

1 November 2018

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

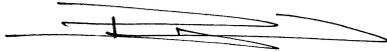
Dear Sir/Madam

RE: Downer EDI Limited 2018 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



Peter Lyons
Company Secretary

**DOWNER GROUP ANNUAL GENERAL MEETING 2018
CHAIRMAN'S ADDRESS AND CHIEF EXECUTIVE OFFICER'S REPORT**

Chairman's Address, Mike Harding

Ladies and gentlemen,

I am pleased to report that Downer has had another good year.

This includes meeting guidance for the seventh consecutive year, and increasing the dividends paid to you, our shareholders – from 24 cents in 2017 to 27 cents in 2018.

Importantly, our safety performance has been very good and we remain vigilant about the critical risks facing our business. Our Sustainability Report continues to improve, and this year we received very positive reviews from a number of independent organisations, including a “Leading” rating from ACSI, the Australian Council of Superannuation Investors, when it assessed the top 200 ASX listed companies.

The integration of Spotless is going well. From an operational perspective, Spotless is now considered to be one of Downer's four divisions – along with Transport & Infrastructure; Mining, Energy and Industrial; and New Zealand. Grant Fenn will provide more detail about Spotless later in the meeting.

Our two new significant train projects – Sydney Growth Trains and Melbourne's High Capacity Metro Trains – are progressing well. The Sydney Growth Trains are going through performance testing. In Melbourne, the High Capacity Metro Trains are arriving from China and are being assembled at our Newport facility.

I am very pleased that Nicole Hollows joined the Downer board in June. Nicole has had experience as both a Chief Financial Officer and Chief Executive Officer of a publicly listed company and she is a valuable addition to your board.

Finally, I would like to thank Grant and his executive team for a very strong performance during 2018, and I would also like to thank our shareholders for their support during the year.

I will hand over to Grant to provide an update on the Group's operations.

Thank you.

Chief Executive Officer's Report, Grant Fenn

Thank you, Mike

Ladies and gentlemen, I am very pleased to report that Downer has delivered another strong result for the 2018 financial year – and that we are expecting 13% growth in the 2019 financial year, which is in the top quartile of growth expected in the ASX100.

I would like to mention a few of the highlights of our financial performance in 2018:

- First, we met guidance for the seventh year in a row – this year, that meant delivering consolidated underlying Net Profit After Tax and before Amortisation of acquired intangibles, or NPATA, of \$295 million despite the sale of the freight rail business halfway through the year and a softer result from our Mining business;
- The competitive landscape remains tough, however all six of our service lines achieved revenue growth in 2018: Transport increased by 31%, Rail by 38%, Utilities by 18%, EC&M by 20%, Mining by 4.5% and Spotless by 3%;
- Importantly, we continued our strong cash performance with cash flow conversion of 91% of Earnings Before Interest, Tax, Depreciation and Amortisation despite the negative impacts of the new Royal Adelaide Hospital and some substantial one-off costs. This is Downer's seventh year of cash flow conversion in excess of 88% and it highlights the fact that we are a reliable and predictable cash-focused services business;
- We have maintained a strong balance sheet with gearing at 22.7% and we have undrawn funding capacity and cash of more than \$1.5 billion;
- Work-in-hand has increased to \$42 billion, which means we have a very solid pipeline of work for the years ahead; and
- The total dividend increased to 27 cents per share, up from 24 cents per share last year.

Most importantly, we continue to perform well against key health and safety indicators – the lost time injury frequency rate and the total recordable injury frequency rate – and we remain focused on managing the critical risks across the Group. As Mike mentioned earlier, we have significantly improved our Sustainability reporting. Our Sustainability Report is available on our website and we have copies here today for those who wish to take it home to read.

Our strong performance and increased dividend are again a welcome outcome for you, our shareholders, and I thank you for your continued support. I also thank our people for their hard work during the year and their contribution to our results.

I am pleased to say that we are performing in line with expectations in the first few months of the new financial year and I confirm that Downer is targeting consolidated NPATA of \$335 million before minority interests for the 2019 financial year.

This 13% increase in our guidance for 2019 reflects Downer's position in our major markets.

We are leaders in the roads market in both Australia and New Zealand and we expect the demand for our network management and related maintenance services to remain strong. We are not major civil constructors, however growth in road construction in Australia will benefit our road surfacing and bitumen products businesses. Our market leadership in asphalt and emulsion technology,

including recycled inputs, will also help us to grow as we provide smart solutions for our customers. Non-residential commercial building will remain strong in New Zealand, with significant demand for Hawkins' services.

Downer will continue to benefit from significant government investment in public transport in both Australia and New Zealand, particularly light and heavy rail, and we also expect further outsourcing of government bus networks.

We expect the telecommunications market to stay relatively buoyant over the next few years while growth in utilities will be driven by wind and solar projects in Australia. Water, gas and power distribution will continue to grow and we expect there to be major investment in upgrading and extending Australia's transmission grid to cope with the requirements of renewable and energy storage capacity – and Downer is the market leader in this field.

Population growth and government outsourcing will drive growth in social infrastructure opportunities across most Australian states in health, education, and other government services such as defence.

While there is a decline in oil and gas construction, as the major LNG builds come to an end, we are growing our asset services business in this sector. With 25 process trains soon to be in operation around Australia there are significant opportunities in shutdowns, turnarounds and general maintenance. There will also be increased investment in greenfield and brownfield iron ore projects. At the same time, our Mining business is becoming more efficient and looking to improve asset utilisation to take advantage of the market.

Ladies and gentlemen, it has been just over a year since we closed our offer for all the shares in Spotless Group Holdings Limited. This acquisition is a significant investment in growth for the Downer Group and the strategic rationale for it remains compelling:

- The combination of capabilities we now have, with market leading positions across many sectors, allows us to deliver a broader range of services to both existing and potential customers;
- The acquisition strengthens the Group's position as a stable, services-focused business with resilient earnings;
- Significantly, it enhances our ability to benefit from the continued trend towards government outsourcing; and
- Downer's strong balance sheet means we can continue to invest in existing businesses as well as pursue future growth opportunities.

There are already many examples of the benefits of Downer and Spotless working together:

- Over \$100 million of work has been secured through joint bidding, for example the Victorian Police Headquarters in the Melbourne CBD and the Ballarat Energy Storage project;
- Spotless is now delivering over \$150 million of work for Downer that was previously contracted to other companies – this includes cleaning trains, NBN linework and facilities management at Downer offices.

We have only scratched the surface and we continue to discover new opportunities. The combination of Downer and Spotless means we are stronger today and have even more exciting prospects for the future.

Ladies and gentlemen, the Downer Group has leading positions in all the markets in which we operate. We delivered a strong result in 2018 and have forecast good growth in 2019.

Thank you again for your support and I now hand the meeting back to our Chairman to discuss the items outlined in the Notice of Meeting.