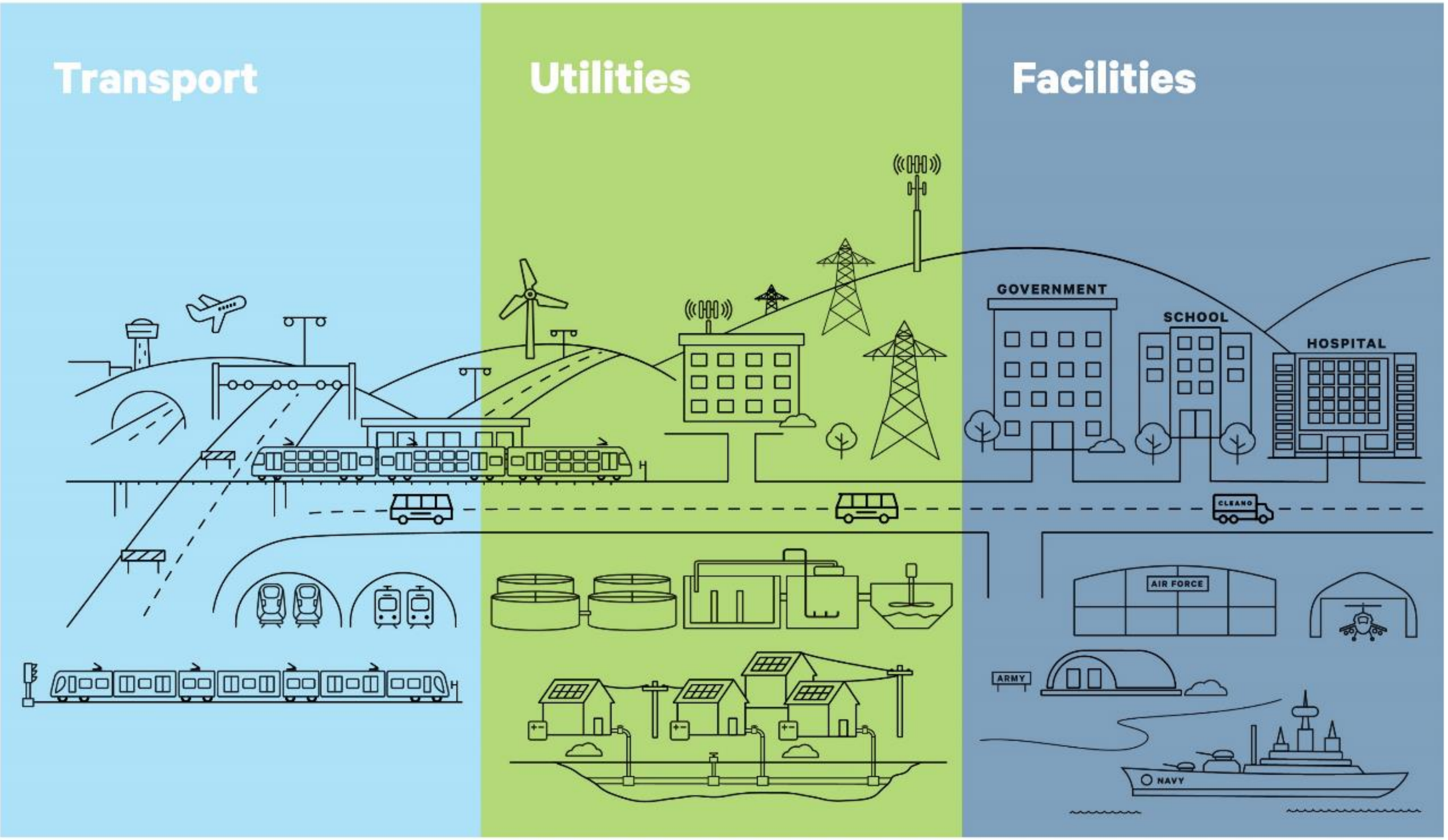
Downer Group
Investor Presentation
Half Year Results

Downer
Relationships creating success

11 February 2021



Highlights

- ✓ Statutory NPAT of $75.6m (statutory EBIT of $162.4m)
- ✓ Underlying NPATA[1,2] of $119.1m, up 3.1% ($99.0m statutory)
- ✓ Underlying EBITA[1,2] of $221.0m, up 2.9% ($195.8m statutory)
- ✓ Margin improvement of 0.5 percentage points to 3.6%
- ✓ Cash conversion of 97.4% (84.1% statutory)
- ✓ Gearing reduced to 28.2% (35.5% at June 20)
- ✓ Key milestones achieved:
  - ✓ 100% ownership of Spotless
  - ✓ $1.4bn sustainability linked refinancing
  - ✓ Sale of non-core businesses ($526m[3])
  - ✓ Market leading sustainability credentials
- ✓ Resumption of ordinary dividends (9 cents per share – unfranked)

[1] Downer calculates EBITA and NPATA by adjusting EBIT and NPAT to add back acquired intangible assets amortisation expense. Group HY21: $33.4m, $23.4m after-tax. (HY20: $34.4m, $24.1m 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.

[3] Includes proceeds from completed transactions (RTL and Snowden) and expected proceeds based on announced transactions not completed by 31 December 2020 (Laundries, Open Cut West, Downer Blasting Services, Underground and other plant sales)

1H21 performance overview

- Underlying EBITA of $221.0m, up 2.9%, and EBITA margin up 0.5pp to 3.6%
- Urban Services businesses have continued to show resilience despite challenging market conditions
- Yarra Trams (Transport), Asset Services and Hospitality continue to be materially impacted by COVID-19
- Utilities performed strongly despite reduced contribution from NBN
- Facilities performed well and positioned to continue with COVID-19 response
- Urban Services work-in-hand of $36.2bn

$m	1H20	2H20	1H21	Change 1H20%
Transport	112.5	123.1	99.7	(11.4)
Utilities	63.0	51.6	54.1	(14.1)
Facilities[3]	68.7	56.2	62.5	(9.0)
Asset Services (EC&M)	22.4	4.7	11.6	(48.2)
Core Urban Services Businesses	**266.6**	**235.6**	**227.9**	**(14.5)**
Engineering & Construction (EC&M)	(59.8)	(9.4)	(2.6)	95.7
Businesses in wind down	**(59.8)**	**(9.4)**	**(2.6)**	**95.7**
Mining	43.7	35.3	38.7	(11.4)
Laundries (Facilities)	7.0	2.1	4.5	(35.7)
Hospitality (Facilities)	0.2	(19.9)	0.3	50.0
Businesses under review or to be sold	**50.9**	**17.5**	**43.5**	**(14.5)**
Corporate	(42.9)	(42.5)	(47.8)	(11.4)
Underlying EBITA[1,2]	**214.8**	**201.2**	**221.0**	**2.9**
Items outside of underlying EBITA	-	(386.0)	(25.2)	(100)
Statutory EBITA[1]	**214.8**	**(184.8)**	**195.8**	**(8.8)**
Underlying NPATA[1,2]	**115.5**	**99.6**	**119.1**	**3.1**
Statutory NPAT	**91.4**	**(247.1)**	**75.6**	**(17.3)**

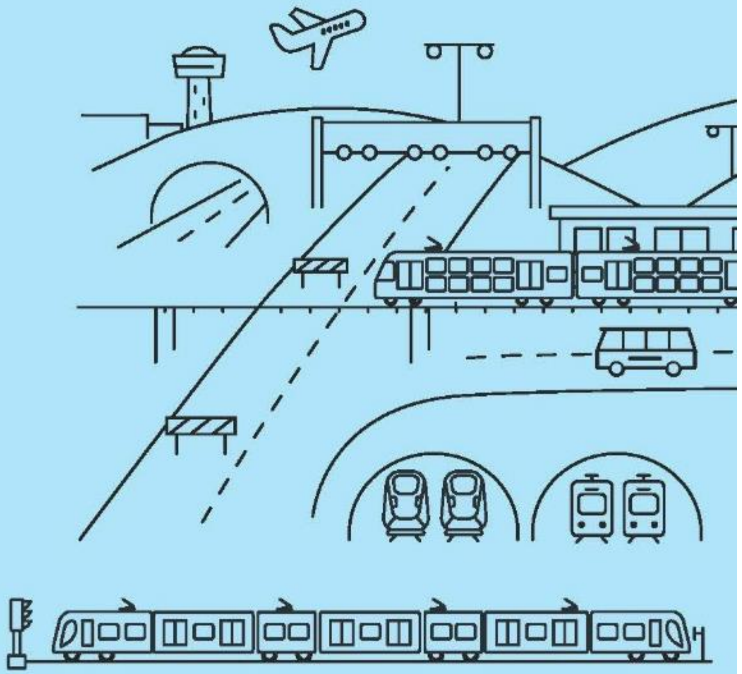
[1] Downer calculates EBITA and NPATA by adjusting EBIT and NPAT to add back acquired intangible assets amortisation expense. Group HY21: $33.4m, $23.4m after-tax. (HY20: $34.4m, $24.1m after-tax)

[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.

[3] Infrastructure & Construction, previously reported in 'Businesses in wind down' has been reallocated to Facilities (Core) following a refocus of the business unit toward maintenance contracts

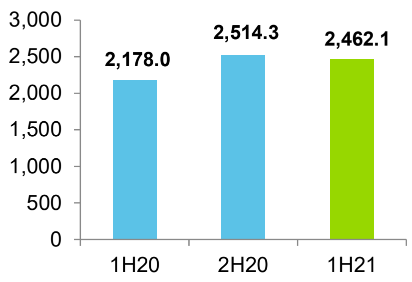
Transport

Road Services
Rollingstock Services
Projects



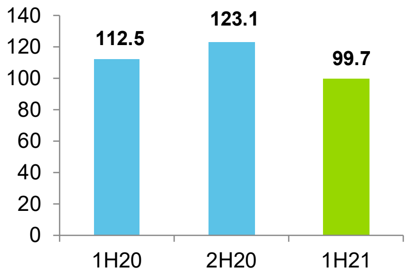
- Road Services
  - Strong operating performance in surfacing, bituminous products and network maintenance
  - Expanded SA road network management contract
- Rollingstock Services
  - Strong operating performance in maintenance and projects, offset by:
    - reduced Waratah profit contribution ($16.2m) due to completion of bogie overhaul and Automated Train Protection (ATP) upgrade
    - impact of lower patronage on the Keolis Downer joint venture ($8.8m lower) due to COVID-19, primarily Yarra Trams
  - Keolis Downer awarded contract to operate train passenger services in South Australia
  - Three of 65 High Capacity Metro Trains now in passenger service in Melbourne
- Projects
  - Strong performance in NZ on urban project work, including City Rail Link (CRL), with additional CRL packages awarded during the period
  - Parramatta Light Rail and METRONET alliance performing well

Revenue $m



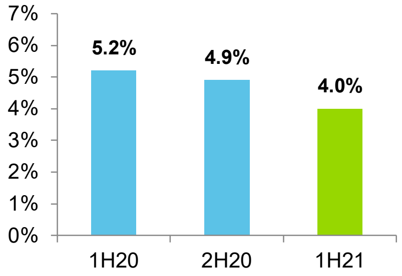
+13.0% v 1H20

EBITA $m



(11.4)% v 1H20

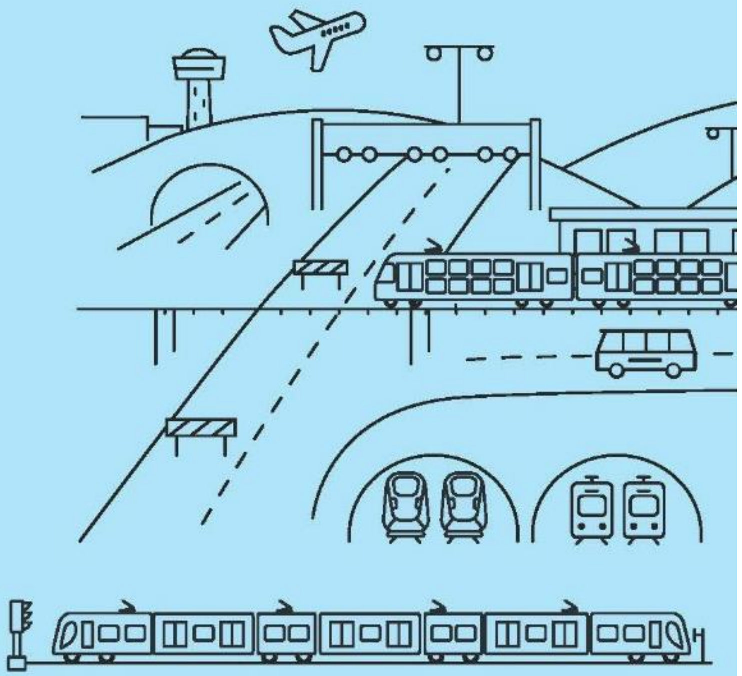
EBITA margin



(1.2)pp v 1H20

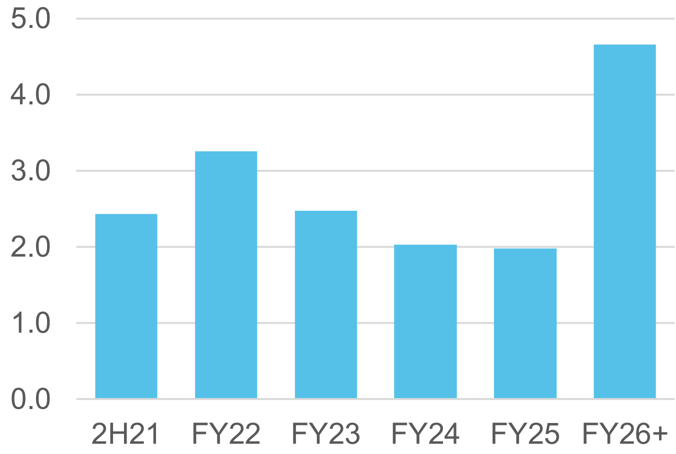
Transport

Road Services
Rollingstock Services
Projects

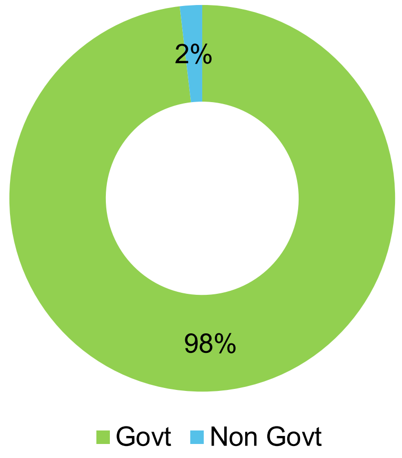


$16.8 billion work-in-hand

WIH profile ($bn)



WIH Government[1] v Non-Government



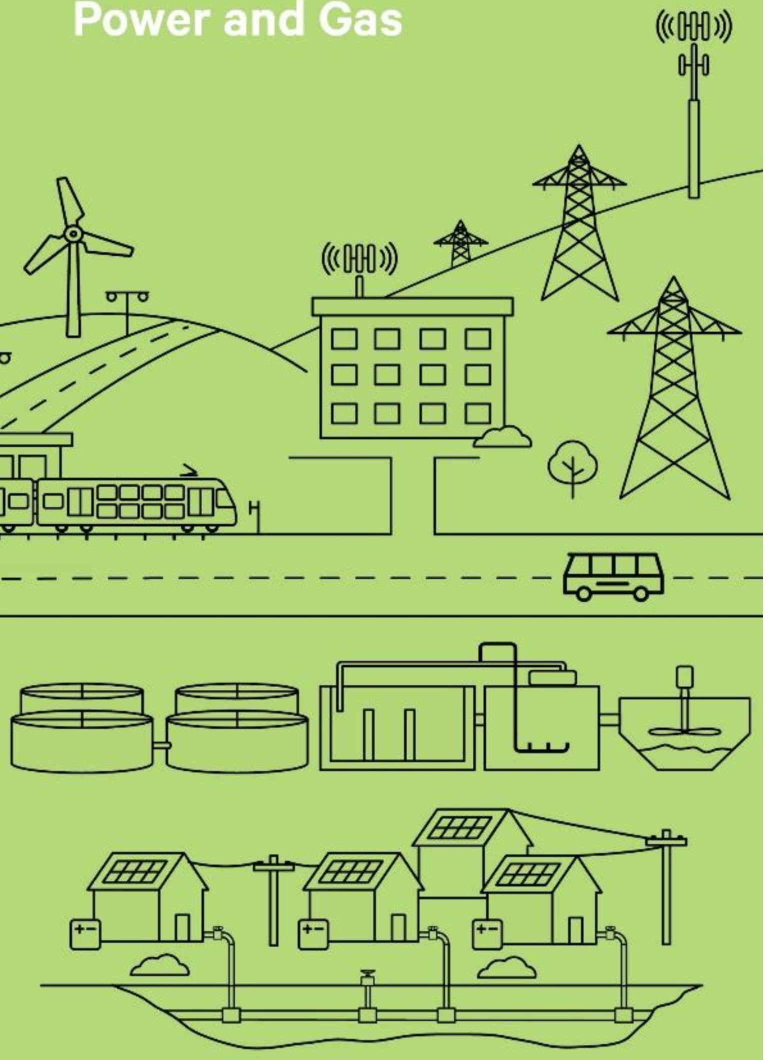
Top 5 Contracts Remaining
1. Maintaining Waratah trains until 2044
2. Operating Yarra Trams until 2024 (Keolis Downer)
3. Maintaining HCMT trains until 2053
4. Maintaining Sydney Growth Trains until 2044
5. Operating Adelaide Passenger Rail Network until 2033 (Keolis Downer)

Top 5 Contract Wins in HY21
1. Operating Adelaide Passenger Rail Network
2. Station upgrades under NSW Transport Access Program
3. Resurfacing EastLink, Melbourne’s largest tollway
4. Additional two contracts for City Rail Link project (NZ)
5. Dunedin City Council, Three Waters contract

[1] WIH Government includes direct Government and Government-backed / regulated projects

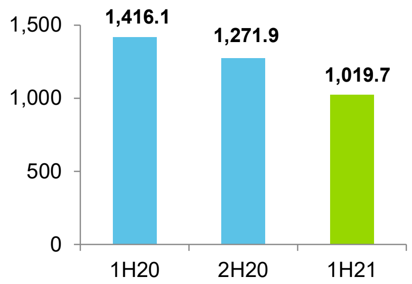
Utilities

Telecommunications
Water
Power and Gas



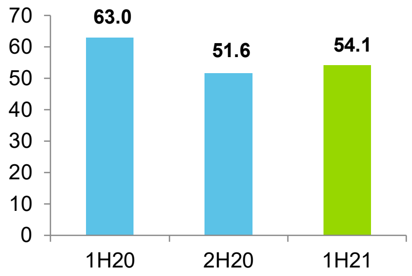
- Telecommunications
  - Rebuilding contract book following roll-off of NBN and UFB construction contracts
  - Unified Field Operations (Network) contract with NBN ($320m over eight years)
  - Telstra Field Services contract ($330m over five years)
  - Vodafone contract in NZ (~$150m over five years)
- Water
  - Strong result with significant long-term contracts won in FY20 (Confluence Water, Logan City Council) performing well
- Power and Gas
  - Strong result with significant long-term contracts won in FY20 (AusNet, Powerco) performing well

Revenue $m



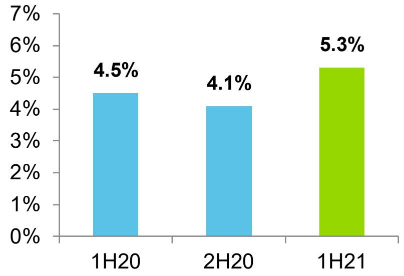
(28.0)% v 1H20

EBITA $m

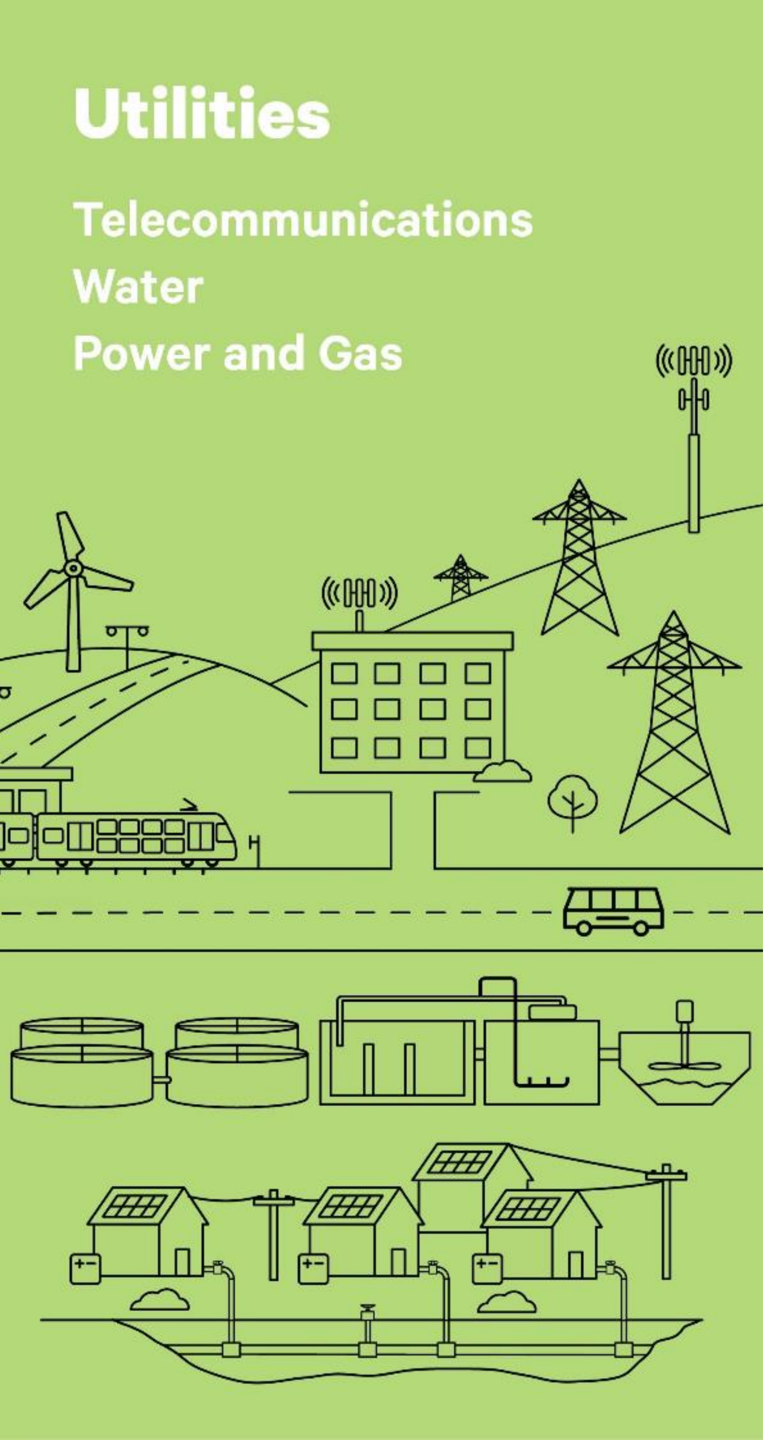


(14.1)% v 1H20

EBITA margin

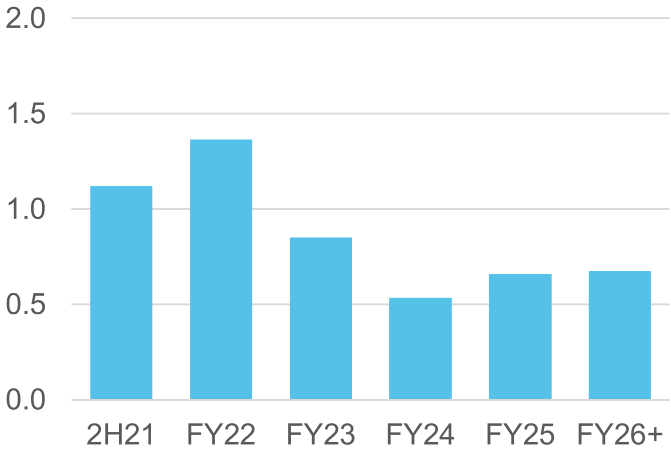


+0.8pp v 1H20

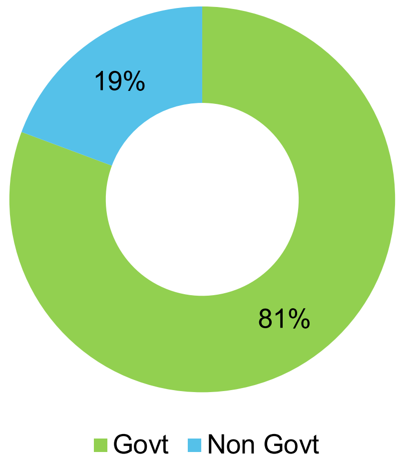


$5.2 billion work-in-hand

WIH profile ($bn)



WIH Government[1] v Non-Government



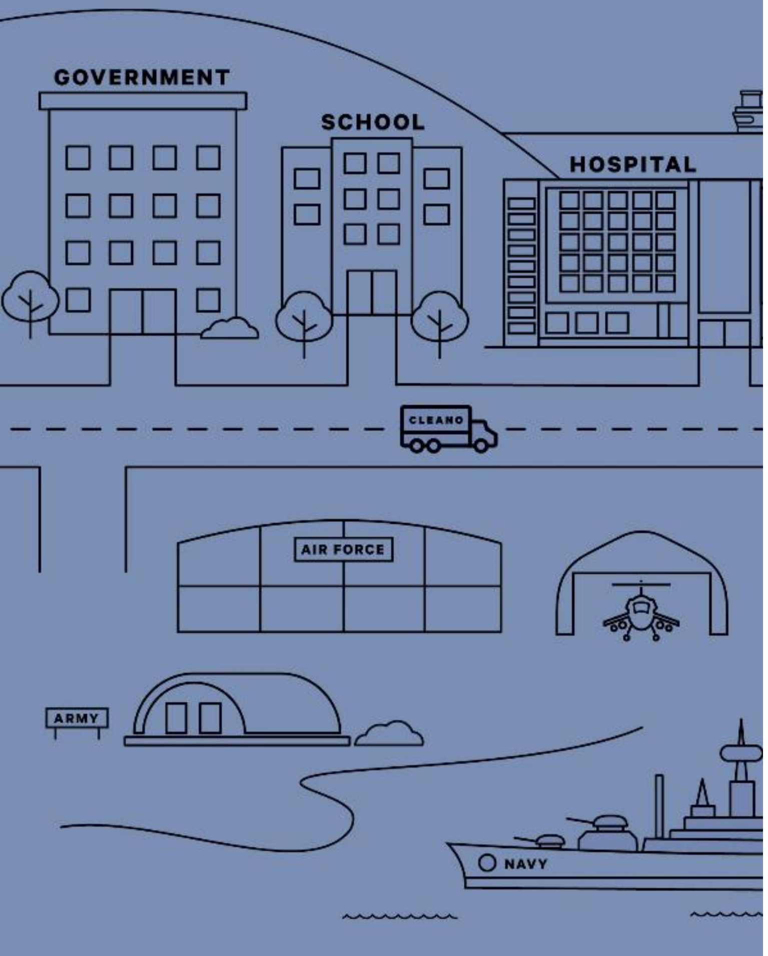
Top 5 Contracts Remaining
1. Sydney Water until 2030 (Confluence Water JV)
2. AusNet (power) until 2024 (plus extensions for 6 years)
3. Logan City Council until 2025 (plus 2x2yrs extensions)
4. AusNet (gas) until 2026
5. Unified Field Operations (Network) contract with NBN

Top 5 Contract Wins in HY21
1. Unified Field Operations (Network) contract with NBN ($320m over maximum eight years)
2. On Demand Module, connecting businesses to NBN
3. Renewal of City West Water (Melbourne)
4. National installation partner for AGL solar and batteries
5. Field Services with Telstra ($330m over five years) awarded in January 2021

[1] WIH Government includes direct Government and Government-backed / regulated projects

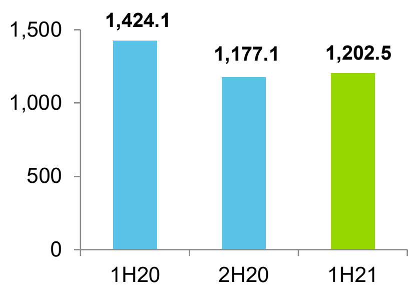
Facilities

Government
Health and Education
Defence
Building



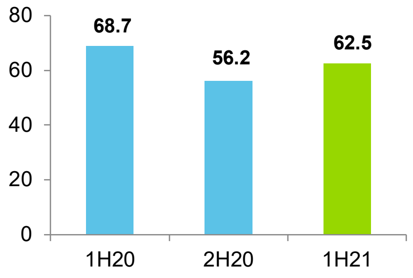
- Government
  - Strong performance across State Government contracts benefiting from COVID-19 response
  - Joint bidding success with the Keolis Downer Adelaide Passenger Rail Network
  - Strong pipeline of first generation FM / maintenance contracts by governments
- Health and Education
  - Strong performance across portfolio and growth from COVID-Safe support services
  - Continued improvement on Royal Adelaide Hospital as project approaches 30 June 2022 reset
- Defence
  - Continued strong performance in Base and Estate management
  - Increasing share of Managing Contractor engagements
  - Ranked 7th top defence contractor in Australia
- Building
  - Hawkins performing well despite lower revenue, with continued strong market share and wins in health, education and defence
  - Spotless I&C refocused on industrial FM, maintenance and technical services

Revenue $m



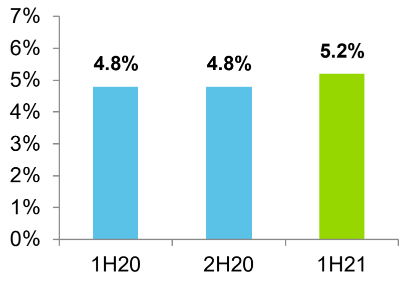
(15.6)% v 1H20

EBITA $m



(9.0)% v 1H20

EBITA margin

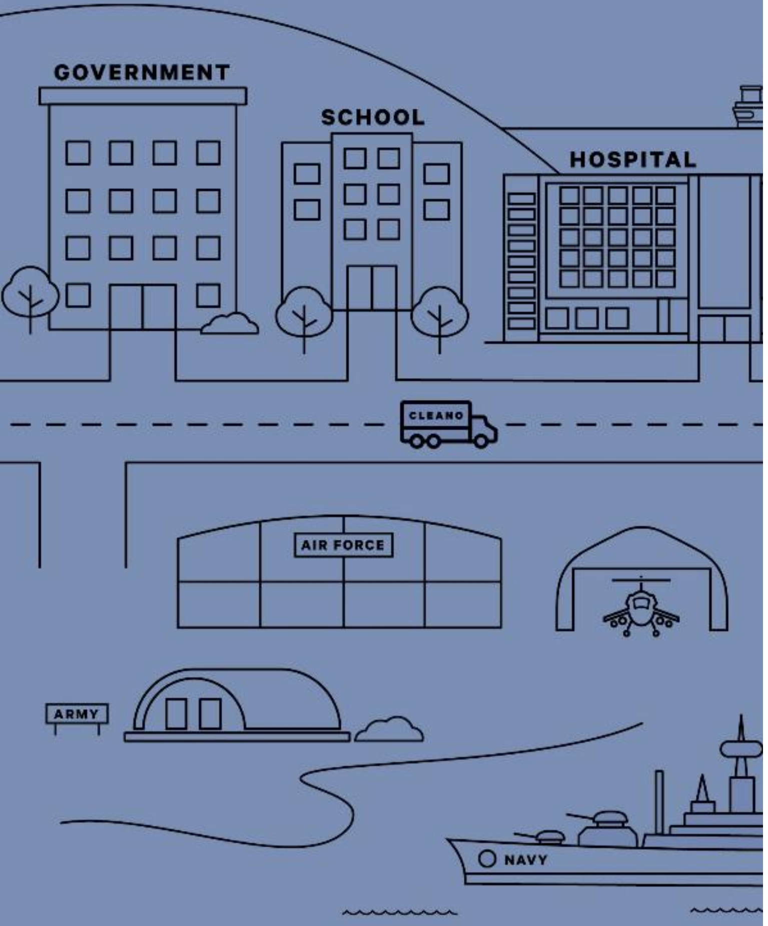


+0.4pp v 1H20

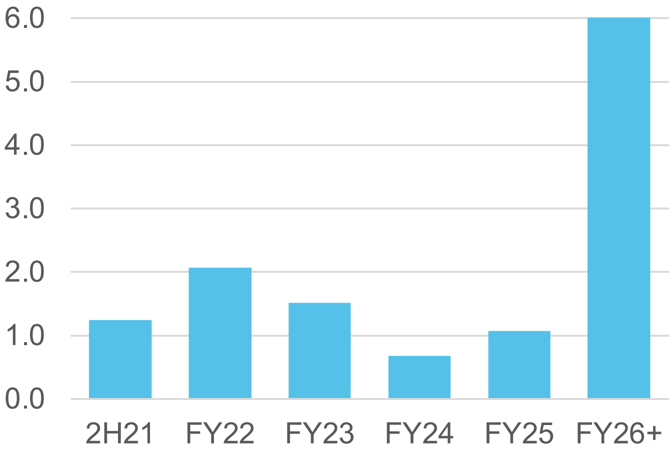
$12.7 billion work-in-hand

Facilities

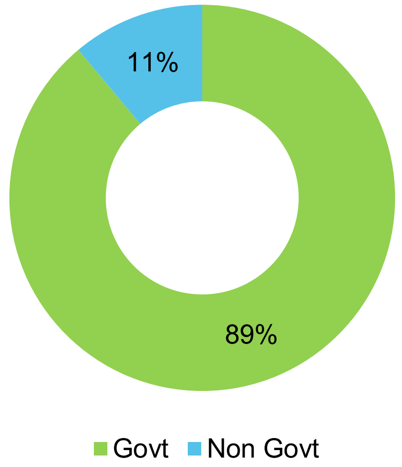
Government
Health and Education
Defence
Building



WIH profile ($bn)



WIH Government[1] v Non-Government



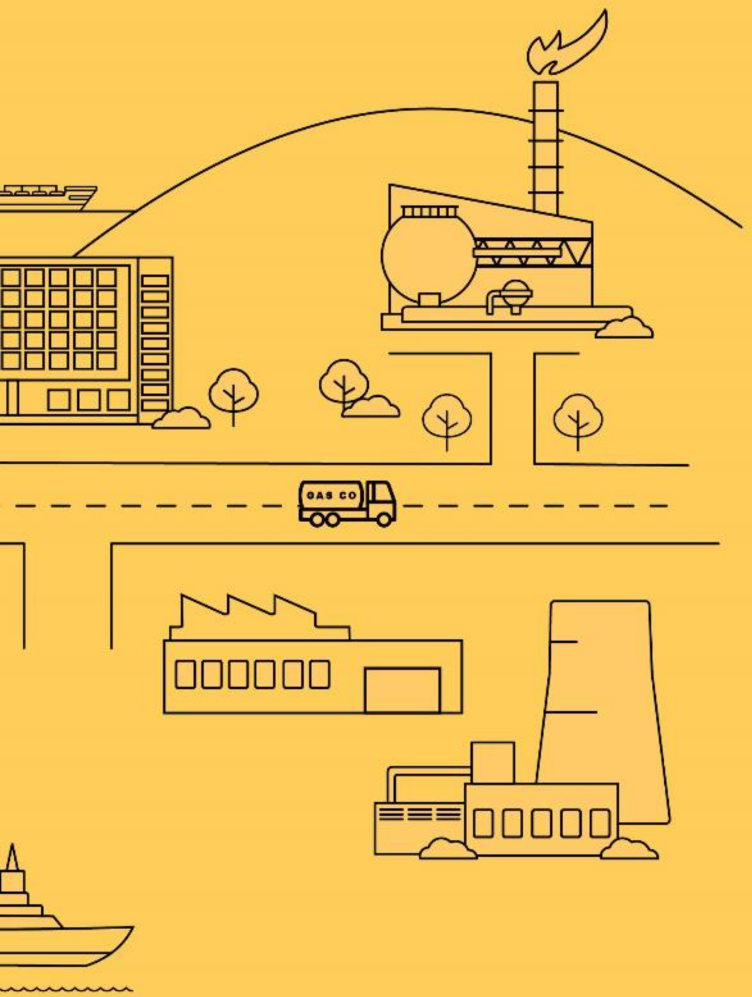
Top 5 Contracts Remaining
1. New Royal Adelaide Hospital PPP until 2046 (contract reset 30 June 2022)
2. Dept of Defence Estate Maintenance and Operations
3. NSW Whole of Government (cross agency FM)
4. Sunshine Coast University Hospital PPP until 2041
5. Bendigo Hospital PPP until 2042

Top 5 Contract Wins in HY21
1. NSW Land and Housing Corporation FM
2. Adelaide Metro FM and cleaning
3. Managing contract for Victoria Barracks, Melbourne
4. COVID-19 cleaning and services for Vic Government
5. Te Whare Toroa (NZ Air Force facility)

[1] WIH Government includes direct Government and Government-backed / regulated projects

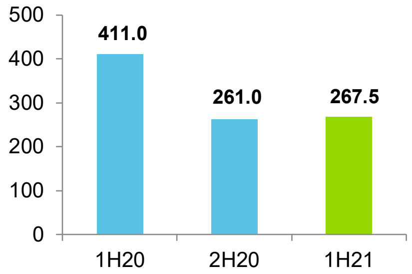
Asset Services

Oil and Gas
Power Generation
Industrial



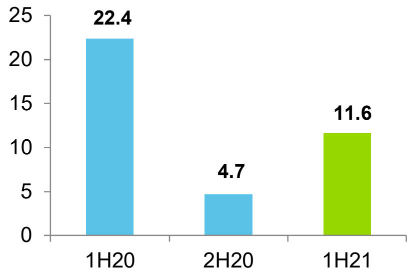
- Oil and Gas
  - Industry deferral of non-essential maintenance and capital works
  - Some improvement through remainder of FY21 with increased demand expected in FY22
- Power Generation
  - Performance impacted by deferred shutdowns and deferral of non-essential maintenance and capital works, offset by increasing market share with new customers
  - Likely to continue through FY21 with expectation of increased demand in FY22
  - Investment in energy transition capability
- Industrial
  - Performance impacted by COVID-19 border restrictions and deferment of capital works, with demand expected to increase through remainder of FY21

Revenue $m



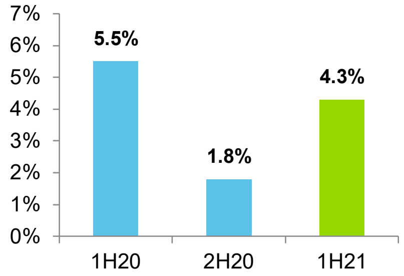
(34.9)% v 1H20

EBITA $m



(48.2)% v 1H20

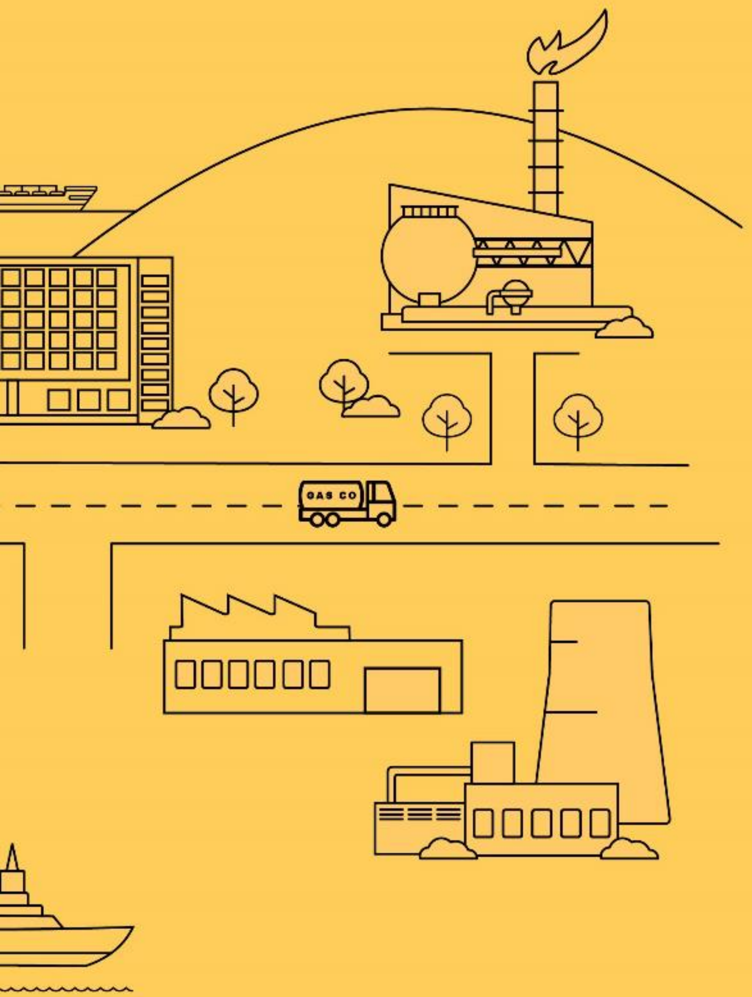
EBITA margin



(1.2)pp v 1H20

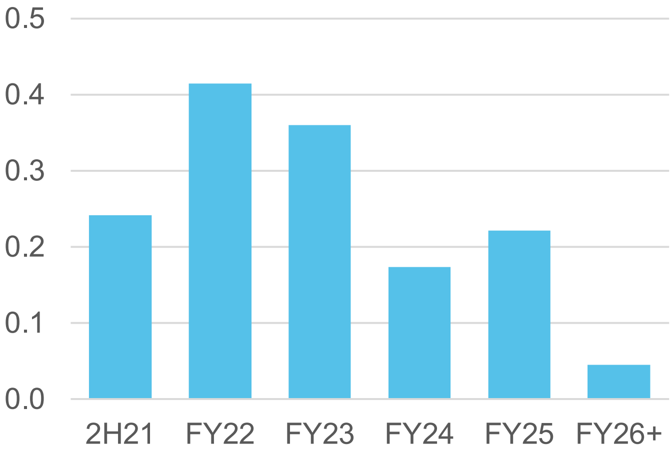
Asset Services

Oil and Gas
Power Generation
Industrial

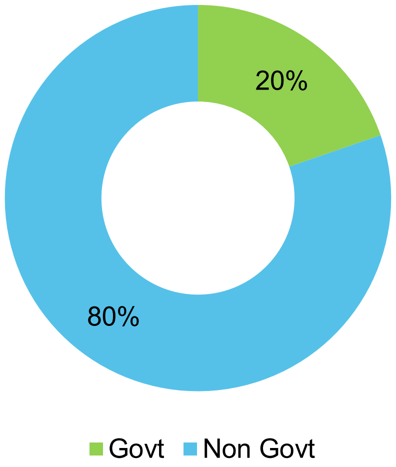


$1.5 billion work-in-hand

WIH profile ($bn)



WIH Government[1] v Non-Government



Top 5 Contracts Remaining
1. CS Energy until 2024
2. BHP Port Hedland until 2023
3. Chevron infrastructure maintenance until 2023
4. Santos onshore development services until 2023
5. Origin Energy Eraring Power Station until 2022

Top 5 Contract Wins in HY21
1. CleanCo Wivenhoe Hydro Power Station Unit 1 overhaul
2. AGL Bayswater three year outages contract
3. BHP Olympic Dam SCM21 shutdown ECI
4. HMAS Cairns fuels upgrade
5. Santos Moomba carbon capture and storage project

[1] WIH Government includes direct Government and Government-backed / regulated projects

Driving value for shareholders

Business growth	**Aligned to growing markets and serving quality customers** High proportion Government revenue Economic and social infrastructure Markets aligned to economic stimulus	**Increased exposure to low capital, service oriented businesses** Portfolio mix adjusted to low capital intensity Urban Services – exit of Mining and Laundries	**Strategic acquisitions** Market leading positions Bolt on acquisitions
+			
Efficient use of capital	**Strong operating cash flow discipline** Return to high operating cash conversion 80%+ Improve margins and ROFE	**Strategic capital allocation, cost and capital efficiency** Optimise capital allocation Optimise capital mix Efficient term debt platform	**Maintaining a strong balance sheet and credit rating** Fitch BBB stable rating Net Debt: 2-2.5x EBITDA
+			
Sustainable operations	**Zero Harm is embedded in Downer's culture** Leading Zero Harm KPIs, systems and culture ESG Focus	**Supporting our communities** Invest in our social licence Flexible work environment Employer of choice	**Governance** Effective and complementary Management and Board Appropriate reward structures
=			
Shareholder value	**Consistently growing EPS and DPS**	**Increasing EPS and a 60% – 70% dividend payout ratio over time**	**TSR growth through continued delivery**

Sustainability

Shifting our investment focus away from Mining and Laundries supports our decarbonisation pathway and our push to ensure Downer thrives in a low-carbon emissions economy

- Downer will reduce Scope 1 and 2 GHG emissions by 206k tCO2-e or 35% on FY20 following the exit of Mining and Laundries
- $1.4 billion syndicated sustainability linked loan
  - Achievement of emissions targets and cultural awareness and mental health training will reduce funding costs
- 82nd percentile in the Dow Jones Sustainability Index (DJSE) (2019: 62nd)
  - Improvements across all three key areas: Governance & Economic, Environmental and Social
- Committed to 45-50% reduction in Scope 1 and 2 GHG emissions by 2035 and net zero by 2050
- Employee Engagement Survey
  - Increase in engagement score of 4 percentage points in 2020
- Workplace Safety
  - Industry leading safety KPIs, systems and culture
  - Major focus on mental health and well-being
- Modern Slavery Statement issued 10 February 2021

Immediate priorities

- Completion of asset sales
  - Settlement of sales already announced ($526m[1])
  - Sale of Mining's Open Cut East and Otraco
- Capital Management
  - Reset optimal capital structure at Net Debt: 2-2.5x EBITDA
  - Provide capital return to shareholders following asset sales
- Refinement of business portfolio and corporate structure
  - Rightsizing of overhead cost base to match new Urban Services revenue and earnings profile
  - Drive operational synergies across business units including full integration of Spotless
  - Optimise leasehold footprint as business adapts to post COVID-19 flexible work models
  - Continue to build capability and resilience across the business to manage risk and volatility. Invest in cloud technology, cyber security and business continuity
- Deliver strong FY21 earnings and cash result
  - High cash conversion
  - Resumption of dividends
  - Consistent and reliable delivery (no surprises!)

[1] Includes proceeds from completed transactions (RTL and Snowden) and expected proceeds based on announced transactions not completed by 31 December 2020 (Laundries, Open Cut West, Downer Blasting Services, Underground and other plant sales)

Immediate priorities (continued)

- Implementation of The Downer Standard (TDS)
  - Common processes / single certification
  - Quality systems and IP capture
- Earnings Growth
  - What will drive organic growth?
    - Increased spend in existing Urban Services markets. We are leveraged to the right sectors and customers
    - Margin improvement through better contract performance, technology and refined portfolio and structure
    - Brand development / increased Government focus
  - Strategic acquisitions in core markets

Group financials

Underlying financial performance

- Revenue down in Utilities, Facilities (primarily Hospitality) and Asset Services, offset by growth in Transport
- Group EBITA margin 3.6%, up 0.5pp
- Resumption of ordinary dividends – interim dividend of 9cps declared
- AASB16 reported consistently in both periods

$m	HY20[3]	HY21[3]	Change (%)
Total revenue[1]	6,838.5	6,116.0	(10.6)
EBITDA	429.3	454.5	5.9
Depreciation and amortisation	(214.5)	(233.5)	(8.9)
EBITA[2]	**214.8**	**221.0**	**2.9**
Amortisation of acquired intangibles	(34.4)	(33.4)	2.9
EBIT	180.4	187.6	4.0
Net interest expense	(53.5)	(51.8)	3.2
Profit before tax	126.9	135.8	7.0
Tax expense	(35.5)	(40.1)	(13.0)
Net profit after tax	91.4	95.7	4.7
NPATA[2]	**115.5**	**119.1**	**3.1**
EBITA margin	3.1%	3.6%	0.5pp
Effective tax rate	28.0%	29.5%	1.5pp
ROFE[4]	12.6%	9.9%	(2.7)pp
Dividend declared (cps)	14.0	9.0	(5.0)cps

[1] Total revenue is a non-statutory disclosure and includes revenue from joint ventures, other alliances and other income.
[2] Downer calculates EBITA and NPATA by adjusting EBIT and NPAT to add back acquired intangible assets amortisation expense. Group HY21: $33.4m, $23.4m after-tax. (HY20: $34.4m, $24.1m after-tax)
[3] The underlying result are non-IFRS measures that are used by Management to assess the performance of the business. Non-IFRS measures have not been subject to audit or review.
[4] ROFE = 12 month rolling underlying EBITA divided by average funds employed (AFE); AFE = Average Opening and Closing Net Debt (excludes lease liability) + Equity.

Summary of earnings

$m	EBITA[1]	Net interest expense	Tax expense[2]	NPATA[1]	Deduct: Amortisation of acquired intangibles (post-tax)	NPAT
Underlying[3] result	**221.0**	**(51.8)**	**(50.1)**	**119.1**	**(23.4)**	**95.7**
Non-cash fair value movement on the Spotless minority acquisition Downer Contingent Share Obligation liability[4]	(14.0)	-	-	(14.0)	-	(14.0)
Termination of Spotless financing arrangements	-	(4.3)	1.3	(3.0)	-	(3.0)
Laundries transaction costs[5]	(4.0)	-	1.0	(3.0)	-	(3.0)
Mining divestments[6]	(7.2)	-	7.1	(0.1)	-	(0.1)
Total items outside underlying result	**(25.2)**	**(4.3)**	**9.4**	**(20.1)**	**-**	**(20.1)**
Statutory result	**195.8**	**(56.1)**	**(40.7)**	**99.0**	**(23.4)**	**75.6**

[1] Downer calculates EBITA by adjusting EBIT to add back acquired intangible assets amortisation expense. Group HY21: $33.4m (HY20: $34.4m)
[2] Tax of $50.1m is calculated by adjusting underlying tax of $40.1m with $10.0m 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 Option (DCSO) has increased primarily driven by the movement in Downer's share price from $4.30 (grant date) to $5.33 at 31 December 2020 (+24%).
[5] Transaction costs (including stamp duty) incurred in relation to the agreement to dispose of the Laundries business.
[6] Net result including impairment of assets to the expected recoverable value and transaction costs incurred, offset by gain on plant and equipment disposed and from the divestment of Snowden and RTL JV (refer to Note B4 of the Financial Report).

Operating cash flow

- Strong cash performance across portfolio
- Underlying EBITDA conversion of 97.4% after adjusting for items (totalling $60.3m) recognised in FY20
- Factoring at 31 December 2020 was $104.7m ($113.7m at 31 December 2019)

$m	HY20	HY21	Change (%)
Underlying[1] EBIT	180.4	187.6	4.0
Add: depreciation and amortisation[2]	248.9	266.9	7.2
Underlying[1] EBITDA	**429.3**	**454.5**	**5.9**
Operating cash flow	**(4.5)**	**350.2**	**>100**
Add: Net interest paid[3]	51.0	52.4	2.7
Deduct: Tax received	(27.0)	(20.3)	(24.8)
Adjusted operating cash flow	**19.5**	**382.3**	**>100**
EBITDA conversion	**4.5%**	**84.1%**	**79.6pp**

Adjust for items booked in FY20	HY21
Portfolio restructure and exit costs	23.4
Payroll remediation costs	4.1
Spotless shareholder class action	32.8
Underlying adjusted operating cash flow	**442.6**
Underlying EBITDA conversion	**97.4%**

[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.
[2] Includes $89.3m (HY20: $67.4m) depreciation of Right-of-use-assets (ROUA) following the adoption of AASB 16.
[3] Interest, including AASB 16 finance leases of $14.4m (HY20: $12.6m) and other costs of finance paid less interest received.

Cash flow

- Net capital expenditure reduced due to lower spend on Laundries rental stock and Mining equipment
- Proceeds from sale of businesses represents the completed Snowden and RTL JV transactions
- Payment of deferred HY20 dividend of $83.3m in period

$m	HY20	HY21	Change (%)
Total operating	**(4.5)**	**350.2**	>100
Net capital expenditure – core	(63.0)	(66.6)	(5.7)
Net capital expenditure – non-core[1]	(101.7)	(40.8)	59.9
Spotless acquisition	-	(134.5)	(100)
Other acquisitions	(19.3)	(0.1)	99.5
IT Transformation	(31.7)	(17.4)	45.1
Proceeds from sale of businesses	-	25.1	100
Payment for investments in associates	-	(9.8)	(100)
Advances to JVs and other	(6.3)	(7.5)	(19.0)
Total investing	**(222.0)**	**(251.6)**	**(13.3)**
Issue of shares (net of costs)	-	390.7	100
Net proceeds / (repayment) of borrowings	185.7	(349.4)	>(100)
Dividends paid	(87.0)	(86.2)	0.9
Payment of principal lease liabilities – core	(56.3)	(70.8)	(25.8)
Payment of principal lease liabilities – non-core	(10.8)	(22.9)	>(100)
Total financing	**31.6**	**(138.6)**	**>(100)**
Net (decrease) in cash	(194.9)	(40.0)	79.5
Cash at 31 December	**514.9**	**550.4**	**6.9**
Total liquidity	**1,651.9**	**1,877.4**	**13.7**

[1] Includes purchase of assets as a lessor $6.7m (HY20: $25.6m).

Balance sheet

- Significant improvement in gearing and Net debt / EBITDA due to completed capital raising and strong underlying cash performance
- Pro-forma adjustments for the divestments further improve credit metrics (refer slide 23)

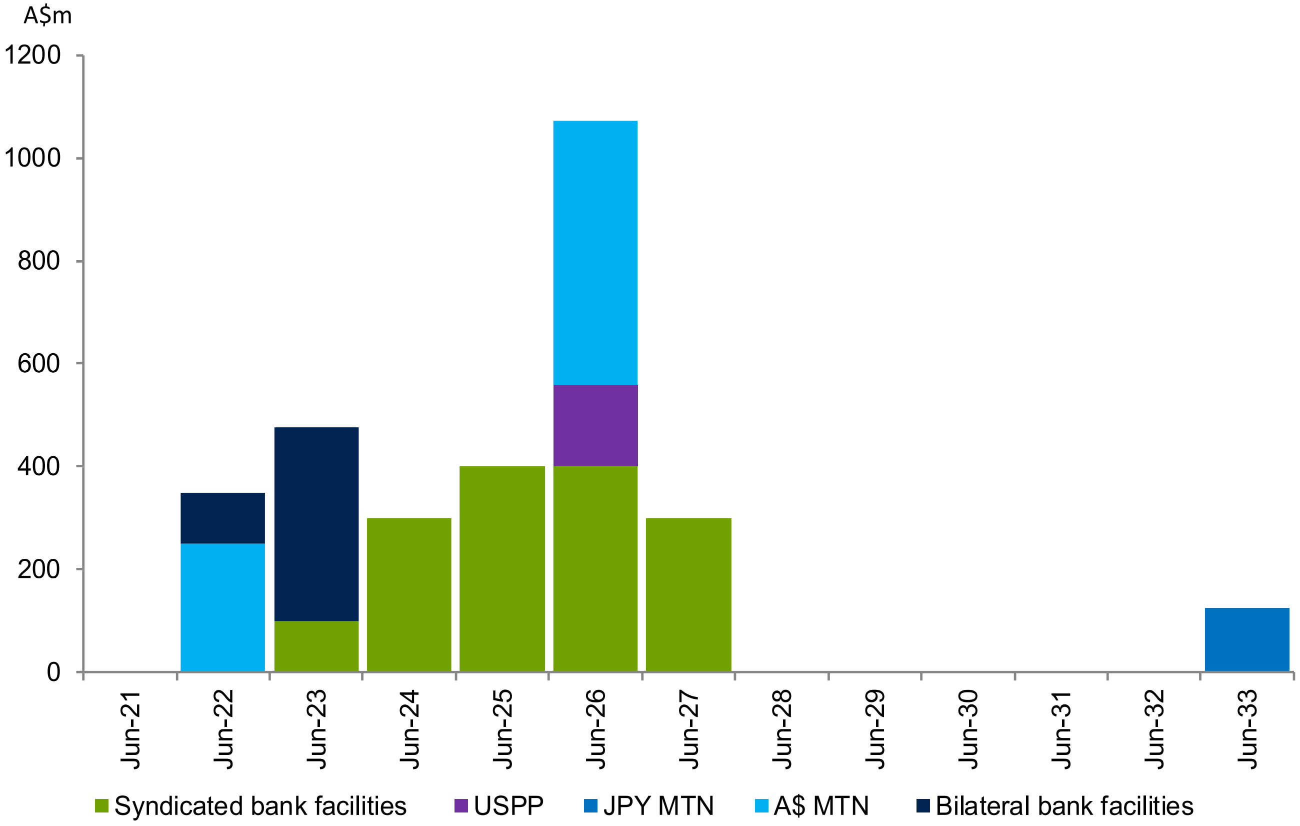
$m	Jun-20	Dec-20
Current assets	**3,404.7**	**3,576.1**
Non-current assets	**5,267.8**	**4,680.8**
- Goodwill	2,281.3	2,281.7
- Acquired intangible assets	349.4	300.2
- PP&E, Software and other	2,044.5	1,569.1
- Right-of-use assets	592.6	529.8
Total Liabilities	**(6,052.0)**	**(5,313.5)**
- Lease liabilities	(763.2)	(684.0)
- Other liabilities	(5,288.8)	(4,629.5)
Net Assets	**2,620.5**	**2,943.4**
Net Debt[1]	**(1,480.5)**	**(1,183.3)**
Gearing: net debt / net debt plus equity[2]	35.5%	28.2%
Net debt / EBITDA[3]	2.6	2.1

[1] Adjusted for the marked-to-market derivatives and deferred finance charges and excludes the lease liabilities of $684.0m at 31 December 2020.
[2] Equity adjusted to exclude the impact on adoption of AASB 16 of $65.8m.
[3] On a post-AASB-16 basis, see slide 30

Group debt profile

- Weighted average debt duration of 4.1 years[1] (3.4 years at 30 June 20)
- No debt maturities within the next 12 months
- Downer has established a new $1.4 billion syndicated sustainability linked loan facility
- The refinancing has extended debt duration, achieved a more balanced debt maturity profile and reduced interest costs
- Group debt profile retains flexibility as divestments progress

Debt facilities $m	Jun-20	Dec-20
Total limit [2]	**3,339.0**	**3,060.7**
Drawn [2]	**2,069.0**	**1,733.7**
Available	**1,270.0**	**1,327.0**
Cash	588.5	550.4
Total liquidity	**1,858.5**	**1,877.4**
Net debt [2]	**1,480.5**	**1,183.3**



[1] Based on the weighted average life of debt facilities (by A$m limit).
[2] Excludes lease liabilities.

Pro-forma metrics and capital management

- Gearing of 28.2% at Dec-20, down from 35.5% at Jun-20 as a result of capital raising and strong HY21 cash flows
- Adjusting for divestments, pro-forma gearing of 18.3%[3]
- Downer to target optimal Net Debt / EBITDA of 2.0-2.5x post divestments
- Net debt / EBITDA of 2.1x, comfortably within range
- Pro-forma Net debt / EBITDA further reduces to 1.8x[3] at completion of current divestments
- Dividend payments resumed

$m	Jun-20	Dec-20
Net debt	1,480.5	1,183.3
Equity[1]	2,686.4	3,009.2
Gearing	**35.5%**	**28.2%**
Total pro-forma divestment proceeds		510.0[2]
Pro-forma gearing		**18.3%**

Resumption of dividend payments

- Dividend declared of 9cps
- Represents payout of 54% of underlying HY21 NPATA (excluding ROADS dividends)

Use of sale proceeds

- Prioritise maintenance of BBB investment grade rating
- Consider capital management initiatives
- Growth

[1] Equity adjusted to exclude the impact on adoption of AASB 16 of $65.8m.

[2] Pro-forma adjustment excludes Snowden and RTL divestments which completed prior to 31 December 2020.

[3] Detailed calculations of the pro-forma metrics have been included in the Supplementary information section of this presentation.

Significant progress on sale of non-core businesses

- Total proceeds to be received for sales to date of $526m in line with net book value

Laundries	Open Cut West	Downer Blasting Services	Underground	RTL, Snowden and other equipment sales
FY20 revenue: $246m	FY20 revenue: $398m	FY20 revenue: $150m	FY20 revenue: $273m	FY20 revenue: $65m
Sale of 70% to Adamantem Capital announced on 2 December 2020, for total proceeds of ~$155m. Downer's retained 30% stake sees it well positioned to benefit from post COVID-19 recovery. Completion expected to occur in Q1 calendar 2021.	Sale to MACA Limited announced on 15 December 2020, with cash proceeds of $205m (including $66m deferred). Completion took place on 1 February 2021.	Sale to Enaex S.A announced on 18 November 2020, for an enterprise value of $62m. All conditions precedent have been satisfied, and completion is scheduled to occur 1 March 2021.	Announced on 20 January 2021 that underground mining services at Carrapateena mine will transition from Downer to Byrnecut. Equipment and inventory are expected to transfer at book value, and when combined with unwind of working capital, will generate proceeds of ~$70m.	Sale of Snowden to Datamine completed on 15 July 2020. Sale of Downer's 44% share in the RTL joint venture to Thiess completed on 28 August 2020. Other equipment sales of $18m. Total net cash proceeds of $34m.

Key messages

- Our Urban Services businesses have proved their resilience – solid earnings and work-in-hand
- Transport, Utilities and Facilities end markets are enjoying tailwinds from increasing government infrastructure expenditure
- Our scale, leading capabilities and fit-for-purpose, capital light services business model means Downer is well placed to secure a growing share of this pipeline – our brand and relationships are strong
- Our confidence for the future is reinforced by stable, underlying financial performance and >80% cash conversion (which enabled resumption of dividends)
- We see opportunities to drive margin improvement through operational synergies from complementary services business lines and technology
- Commitment to consistent and reliable delivery into the future – no surprises
- Evaluating opportunities to invest for growth – disciplined focus on Urban Services

Q&A

Supplementary information

Pro-forma metrics – estimated proceeds

Gearing $m	Net Debt	Equity	Gearing
31 December 2020 reported[1]	**1,183.3**	**3,009.2**	**28.2%**
Open Cut West[2]	(205.0)	-	(3.7%)
Blasting	(62.0)	-	(1.2%)
Underground – Carrapateena[3]	(70.0)	-	(1.4%)
Mining – sale of idle fleet	(18.0)	-	(0.4%)
Laundries	(155.0)	-	(3.3%)
Proforma 31 December 2020	**673.3**	**3,009.2**	**18.3%**

Net debt / underlying EBITDA $m	Net Debt[4]	LTM EBITDA	Net debt / EBITDA
31 December 2020 reported[1]	**1,867.3**	**887.2**	**2.10x**
Open Cut West[2]	(205.0)	(67.0)	(0.08)x
Blasting	(62.0)	(14.2)	(0.04)x
Underground – Carrapateena[3]	(70.0)	(7.2)	(0.07)x
Mining – sale of idle fleet	(18.0)	-	(0.02)x
Laundries	(155.0)	(55.3)	(0.07)x
Proforma 31 December 2020	**1,357.3**	**743.5**	**1.83x**

[1] Reported metrics include Snowden and RTL divestments which completed prior to 31 December 2020

[2] Includes $109m payment on completion, plus $66m payable in 12 equal monthly instalments, plus ~$30m working capital unwind.

[3] Assumes proceeds equate to book value of PPE and Inventory, and includes working capital unwind.

[4] Net debt for the purposes of calculating net debt to EBITDA ratio includes lease liabilities ($684.0m at 31 December 2020).

Reconciliation to segment financials

Underlying EBITA[1,2] ($m)	HY20	HY21
Asset Services (EC&M)	22.4	11.6
Engineering & Construction (EC&M)	(59.8)	(2.6)
EC&M Segment EBITA	**(37.4)**	**9.0**
Facilities (core)	68.7	62.5
Laundries (Facilities)	7.0	4.5
Hospitality (Facilities)	0.2	0.3
Facilities Segment EBITA	**75.9**	**67.3**

[1] Downer calculates EBITA by adjusting EBIT to add back acquired intangible assets amortisation expense.

[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.

Net debt / EBITDA calculation

Net debt / EBITDA $m	Dec-19	Jun-20	Dec-20
Pre-AASB 16			
LTM EBITDA	805.6	686.2	682.9
Net debt	1,388.2	1,480.5	1,183.3
Net debt / EBITDA (x)	**1.7**	**2.2**	**1.7**
Post-AASB 16			
LTM EBITDA	883.5	862.0	887.2
Net debt	2,136.5	2,243.7	1,867.3
Net debt / EBITDA (x)	**2.4**	**2.6**	**2.1**