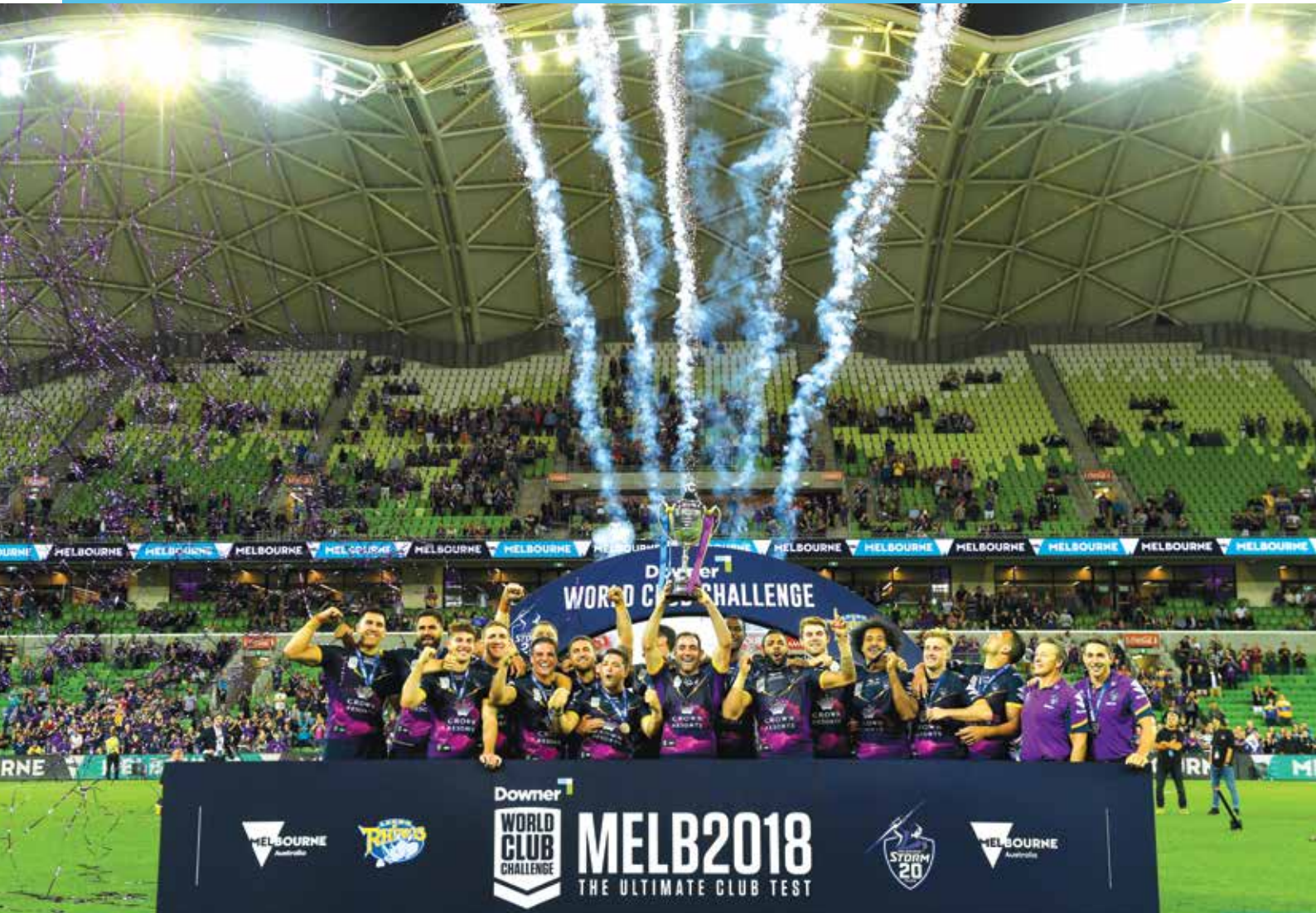


# Downernews

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# 2018 Downer Group half year results

Downer's results for the first half of the 2018 financial year reflect a strong performance from across the Group. Downer maintained earnings guidance and included Spotless' results for the first time since the acquisition.

Downer CEO, Grant Fenn, said he was very pleased with the result as well as the ongoing integration of Spotless.

**“Downer has delivered a strong result for this six month period. It is particularly pleasing that we have maintained our guidance for the full financial year despite the sale of our freight rail business and the significantly softer result from the Mining division.”**

“I am also pleased to say that the earnings for Spotless during the six months are in line with our business case. Importantly, the integration of Downer and Spotless continues to progress well and I have been really pleased to see the way the various teams have been working together.” ■

## A quick snapshot of our results:

# \$6.1 billion

Total revenue

↑69.3%

## \$222.3 million

Earnings Before Interest, Tax and Amortisation (EBITA)

↑79.0%

## \$307.1 million

Operating Cash Flow

88.0%  
EBITDA  
conversion

## \$132.0 million

Net Profit After Tax and Amortisation (NPATA)

↑63.8%

## 13.0 cps

Interim Dividend Declared  
(50% franked; no dividend reinvestment plan)

↑1 cps

## \$39.2 billion

Work in hand

\$21.7b  
Downer  
\$17.5b  
Spotless

## 3.38 per million hours worked

Total Recordable Injury Frequency Rate (TRIFR)

↓0.23  
at 31 December  
2016



SPONSORSHIP



# Downer sponsors the World Club Challenge

Downer was the naming rights sponsor for the 2018 Downer World Club Challenge which saw NRL Premiers Melbourne Storm defeat English Super League Champions Leeds Rhinos at AAMI Park, Melbourne, on Friday 16th February.

The CEO of Downer, Grant Fenn, said Downer was thrilled to support a game that determines which rugby league team is the best in the world.

“Melbourne Storm and Leeds Rhinos have both enjoyed great success over a number of years and this was an outstanding game of footy,” he said.

Our sponsorship saw the Downer brand receive widespread exposure including on television, ground signage, jerseys, in the media and online. ■

**Many Downer and Spotless employees and their families enjoyed free tickets to the Downer World Club Challenge in Melbourne.**



Pictured is Ben Enright, winner of the coin toss competition, meeting Cameron Smith, Captain of Melbourne Storm and Kallum Watkins, Captain of Leeds Rhinos.



Dale Lawrance from Infrastructure Services with his family.





## CONTRACT WINS



# Downer secures \$312 million contract with Oz Minerals

Downer, along with our joint venture partner Ausenco, has been awarded a contract by OZ Minerals to work at the Carrapateena copper gold mine project in South Australia, 160 kilometres north of Port Augusta.



The scope of work includes:

- engineering, procurement and construction of a new minerals processing plant;
- site power distribution;
- plant bore fields development for regional water supply; and full communications and telemetry work.

Construction is scheduled to commence at the end of the first quarter of the 2018 calendar year.

Downer is proud to be selected along with Ausenco to deliver this important project, which will play a critical role in boosting the existing and future copper export capacity for OZ Minerals and South Australia.

The Chief Executive Officer of Ausenco, Zimi Meka, said the Ausenco Downer joint venture team and OZ Minerals have already developed excellent working relationships.

"With our complementary values, people, approaches and absolute commitment to a safe and cost-effective project, we are delighted to be working with Downer and look forward to delivering a successful project for OZ Minerals," he said. ■



# Downer partners with the Department of Defence

Downer, along with partners AGIS, DXC Technology, SYSTRA Scott Lister, Envista and Providence Consulting, has been appointed as a Major Service Provider (MSP) to the Department of Defence's Capability Acquisition and Sustainment Group (CASG).

Downer's CEO of Mining, Energy and Industrial Services, Brendan Petersen, said the contract provides CASG with a technically capable, established and secure partner to help build a sustainable Defence industry.

**"Downer's consortium combines the first-hand experience of small to medium enterprises holding an inherent understanding of the sector, with the capacity and reach of our large team consisting of Downer, DXC and SYSTRA Scott Lister.**

**The team has access to a strong order book of projects, with the ability to scale up if needed, providing a workforce that is able to deal with Defence's increasing need for staff,"** he said. ■

**Downer provides Defence, Government and Industry with a full suite of Defence services. Our capabilities span the full asset lifecycle, from initial business case through to design and engineering, construction, manufacturing, commissioning, introduction into service, and ongoing asset management.**



Gruyere Gold Project site

# Downer awarded Gruyere Gold Project



In December 2017, Downer announced that it had been awarded a five year contract, valued at approximately \$400 million, to provide mining services to the Gruyere Gold Project.

The Gruyere Gold Project is a 50:50 joint venture between Gold Road Resources Limited and Gold Fields Limited. The gold was discovered by Gold Road in 2013, and is located about 200 kilometres east of Laverton in Western Australia.

Downer is scheduled to commence construction of infrastructure in March this year, while mining is scheduled to commence towards the end of the year.

The CEO of Downer, Grant Fenn, said:

**“Downer is very pleased to have been awarded this contract and we look forward to working closely with the Gruyere Gold Project team to help them develop this new mine safely and successfully.**

“It will also build on our extensive operations in Western Australia, which includes providing mining services at the nearby Sunrise Dam gold mine as well as at Roy Hill, Cape Preston and Karara iron ore mines.” ■

## The scope of work to be carried out by Downer includes:

- construction of haul roads, stockpiles and other infrastructure;
- drilling and blasting;
- loading and haulage of ore and waste;
- run of mine feed; and
- technical services.





# Organisational restructures

In recent months, Grant Fenn has announced two significant organisational restructures.



Brendan Petersen, Chief Executive Officer, Mining, Energy and Industrial Services



Sergio Cinerari, Chief Executive Officer, Infrastructure Services

## Mining, Energy and Industrial Services

The first is the merger of the Mining division and the Engineering, Construction and Maintenance (EC&M) division to create a new division: Mining, Energy and Industrial Services.

“Mining, Energy and Industrial Services will provide our current suite of contract mining services and engineering, construction and maintenance services to our resources, energy and industrial customers,” Grant Fenn said in a message to all employees.

**“Our business must continually adapt to the challenges and opportunities in front of us. This combination of skills and capabilities across many common customers will allow us to meet our customers’ needs in the most efficient and comprehensive way.”**

Brendan Petersen, formerly Chief Executive Officer of EC&M, has been appointed to the new role of Chief Executive Officer Mining, Energy and Industrial Services.

David Overall, who has very successfully served as Mining’s Chief Executive Officer since 2009, has decided to retire in September 2018. David will work with Grant Fenn over the next six months on a number of important initiatives.

## Infrastructure Services and Rail

The second change is that the Rail division now forms part of the Infrastructure Services division.

Grant Fenn said in a message to all employees in early March: “In January this year we completed the sale of our freight rail business to Progress Rail. As a result, our rail operations are now focused on delivering reliable and safe services to the public transport sector.”

**“The sale of the freight rail business has provided a great opportunity to bring together all our Australian transport-related operations. Downer is Australia’s leading transport solutions provider and our skills and capabilities in this area are unparalleled. This includes our road, transport infrastructure, bridge, airport and port businesses as well as our extensive passenger rolling stock asset management services and the Keolis Downer joint venture, which is the largest light rail operator in Australia and also one of Australia’s most significant bus operators. Most of these businesses have common customers, in particular the transport agencies and authorities in each State.”**

Michael Miller, Chief Executive Officer, Rail, now reports to Sergio Cinerari, Chief Executive Officer, Infrastructure Services. Sergio and Michael are working closely together to ensure a smooth transition over the coming weeks and months.

**Grant Fenn, Brendan Petersen and Sergio Cinerari all stress that, while the changes are significant, it is business as usual at Downer. The focus is on our customers’ success while maintaining our goal of Zero Harm. ■**



# Spotless awarded 42-year contract with University of Melbourne



THE UNIVERSITY OF  
MELBOURNE

Spotless has signed a contract as facilities manager for a consortium led by Lendlease, which will deliver a new innovation precinct for the University of Melbourne.

The consortium comprises Lendlease as developer, builder, co-investor and investment manager of the commercial space; GIC as major co-investor of the commercial space; and Urbanest as investor and manager of the student accommodation. Spotless will act as facilities manager for the precinct for the next 42 years.

The former site of the Royal Women's Hospital, on the corner of Swanston and Grattan streets, will be redeveloped into

a place where industry, researchers, students, government and the community can co-locate and collaborate to foster new ways of thinking, learning and operating.

The development will also be home to Science Gallery Melbourne and will include student accommodation, retail, public spaces and childcare. ■

**“We look forward to partnering with the consortium to bring to life a new and exciting innovation hub for the University of Melbourne,”** said Dana Nelson, Chief Executive Officer of Spotless.

**“The driving principles of collaboration, innovation and sustainability are closely aligned to the way we undertake facilities management.”**





# Hawkins to deliver a \$116m building for the University of Auckland



THE UNIVERSITY OF AUCKLAND  
NEW ZEALAND

**Hawkins recently signed a contract to deliver a \$116 million building for the University of Auckland.**

The new building will house the School of Medicine and the School of Population Health, which will be moving out of an older building on campus. The building will be six stories high and have a floor area of 19,500m<sup>2</sup>.

Completion of the new building is scheduled for 31 January 2020.

Downer acquired Hawkins, one of New Zealand's leading infrastructure businesses, in March last year. To find out more about Hawkins, go to [www.hawkins.co.nz](http://www.hawkins.co.nz). ■

This is not the first time Hawkins has worked with the University of Auckland – it was recently awarded a \$170 million contract to construct the new Engineering Building on campus. The 11-storey Engineering Building is currently being built and will open in 2020.





## Spotless takes to the skies

**Spotless is changing the way assets and facilities are managed with unique Unmanned Aerial Systems.**

Together with its specialist partner, Spotless has harnessed emerging drone technology to develop an integrated end-to-end offering that covers air, land and water scenarios – providing customers with invaluable insights on their assets, buildings or sites.

The drone technology removes risk from inspections performed on rooftops, gutters, fencing and bridges; enhances asset repairs and maintenance with detailed analyses of the environment and supports real-time decision making in facilities management – with the added benefits of quick access and low cost for performing fundamental maintenance and security activities.

The specialised offering has been successfully used in contracts with several customers, particularly for inspecting areas of buildings for leaks and deterioration that were previously inaccessible, or conducting fence line inspections that are usually labour and time intensive. ■



## Great Barrier Reef sponsorship

**Downer is proud to announce that it has continued its sponsorship of the Great Barrier Reef Foundation.**

Downer CEO Grant Fenn said: “Downer has a long history of sponsoring the Great Barrier Reef Foundation. It’s an important cause and one we are delighted to continue to support.”

Downer has sponsored the Foundation since 2009.

The Great Barrier Reef Foundation was established in 2000 for the purpose of funding vital research to protect and preserve Australia’s Great Barrier Reef.

The Reef is made up of 2,900 reefs along 2,300km of Queensland’s coastline. It is visible from space and one of the largest United Nations World Heritage areas.

The Reef contributes an estimated \$6 billion annually to the Australian economy and generates more than 67,000 jobs.

Focusing on innovative thinking, the Great Barrier Reef Foundation has – with its partners in business, science and philanthropy – raised almost \$40 million for research. ■





## OUR PEOPLE



Our new graduates will be spread around the country working on various projects over the next two years.

# Meet the latest Downer

**Downer is proud to welcome the graduate cohort of 2018. They come from as far afield as Kalgoorlie and Hobart and will work on a diverse range of projects from the High Capacity Metro Trains (HCMT) in Victoria to the Ichthys gas project in Western Australia.**

The graduates are trained in a range of areas including accounting, commerce, finance and civil, chemical and mechanical engineering.

Their induction focuses on three key themes:

- at Downer, customers are at the heart of everything we do;
- all safety incidents are preventable; and
- everyone is a Zero Harm leader.

Downer offers career pathways through a range of disciplines such as engineering, finance and human resources. Graduates get the opportunity to work collaboratively with the wider business to identify, create and embed value for Downer's customers.

The program is highly flexible and personalised to each graduate, enabling them to choose their own rotations under the guidance of their Rotation Manager. ■





## OUR PEOPLE



## Q&A with Daniel Pan, Corporate Finance Analyst



Daniel joined Downer two years ago as part of our graduate program.

### When did you start your rotation, and where did you graduate from?

I started in 2016 and graduated from the University of New South Wales with a Bachelor of Commerce.

### How did you find the rotations?

My four rotations consisted of working in Commercial, Operations and Corporate Finance within the Rail division, and working in the Strategy, Growth and Innovation team under Corporate. I got the opportunity to work on the tender for the refurbishment of the Endeavour Explorer fleet; work as Production Manager at the Rail Manufacturing Depot in Newport, Victoria; participate in the \$109m Freight Rail divestment to Progress Rail, Caterpillar; and conduct Group reporting, research and mobilisation of the On-Demand trials with Keolis Downer. It was great and I enjoyed it very much.

### What did you enjoy the most about the rotations?

I've always been thankful for the support I've had from the teams in each of the rotations. I found this made it more enjoyable and helped me with some steep learning curves.

I also appreciate the variation the rotations offer – I would have never imagined working in a team, such as Operations, coming from a commerce background. It has given me an appreciation of what is required to run a business, especially in a large and reputable company such as Downer.

### Where are you working now?

I am currently working as a Corporate Finance Analyst looking at the M&A activity across the business. I had worked previously with this team during my third rotation and have found it to be the most rewarding for me. ■



# graduates

## Applications for 2019 opening soon

If you know someone who is interested in applying and becoming part of the Downer team, please direct them to our Careers page:

[www.downergroup.com/people-and-careers](http://www.downergroup.com/people-and-careers).

### Program highlights:

- structured rotations
- core development training sessions
- networking opportunities
- one-on-one executive mentoring from Downer leaders.



## Opening the **Kevin Fletcher Centre**

In November last year our CEO, Grant Fenn, and Chairman Mike Harding represented Downer at the opening of the Kevin Fletcher Centre located at the new state-of-the-art TAFE Skills Centre in Kurri Kurri, NSW.

Grant Fenn said: "We were very pleased to be able to honour our dear friend and colleague Kevin Fletcher by naming the Centre in his memory. Kevin's contribution to Downer as Chief Financial Officer was enormous and helped set the future direction of the Company. He had a particular interest in the training of young people, especially through apprenticeships."

The Centre is truly a state-of-the-art learning campus and we are very proud to be in a strategic alliance with TAFE in having the Kevin Fletcher Centre located at this facility. ■

Our NSW Rail and Mining, Energy and Industrial Services apprentices often study at the TAFE and are taught by highly capable teachers using Downer equipment. They study a range of topics including public speaking, life skills and business management skills. While studying, they live in the residential facilities on campus. Our Rail technicians also undertake technical training at the Kurri Kurri campus.



Kevin Fletcher's family accompanied by Downer CEO, Grant Fenn and our Chairman Mike Harding.



Grant Fenn cutting the ribbon with Kevin Fletcher's son, Eden.

## Nudging toward health and wellbeing with Spotless

Spotless has launched a health and lifestyle program with Nutrition Australia. It is designed to be simple – focusing on foods that make everyday meals nutritious and easy to stick to.

And because wellbeing is more than just food choices, the program also has a full suite of educational seminars, games and activities to promote physical and mental health – all of which can be modified to suit customer needs.

The program has been successfully rolled out to Spotless' customers in the education sector – encouraging students to make good food and lifestyle choices – as well as the business and industry sectors. Alliance, Spotless' catering arm, is also expanding the program in the resources sector. ■



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