

3 November 2022

ASX Market Announcements Office  
ASX Limited  
20 Bridge Street  
Sydney NSW 2000

Dear Sir/Madam

**RE: Downer EDI Limited 2022 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;
- Chief Executive Officer's report; and
- Slide presentation for the meeting.

Yours sincerely,  
**Downer EDI Limited**



**Robert Regan**  
Company Secretary

*Authorised for release by Downer's Group General Counsel and Company Secretary, Robert Regan.*

## **DOWNER GROUP ANNUAL GENERAL MEETING 2022 CHAIRMAN'S ADDRESS AND CHIEF EXECUTIVE OFFICER'S REPORT**

### **Chairman's Address, Mark Chellew**

Ladies and gentlemen,

The 2022 financial year was extremely challenging for Downer.

The widespread impact of COVID-19 within the community, and the restrictions placed on businesses and employees by government to stop the spread of infection, were not anticipated at the time we set our targets and forecasts for 2022. Additionally, the prolonged and severe wet weather patterns experienced throughout Australia's eastern States have been debilitating and unprecedented.

The impact of COVID-19 and severe wet weather materially impacted Downer's financial performance in 2022.

Notwithstanding the challenges presented throughout the year, our staff and management responded outstandingly in difficult circumstances, delivering exceptional results for our customers and maximising outcomes for shareholders.

For the 2022 financial year, the Board assessed the impact of COVID-19 and severe wet weather on Executive performance KPIs and formed the view that, if not for these impacts, the Executive was likely to achieve above target earnings performance in 2022. After extensive deliberation of these issues and the Company's financial and non-financial performance, the Board determined it important and appropriate to exercise discretion and award a Short-Term Incentive outcome of 65% for the Executives, which is between threshold and target. The Board balanced the challenging environment for shareholders and the strong competition for talent and retention across Australia and New Zealand, which is unparalleled in recent years.

We accept that some shareholders do not agree with all of the Board's remuneration decisions this year. The Board has been working actively over many years to ensure that Executive pay is appropriate. The unprecedented and unanticipated events of FY22 made assessing Executive performance more difficult than usual. We have engaged with shareholders and proxy advisors and acknowledge that there is a difference of opinion on this matter. We will continue to act in the best interests of the Company to deliver the right outcomes.

Ladies and gentlemen, Downer remains leaders in the markets in which we operate, strengthening our position over the past 12 months with \$36.1 billion work-in-hand.

The past year has seen a pronounced acceleration in the push to decarbonise the economy – and this will create a solid pipeline of opportunities for Downer. Following the 26th United Nations Climate Change Conference of the Parties in late 2021, our customer base has either committed to decarbonising their operations or increased the ambition of their existing commitments. As the world shifts towards a net zero future, Downer is uniquely positioned with its skills, experience and technical capabilities to support society with this transformative change. This will create significant growth opportunities for the Company.

Importantly, Downer's focus on our Urban Services businesses resulted in a 26 per cent reduction in our Scope 1 and 2 Greenhouse Gas emissions in FY22.

Downer continues to improve our sustainability performance and reporting, which is reflected in continued improvement in our external ratings. If you haven't already done so, I encourage you all to read our 2022 Sustainability Report, which is available on the Downer Group website, and we also have copies here today for those joining us in-person. The report provides a comprehensive overview of our sustainability performance and initiatives.

Many of the activities that Downer's people perform every day have potential risks, and ensuring they remain safe is of paramount importance. Downer's Lost Time Injury Frequency Rate for FY22 was 0.82 and the Total Recordable Injury Frequency Rate was 2.35. While Downer has a history of strong safety performance, we believe that any injury is unacceptable and we are determined to continue learning and improving.

A key element of Downer's Zero Harm strategy is a commitment to support the mental health of our people and communities. Downer is an industry leader in this space, and our accredited Mental Health First Aid program continues to arm our people with the knowledge to support their own mental health, and also look out for their friends and families. We also renewed our successful partnership with Beyond Blue this year, while in New Zealand we established a new partnership with the Mental Health Foundation.

Ladies and gentlemen, in my inaugural Chairman's address at last year's Annual General Meeting, I committed to continuing the process of Board renewal at Downer, and we have made progress in this area over the past year.

During the year, Phil Garling retired from the Board, having made a valuable contribution to Downer over more than a decade. Downer also appointed three new Non-executive Directors this year. On 1 March 2022, Mark Binns and Mark Menhinnitt joined the Downer Board, while Adelle Howse joined on 1 April. These appointments were made following careful consideration of the skills and experience required on our Board to ensure Downer's corporate governance remains robust. I will speak more about all three new Directors later in the meeting, at Item 2 on the agenda, when we cover their election to the Board.

Downer also took a number of important steps this year to further strengthen our governance processes and tighten our project and contract delivery management systems. Significant work has gone into The Downer Standard, our Integrated Management System which gives the organisation a single governance framework focusing on consistent and repeatable outcomes for our customers.

Pleasingly, Downer reaffirmed our commitment to community support this year by establishing a range of new partnerships with not-for-profit organisations. In March, we launched Downer's first workplace giving program, to support four strategically-selected charities – the Australian Cancer Research Foundation, Greening Australia, TLC for Kids, and The Salvation Army's Family Violence Stream. Downer will match our employees' donations up to \$250,000 and will also encourage our people to undertake volunteering opportunities to provide additional support to our charity partners. In addition to our long-running partnership with the Australian Literacy and Numeracy Foundation, Downer also established new charitable partnerships with two Indigenous organisations – The

Stars Foundation and NRL Cowboys House – to support the education of young Indigenous people.

Ladies and gentlemen, Downer has a portfolio of outstanding assets. We believe the value of these businesses is not fully reflected in our current share price. We will explore strategies to realise this value for our shareholders, and we will target making further comment during 2023.

FY22 was a challenging year for Downer – and unfortunately, the lingering effects of COVID-19, as well as labour shortages and wet weather have continued into FY23. However, just as our staff and management responded impressively throughout FY22, I have every confidence that they will continue to overcome these challenges and deliver excellent outcomes for our customers and shareholders.

I would like to thank Grant and his Executive team, and our people, for their efforts over the past 12 months. I would also like to thank our shareholders for your support this year. I will now hand over to Grant, before I return to run through the resolutions that will be put through to the meeting.

Thank you.

## **Chief Executive Officer's Report, Grant Fenn**

Thank you, Chairman.

The financial year 2022 was challenging for Downer. Early on, we were confronted with the Delta and Omicron versions of COVID-19, leading to lockdowns across Australia and New Zealand, disrupting workflows, labour availability and supply chains for extended periods. And we were impacted by severe weather, particularly over the last eight months of the year.

I would like to take this opportunity to acknowledge and thank our people, throughout the business, for continuing to deliver outstanding service for our customers in the most difficult of times.

Revenue for our Urban Services was actually up 10.8% to \$11.5 billion, but our underlying EBITA was down 3% with the productivity and cost impact of COVID-19 and bad weather.

Our cashflow performance was good, with underlying cash conversion at 89% and the Board declared a final dividend of \$0.12 per share, taking the full year dividend payout to 24 cents.

Our sustainability reporting and performance continued to improve, as have our external ratings. Importantly, we reduced our Scope 1 and 2 Greenhouse Gas emissions by 26%.

We continued to focus on and invest in our people. We launched our THRIVE program focused on female leadership development, providing opportunity for females in our organisation to develop new skills and build a network of colleagues across the Group, and the results so far have been very encouraging.

And we've made great progress in embedding our quality system, The Downer Standard. Having consistent and effective standards across the delivery aspects of our business is crucial to project performance and higher margins.

Downer is highly levered to the energy transition currently underway. A net zero future will require adjustments to almost all urban infrastructure. The amount of money to be spent on the transition is huge and Downer is right in the middle of it, with capabilities across our portfolio that are in high demand.

One of Downer's major technical capabilities is in power. We're the market leader in design and construction of power transmission and distribution networks, and a market leader in renewable generation. With our suite of technical skills, we're in a prime position to grow our business in what will be a massive transformation effort. And this is already happening. We're at our customers' sites. We know their assets. And we're already working with many of them to produce their own renewable power, and reduce their energy consumption and emissions.

On the operational side: our Road Services business was the most heavily impacted by severe weather throughout FY22 and this has continued into the first quarter of FY2023. But on the positive side, we will see strong demand for recovery work when the rain and floods stop. During the year, we opened the new Sustainable Resource Recovery Centre at Rosehill, Sydney – a fantastic facility with capacity to produce 550,000 tonnes of high recycle content asphalt each year. It will lead the market in quality, emissions and efficiency.

We lead the road maintenance industry in the use of recycled materials and we're increasing our investment in R&D to produce lower emissions products and low energy manufacturing processes. The products we're creating and the way we produce them will ultimately lead to large reductions in State and Local Government emissions.

In our Rail and Transit Systems business, we submitted our bid for the next generation of Queensland trains. If successful, this will materially increase our rail EBIT contribution through to 2031 and cement our position as the largest passenger rollingstock maintainer in Australia and New Zealand for the next 30 years.

In May, our Utilities business entered the New Zealand transmission market for the first time with a five-year service contract with Transpower. This will be the foundation contract for expansion of our broad power capabilities in New Zealand. And we successfully completed the design and installation of 46 megawatts of solar generation across 550 Queensland schools, contributing to \$26 million in annual power savings.

Our communications business had a strong year. In wireless networks, we added NBN to existing customers Telstra and Optus to be the industry leader in network deployment nationally. We secured the major three-year Field Service Agreement with Chorus in New Zealand. We became the largest supplier to NBN for on-demand business grade and residential services in all mainland States of Australia.

On the Facilities side, we successfully renegotiated the Royal Adelaide and Bendigo hospital contracts, both for an additional five-year term with better rates and terms and conditions. We were successful in four key contract extensions for Vic Schools, WA Housing, Land and Housing and Whole of Government in New South Wales. Pleasingly, we've supported the Lismore and Casino communities in flood remediation work.

In our Defence business we delivered more than 300 upgrade and refurbishment projects across the Defence estate. We've been awarded the major airfield upgrade project at RAAF Williamtown and we've secured the managing contractor role on the Riverina Development Program, managing five major base redevelopments.

And finally, as industry leaders in power generation, we have established the Downer Future Energy Team, focusing on new technologies and alternate fuels, providing thought leadership with our customers in the energy transition. We've successfully delivered a large suite of decarbonisation projects for Santos and we've signed a multi-year agreement with AGL for power station shutdowns, maintenance and projects. We've modernised our Kalgoorlie workshop to increase capacity and capability to meet the future demands of nickel, lithium and base metal customers in WA.

As you can see, we've been busy.

Our work-in-hand is a substantial \$36.1 billion. It's diversified by market and service type. It's 90% government or government-related. And we are seeing an increase in more collaborative risk sharing contract models, increasing Downer's addressable market.

Labour availability is currently a challenge for the Group as it is for the whole economy. Job vacancies are up, particularly in our Facilities and Utilities businesses. As a result, our cost to serve is currently elevated.

Employee attraction and retention is one of our highest priorities. We're actively engaged in international recruitment and we have a series of programs to enhance our success rate. We focus on programs and initiatives that foster a positive work culture, enhancing our employee experience and reinforcing Downer's reputation as an employer of choice.

Now, just touching on trading in the first quarter of FY23.

In August, we said that we expected 10 – 20% growth in our underlying FY23 NPATA, assuming no material COVID-19, weather, labour or other disruptions.

I guess it's no shock to highlight the difficult weather conditions that have plagued the past four months, particularly in the eastern States and New Zealand. It has been very difficult to get a good run at the extensive amount of work to be delivered across the Group. Very few of our businesses have been unaffected.

It's too early to predict what the weather has in store for us for the remainder of the year and consequently what the impact might be on the Full Year. We hope it improves but time will tell. The irony is that these weather conditions drive significant increases in future demand for our services, boding well for when we get some reasonable weather.

As it stands today, our forecasts continue to support our guidance and we will provide a further update at our Half Year results in February 2023.

Finally, as Mark mentioned in the Chairman's Address, Downer has a portfolio of outstanding assets. We believe the value of these businesses is not fully reflected in our current share price. We will explore strategies to realise this value for our shareholders, and we will target making further comment during 2023.

I would again like to thank our people, right across the Group, for their massive contribution in financial year 2022, and also to thank you, our shareholders, for your continued support.

I now hand the meeting back to our Chairman.

# Downer

## Annual General Meeting

### 3 November

# 2022

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# Safety procedures

- When notified of an emergency, which will be a beeping alarm through the speakers in this auditorium, please evacuate the building immediately via the nearest exit
- **Do not use the lifts**
- Proceed to the designated external assembly area, which is across the road next to the multi-storey car park, as shown on the diagram on the screen
- Follow the lead of Northside Conference Centre employees
- **Do not re-enter the building until authorised.**



# Downer

## Annual General Meeting

### 3 November

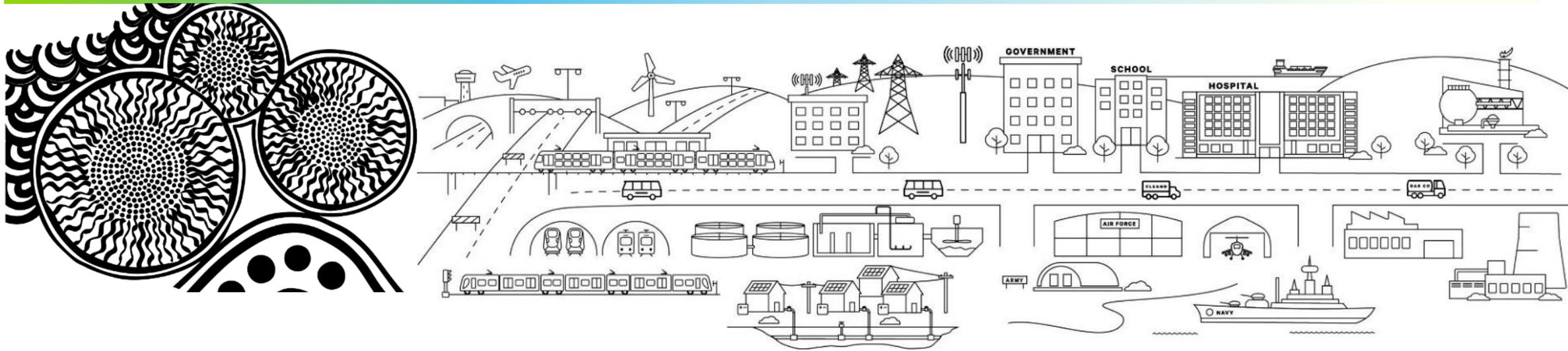
# 2022

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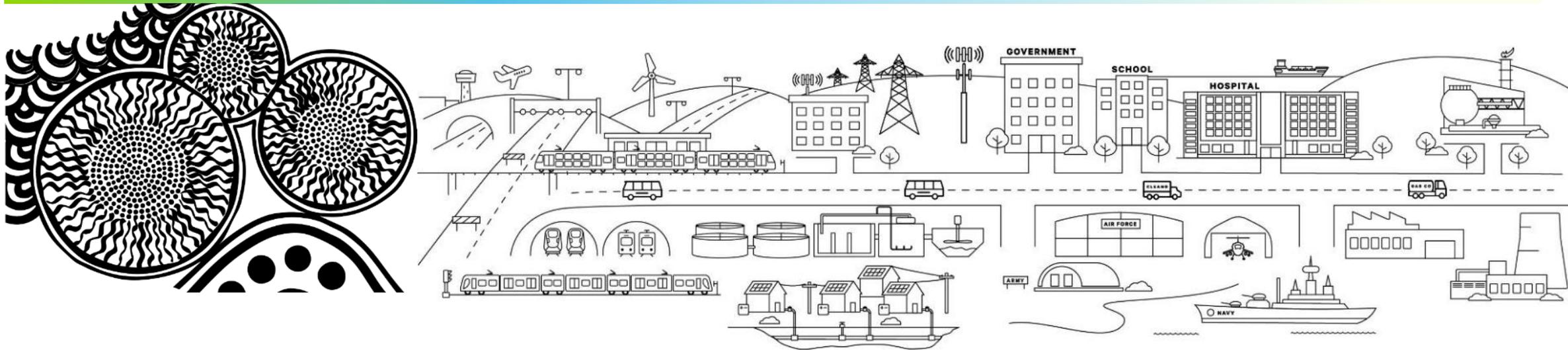
# Mark Chellew

Chairman



# Grant Fenn

Managing Director and Chief Executive Officer



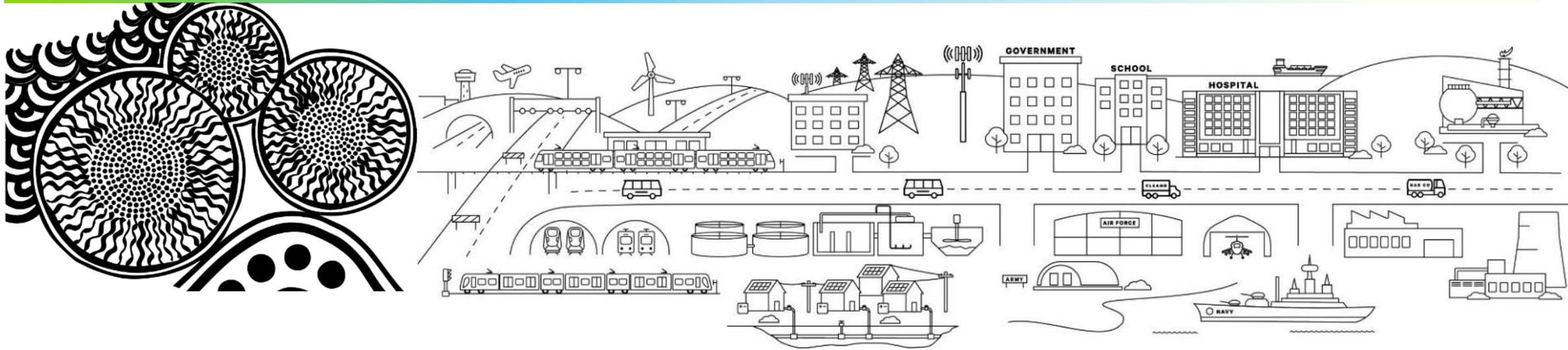
# Trading update and Group outlook

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- **Guidance issued in August 2022:** “For FY23, Downer expects 10-20% underlying NPATA growth, assuming no material COVID-19, weather, labour or other disruptions”.
- Trading conditions in Q1 were more challenging than anticipated, primarily due to the continued wet weather and flooding events down the Australian East Coast, as well as the continued elevated costs to serve associated with the labour market.
- Downer remains in the previously communicated guidance range, assuming no further material COVID-19, weather, labour or other disruptions.
- Market position, pipeline and demand for our services remains very strong.
- Downer has a portfolio of outstanding assets. We believe the value of these businesses is not fully reflected in our current share price. We will explore strategies to realise this value for our shareholders, and we will target making further comment during 2023.

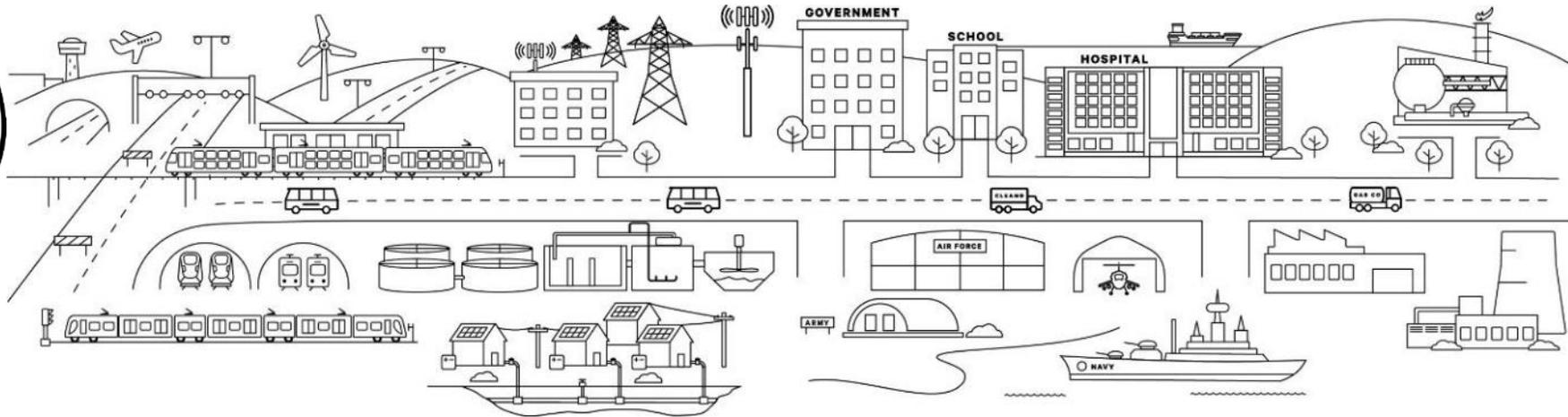
# Mark Chellew

Chairman



# Robert Regan

Company Secretary



# Item 1: Financial Report, Directors' Report and Independent Auditor's Report

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- The Financial Report, Directors' Report and the Independent Auditor's Report are now open for discussion.
- There is no requirement for shareholders to approve these reports. Accordingly, item number one is for discussion only and there will not be a vote on this item.
- I remind you that only shareholders of the company or their duly appointed representatives or proxies are permitted to ask questions.
- If you do have a question, please raise your hand and we will bring a microphone to you.

## Item 2a: Election of Mark Binns

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## Item 2a: Election of Mark Binns

“That Mark Binns who was appointed as an Independent Non-executive Director of the Company, effective 1 March 2022, in accordance with Rule 3.3 of the Company’s Constitution and being eligible, is elected as a Non-executive Director of Downer.”

Proxies received in relation to this motion are displayed on the screen.

	Voted	%	% of all shares
For	533,433,916	99.46	79.39
Against	2,178,845	0.40	0.32
Abstain	115,689	n/a	0.02
Open – Useable	749,793	0.14	0.11

## Item 2b: Election of Dr Adelle Howse

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## Item 2b: Election of Dr Adelle Howse

“That Dr Adelle Howse who was appointed as an Independent Non-executive Director of the Company, effective 1 April 2022, in accordance with Rule 3.3 of the Company’s Constitution and being eligible, is elected as a Non-executive Director of Downer.”

Proxies received in relation to this motion are displayed on the screen.

	Voted	%	% of all shares
For	535,244,939	99.79	79.66
Against	370,450	0.07	0.06
Abstain	100,296	n/a	0.01
Open – Useable	762,558	0.14	0.11

## Item 2c: Election of Mark Menhinnitt

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## Item 2c: Election of Mark Menhinnitt

“That Mark Menhinnitt who was appointed as an Independent Non-executive Director of the Company, effective 1 March 2022, in accordance with Rule 3.3 of the Company’s Constitution and being eligible, is elected as a Non-executive Director of Downer.”

Proxies received in relation to this motion are displayed on the screen.

	Voted	%	% of all shares
For	533,238,220	99.42	79.36
Against	2,373,538	0.44	0.35
Abstain	112,930	n/a	0.02
Open – Useable	753,555	0.14	0.11

## Item 2d: Re-election of Teresa Handicott

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## Item 2d: Re-election of Teresa Handicott

“That Teresa Handicott, who was appointed as an Independent Non-executive Director of the Company on 21 September 2016 and in accordance with Rule 3.6 of the Company’s Constitution and being eligible, offers herself for re-election, is re-elected as a Non-executive Director of Downer.”

Proxies received in relation to this motion are displayed on the screen.

	Voted	%	% of all shares
For	522,637,636	97.44	77.78
Against	12,908,405	2.40	1.92
Abstain	84,910	n/a	0.01
Open – Useable	847,292	0.16	0.13

## Item 2e: Re-election of Peter Watson

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## Item 2e: Re-election of Peter Watson

“That Peter Watson, who was appointed as an Independent Non-executive Director of the Company on 22 May 2019 and in accordance with Rule 3.6 of the Company’s Constitution and being eligible, offers himself for re-election, is re-elected as a Non-executive Director of Downer.”

Proxies received in relation to this motion are displayed on the screen.

	Voted	%	% of all shares
For	530,589,917	98.93	78.97
Against	5,030,111	0.93	0.75
Abstain	107,757	n/a	0.02
Open – Useable	750,458	0.14	0.11

# Item 3: Adoption of Remuneration Report

“That the Remuneration Report for the year ended 30 June 2022 be adopted.”

Proxies received in relation to this item are displayed on the screen.

	<b>Voted</b>	<b>%</b>	<b>% of all shares</b>
For	236,477,005	44.10	35.19
Against	298,986,271	55.76	44.50
Abstain	280,576	n/a	0.04
Open – Useable	712,291	0.14	0.11

## Item 4: Approval of Managing Director’s LTI

“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 2023 on the basis described in the Explanatory Memorandum to this Notice of Meeting.”

Proxies received in relation to this item are displayed on the screen.

	<b>Voted</b>	<b>%</b>	<b>% of all shares</b>
For	532,738,659	99.32	79.28
Against	2,882,895	0.54	0.43
Abstain	141,121	n/a	0.02
Open – Useable	715,568	0.14	0.11

# Item 5: Renewal of proportional takeover approval provisions

“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.”

Proxies received in relation to this item are displayed on the screen.

	<b>Voted</b>	<b>%</b>	<b>% of all shares</b>
For	530,285,039	98.87	78.92
Against	5,291,325	0.99	0.79
Abstain	142,779	n/a	0.02
Open – Useable	759,090	0.14	0.11

## Item 6: Increase of Non-executive Director fee limit

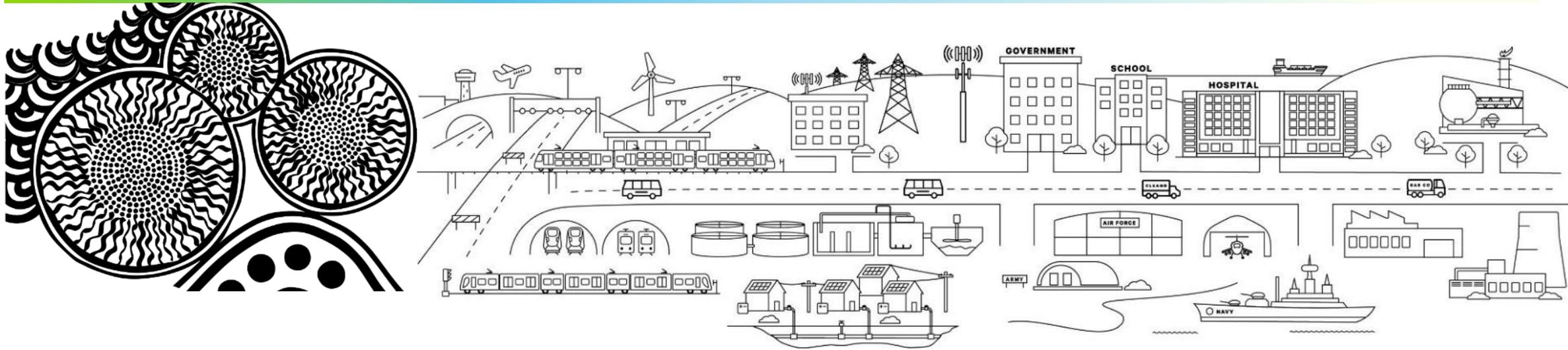
“That the maximum total amount of Directors’ fees that may be payable by the Company to the Non-executive Directors be increased from \$2,000,000 per year to \$2,400,000 per year, with effect from the financial year commenced 1 July 2022.”

Proxies received in relation to this item are displayed on the screen.

	Voted	%	% of all shares
For	532,499,292	99.28	79.25
Against	3,112,076	0.58	0.46
Abstain	142,163	n/a	0.02
Open – Useable	724,712	0.14	0.11

# Mark Chellew

Chairman



# Polls



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refreshments



# Downer

## Annual General Meeting

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# 2022

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