



DOWNER GROUP

Annual General Meeting

Downer
Relationships creating success



SAFETY PROCEDURES



- In the case of an emergency a senior hotel staff member will come and explain the procedures.
- Please listen closely to the instructions and remain calm.
- There is one fire exit at the back of the room and one behind me – both lead to Phillip Street.
- When you get to Phillip Street please proceed to the meeting point which is **outside the ANZ building on the corner of Hunter and Phillip Streets.**



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Mike Harding
Chairman

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STRONG PERFORMANCE



- Delivered on guidance for sixth successive year
- Maintained a very strong balance sheet with little debt and strong cash flows
- Fully franked dividend of 24c per share
- Buy back (7.9 million shares)
- Preferred respondent to deliver HCMT project in Victoria
- Strong share price performance



SAFETY AND BOARD RENEWAL



- Fatality in Western Australia highlights the importance of our continuing focus on Critical Risks
- Board renewal:
 - John Humphrey standing down after 15 years
 - Teresa Handicott standing for election
- Passing of Kevin Fletcher



DOWNER IS WELL PLACED

- Excellent underlying businesses
- \$18.6 billion of work-in-hand at 30 June 2016
- Very strong balance sheet and underlying cash flows
- High level of liquidity
- Very strong and committed team





Grant Fenn
CEO and Managing Director





HIGHLIGHTS OF THE 2016 FINANCIAL YEAR



- Net profit after tax of \$180.6 million
- Total revenue of \$7.4 billion
- Earnings before interest and tax of \$276.9 million
- Operating cash flow \$447.8 million
- EBITDA conversion 92.8%
- Gearing of 4.0% with available liquidity of \$1.1 billion
- Work-in-hand now \$20.1 billion, up from \$18.6 billion at 30 June
- Transitioning successfully for the growth in public infrastructure and service delivery



TRANSPORT SERVICES



- Road, rail infrastructure, bridge, airport and port capabilities
- Cornerstone business that continues to perform well in both Australia and New Zealand
- Continuing investment in facilities, products, services and people to maintain market leading positions
- Acquisition of RPQ Group
- Significant contract wins since the end of FY16 (Newcastle Light Rail, HCMT train maintenance facility)



TECHNOLOGY AND COMMUNICATIONS



- Fibre, copper and radio network businesses
- Performing well on nbn:
 - second year of five year contract
 - additional contract for Telstra hybrid fibre cable footprint
 - “We Deliver” award at annual nbn supplier summit
- Ongoing roll out of UFB in NZ, preparing for UFB2



UTILITIES SERVICES



- Power, gas, water and renewable businesses
- Successful integration of Tenix
- Opportunities from privatisation, contestability and business improvement across State power distribution networks
- Positioned well to benefit from investment in renewable energy to meet Government's Renewable Energy Target (wind and solar)



RAIL

- Passenger and freight build, operations and maintenance, component overhauls, after-market services
- Awarded supply and maintenance contracts with WA PTA
- Waratah “Through Life Support” continues to perform well
- Evolution Rail selected as preferred respondent to deliver HCMT project in Victoria – largest investment in rolling stock in Victoria’s history



ENGINEERING, CONSTRUCTION & MAINTENANCE



- Industrial construction and maintenance services, NZ projects, resources based consultancies
- Strong performance for our customers at Gorgon and Wheatstone (major LNG projects in WA)
- Expanding role in Defence:
 - huge Government investment in facilities, machinery, services
 - acquisition of AGIS



MINING



- Open cut and underground services, mine planning and design, blasting services, tyre management, mine rehabilitation
- Another strong result and an excellent operational performance in a very difficult market
- Christmas Creek contract completed
- Downer remains an industry leader in Australia



OUTLOOK



- The market has responded favourably to our 2016 performance
- Downer is progressing well in repositioning to service increased investment and outsourcing in Roads and Rail, Public Transport, Utilities, Defence and Communications
- Downer anticipates that its diversity and strong market positions in key sectors will continue to provide reliable earnings, growth opportunities and high cash flow generation in 2017
- Guidance confirmed

Resolutions





ITEM 1



To consider and receive the Financial Report, the Directors' Report and the Independent Auditor's Report of Downer for the year ended 30 June 2016.



ITEM 2A



To consider and, if thought fit, pass the following ordinary resolution:



That Ms T G Handicott, who was appointed as a Non-executive Independent Director of the Company effective 21 September 2016 in accordance with Rule 3.3 of the Company's Constitution and, being eligible, is elected as a Non-executive Director of Downer."



ITEM 2A – PROXIES



	Voted	%	% of all shares
For	322,435,686	99.75	75.91
Against	142,491	0.04	0.03
Abstain	247,814	n/a	0.06
Open – Useable	684,077	0.21	0.16



ITEM 2B



To consider and, if thought fit, pass the following ordinary resolution:



That Ms S A Chaplain, who was appointed as a Non-executive Director of the Company on 1 July 2008 and in accordance with Rule 3.6 of the Company's Constitution and being eligible, offers herself for re-election, is elected as a Non-executive Director of Downer.”



ITEM 2B – PROXIES



	Voted	%	% of all shares
For	309,573,713	95.76	72.88
Against	13,011,656	4.03	3.06
Abstain	241,950	n/a	0.06
Open – Useable	676,499	0.21	0.16



ITEM 2C



To consider and, if thought fit, pass the following ordinary resolution:



That Dr C G Thorne, who was appointed as a Non-executive Director of the Company on 1 July 2010 and in accordance with Rule 3.6 of the Company's Constitution and being eligible, offers himself for re-election, is elected as a Non-executive Director of Downer."



ITEM 2C – PROXIES



	Voted	%	% of all shares
For	321,767,145	99.54	75.75
Against	776,669	0.24	0.18
Abstain	255,825	n/a	0.06
Open – Useable	710,429	0.22	0.17



ITEM 3



To consider and, if thought fit, pass the following ordinary resolution:



That the Remuneration Report for the year ended 30 June 2016 be adopted.”



ITEM 3 – PROXIES



	Voted	%	% of all shares
For	319,160,580	98.78	75.13
Against	3,271,176	1.02	0.77
Abstain	420,569	n/a	0.10
Open – Useable	657,743	0.2	0.15



ITEM 4



To consider and, if thought fit, pass the following ordinary resolution:



That approval is given to the grant of performance rights pursuant to the Company's LTI Plan and the acquisition of shares on vesting by issue or by transfer as the Managing Director's long term incentive for 2017 on the basis described in the Explanatory Memorandum to this Notice of Meeting."



ITEM 4 – PROXIES



	Voted	%	% of all shares
For	309,586,725	95.79	72.88
Against	12,976,643	4.01	3.05
Abstain	287,596	n/a	0.07
Open – Useable	659,104	0.20	0.16



ITEM 5



To consider and, if thought fit, pass the following resolution as a special resolution:



That the Company modify its Constitution by renewing clause 37 which contains proportional takeover approval provisions for the purposes of section 648D of the *Corporations Act 2001 (Cth)* with effect from the close of the meeting.”



ITEM 5 – PROXIES



	Voted	%	% of all shares
For	320,671,745	99.23	75.49
Against	1,807,279	0.56	0.43
Abstain	345,062	n/a	0.08
Open – Useable	685,982	0.21	0.16

Polls





John Humphrey

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Please join us
for refreshments

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