

# Downer

Issue 9 March 2017

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## Downer App coming soon

In our last employee survey you told us you want to hear about what is happening across Downer.

We've taken this feedback on board and have been busy working on a new communication tool to ensure you receive company updates in a timely and convenient way. Downer Connect, our new employee app, is currently being developed and will be released in the coming months. It will mainly be used to communicate with you in relation to key business announcements, employee specific communications, job opportunities and thought leadership campaigns in operation across Downer.

Stay tuned for more information.



# Downer 2017 HY Results

## Downer increases full year guidance

Downer's results for the first half of the 2017 financial year were widely applauded by our shareholders and the investment community. Our share price has risen to a seven year high after we reported net profit after tax (NPAT) of \$78.2 million, up 8.5% on the previous corresponding period.

A quick snapshot of our results:

- Total revenue of \$3.6 billion, up 1.7%;
- Earnings before interest and tax of \$120.8 million, up 6.7%;
- Operating cash flow of \$243.6 million, representing cash conversion of 102.6% of earnings before interest, tax, depreciation and amortisation;
- Gearing of 1.0% (6.4% including off-balance sheet debt);
- Work-in-hand of \$21.1 billion, up from \$18.6 billion at 30 June 2016; and
- Full year NPAT guidance increased from \$163 million to around \$175 million.

The CEO of Downer, Grant Fenn, said he was very pleased with the first half result which featured strong performances from all of our businesses and a number of significant contract wins.

*"We continue to reposition our business successfully to service increased investment and outsourcing in sectors including Roads and Rail, Public Transport, Utilities, Communications and Defence," Mr Fenn said.*

*"Overall it has been a very strong operational and financial performance and we are increasing our guidance for full year NPAT to around \$175 million, up from \$163 million."*

## \$3.6 billion

↑1.7%

Total revenue

## \$120.8 million

↑6.7%

Earnings Before Interest and Tax (EBIT)

## \$22.2 million

↓\$65.2m  
at 30 June 2016

Net debt

## \$78.2 million

↑8.5%

Net Profit After Tax (NPAT)

## 1.0%

Gearing

6.4%  
including off-balance sheet debt

## \$21.1 billion

↑\$2.5b  
at 30 June 2016

Work in hand

## 12.0 cps

Interim dividend declared

100%  
franked  
(no Dividend Reinvestment Plan)

## \$243.6 million

102.6%  
EBITDA conversion

Operating cash flow

## \$175 million

Full year NPAT outlook

↑\$12m





# Downer sponsors Sunshine Coast Lightning

Downer is pleased to announce that we have become the major partner for Sunshine Coast Lightning (SNL), one of eight professional teams competing in Suncorp Super Netball, Australia's new national netball competition.

Netball is the highest participation sport for women in Australia and Suncorp Super Netball features the best players in the world. Our support for SNL also builds on our significant presence in Queensland with 3,500 employees working across about 40 sites and projects.

The CEO of Downer, Grant Fenn, said: "Sunshine Coast Lightning is the region's first national sporting team and it has quickly attracted strong support from the local community, including the Sunshine Coast Council and the University of the Sunshine Coast. The team has made a great start to the season and we look forward to supporting them throughout this exciting and elite competition."

The CEO of Sunshine Coast Lightning, Danielle Smith, said the partnership was a fantastic opportunity for both organisations.

*"As professional netball draws larger crowds and television ratings grow, there is tremendous brand exposure across Australia," she said.*

*"The profile of women's sport in this country is at an all-time high and this partnership highlights the growth of our sport."*

Stay tuned for information about our relationship with SNL. In the meantime, please show your support for the team by liking them on Facebook. You can also watch their games on GEM, through Telstra TV and via the Netball live app.





## NEW ZEALAND



# Downer acquires Hawkins businesses in New Zealand



**Downer has signed an agreement to acquire the construction, infrastructure and project management businesses of Hawkins, a New Zealand company, from the McConnell Family.**

Hawkins is an excellent strategic fit for Downer’s New Zealand business. Hawkins is a New Zealand industry leader in construction and infrastructure.

This acquisition will complement our existing construction capabilities while also providing a platform for growth. It is estimated that over NZ\$50 billion will be invested in non-residential construction in New Zealand over the next five years.

Hawkins will continue to operate under its current brand.

Hawkins has a number of high profile projects across its portfolio including the SH16 Lincoln to Westgate upgrade, the construction of Auckland’s Park Hyatt Hotel, the Pier B Extension at Auckland Airport, Wellington Airport’s Rongotai Control Tower, Wellington City Council’s Arlington Housing Project, the Christchurch Town Hall, and the Avon River Precinct (Christchurch).

## New Zealand **Management changes**

As announced at the start of the year, Cos Bruyn has decided to move on from his role as CEO of Downer New Zealand. We would like to take this opportunity to thank Cos for his 13 years of service during which he has been instrumental in developing our people and expanding Downer’s portfolio.

Steve Killeen is now Acting CEO of Downer New Zealand. Steve has been working in Downer’s Strategy, Growth and Innovation team in recent years and has been with Downer for over a decade.



Steve Killeen, Acting CEO, Downer New Zealand





# Downer lights up Auckland Nines

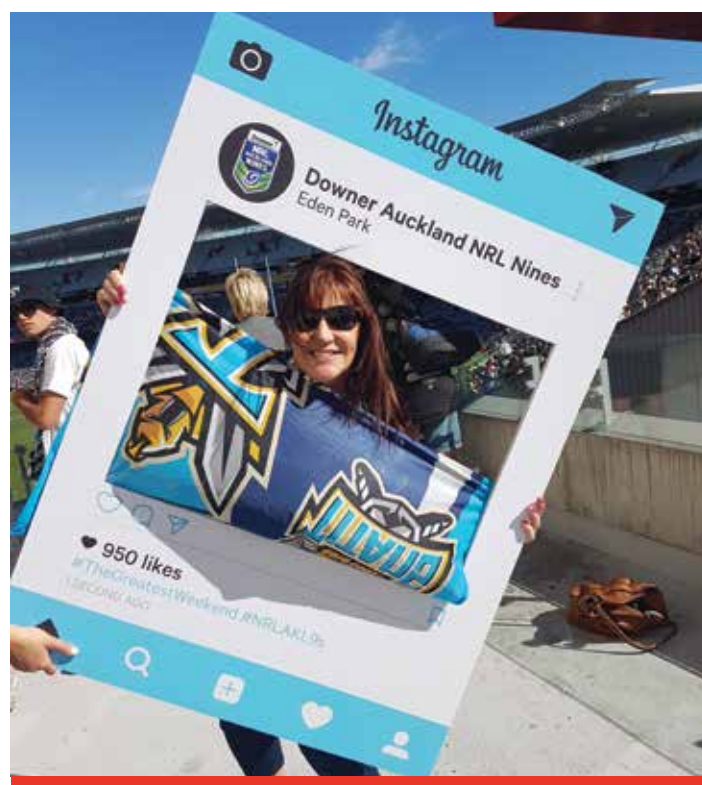
The 2017 Downer sponsored NRL Auckland Nines was again a huge success both on and off the field.

Downer hosted a number of important customers and Government representatives at the game, while hundreds of employees watched from the free seats they won in a ballot.

The Downer brand was prominent across the city, around Eden Park, on the field itself as well as on television and social media.

Congratulations to the Sydney Roosters, this year's worthy winner, defeating the Penrith Panthers 10-8.

Downer looks forward to being the naming rights sponsor again at next year's tournament!







## CONTRACT WINS



# Millennium

## maintenance contract extended for 10 years

Sydney Trains has exercised its option to extend Downer's maintenance of the Millennium passenger trains for a further 10 years.

Downer designed, built and commissioned the 35 four car Millennium train sets and has maintained them for the past 15 years.

The 10 year contract extension begins in June 2017 and is valued at approximately \$225 million.

The Chief Executive Officer of Downer, Grant Fenn, said this contract extension consolidated Downer's position as Australia's leading provider of passenger rolling stock asset management services.

Downer also announced earlier this year that it had been awarded the Sydney Growth Trains contract by Transport for NSW. The contract is valued at approximately \$1.7 billion and includes an order of 24 double deck trains, with options for up to 45 additional sets and "through-life-support" (maintenance) of the trains for an initial period of 25 years, plus two optional five year extensions.

*"In addition to another 10 years of Millennium maintenance, Downer will maintain the Waratah trains for another 26 years and, in the near future, will maintain the new Sydney Growth trains for 25 years and Victoria's High Capacity Metro Trains for 30 years," he said.*

*"In addition, the Downer Bombardier joint venture will continue to maintain the Western Australian Public Transport Authority's "A" and "B" fleets until 2026.*

*"We look forward to continuing to deliver valuable rail solutions for our customers across Australia."*



# Downer awarded new nbn contract

Downer has been awarded a contract by nbn™ to deliver design and construction services in relation to new Fibre to the Curb (FttC) technology.

This contract is valued at approximately \$200 million over the 30 months to June 2019 and involves the detailed planning, design, construction and integration of FttC.

It is in addition to Downer's existing contracts with nbn™ including the Multi-technology Integrated Master Agreement (MIMA) under which Downer is delivering Fibre to the Node, Fibre to the Premises and Hybrid Fibre Coaxial services in New South Wales, Queensland and Western Australia.

Under the new FttC contract, Downer will deliver services to approximately 230,000 premises in the Sydney metropolitan region by June 2019.

Downer is a leader in technology and communications in both Australia and New Zealand. We have been working closely with nbn™ for many years now and have established ourselves as a high quality delivery partner.

We are delighted to win this new contract which is another step toward helping nbn™ achieve its goal of delivering fast and reliable broadband to eight million homes by 2020.



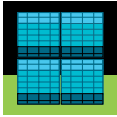
## Keolis Downer wins Newcastle Transport Contract

Downer was recently awarded a 10 year contract from Transport for NSW, valued at approximately \$450 million, to operate a new, integrated public transport system for the city.

Newcastle Transport is the first multi-modal transport system to be contracted to the private sector in Australia and integrates network planning with the operation of the city's buses, ferries, light rail and interchanges. It is set to provide the growing population of Newcastle with a modern and integrated transport system that connects the city's new light rail with frequent and reliable buses and ferries.

We look forward to working closely with Transport for NSW to deliver better public transport for the second largest city in the State.





SOLAR



# Sunshine Coast Solar Farm update

**80%**  
installed

More than 80 per cent of solar panels are now installed and work is underway on the switch-yard and electrics to ensure the 57,000 panels are ready for operation.

“Construction is well underway at the 15 megawatt (MW) Sunshine Coast Solar Farm in Valdora, on track to be operational by mid-2017,” said Rowena Coghill, Project Manager.

*“We’re proud to work with Sunshine Coast Council on Australia’s first local government solar farm that will offset 100% of Council’s electricity consumption across all its facilities and operations,” said Rowena.*

This includes administration buildings, aquatic centres, community and performance venues, as well as holiday parks, libraries, art galleries and sporting facilities.

We have also been awarded the Engineering, Procurement and Construction (EPC) and a two-year Operations and Maintenance (O & M) contract by Fotowatio Renewable Ventures (FRV) for the Clare Solar Farm.

The contract is valued at approximately \$190 million. Construction is scheduled to commence in early 2017 and is expected to take 12 months.





# Diversity & Inclusiveness

'Diversity' describes the wide variety of individuals who make up our workforce, customer base and communities. Downer is committed to a diverse workforce, and we embrace and celebrate the differences and strengths it can deliver to our organisation.

Our focus on gender and cultural inclusiveness is active and ongoing, and through various initiatives we aim to foster equality in our workplace and help close the gap between Indigenous and non-Indigenous communities.

## International Women's Day

International Women's Day (IWD) took place on 8 March.

IWD celebrates the social, economic, cultural and political achievements of women and also marks a call to action for accelerating gender parity. The theme this year was **#BeBoldForChange**.

Downer participated in a range of activities to celebrate International Women's Day.



Across Australia, Downer held employee workshops examining the issue of workplace equality. Many employees also made a pledge for #BeBoldForChange.



## DIVERSITY & INCLUSIVENESS

### 60 seconds with...



**Prue Crawford-Flett,**  
General Manager  
Power Projects  
at Downer

#### What excites you about your role?

The energy market has never been so topical or seen as much change, so it's an exciting time to be in the Utilities, Power and Renewables sectors. The market for renewables is a massive growth sector and this provides opportunities for the Power team to utilise the valuable skills and experience acquired from decades in delivering to our traditional clients. I saw this as a perfect time to join a business at the forefront of this market.

#### What attracted you to Downer?

I was impressed by Downer's track record in the renewables market. Also, given the size of Downer, I could see that for me personally, it would be the right step forward in terms of career progression. I saw medium to long term opportunity for me to diversify and utilise my leadership skills across other market sectors and business units.

#### What are the most important skills required in your role?

I'm sure most managers would say leadership, but our value and offer to our clients is our people. I have a highly experienced team, which I am incredibly grateful for, so for me it's about working with the talent that we have – cross-skilling and developing our people and bringing others into the team with capabilities for new markets and contracting models as we grow. We already have an established position in a number of markets so it's about focusing on our client relationships, growing our presence and market share and enabling my team to be as successful as possible.

#### How would you describe your management style?

I try to be consultative and personable. I understand that people need to be informed, understand where they fit in in terms of their role in our team and if they have a clear view on that, they will feel more engaged and motivated.

#### What gets you up in the morning?

Quite simply, I love winning business, leading, managing and growing a successful business for the now and the future, it's very exciting. I also love travelling to the many sites our people work on and learning about what they do at the coalface.

I am also very lucky to have a wonderful family, my two boys, aged 10 and 8, and my husband. They are very supportive of me in my role and that's a nice feeling



## Downer's LEaDYP program

Ongoing professional development is important for all Downer employees to ensure that our people and their capabilities grow with the business. Our focus on development is designed to ensure that we deliver maximum value to our customers and the services we provide.

LEaDYP is a leadership program for Downer's Young Professionals (YPs). To be nominated for the program, you need to be identified as a talented young professional in the business.

Fourteen YPs recently attended the first block of the twelve month development program in Melbourne.

Candice Mesecke, Executive Manager, Organisational Development & Change Downer Group, said:

*"This is the third year we have run the LEaDYP program. Block One is themed around thought leadership and our YPs are asked to consider what thought leadership means to them and how they can embed it into their roles day-to-day."*

"The group benefited from hearing from a multitude of speakers over the two days including Steve Schofield, Brendan Flemming, Christian Porter, Jason Bretton, Tim Maher and Mark Mastrantonio. They also went on a site tour at Somerton Asphalt Plant in Melbourne where they were able to see first-hand how thought leadership is a competitive advantage."

The group will reconvene two more times to develop and deliver a business improvement project, continuing to draw on the behaviours and values represented by our four Pillars.

Program participant, Min Lim, Admin Team Leader, Downer Utilities, said: "I found the program to be very inspiring, to be able to learn from the different speakers, and hear what they have been through and how they got to where they are. Something that really resonated with me was that their success is really a lot of hard work, it is not a fluke, it's what you put into it as a leader. Since attending the program I am trying to become more of an informal mentor, guiding better, which is a key attribute for how I can help my team grow."





## Downer celebrates launch of the ATSI program in Blackwater

Downer works to foster a diverse and inclusive workplace that facilitates opportunity and respect.

At the end of last year Downer launched its first five week, work readiness program for local Aboriginal people and Torres Strait Islanders looking to begin a career in mining. We are pleased to report it has been a huge success.

The ATSI program, an initiative run in partnership with the PCYC Blackwater, has been designed to provide the unique support and training required to prepare the participants for success in the mining industry.

Six participants committed to the voluntary program and all of them have now been offered full time positions at Blackwater Mine. The participants started employment in late November 2016 and have chosen from a range of positions to kick start their career, including: Production Operator, Serviceperson and Auto Electrical Apprentice.

To celebrate the successful completion of the program, the participants spent two days at the Capricorn Coast PCYC Leadership Development Centre and were accompanied by Downer Production Operators Duncan Hall and Mathew Jarvis.

The program will start again in early 2017 and we have already received many applications from eager locals who are keen to work for our company and start their careers in the mining industry.

*Nicole Pickens, HR Advisor, Downer Mining said: "We are delighted the program has gotten off to such a great start, with all our participants now set to join the team at Downer. Downer is committed to supporting the communities in which we operate and programs such as the ATSI program are testament to that."*

## Female participation in the mining industry

The Downer team at Roy Hill has recently appointed Jacqueline Bowsher to the role of Trainee Leading Hand. Jacqui joined Downer in 2012 and has worked at both Christmas Creek and Roy Hill operations as a Mobile Plant Operator.

Jacqui has a very strong commitment to safety and has forged great relationships with her fellow workmates who hold her in high esteem.

When senior management at Roy Hill offered Jacqui the opportunity to become a trainee Leading Hand she accepted with great enthusiasm and passion not only to become a successful mining Leading Hand but also to become an advocate for women in the mining industry.

Jacqui will be mentored by the operation's existing supervisors, superintendents and senior management as well as have a detailed career pathway drawn up for her to ensure she is getting the best education and knowledge to help her succeed.

Congratulations, Jacqui.





## DIVERSITY & INCLUSIVENESS



# Apply now for Jawun 2017

We are now seeking applicants for six week Jawun secondments at Cape York, the West Kimberley or Inner Sydney.

**Applications for Round 1 have now closed and applications for Round 2, will be closing soon.**

### Downer is proud to support Jawun

Each year Jawun will place around 400 secondees from Australia's leading companies and organisations, such as Downer, into Indigenous organisations. These secondees use their skills and expertise to support the Indigenous organisations in achieving their aims. In 2017, 12 Downer employees will be selected to participate in a six week Jawun secondment.

Jawun increases the capacity of Indigenous leaders, organisations and communities to achieve their own development goals. This in turn leads to lasting, material and measurable improvements in the lives of Indigenous people in those communities.

This is an exciting opportunity for Downer employees to make a difference in our Indigenous communities and further develop their leadership skills in a unique way.

Group Head Office will cover the costs of the secondment, including reimbursing the relevant business for the employee's salary while on secondment.

**How to apply:** To make an application, please head to **Jobs @ Downer** on the Downer intranet and search **Job Number 536096**.



Downer General Manager Qld and NT David Videroni and Contract Manager Neville McLucas presented CQUni Acting Vice Chancellor Jo Rees and teacher Shane Hansen with \$20,000 of equipment.

## Downer chips in for Gladstone tradies

Downer's Operations, Maintenance and Services business in Queensland has donated \$20,000 worth of equipment to Central Queensland University's Skills Centre to assist in the training of local trades, operations and engineering students.

The equipment, donated to the university's process plant operation training facility, will be used to help students build more equipment as part of their two-year course training.

Downer Operations, Maintenance and Services General Manager, David Videroni and Contract Manager Central Queensland, Neville McLucas, presented a shipping container full of equipment to CQ University Acting Associate Vice-Chancellor, Joe Rees, and process plant teacher Shane Hansen at the campus.

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