

9 May 2017

Company Announcements Office  
ASX Limited  
Exchange Centre  
Level 4, 20 Bridge Street  
SYDNEY NSW 2000

Dear Sir/Madam

**RE: Downer EDI 2017 Investor Day**

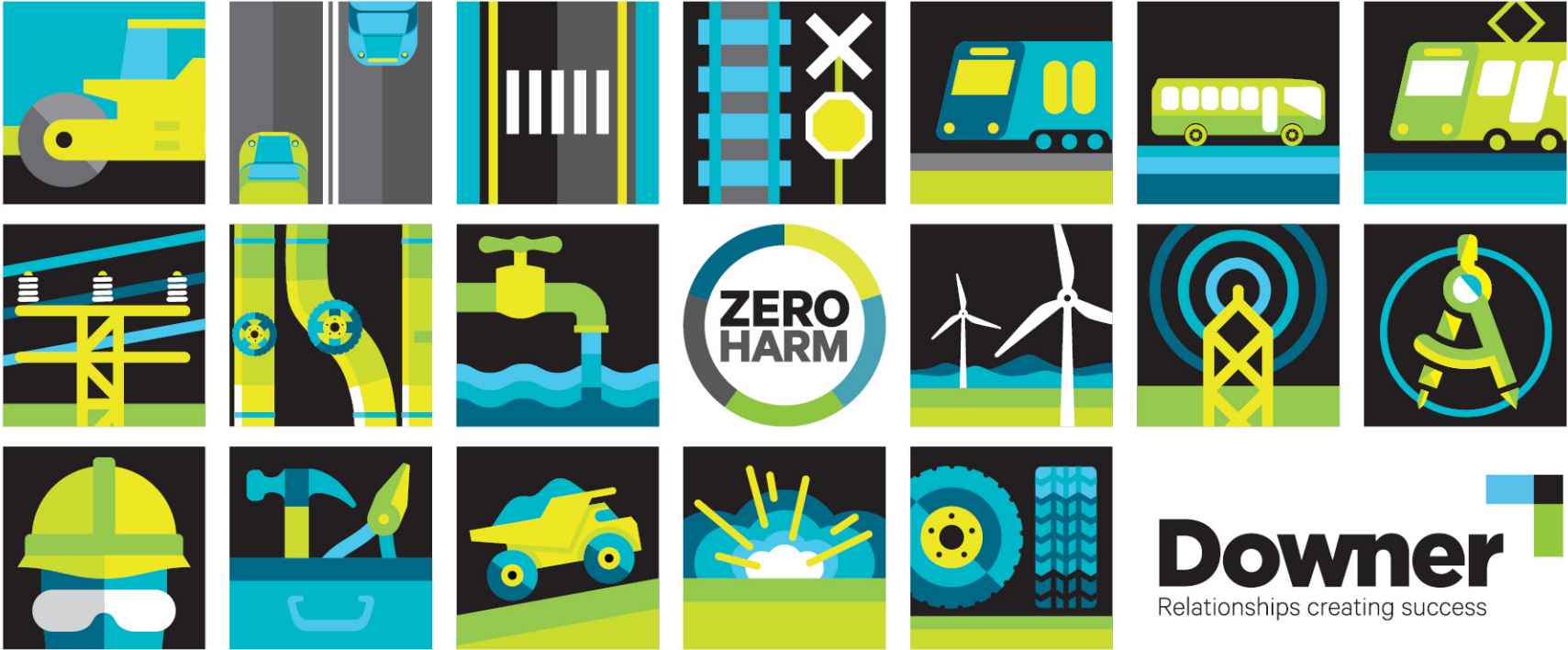
Please find attached a copy of the presentation to be made to investors today at the company's annual Investor Day.

Yours sincerely  
**Downer EDI Limited**



Peter Tompkins  
Company Secretary

# INVESTOR DAY 2017



# OUR PURPOSE, PROMISE AND PILLARS

## OUR PURPOSE

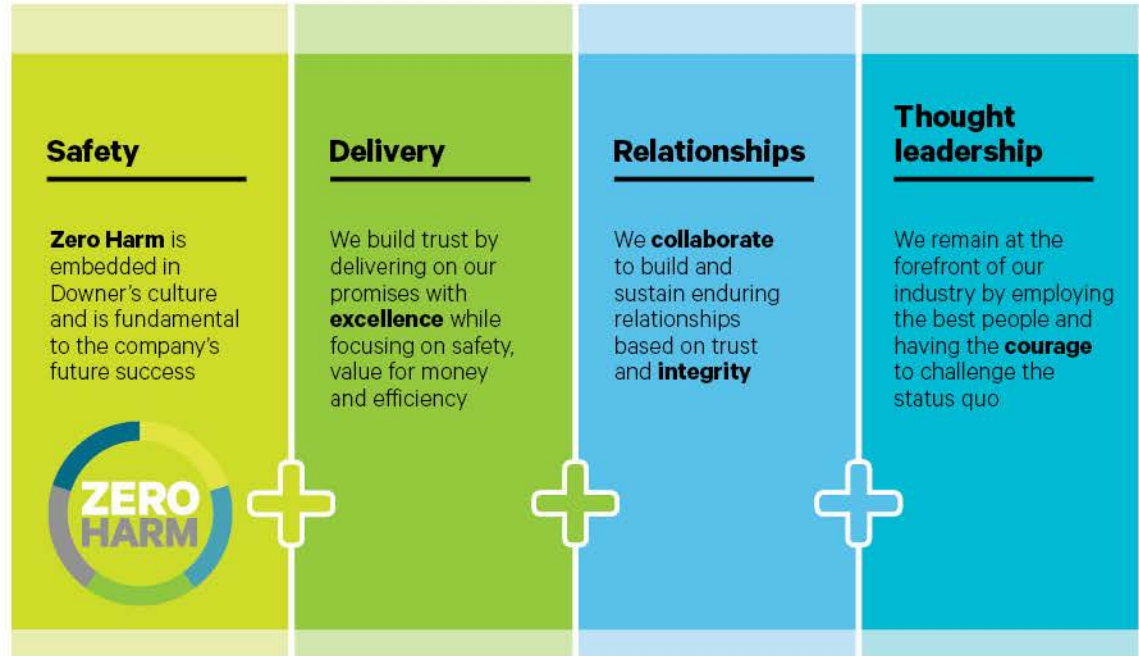
We exist to create and sustain the modern environment by building trusted relationships with our public and private sector customers.

## OUR PROMISE

To work closely with our customers to help them succeed, using world leading insights and solutions.

Our business is founded on four pillars which support our Promise and our Purpose.

## OUR PILLARS



Drive improvement in existing businesses

Invest in growth

Create new positions

# DRIVE IMPROVEMENT IN EXISTING BUSINESSES

Customer Relationship Management (CRM) to **improve revenue visibility**



PMO dashboards to monitor and **manage project delivery and profitability**



Group **finance transformation project** to standardise systems and processes



Embracing technology to **drive operational efficiency**



Utilisation of **data analytics** in core markets to improve service delivery

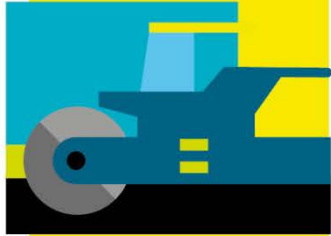


Restructure of New Zealand operations to **improve market alignment and competitiveness**

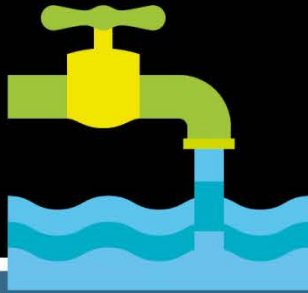


# INVEST IN GROWTH

Undertake research and development in **recycled pavement technology**



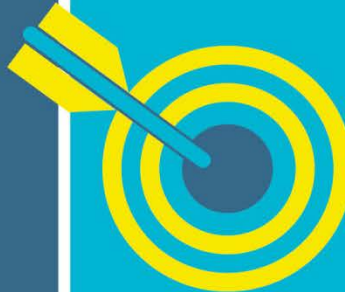
Grow our **share of the Australian water market**



Invest in innovation platforms to **capture and create group IP**



**Targeted acquisitions** to augment competitive advantage



Invest in **community and indigenous** partnerships to deliver lasting benefits



**Invest in Neuroverse** platform as an enterprise business intelligence tool





# CREATE NEW POSITIONS

Grow  
**Defence footprint** in  
Australia and  
New Zealand



Create  
enhanced  
**'value added  
services'** to improve  
proposition for customers



Partner with  
Microsoft  
and Cisco to  
**explore new  
technology  
markets**



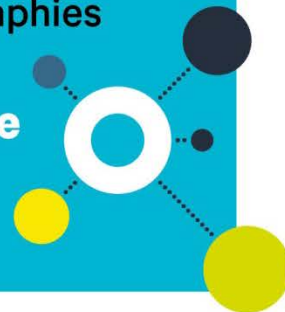
Acquire a position in  
the growing New Zealand building  
market through **Hawkins**

Acquire scale in the  
**facilities management**  
market through proposed  
acquisition of Spotless



**SPOTLESS**

Review new geographies  
to **export  
established core  
competencies**



# TAKEOVER OFFER FOR SPOTLESS

The proposed acquisition of Spotless represents a significant investment in growth and would create new positions in adjacent sectors.

## 1. Continues Downer's portfolio transformation

- Higher proportion of earnings from stable services businesses with resilient earnings.
- De-risks Downer's portfolio while maintaining upside potential from continued resources recovery.

## 2. Enhances contract portfolio

- Spotless' portfolio includes long term contracts providing high certainty over revenues.

## 3. Contributes a complementary, high quality customer base

- Spotless has a diversified contract portfolio across a high quality customer base, with a high proportion of government-backed contracts.

## 4. Extends services capabilities

- Creates an integrated services provider with a range of capabilities across facilities and asset management services.



# TRENDS SHAPING DOWNER'S STRATEGY



**Growing urbanisation  
in major cities**



**Operational technology  
proliferation**



**Catering for an ageing  
population**



**Uptick in Government  
outsourcing**

TRANSPORT SERVICES

RAIL AND KEOLIS DOWNER

UTILITIES SERVICES

TECHNOLOGY & COMMUNICATIONS SERVICES

ENGINEERING, CONSTRUCTION & MAINTENANCE

MINING

FACILITIES SERVICES

# GROWING URBANISATION IN MAJOR CITIES

Globally, **three billion** additional people will join the **consuming class by 2025**



Developing countries will have **150 cities** with a GDP **greater than \$50bn by 2025**



Australia is looking at a future of almost **30 million people** living in **four super-cities**

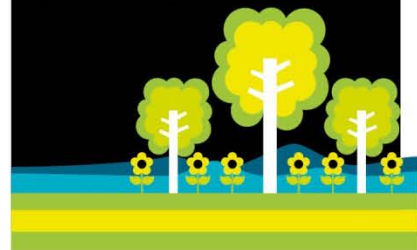


**Over 60%** of forecast NZ population **growth will occur in Auckland** in coming decades



As few as **seven in every 100 Victorians** are born or settle outside Melbourne

**Cities will require sustainable and resilient solutions to optimise resources, reduce risks, and promote the wellbeing of all citizens**



# OPERATIONAL TECHNOLOGY PROLIFERATION

The proliferation of the Internet of Things will **drive industry towards big data analytics**



Woodside deploys **200,000 sensors on Pluto LNG**, performing 3 million calculations daily



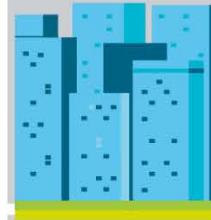
End customers want **real-time information** to make decisions, plan journeys, and reduce waste



**Construction continues to lag other industries in digitisation and technology adoption - the potential exists to unleash significant productivity gains**



Buildings and facility services increasingly utilise advanced BIM systems or platforms



'Anything as a Service' business model will continue to **open up market opportunities**



# CATERING FOR AN AGEING POPULATION

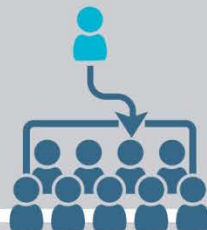
The population of  
**Australians over 65 will almost double** in the years  
towards  
**2040**



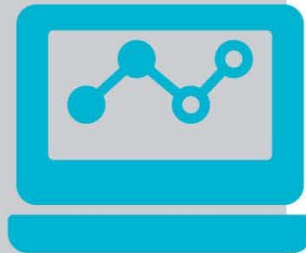
**Australians' life expectancy is increasing**  
and ranked 6th amongst  
OECD countries

**Growing demand  
for healthcare  
services  
is driving  
increased  
public and  
private sector  
investment**

Public hospitals are  
increasingly **moving  
towards the outsourcing**  
of non-clinical  
services to  
**drive cost  
efficiencies**



Digital health  
strategies will  
**increasingly  
shape patient  
services**  
and health  
infrastructure



Private hospital capital  
expenditure has  
**increased  
9.1% over  
2015**





# UPTICK IN GOVERNMENT OUTSOURCING

Continued **growth in the 'mixed' economy**, with a combination of public, private and not-for-profit organisations providing public services



DHL manages over **£4 billion of spending in UK's National Health Service**, to deliver £300 million in **cost savings** over the three years to 2018



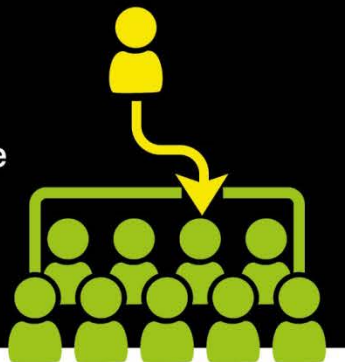
Backlog maintenance levels now **exerting pressure on governments** to act



Budgetary constraints in the face of **growing customer demand is driving innovative financing models**, emerging technologies, and smarter procurement



Governments are starting to **embrace the benefits of outsourcing models** to realise cost efficiencies while improving service delivery.



The guaranteed outcome associated with **performance specified contracts** has positioned outsourcing favourably with Governments

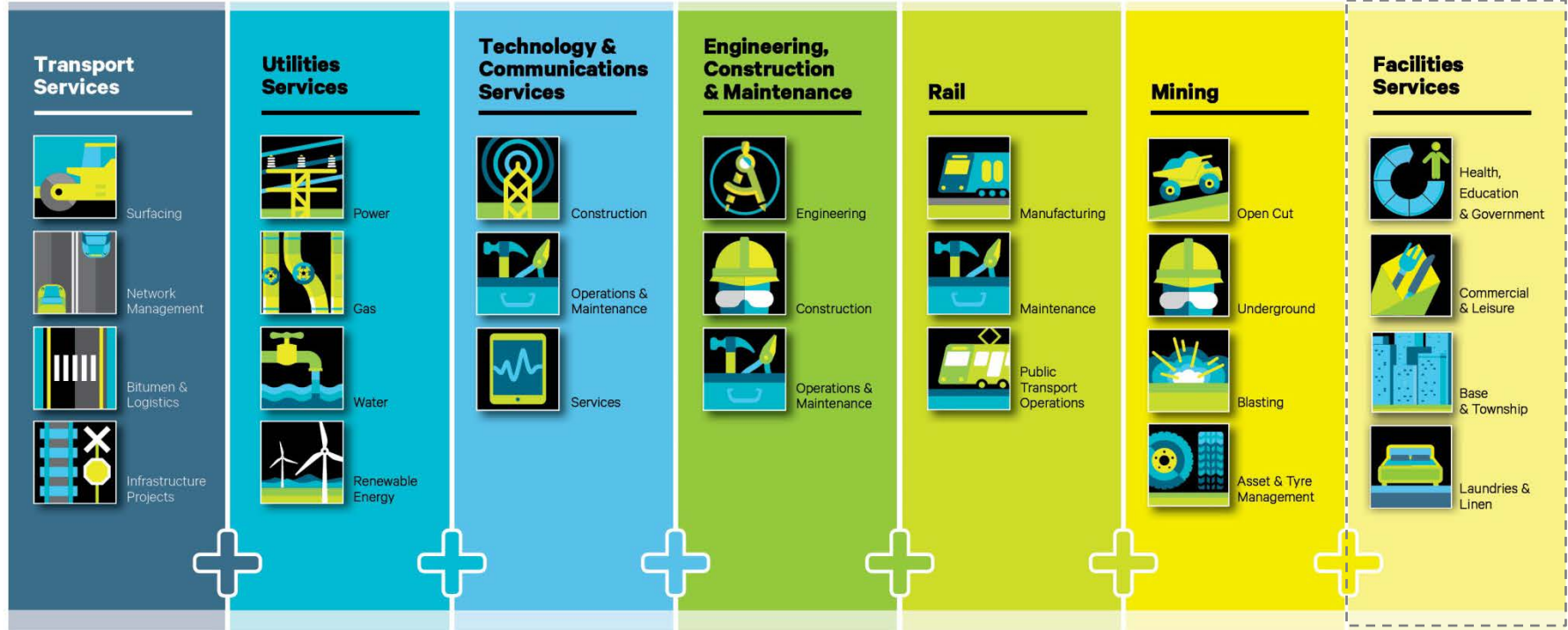


- As announced on 21 March, strong operating performance across each of Downer's segments has continued in the second half of FY17.
- Guidance to deliver standalone underlying<sup>1</sup> net profit after tax of at least \$175 million for FY17.
- Downer continues to assess opportunities to drive organic growth, examine strategic acquisitions and rationalise its existing businesses.

<sup>1</sup> Downer underlying net profit after tax excludes the impacts of the takeover offer for Spotless Group Holdings Limited (SPO.ASX), announced on 21 March 2017 and the associated transaction costs.




# OUR SERVICE LINES



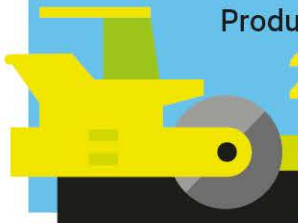
# TRANSPORT SERVICES



Manages about  
**55,000 km**  
of road networks



Delivering the infrastructure  
required for the **Newcastle**  
and **Adelaide Light Rail**  
projects



Produces more than  
**2.5 million**  
tonnes of asphalt  
per annum

One of the  
**largest**  
maintainers of  
ITS  
assets




**48**  
network  
management  
contracts

Constructing the  
**HCMT** train  
maintenance  
facility,  
stabling  
yards,  
training  
simulators  
and light  
service  
facility



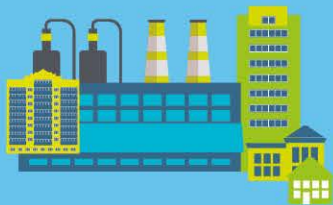
Owens,  
operates  
and  
manages  
**35** fixed and  
**six** mobile  
asphalt plants



# UTILITIES SERVICES



Connects close to **20,000** new residential, commercial and industrial gas services each year



Operates and maintains over

**35**

treatment plants, contracts, and alliances

Will have facilitated the delivery of **more than 2.3GW** of renewable energy in Australia when Ross River Solar Farm is complete



More than **130km** of gas pipes laid each year



Maintains electricity networks serving more than **1.1 million** customers



Constructed **first solar farm** registered as a market generator in the National Electricity Market

Delivered **\$1.2 billion** worth of water infrastructure projects in the **last five years**

Deliver water services to about **25%** of New Zealanders



Completed **15** wind energy projects since 2003



# TECHNOLOGY AND COMMUNICATIONS SERVICES



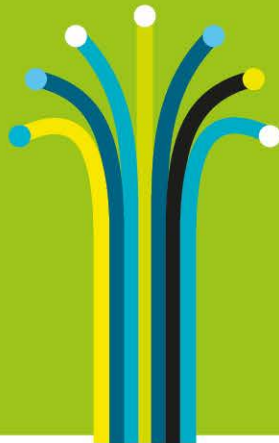
Service provider to all major fixed line and mobile providers in **New Zealand** & major fixed line providers in **Australia**



More than **5,500km** of fibre hauled for the Ultra-Fast Broadband (UFB) and National Broadband Network (nbn™) to date



**200,000+** premises connected to UFB fibre network



**140,000+** problems resolved on fixed and mobile networks annually in New Zealand



- 150,000 connections under Fibre to the Premises
- 380,000 connections under Fibre to the Node & Fibre to the Basement
- 20,000 connections under the Hybrid Fibre Co-Axial (HFC) program



Over **2,000** construction partners in Australia





# ENGINEERING, CONSTRUCTION AND MAINTENANCE



Creating opportunities at

**Prelude FLNG,**  
**Ichthys LNG**  
and **Queensland**  
**CSG**



Acquisition of

**Hawkins** in

New Zealand  
– an excellent  
strategic fit



Expanding Defence footprint  
with the **acquisition** of  
**AGIS** and  
partnership with **ATS**



Positioning mechanical and  
electrical services for  
upcoming **\$10b p.a**  
**Transport**  
**Infrastructure**  
investment



Growing **long term**  
**asset maintenance**  
**and hard FM**  
contracts in CSG, LNG,  
**Resources**  
and **Critical**  
**Infrastructure**



Kaikoura earthquake repairs

**North**  
**Canterbury**  
**Transport**  
**Infrastructure**  
**Recovery**  
alliance



Investing in **specialised**  
Engineering and Technology  
**Service offerings**



# RAIL



## Keolis Downer

is the largest light rail operator in Australia

- Yarra Trams
- G: Link
- Newcastle Transport



930  
buses



Relationship with

**CRRC**

the world's  
largest **rail**  
manufacturer



Awarded Victoria's  
**largest ever**  
rolling stock project,  
**HCMT**



Australia's leading provider of  
passenger rolling stock  
asset management services:

- Waratah
- Millennium
- WA PTA
- HCMT

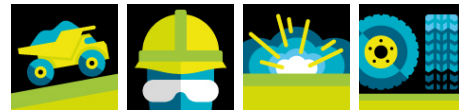


**\$16m** Newport upgrade  
drives  
Victorian  
**jobs**





# MINING



we operate at over

**50** mine sites  
across **6 countries**

Approximately **600**  
**items of major**  
**mining fleet** currently  
under management  
including **50 Ultra Class**  
**trucks** and **three**  
**800t excavators**



Investing in **enabling**  
**technologies** and  
developing  
**Neuroverse**  
**delivery**  
**platform** in  
partnership  
with  
Microsoft



## Market leading

operational performance  
underpinned by **high**  
**asset**  
**utilisation**  
and  
competitive  
labour  
agreements



## Improving market conditions

- Growth in opportunity pipeline
- New awards and renewals (Palabora, Karara, Meandu, CITIC Pacific)



Successfully **diversifying**  
**revenue mix** – overseas  
markets, Asset Management,  
Blasting, Underground



# INVESTOR DAY 2017

