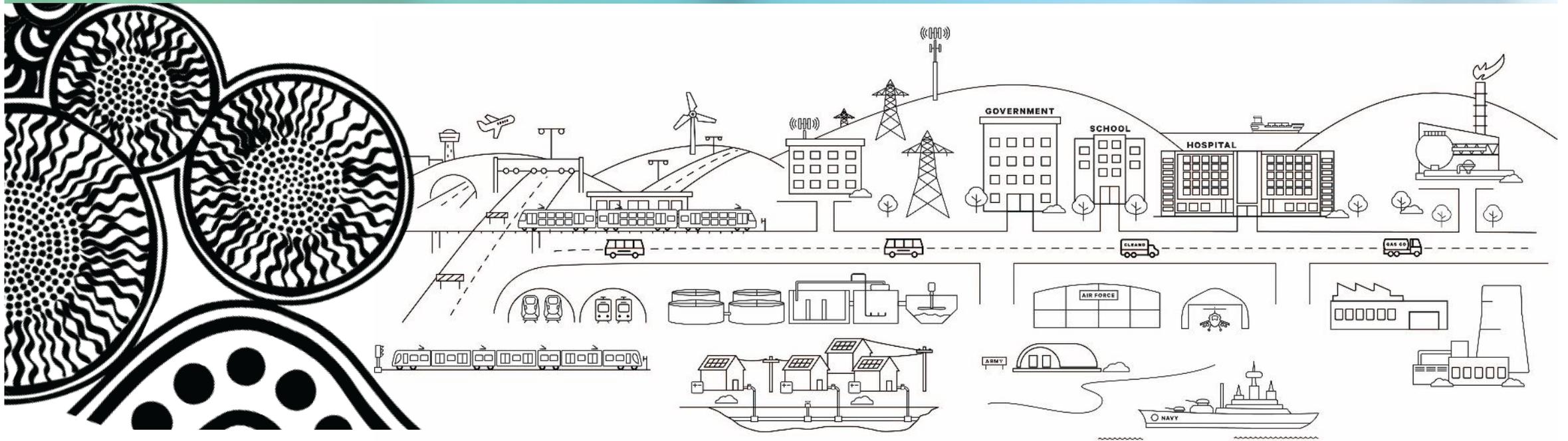
<sup>1</sup> Includes proceeds from Laundries and Mining Divestments (Downer Blasting Services, Open Cut West, RTL joint venture, Snowden, Underground, Otraco and various equipment sales).

<sup>2</sup> Excludes deferred payments in relation to Open Cut West and proceeds from the sale of Open Cut East and Otraco which are expected to complete before December 2021.

<sup>3</sup> Core includes Transport, Utilities and Facilities.

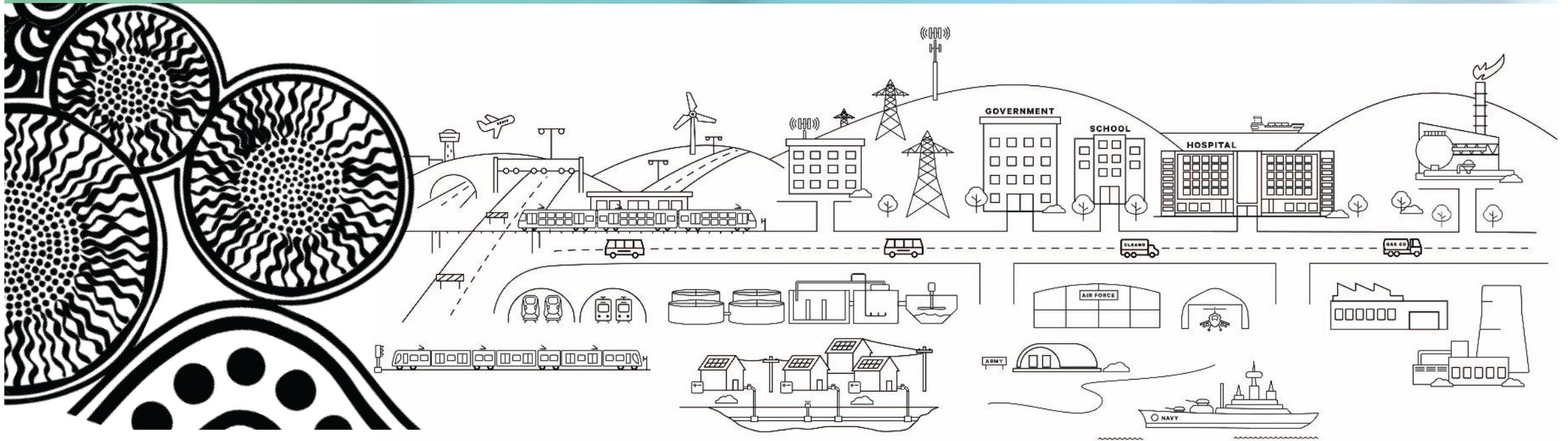
# Mark Chellew

## Chairman



# Robert Regan

## Company Secretary



# **Item 1: Financial Report, Directors' Report and Independent Auditor's Report**

The Financial Report, Directors' Report and the Independent Auditor's Report are now open for discussion.

There is no requirement for shareholders to approve these reports. Accordingly, item number one is for discussion only and there will not be a vote on this item.

I remind you that only shareholders of the company or their duly appointed representatives or proxies are permitted to ask questions.

## Item 2a: Election of Mark Chellew

“That Mr Mark Chellew, who was appointed as an Independent Non-executive Director of the Company, effective 1 September 2021 in accordance with rule 3.3 of the Company’s Constitution and being eligible, is elected as a Non-executive Director of Downer.”

Proxies received in relation to this motion are displayed on the screen.

	<b>Voted</b>	<b>%</b>	<b>% of all shares</b>
For	525,449,401	96.94	76.16
Against	15,861,573	2.93	2.30
Abstain	283,807	n/a	0.04
Open – Useable	722,082	0.13	0.10

## Item 2b: Re-election of Philip Garling

“That Mr Philip Garling, who was appointed as an Independent Non-executive Director of the Company on 24 November 2011 and in accordance with Rule 3.6 of the Company’s Constitution and being eligible, offers himself for re-election, is elected as a Non-executive Director of Downer.”

Proxies received in relation to this motion are displayed on the screen.

	<b>Voted</b>	<b>%</b>	<b>% of all shares</b>
For	536,939,053	99.06	77.83
Against	4,378,970	0.81	0.63
Abstain	262,133	n/a	0.04
Open – Useable	736,707	0.13	0.11

## Item 2c: Re-election of Nicole Hollows

“That Ms Nicole Hollows, who was appointed as an Independent Non-executive Director of the Company on 19 June 2018 and in accordance with Rule 3.6 of the Company’s Constitution and being eligible, offers herself for re-election, is elected as a Non-executive Director of Downer.”

Proxies received in relation to this motion are displayed on the screen.

	<b>Voted</b>	<b>%</b>	<b>% of all shares</b>
For	536,058,427	98.89	77.70
Against	5,292,306	0.98	0.77
Abstain	254,438	n/a	0.04
Open – Useable	711,692	0.13	0.10

# Item 3: Adoption of Remuneration Report

“That the Remuneration Report for the year ended 30 June 2021 be adopted.”

Proxies received in relation to this item are displayed on the screen.

	<b>Voted</b>	<b>%</b>	<b>% of all shares</b>
For	525,240,429	97.08	76.13
Against	15,119,430	2.79	2.19
Abstain	1,238,719	n/a	0.18
Open – Useable	697,185	0.13	0.10

# Item 4: Approval of Managing Director's LTI

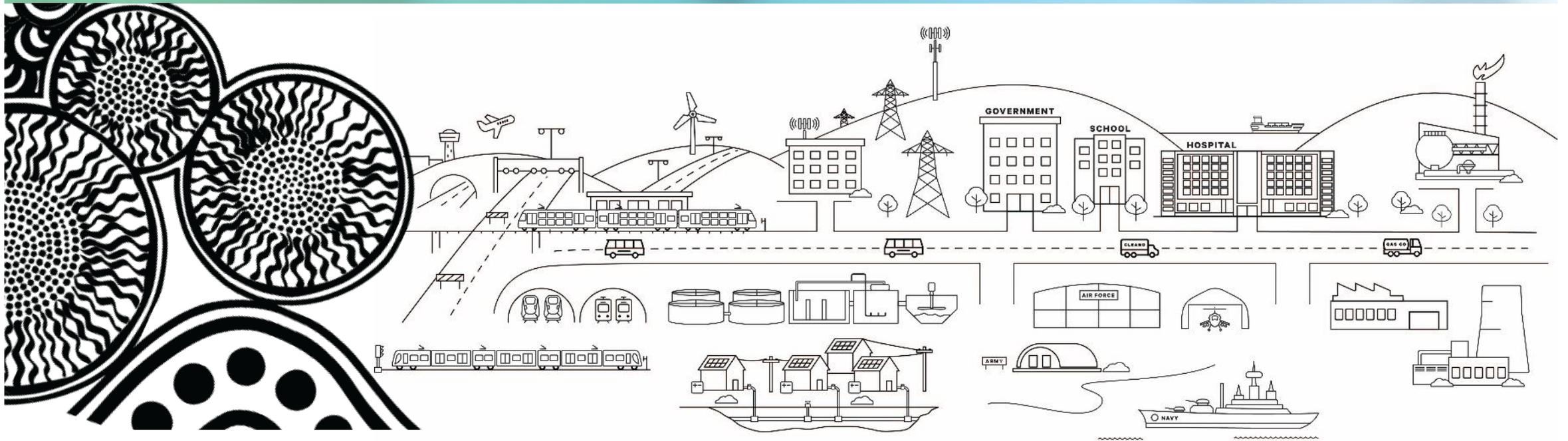
“That approval is given to the grant of performance rights pursuant to the Company's LTI Plan and the acquisition of shares on vesting by issue or by transfer as the Managing Director's long-term incentive for 2022 on the basis described in the Explanatory Memorandum to this Notice of Meeting.”

Proxies received in relation to this item are displayed on the screen.

	<b>Voted</b>	<b>%</b>	<b>% of all shares</b>
For	537,648,774	99.20	77.93
Against	3,637,436	0.68	0.53
Abstain	356,278	n/a	0.05
Open – Useable	674,375	0.12	0.10

# Mark Chellew

## Chairman



# Polls



# Downer

## Annual General Meeting

### 4 November

# 2021

**Downer**  
Relationships creating success

