Downer
Relationships creating success

Downer Full Year results

Investor presentation

12 August 2021

FY21 Highlights

- ✓ Underlying NPATA[1,2] of $261.2m, up 21.4% ($230.0m statutory)
- ✓ Underlying EBITA[1,2] of $467.3m, up 12.3% ($401.0m statutory)
- ✓ Statutory NPAT of $183.7m (statutory EBIT of $334.8m)
- ✓ Underlying EBITA Margin improvement of 0.7 percentage points
- ✓ Cash conversion of 100.8% (92.0% statutory)
- ✓ Net Debt to EBITDA[3] reduced to 1.5x (2.6x at June 2020)
- ✓ Gearing[3] reduced to 19.0% (35.7% at June 2020)
- ✓ Underlying EPSA[4] of 36.6cps, up 3.7% (25.4cps statutory Basic EPS)
- ✓ Final ordinary dividend 12 cents per share (Full year 21cps – unfranked)
- ✓ Delivering on priorities

[1] Downer calculates EBITA and NPATA by adjusting EBIT and NPAT to add back acquired intangible assets amortisation expense. Group FY21: $66.2m, $46.3m after-tax. (FY20: $71.3m, $49.9m after-tax)

[2] The underlying result is a non-IFRS measure that is used by Management to assess the performance of the business. Non-IFRS measures have not been subject to audit or review.

[3] Net debt to EBITDA ratio includes lease liabilities in Net Debt and is on a post-AASB 16 basis. Gearing ratio does not include lease liabilities in Net Debt and is on a pre-AASB16 basis.

[4] EPSA is calculated based on underlying NPATA adjusted by contributions from minority interests and ROADs dividends paid; dividend by WANOS

Delivering on priorities

Deliver strong FY21 earnings and cash result

- ✓ High underlying cash conversion of 101%
- ✓ Increased dividend payout ratio to 57% (21cps full year)
- ✓ (in progress) Underlying EBITA margin improvement (+0.7bps)

Urban Services Portfolio

- ✓ Total proceeds of sales to date of $628m[1] with $510m[2] received in FY21
- ✓ Refinement of corporate structure and cost base
- ✓ (in progress) 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 1.5^{O}C 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
- ✓ (in progress) Common processes / single certification

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

[2] 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.

Urban Services transformation

- Leveraged to long-term trends of expanding population, urbanisation, increased government spending and government outsourcing
- High proportion of revenue related to Federal, State and Local Government services
- Market leader across Australia and NZ
- Scale, diversity and financial strength

Downer

Relationships creating success

Transport

Utilities

Facilities[3]

FY16 EBITA contribution **FY21 EBITA contribution[2,3]**

56% WIH government exposure[1]

90% WIH government exposure[1]

[1] WIH Government includes direct Government and Government-backed / regulated projects

[2] Excludes non-core businesses

[3] Asset Services will be included in the Facilities segment in FY22 (FY21: part of the EC&M segment)

Strength through market position and diversity

Transport
51% FY21 revenue[1]

- Largest non-government Road Services business in Australia and NZ
  - Leader in product technology with new “state of the art” manufacturing and recycling plants
  - Leading positions through each part of the value chain with strategic network of contracts and facilities
- Australia’s leader in passenger rollingstock
  - Unique capabilities delivering large new fleets / long term maintenance franchises
- Australia’s largest private provider of multi-modal public transport

Utilities
20% FY21 revenue[1]

- Balanced portfolio servicing Power & Gas, Water and Telecommunications customers across Australia and NZ
- Market leader across all service lines
- NBN construction revenue replaced with significant new contracts
- “New Energy” opportunities assisting customers in their energy transition
- Leader in water treatment technology
- Long-standing customer relationships

Facilities[2]
29% FY21 revenue[1]

- Largest integrated facilities manager across Australia and New Zealand
- Servicing 21 long term PPPs in Health, Education, Defence, Justice and other Social Infrastructure
- Managing Government and Industry estates
- Leading provider of specialist asset management services for Oil & Gas, Mining, Power Generation and other Industrial customers
  - Turnaround and shutdown / Facilities Management / Maintenance
- Technology partnership with Mitsubishi Power Systems providing technical edge

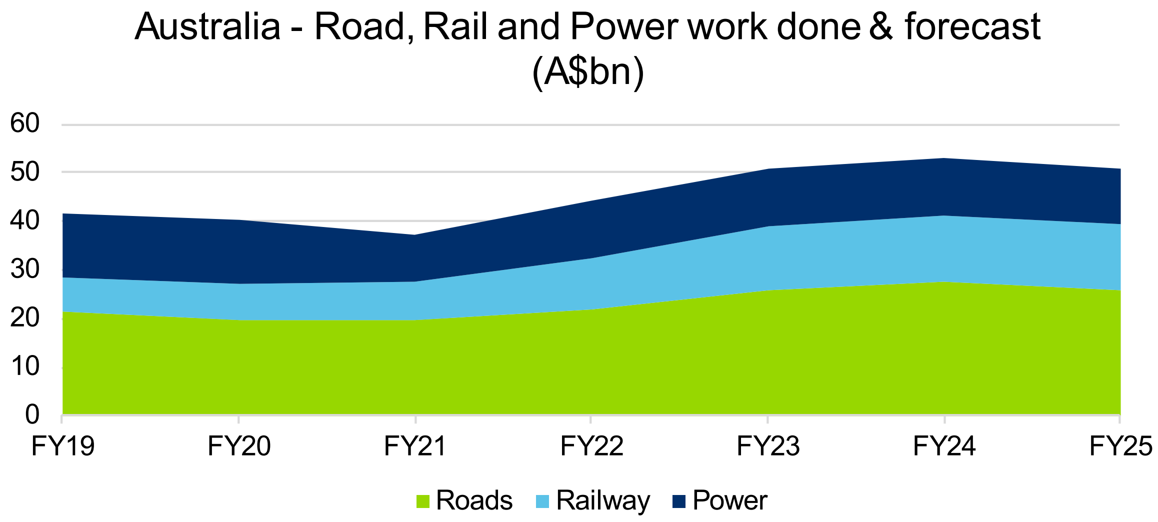
Road Services	Rail & Transit Systems	Projects	Power & Gas	Water	Telco	Health & Education	Govt	Defence	Building	AS[2]
24%	12%	15%	8%	6%	6%	4%	9%	8%	3%	5%

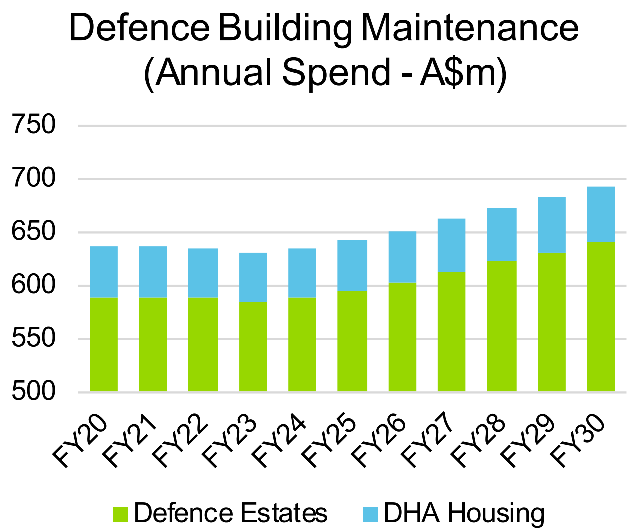
[1] Core Revenue, excludes segments considered non-core.

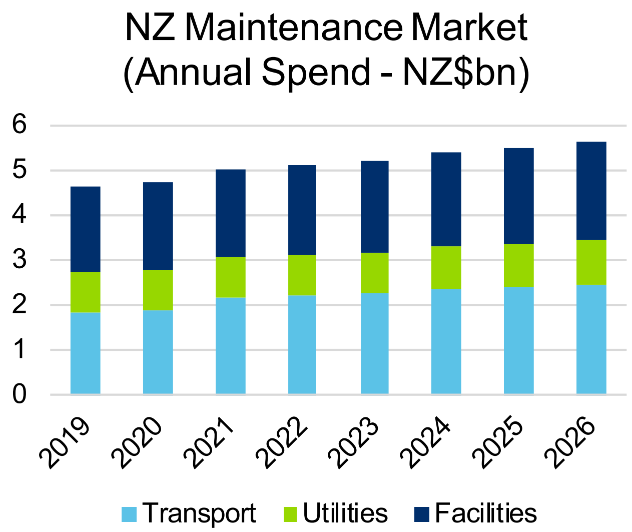
[2] Asset Services will be included in the Facilities segment in FY22 (FY21: part of the EC&M segment)

Strong macro outlook

- Urban Services markets of Transport, Utilities and Facilities look strong:
  - Bigger Government at all levels spending more
  - Commonwealth Government has committed $110bn in 10yr infrastructure spend
  - State Governments have allocated $225bn in 4yr infrastructure spend
  - NZ Government increasing infrastructure expenditure across water, health, education and transport
  - Maintenance Services to grow at 4.7%pa. through to 2025
- Australian Defence spending increasing from $40bn to $70bn p.a. over next 10 years



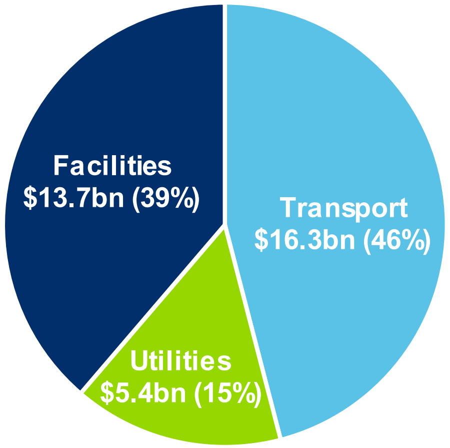




Source – ABS, New Zealand Department of Internal Affairs, BIS Oxford Economics, Infometrics, Waka Kotahi

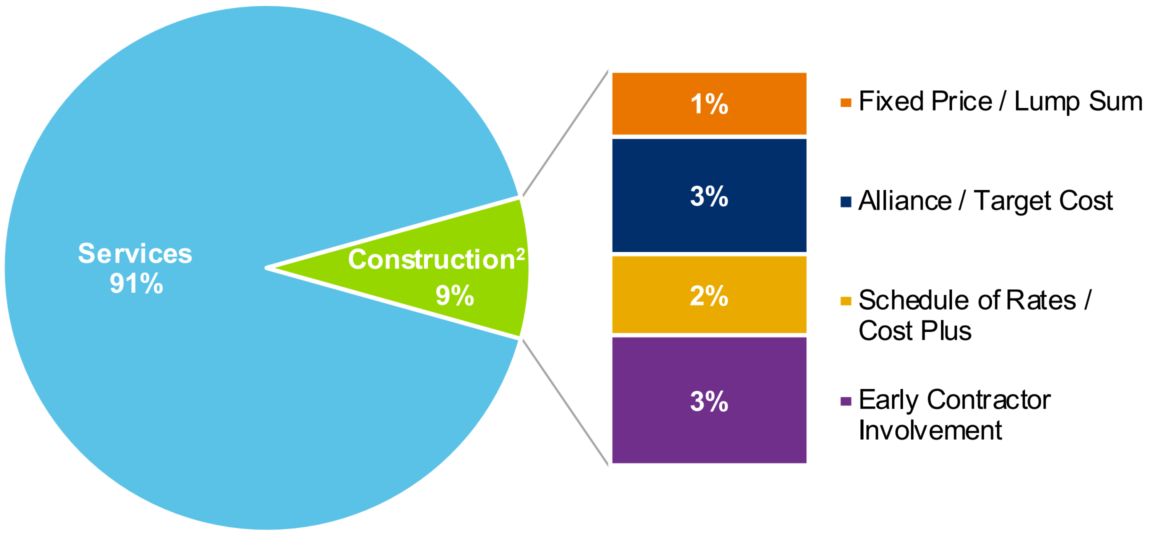
Work-in-hand

Core WIH[1] by segment ($35.4bn)

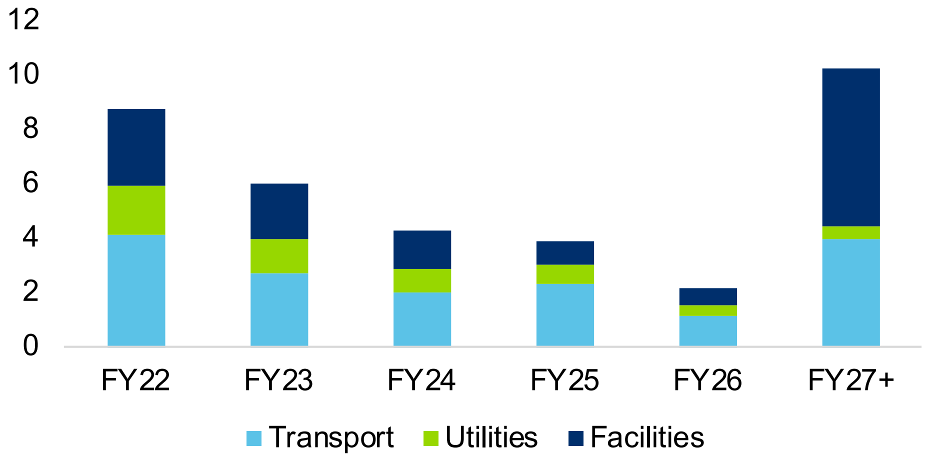


- ✓ Long-dated
- ✓ Diversified
- ✓ 90% Government or Government regulated
- ✓ Australia 80% / NZ 20%

Core WIH[1] by contract type



Core WIH[1] profile



- WIH predominantly made up of long-term contracts servicing critical infrastructure
- Risk controls across work type and contract model have significantly reduced construction risk

[1] WIH excludes immaterial non-core segments. Facilities includes Asset Services.

[2] Construction comprises of Projects businesses in Australia and New Zealand (Transport Segment) plus Building business in New Zealand (Facilities Segment)

Limited contractual exposure to cost escalation

Transport

- Long term road maintenance contracts
  - Rise and fall mechanisms for costs including bitumen and labour
- Rollingstock maintenance contracts
  - Rise and fall mechanisms for costs including labour
  - Long term OEM contracts for critical component overhaul and replacement
- Public Transport Operations (5yrs)
  - Cost escalation priced
- Fixed price construction (0 – 24mths)
  - Cost escalation priced
  - Sub-contractor prices fixed

Case Study – Waratah TLS
Contract pricing is escalated based on CPI (quarterly) and wage index (bi-annually)

Utilities

- Telco construction cost risk largely borne by delivery partners (sub-contractors) once contracted
- Telco maintenance is typically schedule of rates contracts, with specific labour and / or CPI escalation mechanisms
- Longer term gas and electricity maintenance contracts are based on schedule of rates with agreed annual escalation
- Water maintenance contracts are typically panel style, with rates reviewed annually

Case Study – Major Water JV
Contract pricing (schedule of rates) is reviewed and adjusted annually, including labour rate increases. Cost increases or decreases between annual reviews are not adjusted

Facilities[1]

- Substantial portfolio of long-term PPP contracts which include specific escalation provisions and / or price reset mechanisms throughout the contract life
- Other key non-PPP contracts with Government customers typically include specific labour and / or general CPI adjustment mechanisms (such as Defence Estate Management, NZ Public Housing and WA Housing)
- Shorter term contracts, for example in Asset Services and Building, are not materially exposed to escalation risk
- Minimal FIFO risk following exit of Mining

Case Study – Royal Adelaide Hospital
PPP contract pricing is adjusted for CPI quarterly with a major pricing reset negotiated each 5 years

[1] Asset Services will be included in the Facilities segment in FY22 (FY21: part of the EC&M segment)

Limited COVID-19 impact

Group

- Lack of mobility for skilled labour and management across National, State and LGA boundaries causing pockets of industry skill shortage and competition for experienced blue and white-collar employees

Transport

Roads Services

- July/August quiet period for Road Services
- Some revenue impact from restrictions on work crews operating across State boundaries

Projects

- Restrictions on four projects: Parramatta Light Rail / Rail Station Upgrades / Metro West Stations / Eyre Peninsula
- Contractual protections in place to extend completion dates and recover costs of delay

Rail and Transit Systems

- Limited impact

Utilities

- Limited impact

Facilities[1]

Facilities Management

- Limited impact

Defence

- Limited impact

Asset Services

- Impact on skilled labour getting to project sites in WA

Hospitality

- Revenue impact on major venues
- Mitigating costs where possible

[1] Asset Services will be included in the Facilities segment in FY22 (FY21: part of the EC&M segment)

Sustainability at Downer

At Downer Sustainability means

- Sustainable and profitable growth
- Providing value to our customers
- Delivering our services in a safe and environmentally responsible manner
- Helping our people to be better
- Advancing the communities in which we operate

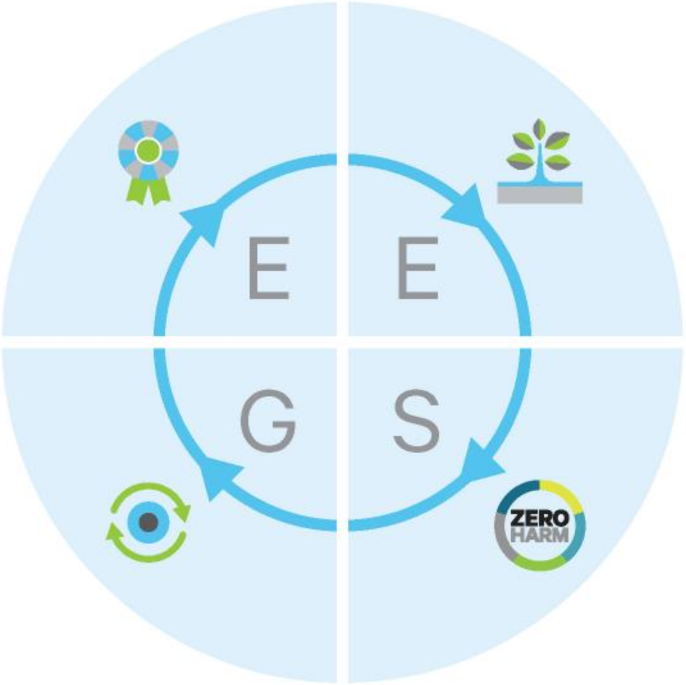
Sustainability (EESG – Economics, Environment, Social and Governance

Economics

- Economic performance
- Business resilience.

Environment

- Climate change
- GHG emissions
- Waste – circular economy
- Water
- Land
- Biodiversity.



Governance

- Board Policies
- Transparency and ethical conduct
- Standards of Business Conduct
- Supply chain – Human rights and modern slavery
- Cybersecurity
- The Downer Standard.

Social

- Health, safety and wellbeing
- Employee development
- Talent and retention of skilled people
- Diversity (generational, gender, cultural)
- Communities.

Downer contributes to the UN Sustainable Development Goals

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 1.5^{O}C 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[1] 0.99 & TRIFR[2] 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.

[1] Lost-time injury frequency rate
[2] 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[1]

- 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

[1] Asset Services will be included in the Facilities segment in FY22 (FY21: part of the EC&M segment)

Group financials

Underlying financial performance

- Revenue decline of 8.8%, primarily due to declines in non-core revenue segments
- Group Underlying EBITA margin 3.8%, up 0.7pp
- Interest expense savings from reduction in debt and improved average cost of funds
- Underlying effective tax rate of 28.5%
- Final dividend of 12cps declared (total dividends for the year of 21cps)
- AASB16 reported consistently in both periods

$m	FY20[3]	FY21[3]	Change (%)
Total revenue[1]	13,417.9	12,234.2	(8.8)
EBITDA	862.0	899.1	4.3
Depreciation and amortisation	(446.0)	(431.8)	3.2
EBITA[2]	416.0	467.3	12.3
Amortisation of acquired intangibles	(71.3)	(66.2)	7.2
EBIT	344.7	401.1	16.4
Net interest expense	(112.0)	(100.6)	10.2
Profit before tax	232.7	300.5	29.1
Tax expense	(67.5)	(85.6)	(26.8)
Net profit after tax	**165.2**	**214.9**	**30.1**
NPATA[2]	**215.1**	**261.2**	**21.4**
Underlying EBITA margin	3.1%	**3.8%**	0.7pp
Effective tax rate	29.0%	28.5%	0.5pp
ROFE[4]	10.2%	12.1%	1.9pp
Dividend declared (cps)	14.0	21.0	50.0

[1] Total revenue is a non-statutory disclosure and includes revenue from joint ventures, other alliances and other income.
[2] Downer calculates EBITA and NPATA by adjusting EBIT and NPAT to add back acquired intangible assets amortisation expense. Group FY21: $66.2m, $46.3m after-tax. (FY20: $71.3m, $49.9m after-tax)
[3] The underlying result are non-IFRS measures that are used by Management to assess the performance of the business. Non-IFRS measures have not been subject to audit or review.
[4] ROFE = 12 month rolling underlying EBITA divided by average funds employed (AFE); AFE = Average Opening and Closing Net Debt (excludes lease liability) + Equity.

Business unit performance overview

- Underlying EBITA of $467.3m, up 12.3% and Underlying EBITA margin up 0.7pp to 3.8%
- Diversity of Core Urban Services portfolio delivered growth
- Transport margin recovered in 2H to 5.3%
- Utilities EBITA growth and margin improvement of 1.2pp, despite revenue reduction from NBN roll-off
- Facilities improvement in earnings and margin reflects strong contract performance and benefits of rightsizing
- Asset Services declined due to project deferrals
- Corporate restructuring benefit offset by increased IT security and insurance costs, and resumption of STI

$m	FY20	FY21	Change (%)
Transport	235.6	250.2	6.2
Utilities	114.6	115.1	0.4
Facilities[3]	124.9	140.0	12.1
Asset Services (EC&M)	27.1	18.3	(32.5)
Core Urban Services Businesses	**502.2**	**523.6**	**4.3**
Engineering & Construction (EC&M)	(69.2)	(5.1)	92.6
Businesses in wind down	**(69.2)**	**(5.1)**	**92.6**
Mining	79.0	46.6	(41.0)
Laundries (Facilities)	9.1	5.0	(45.1)
Hospitality (Facilities)	(19.7)	0.4	>100
Businesses under review or to be sold	**68.4**	**52.0**	**(24.0)**
Corporate	(85.4)	(103.2)	(20.8)
Underlying EBITA[1,2]	**416.0**	**467.3**	**12.3**
Items outside of underlying EBITA	(386.0)	(66.3)	82.8
Statutory EBITA[1]	**30.0**	**401.0**	**>100**
Underlying NPATA[1,2]	**215.1**	**261.2**	**21.4**
Statutory NPAT	**(155.7)**	**183.7**	**>100**

[1] Downer calculates EBITA and NPATA by adjusting EBIT and NPAT to add back acquired intangible assets amortisation expense. Group FY21: $66.2m, $46.3m after-tax. (FY20: $71.3m, $49.9m after-tax)

[2] The underlying result is a non-IFRS measure that is used by Management to assess the performance of the business. Non-IFRS measures have not been subject to audit or review.

[3] Consistent with 1H21, Infrastructure & Construction, previously reported in 'Businesses in wind down' has been reallocated to Facilities (Core) following a refocus of the business unit towards maintenance contracts

Summary of significant items

$m	EBITA[1]	Net interest expense	Tax expense[2]	NPATA[1]	Deduct: Amortisation of acquired intangibles (post-tax)	NPAT
Underlying[3] results	**467.3**	**(100.6)**	**(105.5)**	**261.2**	**(46.3)**	**214.9**
Non-cash fair value movement on the Spotless minority acquisition Downer Contingent Share Obligation liability[4]	(16.6)	-	-	(16.6)	-	(16.6)
Termination of Spotless financing arrangements	-	(4.3)	1.3	(3.0)	-	(3.0)
Mining divestments (net of transaction costs)[5]	(19.5)	-	17.5	(2.0)	-	(2.0)
Laundries divestment (net of transaction costs)	(16.2)	-	16.5	0.3	-	0.3
SaaS Arrangements[6]	(14.0)	-	4.1	(9.9)	-	(9.9)
Total items outside underlying result	**(66.3)**	**(4.3)**	**39.4**	**(31.2)**	**-**	**(31.2)**
Statutory result	**401.0**	**(104.9)**	**(66.1)**	**230.0**	**(46.3)**	**183.7**

1 Downer calculates EBITA by adjusting EBIT to add back acquired intangible assets amortisation expense. Group FY21: $66.2m, $46.3m after-tax. (FY20: $71.3m, $49.9m after-tax)
2 Tax of $105.5m is calculated by adjusting underlying tax of $85.6m with $19.9m tax on amortisation of acquired intangible assets.
3 The underlying result is a non-IFRS measure that is used by Management to assess the performance of the business. Non-IFRS measures have not been subject to audit or review.
4 The fair value of the Downer Contingent Share Option (DCSO) has increased primarily driven by the movement in Downer's share price from $4.30 (grant date) to $5.59 at 30 June 2021 (+30%).
5 Net result including impairment of assets to the expected recoverable value, net result from the disposal of Open Cut Mining West, Downer Blasting Services, Underground, Snowden businesses and RTL JV, gain on plant and equipment disposed and transaction costs (Refer to Note B3 of the Financial Report).
6 Costs related to the configuration and customisation of SaaS arrangements as a result of the Group's change in accounting policy on application of IFRS Interpretation Committee decision (refer to Note B3 of the Financial Report).

Operating cash flow

- Core Urban Services business delivering strong cash flows across the portfolio
- Underlying EBITDA conversion of 100.8% (statutory 92.0%) after adjusting for items recognised in FY20 ($79.0m)
- Factoring at 30 June 2021 was $63.4m ($102.2m at 30 June 2020)

$m	FY20[4]	FY21	Change (%)
Underlying[1] EBIT	344.7	401.1	16.4
Add: depreciation and amortisation[2]	517.3	498.0	(3.7)
Underlying[1] EBITDA	**862.0**	**899.1**	4.3
Operating cash flow	**158.6**	**708.7**	>100
Add: Net interest paid[3]	103.7	98.6	(4.9)
Add: Tax paid	57.9	19.9	(65.6)
Adjusted operating cash flow	**320.2**	**827.2**	**>100**
EBITDA conversion	**37.1%**	**92.0%**	**54.9pp**

Adjust for items booked in FY20	FY21
Portfolio restructure and exit costs	30.5
Payroll remediation costs	15.7
Spotless shareholder class action	32.8
Underlying[1] adjusted operating cash flow	**906.2**
Underlying[1] EBITDA conversion	**100.8%**

[1] The underlying result is a non-IFRS measure that is used by Management to assess the performance of the business. Non-IFRS measures have not been subject to audit or review.
[2] Includes $180.6m (FY20: $151.8m) depreciation of Right-of-use-assets (ROUA) following the adoption of AASB 16.
[3] Interest, including AASB 16 finance leases of $27.7m (FY20: $26.4m) and other costs of finance paid less interest received.
[4] FY20 balances have been restated to reflect the Group's change in accounting policy for costs related to configuration and customisation of SaaS arrangements. Refer to Note C7 of the Financial Report for more details

Cash flow

- Funds from operations of $251.1m
  - Strong operating cash flow
  - Reduction in capital expenditure driven by divestment of capital-intensive businesses
- Issuance of shares and divestments enabled reduction in borrowings of $540.7m
- Dividends funded through robust funds from operations
- Cash balance of $811.4m and total liquidity of $2,238.4m at year end

$m	FY20[1]	FY21	Change (%)
Total operating cash flow	158.6	708.7	>100
Payment of principal lease liabilities (Core)	(126.8)	(148.7)	(17.3)
Payment of principal lease liabilities (Non-Core)	(26.1)	(45.8)	(75.5)
Net Capex (Core)	(113.5)	(154.0)	(35.7)
Net Capex (Non-Core and IT)	(230.8)	(102.7)	55.5
Advances to JVs and Other	(3.6)	(6.4)	(77.8)
Funds from operations	**(342.2)**	**251.1**	>100
Dividends paid	(90.7)	(153.6)	(69.3)
Divestments (Mining and Laundries)[2]	-	447.8	100
Acquisitions (Spotless and Other)	(29.8)	(148.8)	>(100)
Issue of shares, net of costs and share buyback	-	365.6	100
Net proceeds / (repayment) of borrowings	348.7	(540.7)	>(100)
Net (decrease) / increase in cash	**(114.0)**	**221.4**	>100
Cash at end of period	**588.5**	**811.4**	37.9
Total liquidity	1,858.5	2,238.4	20.4

[1] FY20 balances have been restated to reflect the Group's change in accounting policy for costs related to configuration and customisation of SaaS arrangements. Refer to Note C7 of the Financial Report for more details.
[2] Comprised of $311.6m net proceeds from the Mining divestment and $136.2m net proceeds from the Laundries divestment. $510m of sales proceeds disclosed on Slide 3 includes an additional $48m of working capital benefit and excludes transaction costs of $14m.

Capital expenditure

- Core capital expenditure of $154m, including growth capital projects such as:
  - Investment in new Roads facilities and equipment
  - City Rail Link (CRL) JV share in NZ
- Ongoing IT capex to modernise group systems, enhance security and improve operating efficiencies

$m	FY20	FY21	Change (%)
Net Capital expenditure – core	113.5	154.0	35.7
Net Capital expenditure – non-core	189.3	74.3	(60.8)
IT Security and Upgrades[1]	41.5	28.4	(31.6)
Capital expenditure / IT Transformation	**344.3**	**256.7**	**(25.4)**

$m	FY20	FY21	Change (%)
Depreciation of PP&E - core	105.5	106.8	1.2
Depreciation of PP&E - non-core	159.5	117.8	(26.1)
IT amortisation[2]	29.2	26.6	(8.9)
Depreciation of RouA - core	131.7	144.2	9.5
Depreciation of RouA - non-core	20.1	36.4	81.1
Total depreciation & amortisation	**446.0**	**431.8**	**(3.2)**

[1] FY20 balances have been restated to reflect the Group's change in accounting policy for costs related to configuration and customisation of SaaS arrangements. Refer to Note C7 of the Financial Report for more details
[2] FY21 excludes $3.6m amortisation benefit in relation to the implementation of SaaS arrangements as described in Note B3 to the Financial Report

Balance sheet

- Significant improvement in gearing and Net debt / EBITDA due to completed capital raising, divestments and strong underlying cash performance

$m	Jun-20[4]	Jun-21
Current assets	**3,404.7**	**3,403.2**
Non-current assets	**5,242.3**	**4,668.9**
- Goodwill	2,281.3	2,280.8
- Acquired intangible assets	349.4	267.8
- PP&E, Software and other	2,019.0	1,573.8
- Right-of-use assets	592.6	546.5
Total Liabilities	**(6,052.0)**	**(5,114.7)**
- Lease liabilities	(763.2)	(662.8)
- Other liabilities	(5,288.8)	(4,451.9)
Net Assets	**2,595.0**	**2,957.4**
Net Debt[1]	**(1,480.5)**	**(708.2)**
Gearing: net debt / net debt plus equity[2]	35.7%	19.0%
Net debt / EBITDA[3]	2.6	1.5

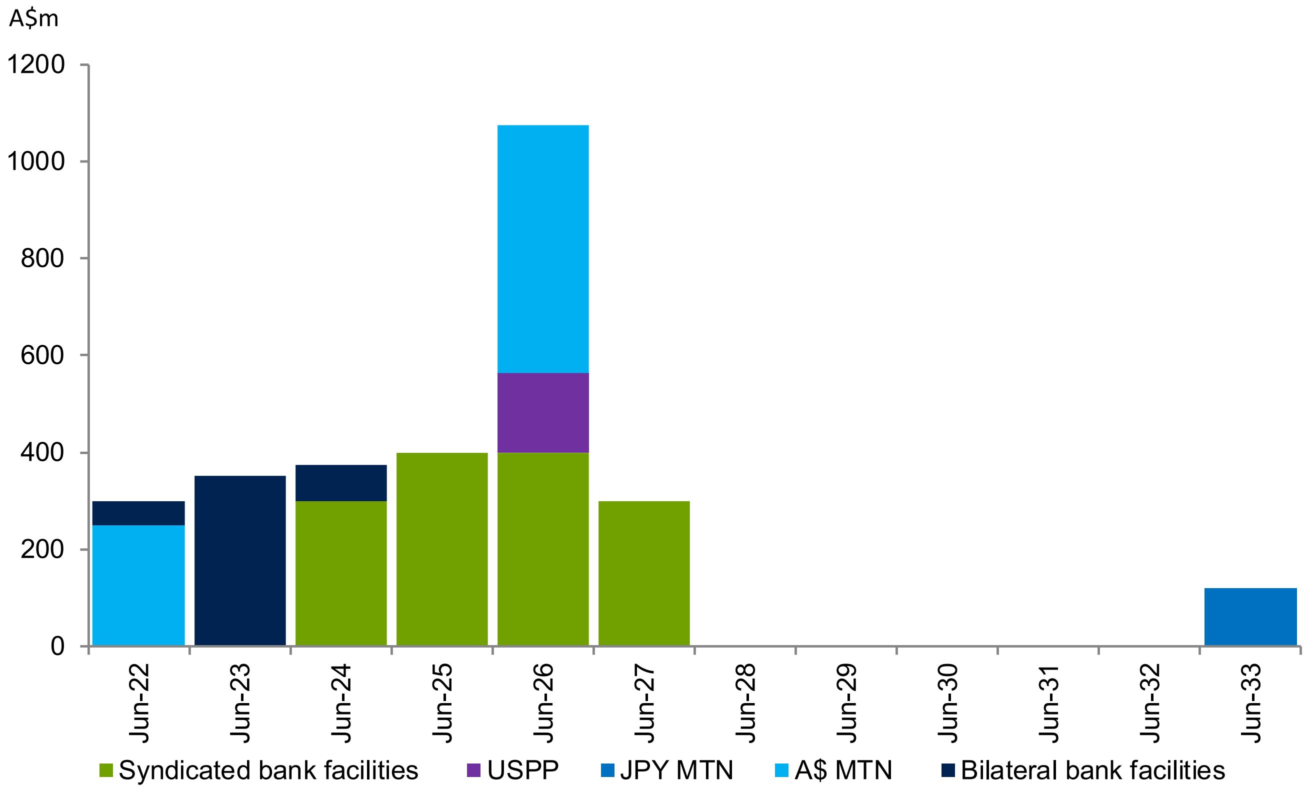
[1] Adjusted for the marked-to-market derivatives and deferred finance charges and excludes the lease liabilities of $662.8m at 30 June 2021 ($763.2m at 30 June 2020)
[2] Equity adjusted to exclude the impact on adoption of AASB 16 of $60.0m
[3] On a post-AASB16 basis
[4] FY20 balances have been restated to reflect the Group's change in accounting policy for costs related to configuration and customisation of SaaS arrangements. Refer to Note C7 of the Financial Report for more details

Group debt profile

- Weighted average debt duration of 3.8 years[1] (3.4 years at 30 June 20)
- 1H21 refinancing has extended debt duration and achieved a more balanced debt maturity profile
- Current borrowings include $250m of Medium-Term Note maturing in March 2022, Downer has elected to repay from existing facilities following the successful Sustainability Linked Loan refinanced in 2020

Debt facilities $m	Jun-20	Dec-20	Jun-21
Total limit [2]	3,339.0	3,060.7	2,946.6
Drawn [2]	2,069.0	1,733.7	1,519.6
Available	**1,270.0**	**1,327.0**	**1,427.0**
Cash	588.5	550.4	811.4
Total liquidity	**1,858.5**	**1,877.4**	**2,238.4**
Net debt [2]	1,480.5	1,183.3	708.2

Debt maturity profile (A$m)



[1] Based on the weighted average life of debt facilities (by A$m limit).
[2] Excludes lease liabilities.

Pro-forma metrics and capital management

- Net debt / EBITDA of 1.5x at 30 June 2021
- Pro-forma Net debt / EBITDA of 1.6x[3] at completion of current divestments, comfortably ahead of target range of 2.0-2.5x
- On-market share buyback of up to 70.1m shares (~10% of outstanding share capital) commenced
- Targeting 60-70% dividend payout ratio of NPATA post-ROADs moving forward
- Growth capex and portfolio activities to be considered alongside target leverage range and dividend payout ratio

$m	Jun-21
Net debt	1,371.0
EBITDA[1]	899.1
Net Debt / EBITDA	**1.52x**
EBITDA of divested businesses[2]	114.7
Total pro-forma divestment proceeds[2]	117.5
Pro-forma Net Debt / EBITDA	**1.60x**

Resumption of dividend payments

- Final unfranked dividend of 12cps declared (total 21cps in FY21)
- Represents payout of 57% of underlying FY21 NPATA (excluding ROADS dividends)

Use of sale proceeds

- Prioritise maintenance of BBB investment grade rating
- On-market share buyback for up to 70.1m of shares on issue
- Growth capital expenditure

[1] EBITDA includes the adoption of AASB16 - Leases

[2,3] Refer to Supplementary Information for further details

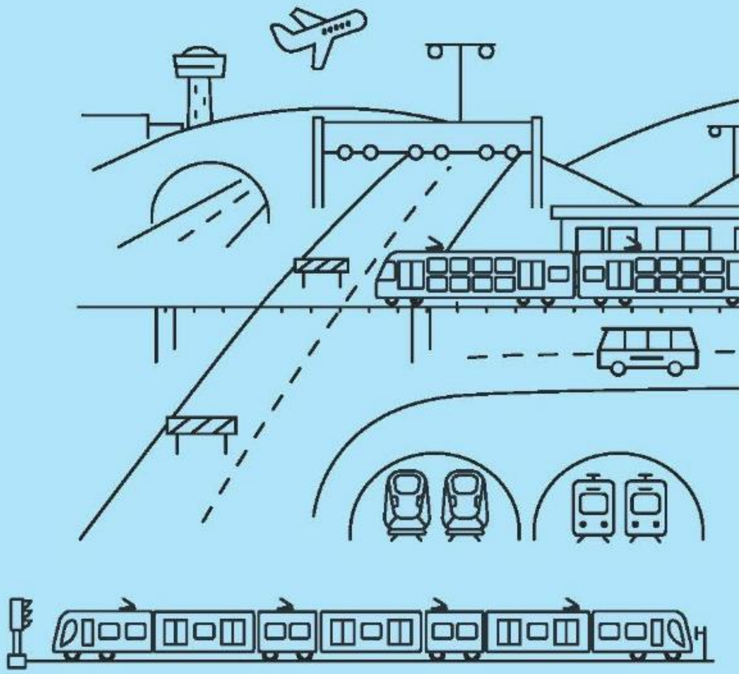
Key messages and outlook

- The Downer business has again proved its resilience – solid earnings, strong cash conversion and high levels of work-in-hand
- Our end markets are essential services in Transport, Utilities and Facilities. Our position in those markets and their diversity gives us strength and reliability
- Our brand and our relationships are strong
- We expect our core Urban Services to continue to grow in FY22 both in revenue and earnings but given the changing nature of the pandemic and the ongoing COVID19 restrictions we will not provide specific earnings guidance
- We will have more to say at our AGM in November with four months of operations under our belt

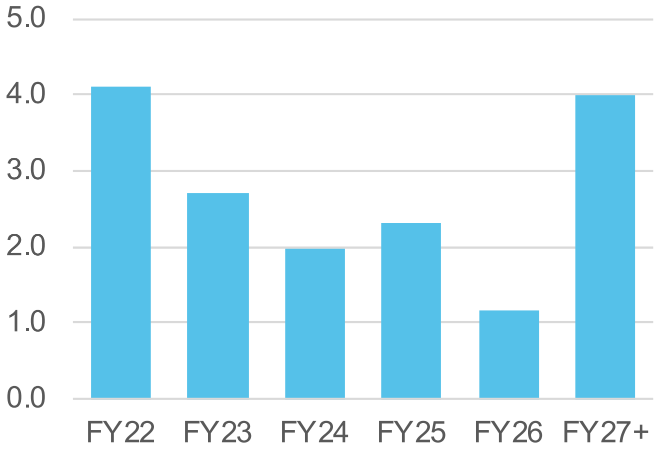
Supplementary information

Transport

Road Services
Rollingstock Services
Projects



WIH profile ($bn)

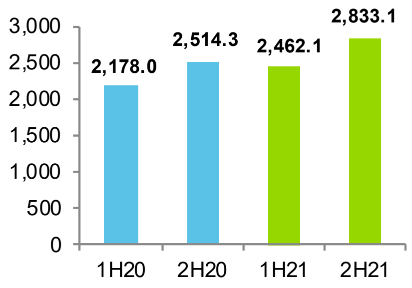


- Total WIH of $16.3bn
- 98% government WIH[1]

Top 5 Contracts Remaining

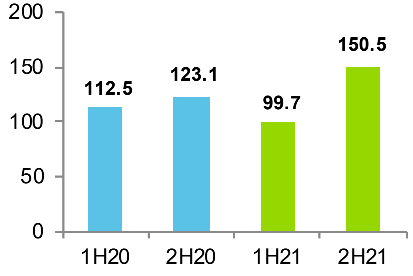
1. Maintaining Waratah trains until 2044
2. Operating Yarra Trams until 2024 (Keolis Downer)
3. Maintaining HCMT until 2053
4. Maintaining Sydney Growth Trains until 2044
5. Operating Adelaide Passenger Rail Network until 2033 (Keolis Downer)

Revenue $m



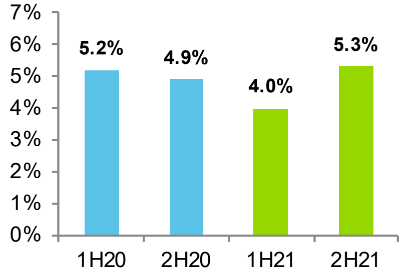
+12.8% v FY20

EBITA $m



+6.2% v FY20

EBITA margin

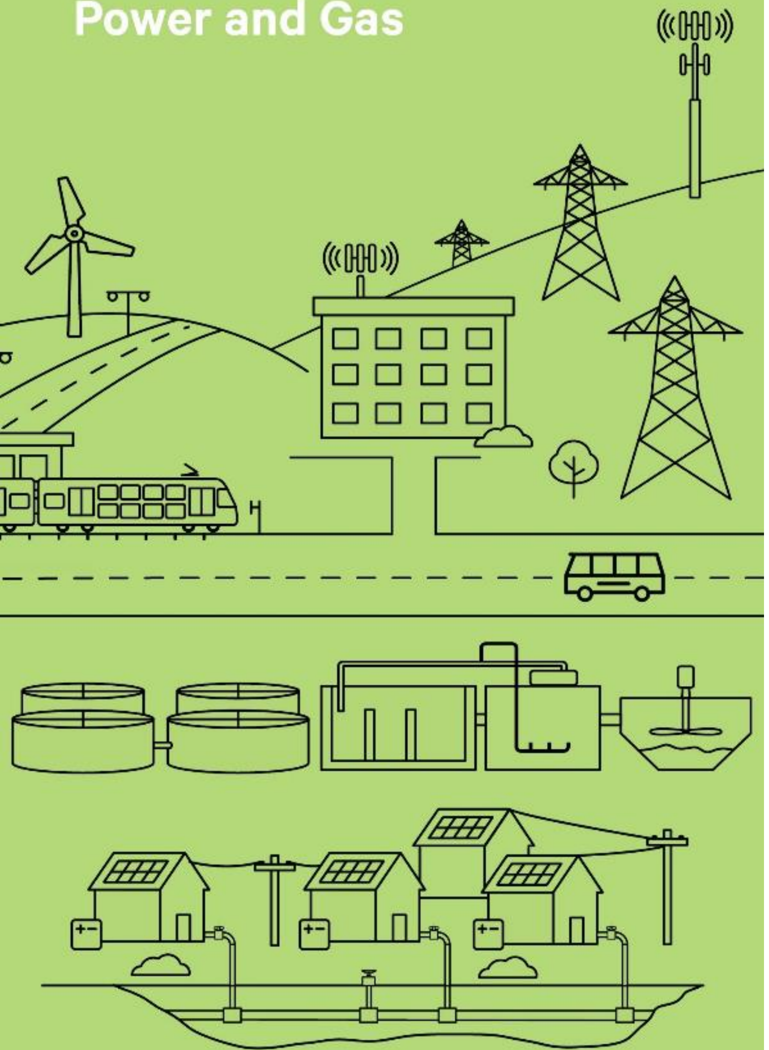


(0.3)pp v FY20

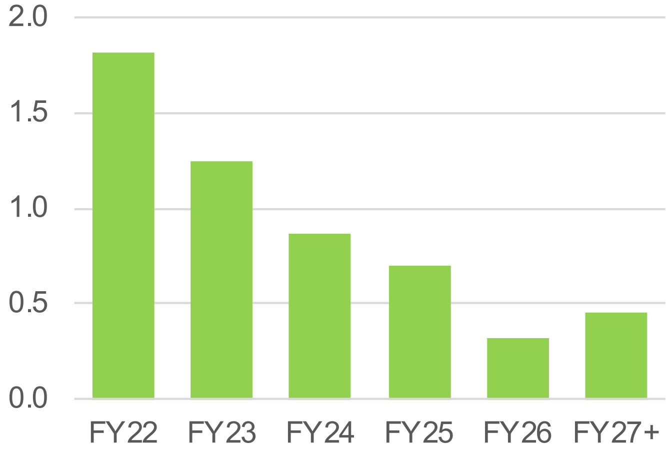
[1] WIH Government includes direct Government and Government-backed / regulated projects

Utilities

Telecommunications
Water
Power and Gas



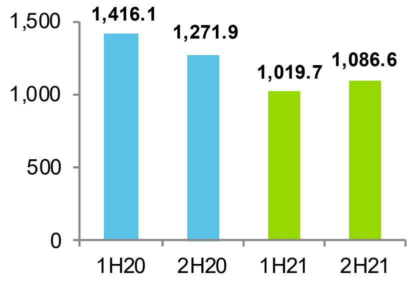
WIH profile ($bn)



- Total WIH of $5.4bn
- 82% government WIH[1]

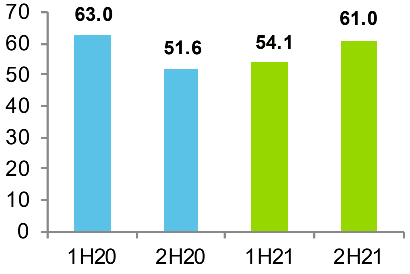
Top 5 Contracts Remaining
1. Sydney Water until 2030 (Confluence Water JV)
2. AusNet (power) until 2024 (plus extensions for 6 years)
3. Logan City Council until 2025 (plus 2x2yrs extensions)
4. AusNet (gas) until 2026
5. Unified Field Operations (Network) contract with NBN

Revenue $m



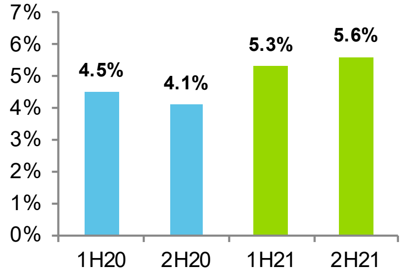
(21.6)% v FY20

EBITA $m



+0.4% v FY20

EBITA margin

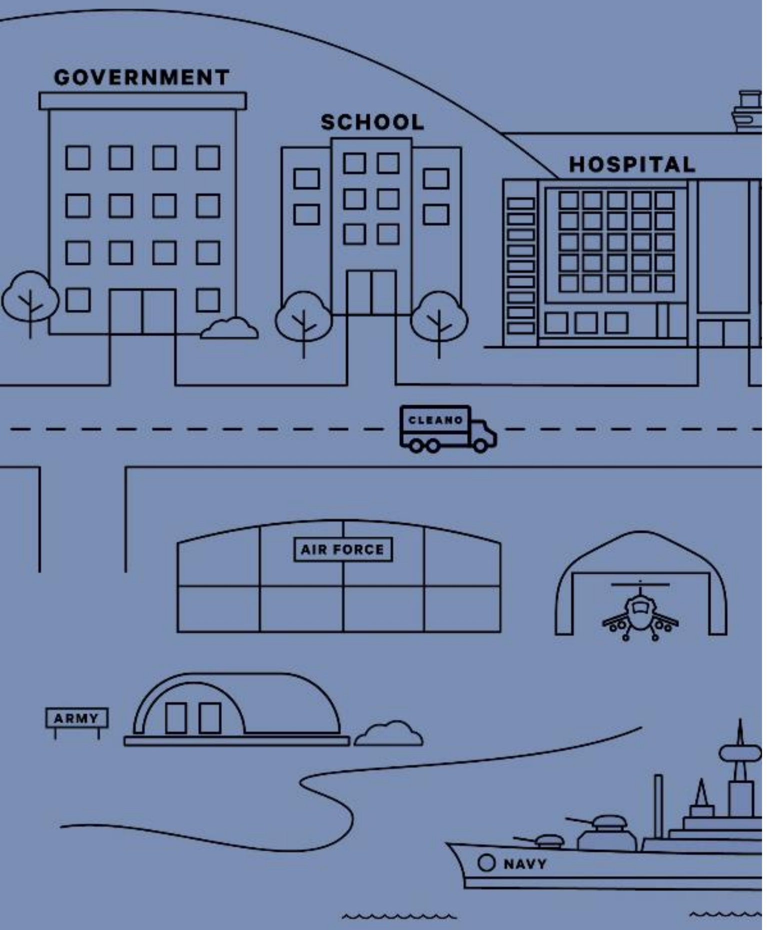


+1.2pp v FY20

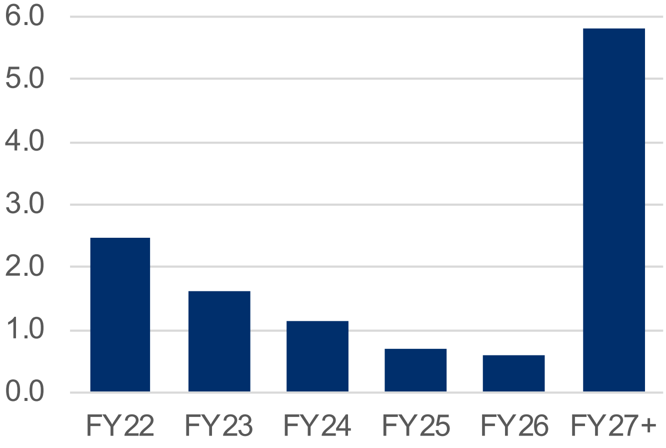
[1] WIH Government includes direct Government and Government-backed / regulated projects

Facilities

Government
Health and Education
Defence
Building



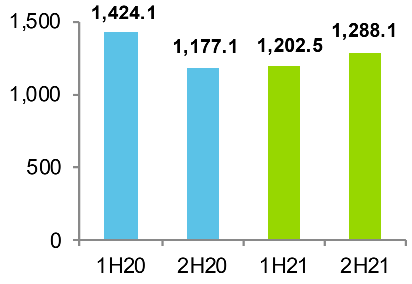
WIH profile ($bn)



- Total WIH of $12.3bn
- 91% government WIH[1]

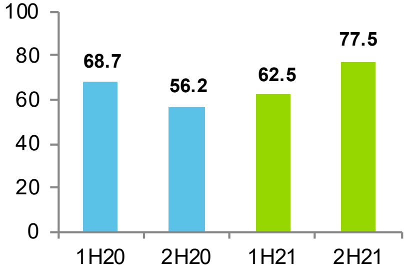
Top 5 Contracts Remaining
1. New Royal Adelaide Hospital PPP until 2046 (contract reset 30 June 2022)
2. Dept of Defence Estate Maintenance and Operations until August 2024
3. Sunshine Coast University Hospital PPP until 2042
4. Bendigo Hospital PPP until 2042
5. Orange Hospital PPP until 2036

Revenue[2] $m



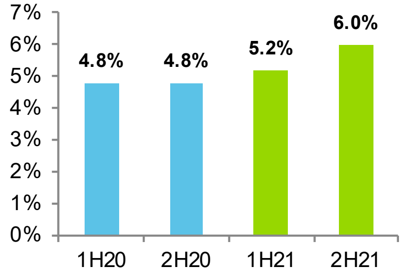
(4.3)% v FY20

EBITA[2] $m



+12.1% v FY20

EBITA[2] margin

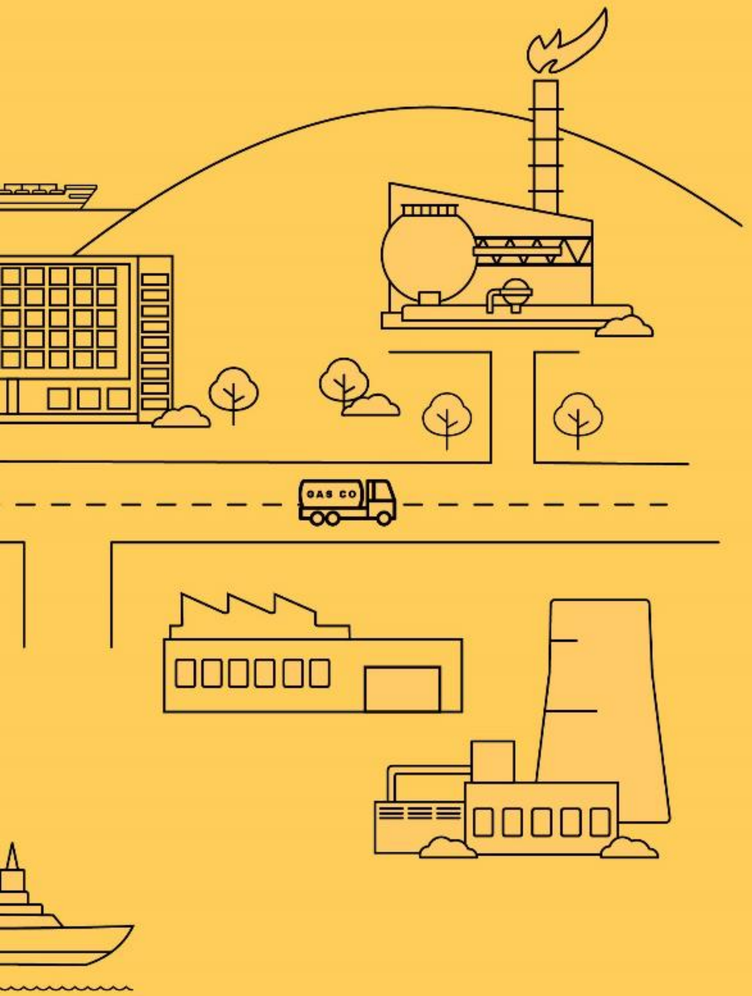


+0.8pp v FY20

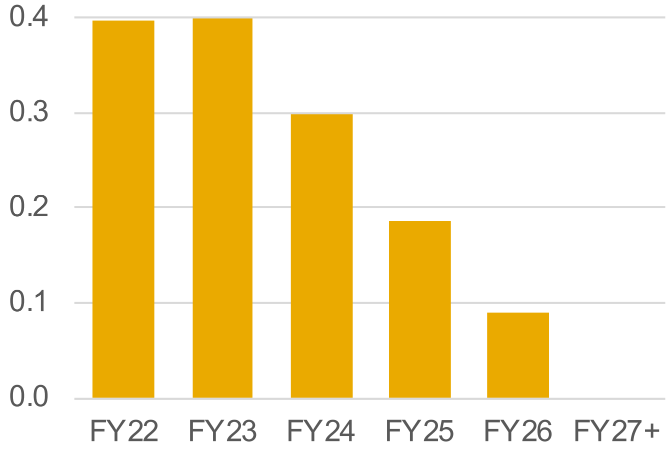
[1] WIH Government includes direct Government and Government-backed / regulated projects [2] Excludes Hospitality and Laundries

Asset Services

Oil and Gas
Power Generation
Industrial



WIH profile ($bn)

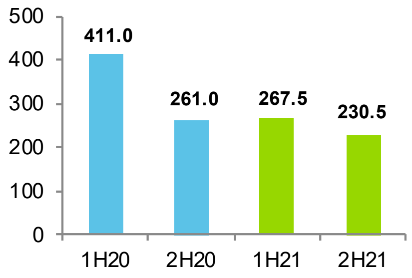


- Total WIH of $1.4bn
- 15% government WIH[1]

Top 5 Contracts Remaining

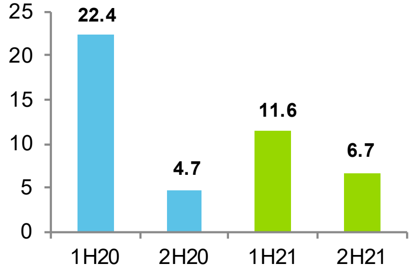
1. Chevron infrastructure maintenance until 2024
2. BHP Maintenance services in Port Hedland until 2023
3. CS Energy's Callide Power Station until 2025
4. Santos Upstream Development Services until 2026
5. BHP Olympic Dam non-hot metal shutdown until 2021

Revenue $m



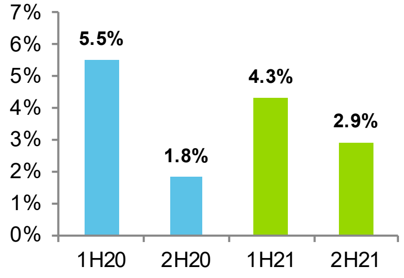
(25.9)% v FY20

EBITA $m



(32.5)% v FY20

EBITA margin



(0.3%) v FY20

[1] WIH Government includes direct Government and Government-backed / regulated projects

Pro-forma metrics – estimated proceeds

Net debt / underlying EBITDA $m	Net Debt[3]	EBITDA	Net debt / EBITDA
30 June 2021 reported	**1,371.0**	**899.1**	**1.52x**
Otraco[1]	(79.0)	(13.0)	(0.07x)
Open Cut West[2]	(38.5)	(44.1)	0.03x
Blasting	-	(7.7)	0.01x
Underground – Carrapateena	-	(5.2)	0.01x
Laundries	-	(44.7)	0.09x
Proforma 30 June 2021	**1,253.5**	**784.4**	**1.60x**

[1] Otraco transaction expected to complete by December 2021

[2] Represents deferred proceeds under the sale contract payable in 12 equal monthly instalments to January 2022

[3] Net debt for the purposes of calculating net debt to EBITDA ratio includes lease liabilities ($662.8m at 30 June 2021).

Reconciliation to segment financials

Underlying EBITA[1,2] ($m)	FY20	FY21
Asset Services (EC&M)	27.1	18.3
Engineering & Construction (EC&M)	(69.2)	(5.1)
EC&M Segment EBITA	**(42.1)**	**13.2**
Facilities (core)	124.9	140.0
Laundries (Facilities)	9.1	5.0
Hospitality (Facilities)	(19.7)	0.4
Facilities Segment EBITA	**114.3**	**145.4**

[1] Downer calculates EBITA by adjusting EBIT to add back acquired intangible assets amortisation expense.

[2] The underlying result is a non-IFRS measure that is used by Management to assess the performance of the business. Non-IFRS measures have not been subject to audit or review.