

27 February 2023

Downer Group
Investor presentation

for the half year ended 31 December 2022



Grant Fenn (CEO)

- Update on Downer's Utilities contract
- Results summary
- Outlook



Michael Ferguson (CFO)

- Financial results



Peter Tompkins (incoming CEO)

- Strategies to realise value for shareholders
- Queensland Train Manufacturing Program (QTMP) update
- Immediate priorities

Update on Downer's Utilities contract

- External lawyers and forensic accountants have now completed a confidential and privileged investigation
- Downer has determined
 - “root cause” and contributing factors
 - through broader workbook review that the issue is isolated to one contract
- Post tax earnings were overstated by approximately \$1.7m in FY20, \$8.8m in FY21 and \$11.7m in FY22. Comparative financial information has been restated to incorporate the correction in the financial results. Post tax earnings impact in 1H23 period was a loss of \$12m
- A detailed contract recovery plan is being actioned. In addition, negotiations with the customer have resulted in a commercial reset of the contract. The contract is not considered onerous
- New contract and executive management team in place
- Additional control measures have been implemented across the Group



Results summary

Grant Fenn

Summary of HY23 financial results

Profit after tax and EPS

\$68.1m Statutory NPAT

▼ 20.6%

Statutory EBIT of \$129.8m

\$68.0m Underlying NPATA^{1,3}

▼ 28.0%

9.3 cps Underlying EPSA^{3,5}

▼ 3.9 cps

9.3 cps statutory Basic EPS

Operational performance

\$133.6m Underlying EBITA^{1,3}

▼ 24.5%

Statutory EBITA \$142.9m

\$23.9m Adjusted Operating cash

8.5% conversion

\$6.1bn Revenue²

▲ 2.9%

Balance sheet and dividend

2.3x Net Debt to EBITDA⁴

1.7x at June 2022

24.8% Gearing⁴

17.8% at June 2022

5 cps Interim ordinary dividend (unfranked)

12cps HY22

¹ H22 results have been restated to reflect the impact of historical misreporting of revenue and contract assets in one of Downer's maintenance contracts in its Australian Utilities business (\$4.6m, \$3.2m after-tax)

² Downer calculates EBITA and NPATA by adjusting EBIT and NPAT to add back acquired intangible assets amortisation expense. Group HY23: \$13.1m, \$9.2m after-tax. (HY22: \$14.2m, \$10.0m after-tax)

³ Total revenue is a non-statutory disclosure and includes revenue from joint ventures, other alliances and other income

⁴ The underlying result is a non-IFRS measure that is used by Management to assess the performance of the business. Non-IFRS measures have not been subject to audit or review. Refer slide 15 for reconciliation to statutory results

⁵ Net debt to EBITDA ratio includes lease liabilities in Net Debt and is on a post-AASB 16 basis. Gearing ratio does not include lease liabilities in Net Debt and is on a pre-AASB 16 basis

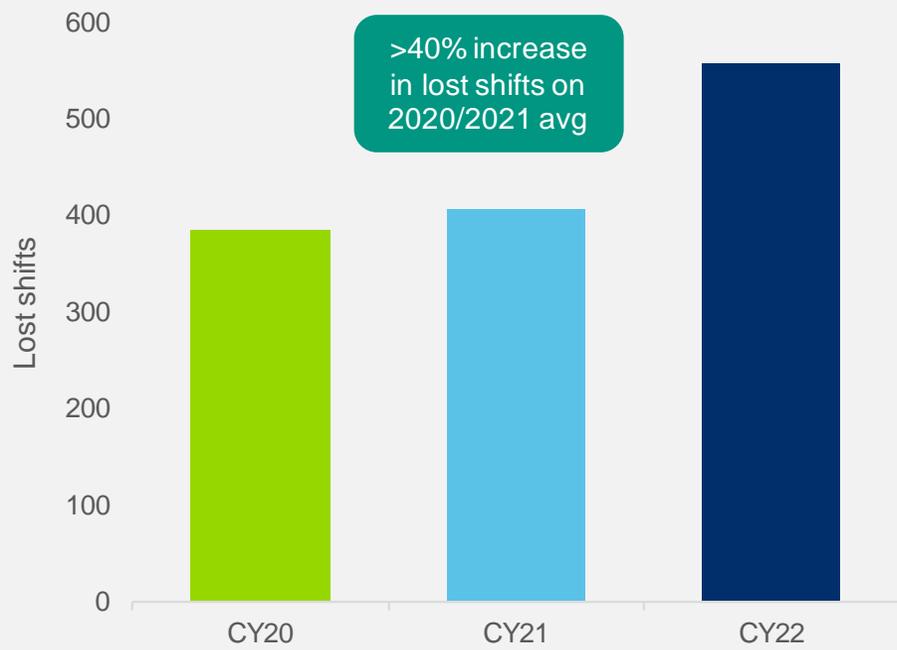
⁶ EPSA is calculated based on underlying NPATA adjusted by contributions from minority interests and ROADS dividends paid; divided by WANOS

1H23 has been very challenging

Issue	Impact and experience
Unprecedented weather impacts	<ul style="list-style-type: none">▪ 40% increase in lost shifts and reduced product volumes within Road Services (Transport)▪ Site closures, delays and productivity impacts in Water projects▪ Lower worker utilisation across all outdoor activities (e.g. Metering Services)
Labour challenges	<ul style="list-style-type: none">▪ Reliant on increased use of outsourced labour (subcontractors and agency hire) to fulfill service obligations▪ Increased overtime used to fill resource gaps▪ Offshore recruiting initiatives for specific skilled roles▪ EBA renewals all within expected range, and well within CPI escalators▪ Downer continues to be ranked highly (#7) in top 10 employers by Randstad's Employer Brand Research

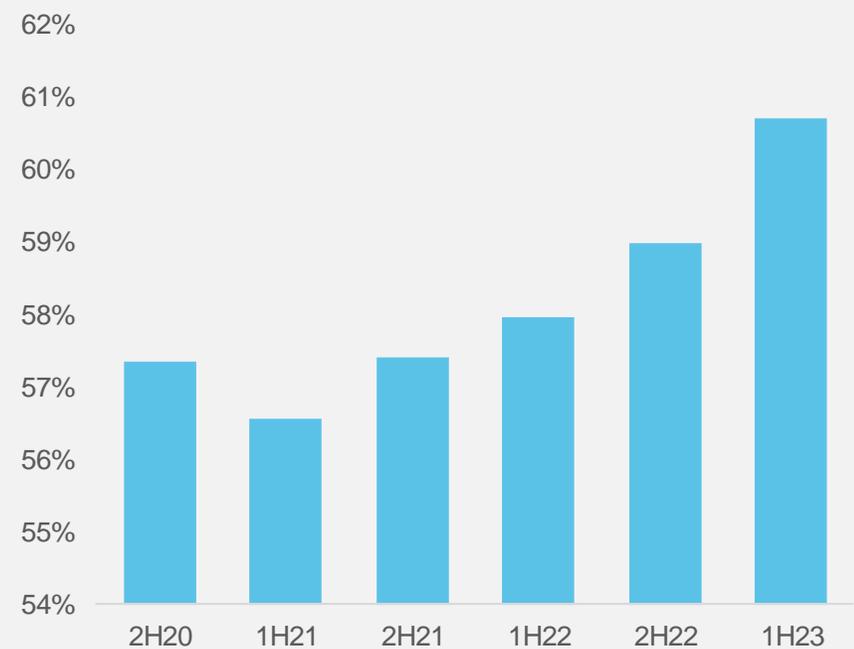
Weather & labour pressures impacting costs and productivity

Sydney and Brisbane lost shifts – Road Services



- Road Services in both Australia and New Zealand heavily impacted – bituminous products cannot be laid when it is raining (product specifications, structural issues and safety risks)
- Lost work shifts have reduced in Australia in calendar 2023 but are expected to further deteriorate in New Zealand

Outsourced labour usage elevated¹

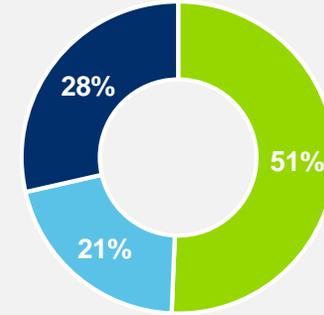


- Increased use of outsourced labour (subcontractors and agency hire) to fulfill contractual obligations
- Outsourced labour is more expensive resulting in an impact on margins – typically labour hire can be up to 15% more expensive
- Conditions persisting into 2H23

¹ Trailing 12-months subcontractor and temporary staff costs as a percentage of total payroll and subcontractor costs, (excludes unallocated costs and divested businesses).

- Preferred applicant for multi-billion dollar Queensland Train Manufacturing Program (QTMP)
- Continued wet weather materially impacted the performance of the Roads business in 1H23
- Contracts signed for the sale of Transport Projects Australia (\$212m enterprise value), with completion expected pre 30 June 2023
- Renewed key Roads contract in Victoria, maintaining 8,500 lane km in the Hume region for up to 7 ½ years (~\$490m)
- Extensive road rehabilitation opportunities are starting to present in Australia and a significant effort will be required in New Zealand, across our suite of services, to recover from recent floods and storms

44% of
HY23 revenue

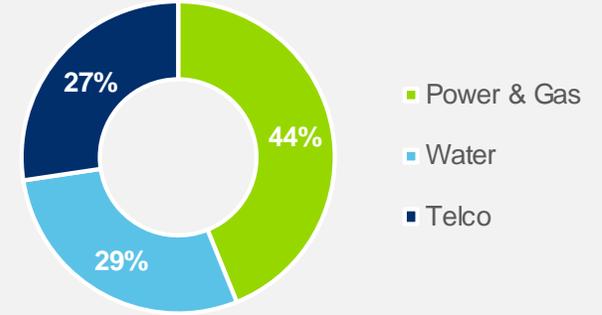


- Roads
- Rail & Transit Systems
- Projects



- Disappointing result for the half, impacted by:
 - Power maintenance contract (8 Dec ASX release) (\$17m)
 - NSW Water construction project (\$12m)
 - NZ renewable wind farm project (\$6m)
 - Meter reading productivity and labour availability impact (\$4m)
- On the positive:
 - Entry into NZ transmission market with Transpower contract (Aug-22)
 - 10-year City of Gold Coast ~\$250m water and sewerage network
 - Revenue growth led by Telco, particularly nbn and Telstra

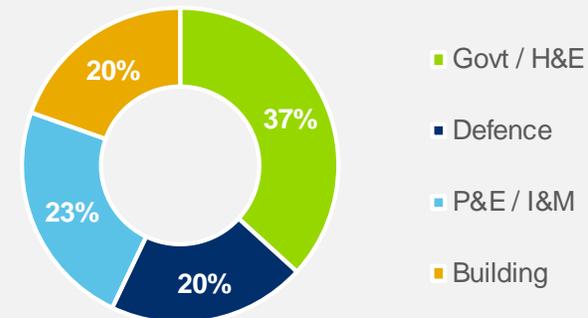
18% of
HY23 revenue



Facilities

- Performance above expectations
- Royal Adelaide Hospital and Bendigo Hospital performing to plan
- Contract win – South Australian Housing Authority Maintenance Contract (~27,000 social and public housing dwellings) ~\$630m over 7 ½ years
- On-going involvement in two of Australia’s largest carbon capture and storage projects

38% of
HY23 revenue¹



¹ P&E / I&M is the abbreviation of Power & Energy and Industrial & Marine businesses and also includes Mineral Technologies. H&E is the abbreviation of Health & Education

\$38.8bn of work-in-hand

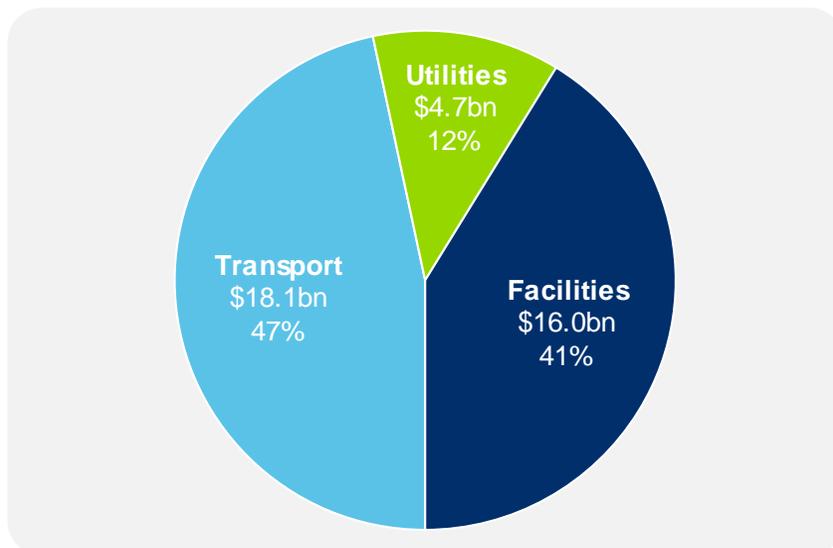
✓ Long-dated

✓ ~90% Government / Government related

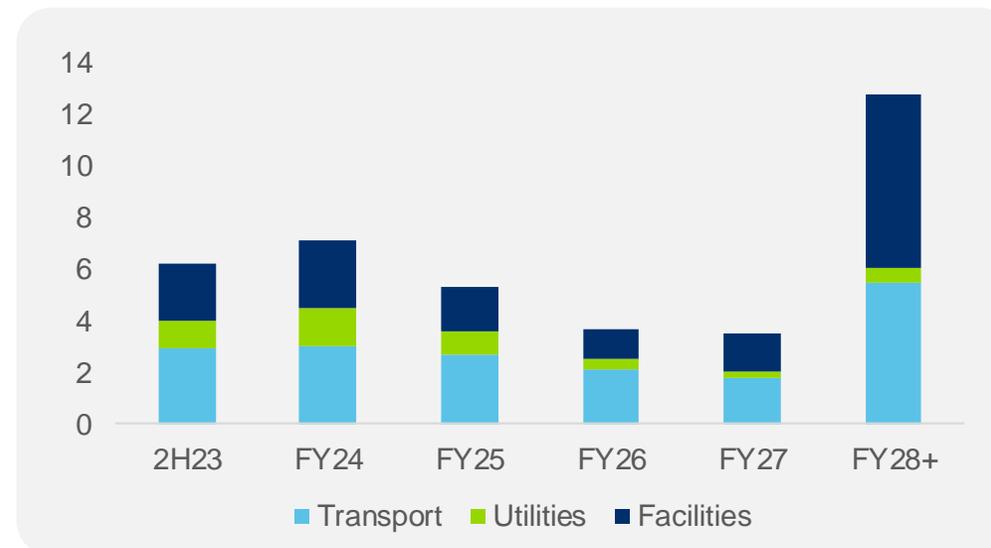
✓ Diversified by industry

✓ 85% Services²

Work-in-hand by segment¹ (\$38.8bn)

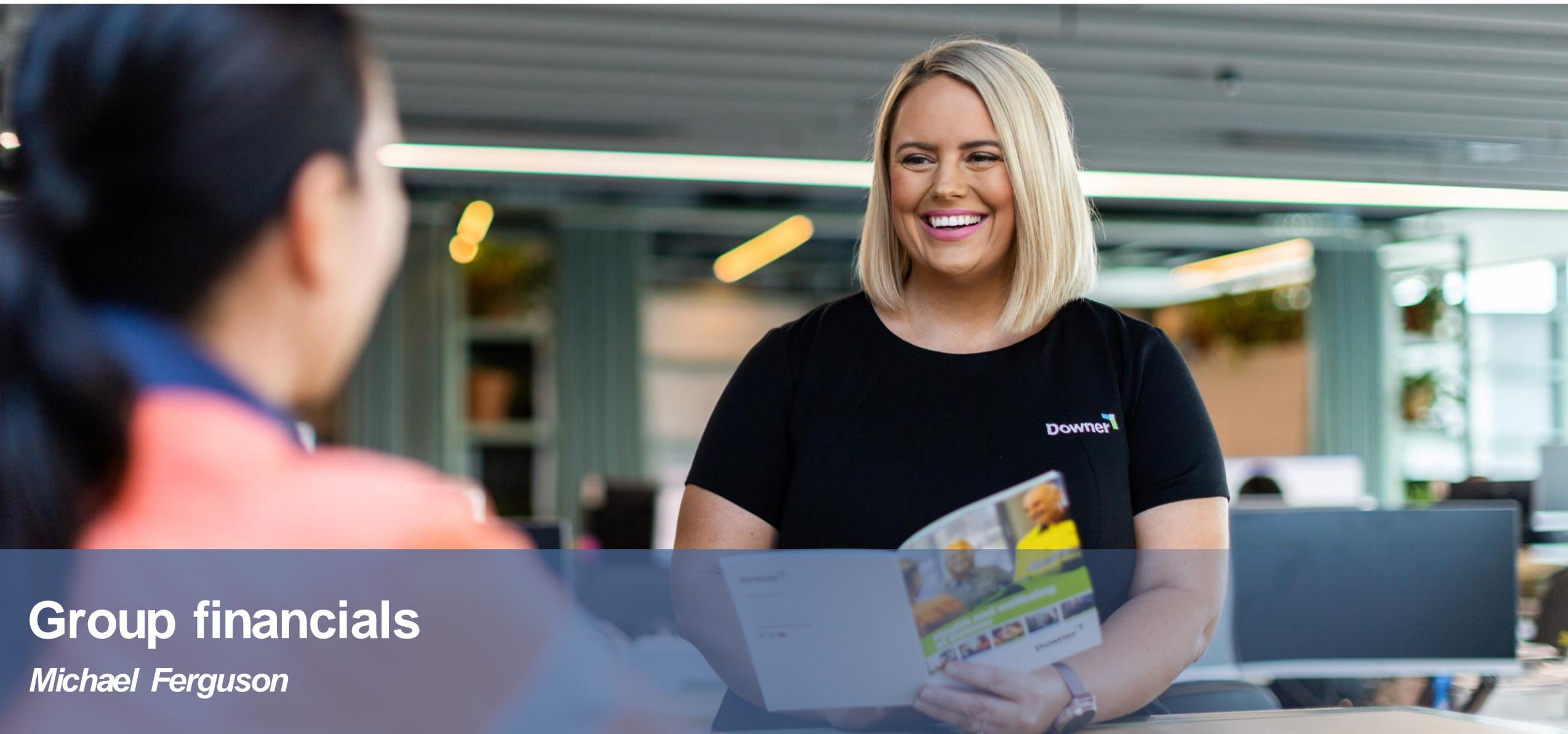


Work-in-hand profile¹ (\$bn)



¹ Work-in-hand figure at Dec-22 adjusted to include expected contract value for the Queensland Train Manufacturing Program (QTMP) following the announced preferred applicant status (announced on 6 February 2023) and excludes WIH associated with the Transport Projects Australia divestment (assuming 30 June 2023 completion)

² Remaining balance, Construction, comprises the Projects businesses in Australia (until 30 June 2023) and New Zealand (Transport), a portion of Power & Gas (Utilities), Building in New Zealand (Facilities) and construction component of QTMP.



Group financials

Michael Ferguson

Group underlying financial performance

- Total revenue³ 2.9% higher to \$6.1bn
- Group underlying EBITA margin 2.2%, impacted by:
 - Unprecedented weather impact
 - Labour shortages
 - Productivity
 - Project and contract losses in Utilities
- Net interest expense decreased by \$5.5m
- Underlying effective tax rate of 26.7%
- Interim dividend of 5 cps declared (unfranked)

\$m ¹	HY23	HY22 ²	Change
Total revenue ³	6,144.7	5,970.3	2.9%
EBITDA	281.3	341.1	(17.5%)
Depreciation and amortisation	(147.7)	(164.1)	10.0%
EBITA⁴	133.6	177.0	(24.5%)
Amortisation of acquired intangibles	(13.1)	(14.2)	7.7%
EBIT	120.5	162.8	(26.0%)
Net interest expense	(40.3)	(45.8)	12.0%
Profit before tax	80.2	117.0	(31.5%)
Tax expense	(21.4)	(32.6)	34.4%
Net profit after tax	58.8	84.4	(30.3%)
NPATA⁴	68.0	94.4	(28.0%)
EBITA margin	2.2%	3.0%	(0.8pp)
Effective tax rate	26.7%	27.9%	(1.2pp)
ROFE ⁵	9.4%	11.1%	(1.7pp)
Dividend declared (cps)	5.0	12.0	(7.0 cps)

¹ The underlying result is a non-IFRS measure that is used by Management to assess the performance of the business. Non-IFRS measures have not been subject to audit or review. Refer slide 15 for reconciliation to statutory results

² 1H22 results have been restated to reflect the impact of historical misreporting of revenue and contract assets in one of Downer's maintenance contracts in its Australian Utilities business (\$4.6m, \$3.2m after-tax)

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⁵ ROFE = 12 month rolling underlying EBITA divided by average funds employed (AFE); AFE = Average Opening and Closing Net Debt(excludes lease liability) + Equity

Segment underlying performance overview

Transport



- Revenue of \$2.7bn (▲ 1.2%)
- EBITA of \$88.7m (▼ 14.5%)
- EBITA margin of 3.3% (▼ 0.6pp)
- Deterioration in margins relative to 1H22
- Wet weather, labour market challenges and increased transport and logistics costs
- Revenue and margin performance on long term rail maintenance contracts driving strong rail performance, offset by residual QTMP bid costs

Utilities



- Revenue of \$1.1bn (▲ 12.3%)
- EBITA of (\$5.2m) (▼ >100%)
- EBITA margin of (0.5%) (▼ 4.5pp)
- Contract and project losses
 - Power maintenance contract (\$17m)
 - NSW Water construction project (\$12m)
 - NZ renewable wind farm project (\$6m)
- Losses in Meter reading associated with labour availability, productivity and weather related challenges (\$4m)
- Revenue growth driven by nbn and Telstra work (Telco)

Facilities¹



- Revenue of \$2.3bn (▲ 16.6%)
- EBITA of \$99.0m (▲ 11.1%)
- EBITA margin of 4.4% (▼ 0.2pp)
- Government (State Housing and NSW WoG contracts) and H&E (nRAH and Bendigo post reviewable services) performing well
- Power & Energy is seeing growth through new contracts, including with Santos and CS Energy (Kogan Creek)

1H22 results have been restated to reflect the impact of historical misreporting of revenue and contract assets in one of Downer's maintenance contracts in its Australian Utilities business (\$4.6m, \$3.2m after-tax), and to reflect the change in operating segment of Power Systems from the Transport segment to the Utilities segment

¹ Comparatives exclude Hospitality and Laundries

Reconciliation of underlying to statutory results

\$m	EBITA ¹	Net interest expense	Tax expense ²	NPATA ¹	Amortisation of acquired intangibles (post-tax)	NPAT
Underlying³ results	133.6	(40.3)	(25.3)	68.0	(9.2)	58.8
Fair value on Downer Contingent Share Options (DCSO) ⁴	9.3	-	-	9.3	-	9.3
Total items outside underlying result	9.3	-	-	9.3	-	9.3
Statutory results	142.9	(40.3)	(25.3)	77.3	(9.2)	68.1

¹ Downer calculates EBITA and NPATA by adjusting EBIT and NPAT to add back acquired intangible assets amortisation expense. Group HY23: \$13.1m, \$9.2m after-tax. (HY22: \$14.2m, \$10.0m after-tax)

² Tax of \$25.3m is calculated by adjusting underlying tax of \$21.4m with \$3.9m tax on amortisation of acquired intangible assets

³ The underlying result is a non-IFRS measure that is used by Management to assess the performance of the business. Non-IFRS measures have not been subject to audit or review

⁴ The fair value of the Downer Contingent Share Options (DCSO) have decreased primarily driven by the movement in Downer's share price from \$5.05 at 30 June 2022 to \$3.71 at 31 December 2022

Operating cash flow

- Operating cash conversion of 8.5%. Key variances explained by:
 1. \$78m – supplier payments on completion of SGT project (timing, with inflow accumulated over prior years)
 2. \$22m – settlement of two project claims (provided in prior year)
 3. \$40m – change in timing of collection from two key customers
 4. \$40m – claim positions agreed and expected to be paid in H1, delayed collection to H2 (Transport Projects and Transmission)
- Working capital increased through the period, due to inventory (specifically bitumen in Roads and spares in Rail) and contract assets

\$m	HY23	HY22 ¹	Change
Underlying ² EBIT	120.5	162.8	(26.0%)
Add: Amortisation of acquired intangibles	13.1	14.2	(7.7%)
Add: Depreciation and amortisation	147.7	164.1	(10.0%)
Underlying² EBITDA	281.3	341.1	(17.5%)
Operating cash flow	(35.4)	270.4	(>100.0%)
Add: Net interest paid	40.2	47.8	(15.9%)
Add: Tax paid / (received)	19.1	(24.1)	>100.0%
Adjusted operating cash flow	23.9	294.1	(91.9%)
EBITDA conversion	8.5%	86.2%	(77.7pp)
Adjust for items booked in FY20	-	21.1	(100.0%)
Underlying² adjusted operating cash flow	23.9	315.2	(92.4%)
Underlying² EBITDA conversion	8.5%	92.4%	(83.9pp)

¹ 1H22 results have been restated to reflect the impact of historical misreporting of revenue and contract assets in one of Downer's maintenance contracts in its Australian Utilities business (\$4.6m, \$3.2m after-tax)

² The underlying result is a non-IFRS measure that is used by Management to assess the performance of the business. Non-IFRS measures have not been subject to audit or review

Cash flow

- Cash balance of \$450.4m and total liquidity of \$1,635.4m
- Strong focus in 2H23 to return to traditional operating cash flow conversion
- Capex consistent with prior periods

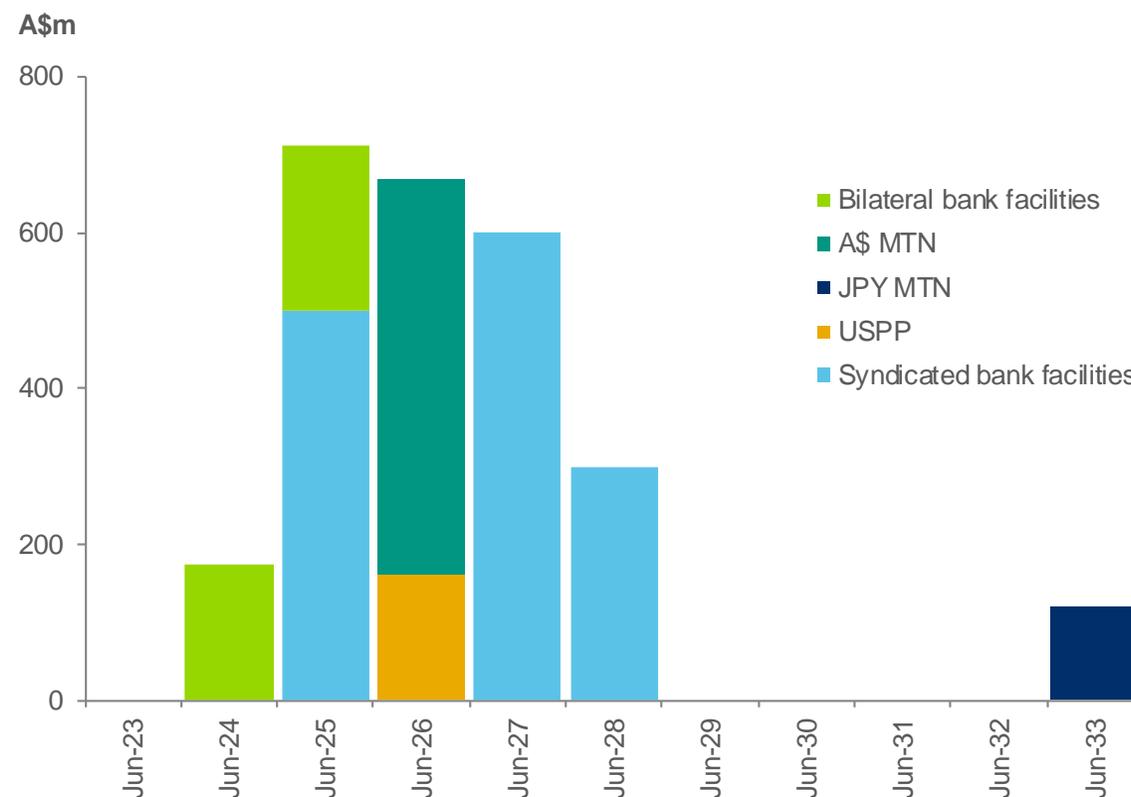
\$m	HY23	HY22	Change
Total operating cash flow	(35.4)	270.4	(>100.0%)
Net Capex (Core)	(70.1)	(65.2)	7.5%
Net Capex (Non-Core)	-	(8.1)	100.0%
Payment of principal lease liabilities (Core)	(81.9)	(75.4)	(8.6%)
Payment of principal lease liabilities (Non-Core)	-	(9.6)	100.0%
IT	(14.4)	(22.8)	36.8%
Advances to JVs and Other	(5.3)	(10.6)	50.0%
Funds from operations	(207.1)	78.7	(>100.0%)
Dividends paid	(86.4)	(86.7)	0.3%
Divestments	-	247.6	(100.0%)
Acquisitions	-	(22.9)	100.0%
Share buyback	(17.8)	(99.0)	82.0%
Net proceeds / (repayment) of borrowings	18.9	(253.7)	>100.0%
Net decrease in cash	(292.4)	(136.0)	(>100.0%)
Cash at the end of the period	450.4	676.7	(33.4%)
Total liquidity	1,635.4	2,103.7	(22.3%)

Group debt profile

- Weighted average debt duration of 3.4 years¹ (3.9 years at 30 June 2022)
- Net Debt to EBITDA² of 2.3x, within the capital allocation framework target range of 2-2.5x, but above current optimal level
- Downer remains in compliance with all financial covenants
- Proceeds from sale of Transport Projects Australia will be used to repay debt

Debt facilities \$m	Dec-22	Jun-22	Dec-21
Total limit ³	2,572.1	2,563.4	2,686.2
Drawn ³	1,387.1	1,358.4	1,259.2
Available	1,185.0	1,205.0	1,427.0
Cash	450.4	738.5	676.7
Total liquidity	1,635.4	1,943.5	2,103.7
Net debt ³	936.7	619.9	582.5

Debt maturity profile (A\$m)



¹ Based on the weighted average life of debt facilities (by A\$m limit)

² Net debt to EBITDA ratio includes lease liabilities in Net Debt and is on a post-AASB 16 basis

³ Excludes lease liabilities



Outlook

Grant Fenn

Outlook

FY23 has proven difficult to provide accurate guidance given weather and changing economic conditions:

- 17 August 2022 – Guidance for FY23
 - 10-20% underlying NPATA growth subject to COVID-19, weather, labour, and other disruptions

- 3 November 2022 – AGM
 - Forecasts continue to support guidance

- 8 December 2022 – Trading Update
 - Trading for October and November indicates that guidance is unlikely to be met
 - Guidance reset to \$210m - \$230m NPATA (excluding impact of Utilities contract issue)



Change in guidance

<p>\$210-230m</p>	<p>8 December 2022</p>	<p>Excluding any prior period impact of the accounting irregularities, Downer now expects underlying FY23 NPATA to be between \$210 million – \$230 million assuming no further material COVID-19, weather, labour shortages or other disruptions</p>
<p>(\$40m)</p>	<p>Utilities Power Maintenance contract (\$12m)</p>	<ul style="list-style-type: none"> ▪ Losses associated with the power maintenance contract not included in the 8 December guidance ▪ Whilst not onerous, further losses will impact H2 until the contract reset and recovery plan take effect
	<p>Other Utilities project risks (\$12m)</p>	<ul style="list-style-type: none"> ▪ Heightened risk of Water project loss from unrecoverable prolongation costs as storms and flooding continue to impact completion ▪ Risks have materialised since 8 December
	<p>Expected slowdown in Govt minor capital works (\$8m)</p>	<ul style="list-style-type: none"> ▪ Slowdown in Government minor capital works based on recent customer feedback
	<p>NZ storm impact (\$8m)</p>	<ul style="list-style-type: none"> ▪ Recent floods and storms in the North Island have materially impacted the New Zealand business ▪ We expect this to present opportunities in FY24, however 2H23 pipeline has been impacted
<p>\$170-190m</p>	<p>27 February 2023</p>	<p>Downer now expects underlying FY23 NPATA to be between \$170 million – \$190 million assuming no further material COVID-19, weather, labour shortages or other disruptions, and excluding restructuring costs</p>



Strategic priorities

Peter Tompkins

Strategies to realise value for shareholders

Reset operating model and cost base

Merge AU & NZ operations to be sector led to realise growth potential and reset cost base

Continue to simplify current portfolio

Maximise divestment value for assets to be exited

Operational excellence and risk management

Management accountability and application of The Downer Standard to drive improved contract margins & risk management

Reset operating model and cost base

Targeting benefits of at least \$100m per annum in FY25

Project leader and team appointed, with scope & focus areas:

- Merge AU & NZ operating units to establish sector led, stand-alone, Trans-Tasman businesses
- Operating model optimisation, systems, fleet & property rationalisation and other cost-out initiatives

Merger of AU & NZ operating units

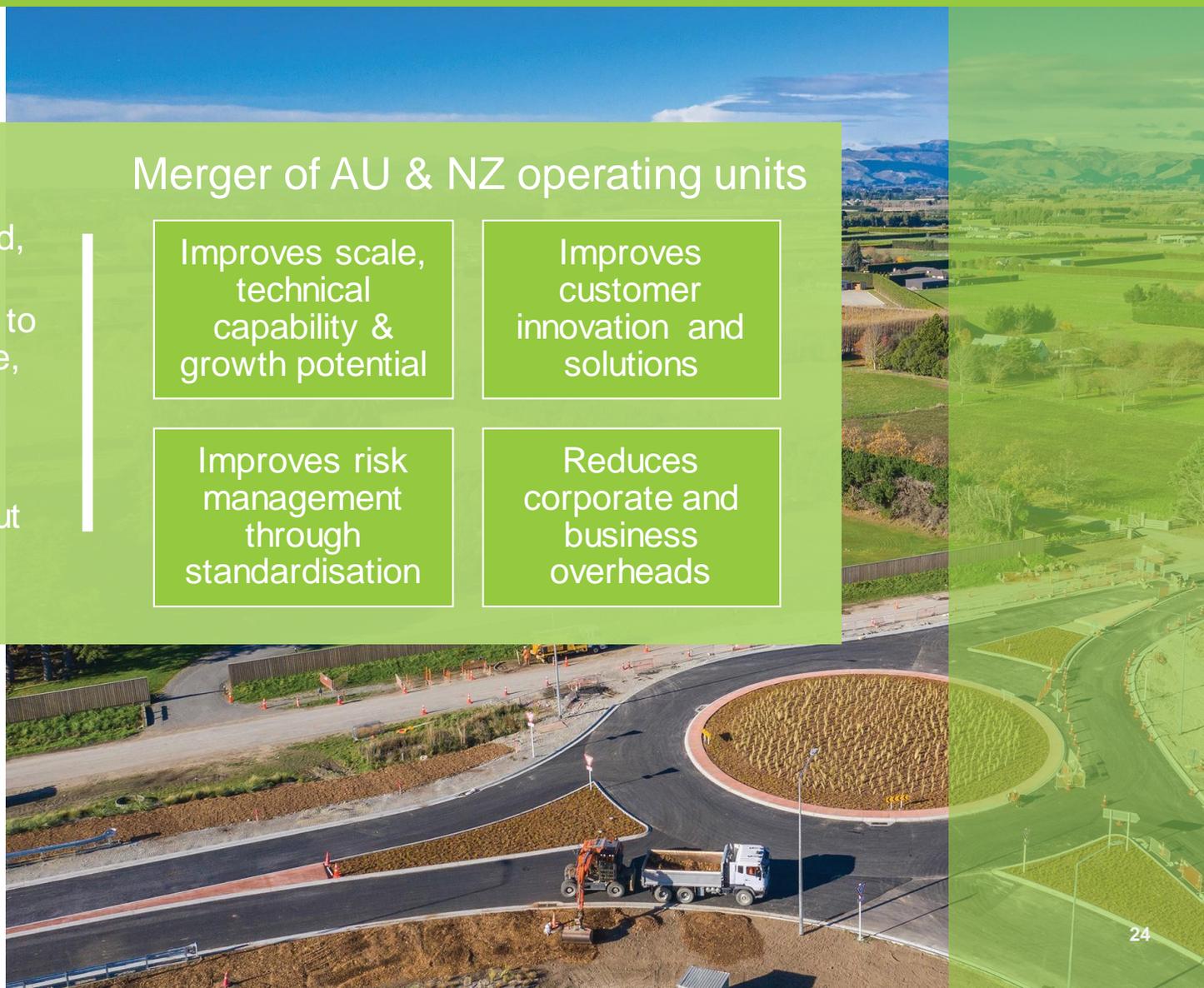
Improves scale, technical capability & growth potential

Improves customer innovation and solutions

Improves risk management through standardisation

Reduces corporate and business overheads

A further update will be provided at Downer's Investor Day in April 2023



Continue to simplify current portfolio

We have a portfolio of outstanding assets, and the Australian Transport Projects divestment proves that



Divestment program progressed

- Transport Projects signed
- Announced 22 February 2023 with an enterprise value of \$212m
 - Completion expected before 30 June 2023, subject to FIRB approval and other customary conditions
- Repurpose It underway
- Very attractive waste industry asset
 - 45% ownership (equity accounted)

Ongoing strategic review

Merger of Australian and New Zealand operations provides portfolio optionality

Decisions on asset sales dependent upon economic conditions & value

Operational excellence and risk management

Downer has exceptional businesses, market leading positions with scale and exposure to energy transition, industrialisation, defence and government outsourcing driving high growth potential

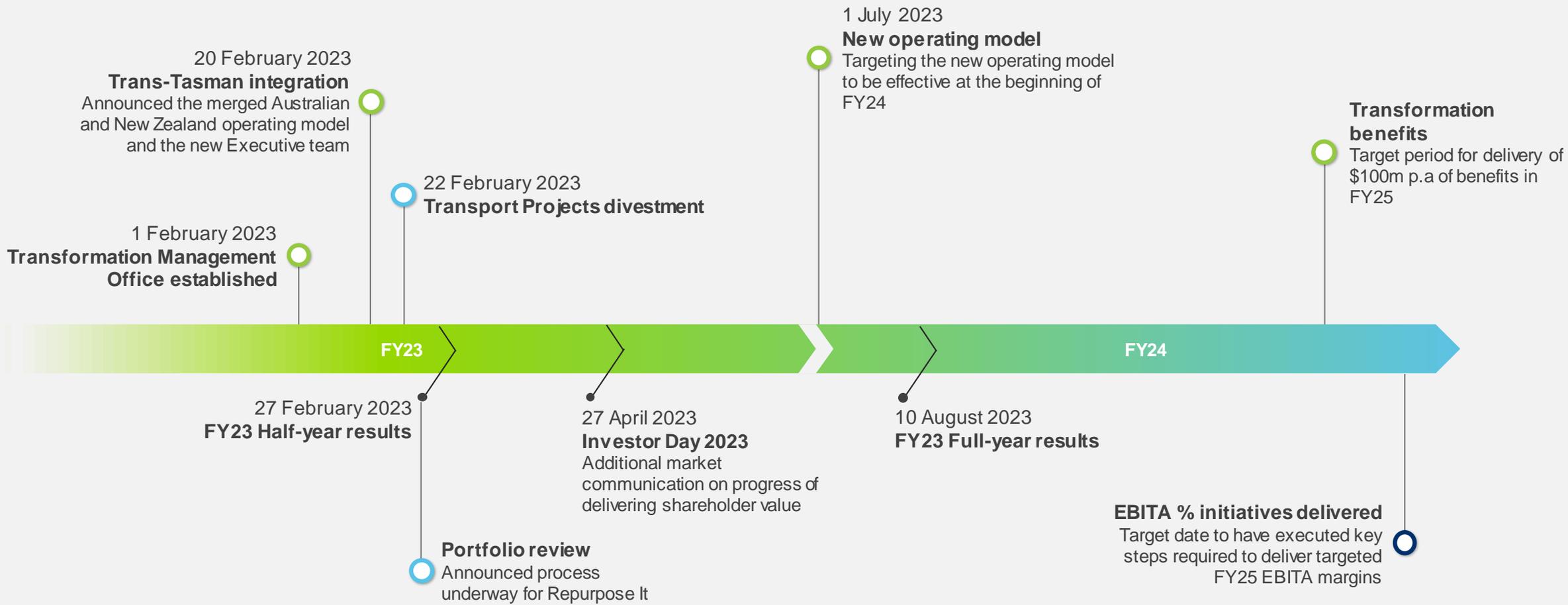


Targeting
>4.5%
EBITA
margin
(FY25)

- The Downer Standard to drive better project execution
- Business unit accountability through new operating structure
- Delivery of the transformation program (targeting at least \$100m p.a benefits)
- Exiting lower margin operations
- Adjustment of terms and conditions and contract forms to reflect new market dynamics and industry supply constraints



Timeline and what to expect from here



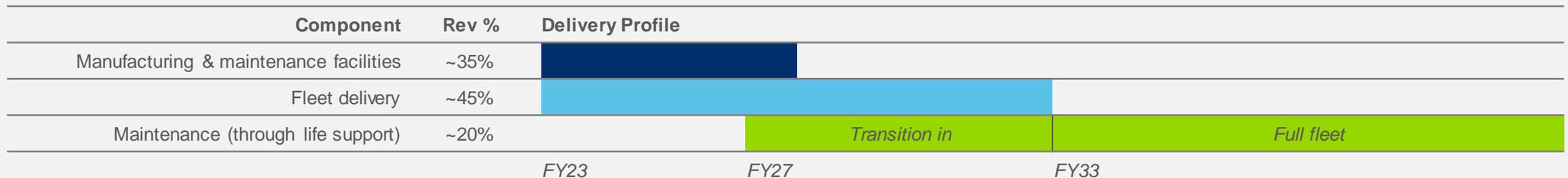
- Sector led operating model and transformation program
- Continue to simplify current portfolio
- Operational excellence and risk management

Preferred applicant for QTMP

- Preferred applicant on Queensland Train Manufacturing Program (QTMP) – announced 6 February 2023
- Largest investment in new rollingstock in Queensland history
- Target contract close and mobilisation in Q4 FY23
- Downer will deliver:
 - 65 six-car passenger trains
 - two training simulators
 - purpose built train manufacturing facility at Torbanlea
 - maintenance facility at Ormeau
 - passenger train maintenance
- Downer is a leading provider of rollingstock asset management services in Australia, with expertise across every project phase from design and manufacture to through life support, fleet maintenance and overhaul



Indicative revenue profile



Immediate priorities

- Particular focus on:
 - value for shareholders
 - risk management
 - mobilisation of QTMP
 - target EBITA margin
 - new structures and leadership team for success
- The Transformation Program is mobilised and restructuring costs to be incurred from 2H
- Update at Investor Day in April 2023

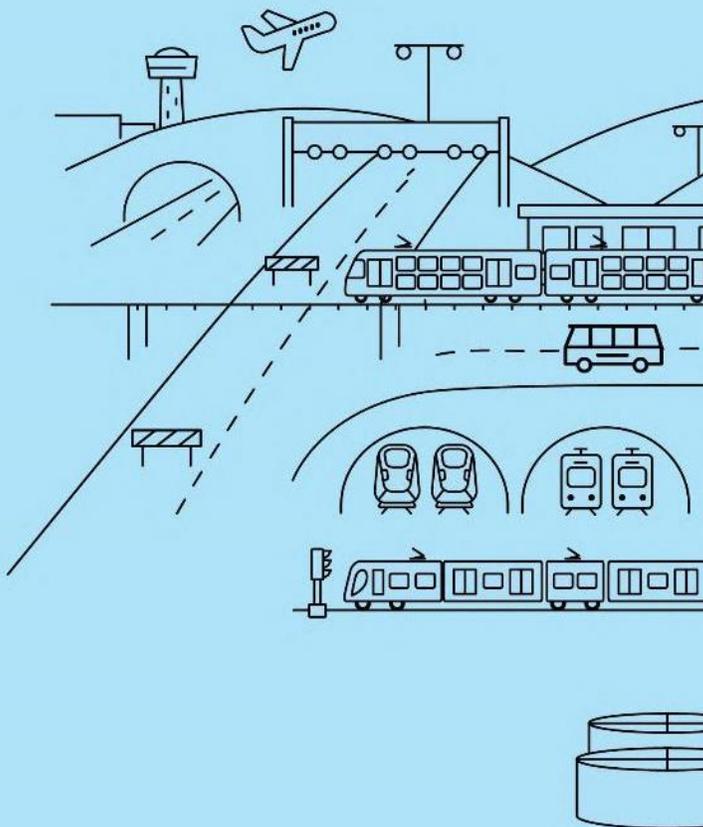




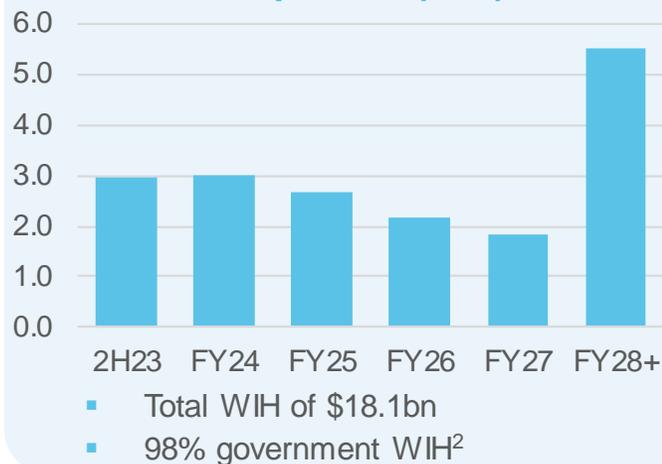
Supplementary information

Transport

Road Services
Rail & Transit Systems
Projects



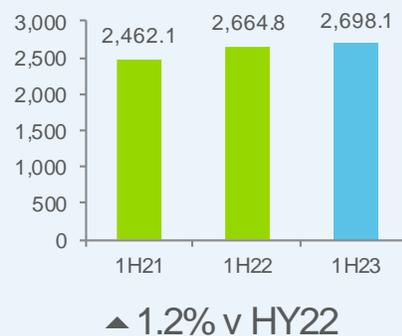
WIH profile¹ (\$bn)



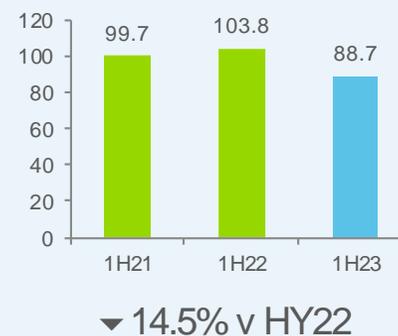
Top 5 Contracts Remaining (ex QTMP)

1. Maintaining Waratah trains until 2044
2. Maintaining HCMTs until 2053
3. Maintaining Sydney Growth Trains until 2044
4. Operating Yarra Trams until 2024 (Keolis Downer)
5. Operating Adelaide Passenger Rail Network until 2033 (Keolis Downer)

Revenue³ \$m



EBITA³ \$m



EBITA³ margin



¹ Work-in-hand figure at Dec-22 adjusted to include expected contract value for the Queensland Train Manufacturing Program (QTMP) following the announced preferred applicant status (announced on 6 February 2023) and excludes WIH associated with the Transport Projects Australia divestment (assuming 30 June 2023 completion)

² WIH Government includes direct Government and Government related projects

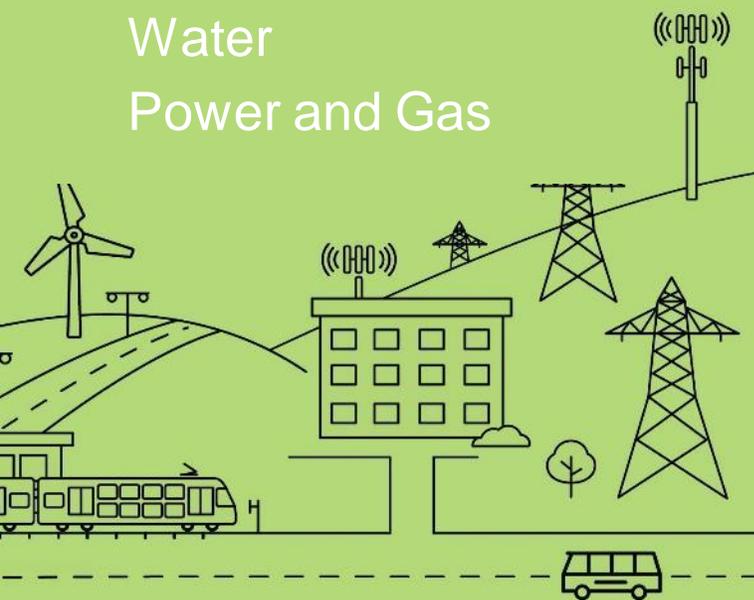
³ 1H22 restated to reflect the change in operating segment of Power Systems from the Transport segment to the Utilities segment

Utilities

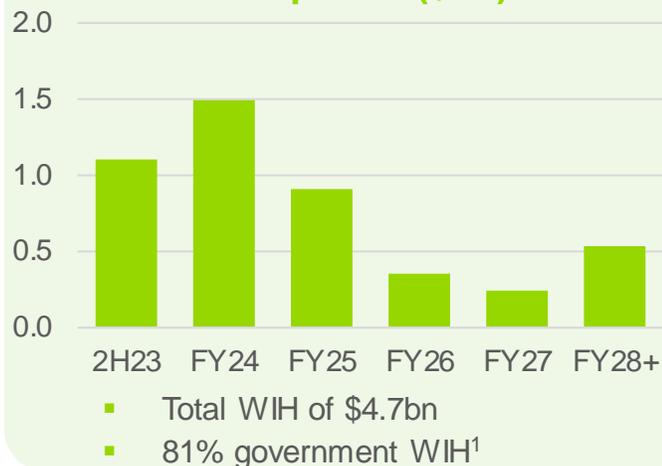
Telecommunications

Water

Power and Gas



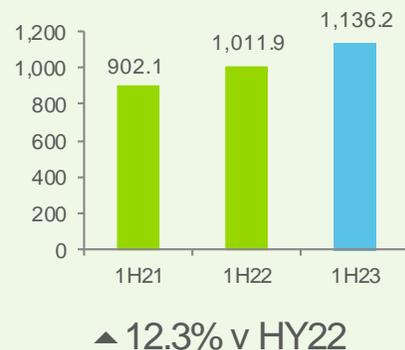
WIH profile (\$bn)



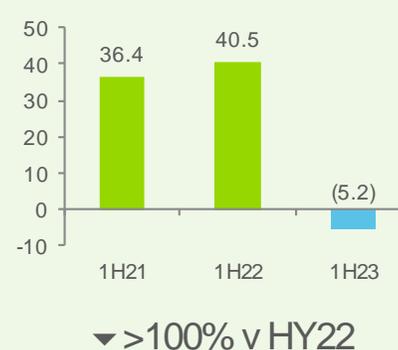
Top 5 Contracts Remaining

1. Sydney Water until 2030 (Confluence Water JV)
2. AusNet (power) until 2024 (plus two 3-year extensions)
3. City of Gold Coast (water) until 2032
4. AusNet (gas) until 2026
5. Logan City Council until 2025 (plus two 2-year extensions)

Revenue² \$m



EBITA² \$m



EBITA² margin

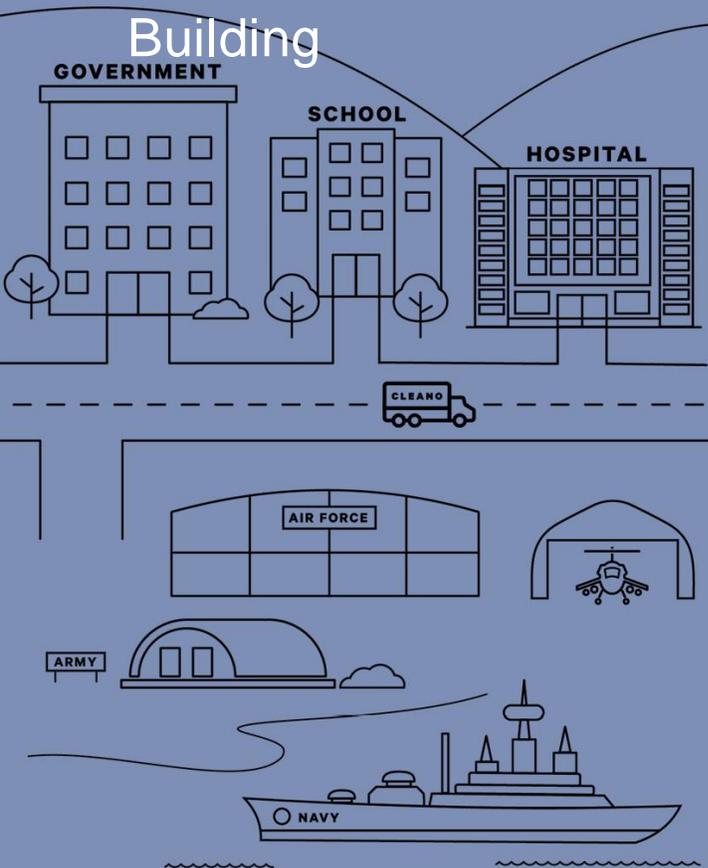


¹ WIH Government includes direct Government and Government related projects

² 1H21 and 1H22 results have been restated to reflect the impact of historical misreporting of revenue and contract assets in one of Downer's maintenance contracts in its Australian Utilities business. 1H22 also restated to reflect the change in operating segment of Power Systems from the Transport segment to the Utilities segment

Facilities

Government
Health & Education
Defence
Power & Energy
Industrial & Marine
Building



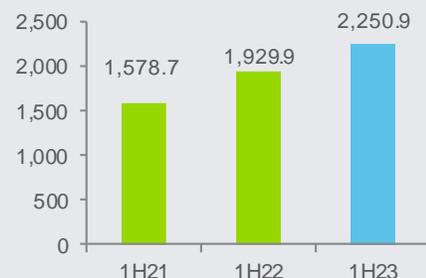
WIH profile (\$bn)



Top 5 Contracts Remaining

1. New Royal Adelaide Hospital PPP until 2046 (contract reset 30 June 2022)
2. Bendigo Hospital PPP until 2042 (contract reset 30 June 2022)
3. Sunshine Coast University Hospital PPP until 2042
4. Dept of Defence Estate Maintenance and Operations until August 2024
5. Orange Hospital PPP until 2036

Revenue² \$m



▲ 16.6% v HY22

EBITA² \$m



▲ 11.1% v HY22

EBITA² margin

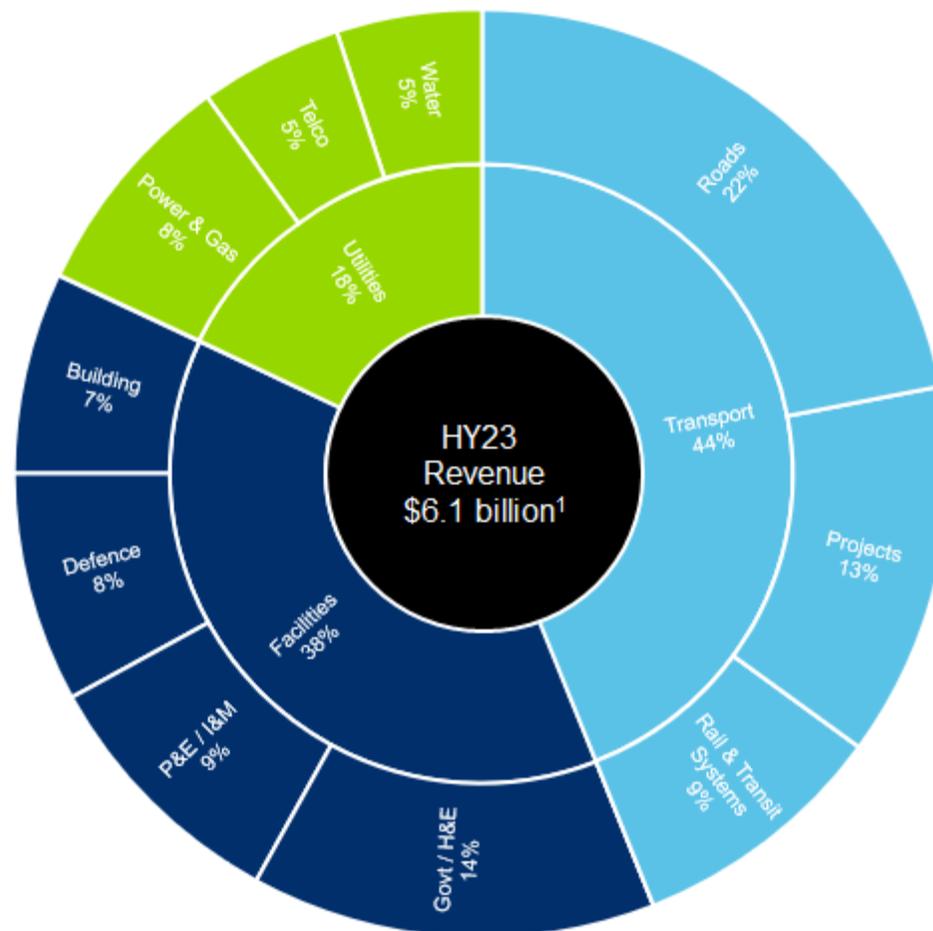


▼ 0.2pp v HY22

¹ WIH Government includes direct Government and Government related projects
² Excludes Hospitality and Laundries in prior periods

HY23 revenue composition

Revenue diversified across Transport, Utilities and Facilities markets



Revenue growth of 3% on prior period
(9% excluding Mining and Hospitality in comparative period)

¹ P&E / I&M is the abbreviation of Power & Energy and Industrial & Marine businesses and also includes Mineral Technologies. H&E is the abbreviation of Health & Education

Business unit performance

\$m	HY23	HY22 ¹	Change
Transport	88.7	103.8	(14.5%)
Utilities	(5.2)	40.5	(>100.0%)
Facilities	99.0	89.1	11.1%
Urban Services Businesses	182.5	233.4	(21.8%)
Mining	-	8.1	(100.0%)
Hospitality	-	(12.5)	100.0%
Non-core businesses	-	(4.4)	100.0%
Corporate	(48.9)	(52.0)	6.0%
Underlying EBITA^{2,3}	133.6	177.0	(24.5%)
Items outside of underlying EBITA	9.3	4.6	>100%
Statutory EBITA²	142.9	181.6	(21.3%)
Underlying NPATA ^{2,3}	68.0	94.4	(28.0%)
Statutory NPAT	68.1	85.8	(20.6%)

- Refer to slide 14 for commentary on segment performance

¹ 1H22 results have been restated to reflect the impact of historical misreporting of revenue and contract assets in one of Downer's maintenance contracts in its Australian Utilities business (\$4.6m, \$3.2m after-tax), and to reflect the change in operating segment of Power Systems from the Transport segment to the Utilities segment

² Downer calculates EBITA and NPATA by adjusting EBIT and NPAT to add back acquired intangible assets amortisation expense. Group HY23: \$13.1m, \$9.2m after-tax. (HY22: \$14.2m, \$10.0m after-tax)

³ The underlying result is a non-IFRS measure that is used by Management to assess the performance of the business. Non-IFRS measures have not been subject to audit or review

Capital expenditure and D&A

\$m	HY23	HY22	Change
Net Capital expenditure – core	70.1	65.2	7.5%
Net Capital expenditure – non-core	-	8.1	(100.0%)
IT	14.4	22.8	(36.8%)
Capital expenditure / IT	84.5	96.1	(12.1%)

- Maintenance capex broadly in-line with PP&E depreciation and IT amortisation expense

\$m	HY23 ¹	HY22 ¹	Change
Depreciation of PP&E – core	59.4	54.4	9.2%
Depreciation of PP&E – non-core	-	13.6	(100.0%)
IT amortisation	13.4	12.2	9.8%
Depreciation of RouA – core	74.9	76.2	(1.7%)
Depreciation of RouA – non-core	-	7.7	(100.0%)
Total depreciation & amortisation	147.7	164.1	(10.0%)

¹ Total depreciation & amortisation excludes acquired intangible assets amortisation expense (HY23: \$13.1m, HY22: \$14.2m)