

5 November 2020

Company Announcements Office
ASX Limited
Level 4, 20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam

RE: Downer EDI Limited 2020 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; and
- Chief Executive Officer's report.

Yours faithfully



Robert Regan
Company Secretary

DOWNER GROUP ANNUAL GENERAL MEETING 2020 CHAIRMAN'S ADDRESS AND CHIEF EXECUTIVE OFFICER'S REPORT

Chairman's Address, Mike Harding

Ladies and gentlemen,

2020 has been a truly extraordinary year for all of us and COVID-19 continues to disrupt our lives – though in different ways, depending on where you live.

Downer's strong governance models are guiding the company through these challenging times and I am proud of the way our organisation and people are responding and adapting.

Downer has complied with all government regulations and advice in relation to COVID-19, in both Australia and New Zealand, and we have robust business continuity plans in place. We have implemented a range of control measures across our sites to minimise the risk of COVID-19 transmission.

You can find detailed information about our response to COVID-19 on the Downer website and throughout our Sustainability Report. Downer's businesses have not been immune from the impact of COVID-19, but the vast majority of the Group has proven to be resilient.

Our Urban Services businesses, which mostly work for government customers, performed well during the year.

Our New Zealand business was affected substantially by the Level 4 restrictions introduced there, but virtually all our operations returned to normal levels when those restrictions were eased.

Our hospitality business in Australia has been the worst affected part of the Downer Group and it remains in hibernation as we review the options for its future.

In July this year, we announced a range of initiatives to reshape Downer as a focused Urban Services business with a stronger platform for long term, sustainable growth. This included an equity raising of \$400 million that was supported strongly by institutional investors, who took up 97% of their entitlements. Grant Fenn will have more to say about these strategic initiatives in his report.

We continue to improve our sustainability performance and I encourage you to read our Sustainability Report which is available on our website and includes many case studies as well as full details of our performance across the Group.

Last year we announced long-term greenhouse gas emissions reduction targets that align with the 2015 Paris agreement goals to pursue efforts to limit the temperature increase to 1.5% by the end of this century.

In February this year, we announced we would shift our focus from high capital intensive activities to lower capital intensive and carbon activities in line with our Urban Services strategy. This strategic shift will support Downer's decarbonisation pathway.

Ladies and gentlemen, Grant Thorne retired as a Director of Downer in July this year after a decade's service. Grant provided leadership on the Zero Harm Committee, including as Chairman for a significant period. he was a member of several other committees and a long-term Chair of the Tender Risk Evaluation Committee. On behalf of the board, I thank Grant for his contribution to Downer and wish him the best for the future.

I would like to thank Grant Fenn, his executive team and our people for their efforts during what has been a very difficult year. I would also like to thank you, our shareholders, for your support.

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, Mike

Ladies and gentlemen, the 2020 financial year has tested the resilience of our business and brought out the best in our people.

I am very proud of the way our people have adapted and responded to all of the challenges in 2020 and I take this opportunity to thank them for their considerable efforts.

Last month, Spotless also experienced a cyber security incident, an increasingly frequent and sophisticated threat for Australian organisations and governments. We have dedicated significant resources to this challenge and, once again, our people and our organisation have proven to be resourceful and resilient. Importantly, we have been able to continue our services for our customers and maintain operations so that it is not expected to have a material impact on the Downer business or its operations.

Ladies and gentlemen, a key reason for Downer's strength and resilience during these turbulent times is our Urban Services strategy.

On 21 July this year we announced a number of initiatives to create a stronger Downer.

The first was to take 100% ownership of Spotless. On 12 August we launched an offer for all the remaining shares in Spotless, around 12%, and on 7 October we announced that we had completed the offer successfully and now owned 100% of Spotless. We are now implementing a number of measures to enable us to realise the full benefits of this acquisition. This includes refinancing Spotless' debt at a lower cost to the group.

Second, we announced the exiting of non-core businesses as we reshape the Downer portfolio in line with our Urban Services strategy. We are well progressed in exiting high risk construction markets in both Downer and Spotless, while the sale of our most capital intensive businesses, Mining and Laundries, remains a key short-term objective. We have received expressions of interest for all the various parts of the Mining portfolio and our discussions continue in relation to the sale of Laundries. We will, of course, keep the market informed of all significant developments. The third initiative was the right sizing of our cost base. This involves reducing management layers and headcount as well as our property footprint, systems costs and discretionary expenditure. There has been a lot of activity in these areas over the past four months which will continue for the foreseeable future.

The fourth initiative we announced in July was an equity raising of \$400 million to fund the purchase of the remaining stake in Spotless, the right sizing of the cost base and further investment in our core Urban Services. As Mike mentioned earlier, this raising was completed successfully and strongly supported by our shareholders.

Ladies and gentlemen, our core Urban Services portfolio – which comprises our Transport, Utilities, Facilities and Asset Services businesses – is the future of Downer. Throughout 2020, and despite the impact of COVID-19, these businesses have demonstrated their strength and resilience. They have leading market positions and these essential services are

provided predominantly to governments, or through government-related contracts, as well as to blue chip industrial companies.

Our Urban Services strategy is based on a capital-light business model that generates lower risk and long-term predictable revenues and cashflows. It leverages Downer's expertise in operations, maintenance, servicing and supply.

The strength and resilience of our Urban Services portfolio is highlighted by the fact that, despite the impact of COVID-19, the underlying EBITA for these businesses in FY20 was comparable to the previous year – that is, \$511 million in FY20 versus \$525 million in 2019.

Demand for these Urban Services – particularly in roads, rail, power and gas, water, defence, health, education and other government sectors – remained strong throughout the year and in some areas increased.

We expect demand for Transport services – roads, rollingstock and infrastructure – to remain strong as governments look to stimulate the economy and create jobs. Last month, the Federal Government's budget included a number of "shovel ready" projects in these sectors and we are well placed to win our share of that work.

We also expect demand for Utilities services to remain strong. We have won a number of significant contracts in power, gas and water over the past year and on 31 August 2020 we announced we would continue to be a major partner with nbn across a range of services in Western Australia, South Australia and the Northern Territory. Furthermore, in late September the Federal Government announced a \$4.5 billion upgrade to the nbn over the next three years. Once again, we are well placed to win our share of this new work.

Our core Facilities service line continued largely unabated in FY20 and we expect demand for these services to continue. This includes FM and building services for defence, government housing, health, education, and transport across Australia and New Zealand.

This year is the first time we've disclosed the performance of Asset Services as a separate business. This business has grown significantly over the past few years, delivering specialised turnaround, shut down and maintenance services to the oil and gas, power generation, and industrial sectors.

I would again like to thank our people, right across the Downer Group, for their contribution to our performance in this extraordinary year, and I also 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.