Downer EDI Limited
ABN 97 003 872 848

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North Ryde NSW 2113

1800 DOWNER
www.downergroup.com

10 February 2022

Company Announcements Office
ASX Limited
Exchange Centre
Level 4, 20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

Please find attached the following documents:

1. Appendix 4D – results for announcement to the market for the half-year ended 31 December 2021;
2. Condensed Consolidated Half-year Financial Report dated 31 December 2021;
3. Market release dated 10 February 2022; and
4. Investor Presentation.

Yours sincerely,
Downer EDI Limited

Robert Regan
Company Secretary

Results for announcement to the market
for the half-year ended 31 December 2021

Appendix 4D

	31 Dec 2021 $'m	31 Dec 2020 $'m	% change
Revenue from ordinary activities	**5,443.3**	5,789.7	
Other income	**131.6**	36.6	
Total revenue and other income from ordinary activities	**5,574.9**	5,826.3	(4.3%)
Total revenue including joint ventures and other income	**5,974.9**	6,116.0	(2.3%)
Earnings before interest and tax	**172.0**	162.4	5.9%
Earnings before interest and tax and amortisation of acquired intangible assets (EBITA)	**186.2**	195.8	(4.9%)
Profit from ordinary activities after tax attributable to members of the parent entity	**88.6**	73.9	19.9%
Profit from ordinary activities after tax and before amortisation of acquired intangible assets (NPATA)	**99.0**	99.0	-

	31 Dec 2021 cents	31 Dec 2020 cents	% change
Basic earnings per share	**12.4**	10.3	20.4%
Diluted earnings per share	**12.3**	10.2	20.6%
Net tangible asset backing per ordinary share	**31.3**	29.1	7.6%

Dividend	31 Dec 2021 Interim	31 Dec 2020 Interim
Dividend per share (cents)	**12.0**	9.0
Franked amount per share (cents)	**-**	-
Conduit foreign income (CFI) (%)	**29%**	100%
Dividend record date	**24/2/2022**	25/2/2021
Dividend payable date	**24/3/2022**	25/3/2021
Redeemable Optionally Adjustable Distributing Securities (ROADS)		
Dividend per ROADS (in Australian cents)	**1.51**	1.45
New Zealand imputation credit percentage per ROADS	**100%**	100%

ROADS payment date	Quarter 1	Quarter 2
Instalment date FY2022	**15/9/2021**	**15/12/2021**
Instalment date FY2021	15/9/2020	15/12/2020

Downer EDI's Dividend Reinvestment Plan (DRP) has been suspended.

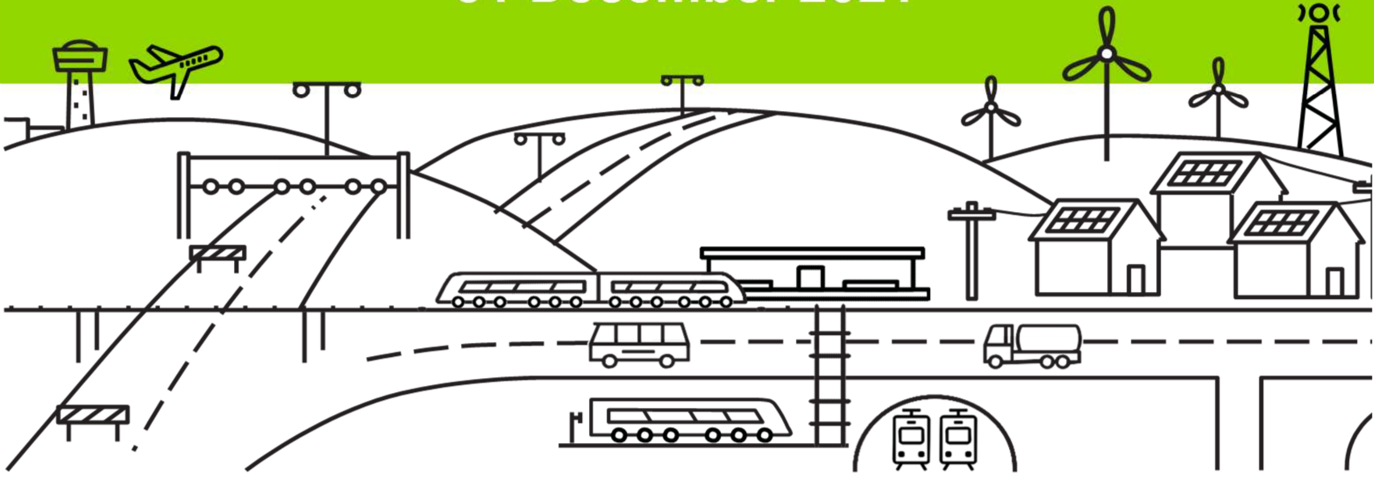
For commentary on the results for the period and review of operations, please refer to the Directors' Report and separate media release.

Downer
Relationships creating success

Downer EDI Limited

ABN: 97 003 872 848

Condensed Consolidated Financial Report for the half-year ended 31 December 2021



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DIRECTORS' REPORT
For the half-year ended 31 December 2021

The Directors of Downer EDI Limited (Downer) submit the condensed consolidated financial report of the Company for the half-year ended 31 December 2021. In accordance with the provisions of the *Corporations Act 2001 (Cth),* the Directors' Report is set out below:

Directors

The names of the Directors of the Company during, or since the end of the half-year are:

Richard Michael Harding (Chairman, Independent Non-executive Director) – retired 30 September 2021

Mark Peter Chellew (Chairman, Independent Non-executive Director) – appointed 1 September 2021, Chairman since 1 October 2021

Grant Anthony Fenn (Managing Director and Chief Executive Officer)

Philip Stuart Garling (Independent Non-executive Director)

Teresa Gayle Handicott (Independent Non-executive Director)

Nicole Maree Hollows (Independent Non-executive Director)

Peter Lawrence Watson (Independent Non-executive Director)

REVIEW OF OPERATIONS

COVID-19

Downer continues to comply with all Government regulations and advice in relation to the COVID-19 pandemic and has robust Business Continuity Plans in place. Senior managers communicate regularly with their teams to ensure they are fully informed about the evolving situation and putting in place appropriate strategies. Downer is committed to working closely with its customers and partners to minimise the impact on operations while keeping its employees and communities safe.

Detailed and up-to-date information about Downer's response to COVID-19 is provided on the home page of the Company's website **(www.downergroup.com)**.

During the six-months to 31 December 2021, there was no material impact on demand for the businesses within the Group's Transport service line. The Hospitality business within the Facilities service line continues to be significantly affected by COVID-19 regulations, some Asset Services customers continue to defer non-essential work and the Utilities service line in New Zealand has been impacted from level-4 lockdowns.

PRINCIPAL ACTIVITIES

Downer EDI Limited (Downer) is a leading provider of integrated services in Australia and New Zealand. Downer employs approximately 41,000 people, mostly in Australia and New Zealand.

Downer operates in sectors that are closely connected to the investment that is being driven by population growth and urbanisation. These sectors include roads, rail, light rail, other public transport, power, gas, water, telecommunications, health, education, defence and other government sectors.

These sectors are served by Downer's Urban Services businesses – Transport, Utilities and Facilities.
These Urban Services businesses have:

- Demonstrated strength and resilience
- Leading market positions and attractive medium and long-term growth opportunities
- A high proportion of government and government-related contracts
- A capital light, services-based business model generating lower risk, more predictable revenues and cash flows.

In the six-months to 31 December 2021, Downer completed the divestment of its Mining portfolio of businesses, with the sale of Open Cut Mining East and Otraco.

SUSTAINABILITY

At Downer, sustainability means sustainable and profitable growth, providing value to our customers, delivering our services in a safe and environmentally responsible manner, helping our people to be better and advancing the communities in which we operate.

Our commitments to sustainability are outlined in our policies, which are accessible from the Downer website (**www.downergroup.com**). Our 2021 Sustainability Report detailing Downer's sustainability-related performance for the financial year ended 30 June 2021 can be found on the Company website (**https://sustainability.downergroup.com/2021/**).

A core element of Downer's sustainability approach is to focus on our customers' success. Our core operating philosophy, 'Relationships creating success', encapsulates this theme. With our services impacting millions of lives every day, the sustainability of our operations is paramount – for our people, our partners, our shareholders, our customers and their customers. We deliver these services while managing the impacts of our activities on our people, the environment and communities in which we operate and working collaboratively with our supply chain. Downer's extensive capability is well-placed for the decarbonisation effort that is required to meet Australia and New Zealand's Net Zero emissions target. We understand that our ability to do this is fundamental to Downer's long-term success.

GROUP FINANCIAL PERFORMANCE

For the six-months ended 31 December 2021, Downer reported a decrease in total revenue and earnings before interest, tax and amortisation of acquired intangibles (EBITA) driven by the loss of contribution from the Mining and Laundries divestments made in the current and prior periods, in addition to the COVID-19 impact on operations, particularly in non-core Hospitality.

The main features of the result for the six-months ended 31 December 2021 were:

- Total revenue[1] of $6.0 billion, down 2.3%
- Core Urban Services business EBITA of $238.0 million, up 4.4%
- Statutory EBITA of $186.2 million, down 4.9% from $195.8 million
- EBITA margin of 3.1% down from 3.2% at 31 December 2020
- Statutory earnings before interest and tax (EBIT) of $172.0 million, up 5.9% from $162.4 million
- Statutory net profit after tax and before amortisation of acquired intangible assets (NPATA) stable at $99.0 million
- Statutory net profit after tax (NPAT) of $89.0 million, up 17.7% from $75.6 million.

Gearing has decreased since 30 June 2021 by 2.5 percentage points (pp) from 19.0% to 16.5% reflecting the strong operating cash flows and proceeds from the divestment program partially offset by the impact of the share buy-back program.

Cash conversion for the period was 85.1% up from 84.1% in the prior corresponding period (pcp), and 91.2% once adjusted for $21.1 million of cash outflows relating to Individually Significant Items (ISIs) recognised in FY20.

Corporate costs increased by $4.2 million or, 8.8%, to $52.0 million mainly due to higher information technology security and insurance costs.

Net finance costs decreased by $10.3 million or, 18.4%, to $45.8 million driven by lower average debt drawn and lower lease interest expense.

Effective tax rate of 29.5% is lower than the statutory corporate tax rate of 30.0% due to the impact of items including non-taxable distributions from joint ventures and lower tax rates in overseas jurisdictions (e.g. New Zealand).

ISIs totalled $4.6 million profit before interest and tax for the period, ($1.4 million profit after-tax). These ISIs relate to:

- The fair value movement of the Downer Contingent Share Option (DCSO) issued in FY21 as part of the acquisition of the remaining 12.2% interest in Spotless
- Divestments and exit costs
- Portfolio restructure costs
- Bid costs
- Gain on sale of PP&E.

Refer to Note B4 to the Financial Report for further details.

[1] Total revenue is a non-statutory disclosure and includes revenue, other income and notional revenue from joint ventures and other alliances not proportionately consolidated.

The table below provides a comparison of the underlying[1] earnings for HY22 versus the results for HY21 and a reconciliation to statutory NPAT.

Underlying[1] EBITA (A$m)	Segment	HY22	HY21	Variance (%)
Transport	Transport	115.6	99.7	15.9%
Utilities[2]	Utilities	33.3	45.3	(26.5%)
Facilities[2]	Facilities	89.1	82.9	7.5%
Core Urban Services Businesses		**238.0**	**227.9**	**4.4%**
Engineering & Construction	All other segments	-	(2.6)	100%
Mining	All other segments	8.1	38.7	(79.1%)
Laundries	Facilities	-	4.5	(100%)
Hospitality	Facilities	(12.5)	0.3	>(100%)
Non-core businesses		**(4.4)**	**40.9**	**>(100%)**
Corporate	Unallocated	(52.0)	(47.8)	(8.8%)
Group Underlying EBITA[2]		**181.6**	**221.0**	**(17.8%)**
Amortisation of acquired intangibles (pre-tax)		(14.2)	(33.4)	57.5%
Underlying EBIT		**167.4**	**187.6**	**(10.8%)**
Net interest expense		(45.8)	(51.8)	11.6%
Tax expense		(34.0)	(40.1)	15.2%
Underlying NPAT		**87.6**	**95.7**	**(8.5%)**
Amortisation of acquired intangibles (post tax)		10.0	23.4	(57.3%)
Underlying NPATA[3]		**97.6**	**119.1**	**(18.1%)**
Items outside of underlying NPATA		4.6	(29.5)	>100%
Tax effect on items outside NPATA		(3.2)	9.4	>(100%)
Statutory NPATA		**99.0**	**99.0**	**0.0%**
Amortisation of acquired intangibles (post tax)		(10.0)	(23.4)	57.3%
Statutory NPAT		**89.0**	**75.6**	**17.7%**

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- The Group has restated the previously reported segment information for the period ended 31 December 2020 to align it with the current segment presentation.
3- Downer calculates EBITA and NPATA by adjusting EBIT and NPAT to add back acquired intangible assets amortisation expense. Group HY22: $14.2 million, $10.0 million after-tax. (HY21: $33.4 million, $23.4 million after-tax).

STATUTORY EARNINGS

Statutory earnings before interest and tax (EBIT) of $172.0 million, up 5.9% from $162.4 million.

Statutory EBITA of $186.2 million, down 4.9% from $195.8 million.

Underlying EBITA of Group $181.6 million, down 17.8% from $221.0 million.

A reconciliation of the 1H22 underlying result to the statutory result is provided in the table below:

A$m	EBITA	Net Interest expense	Tax expense	NPATA	Amortisation of acquired intangibles (post-tax)	NPAT
Underlying result	**181.6**	**(45.8)**	**(38.2)**	**97.6**	**(10.0)**	**87.6**
Fair value on Downer Contingent Share Option (DCSO)[1]	(5.4)	-	-	(5.4)	-	(5.4)
Divestments and exit costs	(65.4)	-	19.4	(46.0)	-	(46.0)
Portfolio restructure costs	(7.6)	-	2.3	(5.3)	-	(5.3)
Bid costs[2]	(2.8)	-	0.8	(2.0)	-	(2.0)
Gain on sale of PP&E	85.8	-	(25.7)	60.1	-	60.1
Total items outside underlying performance	**4.6**	**-**	**(3.2)**	**1.4**	**-**	**1.4**
Statutory result - Profit/(loss)	**186.2**	**(45.8)**	**(41.4)**	**99.0**	**(10.0)**	**89.0**

[1] The Downer Contingent Share Option (DCSO) issued as part of the acquisition of the minority interest in Spotless in August 2020 are required to be recorded at fair value with changes in fair value recorded through profit or loss. Since 30 June 2021, the fair value of the DCSO has increased by $5.4 million, which has been expensed through 'Other expenses' in the Consolidated Statement of Profit or Loss and Other Comprehensive Income during the period. This expense is primarily driven by the increase in Downer's share price from $5.59 at 30 June 2021 to $5.96 at 31 December 2021.

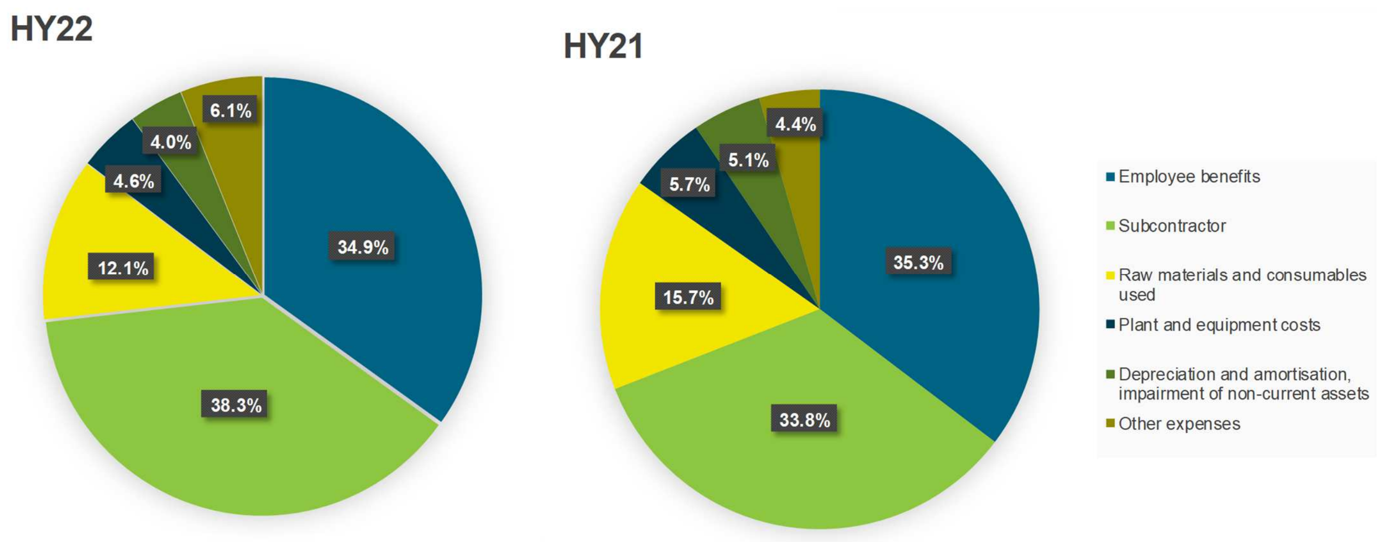
[2] Downer is in the process of tendering for the State of Queensland's Rollingstock Expansion Program, for which ongoing bid costs are being incurred. $2.8 million in bid costs were incurred during the period.

Refer to Note B4 to the Financial Report for further details.

EXPENSES

Total expenses decreased by $247.7 million or 4.4% compared to the prior corresponding period (pcp) and includes $100.2 million of Individually Significant Items (ISIs). This decrease is largely in line with decrease in revenue as explained by segment below.

Downer's cost base by type of expense compared to the pcp is as follows:



Employee benefits expenses decreased by 5.4%, or $108.9 million, to $1.9 billion and represent 34.9% of Downer's cost base. The decrease is mainly driven by lower costs following the completion of Mining divestments, contract completions and reduced activities in Hospitality due to COVID-19 impacts together with a shift in the mix of labour from direct labour to subcontractors. Accordingly, subcontractor costs increased by 8.4%, or $161.3 million, to $2.1 billion and represents 38.3% of Downer's cost base (33.8% in the pcp).

Raw materials and consumables costs decreased by 26.1%, or $232.0 million, to $0.7 billion and represent 12.1% of Downer's cost base. The decrease is mainly due to contract completions, particularly in the Utilities segment and from lower activities in Mining due to its divestment.

Plant and equipment costs decreased by 23.4%, or $76.2 million, to $0.2 billion and represent 4.6% of Downer's cost base. The decrease in plant and equipment costs is attributed to a less capital-intensive business following disposals in FY21 and HY22 as well as from initiatives to drive efficient plant and equipment utilisation and maintenance practices.

Other expenses, which include communication, travel, occupancy and professional fees costs, increased by 31.0%, or $78.1 million and represent 6.1% of Downer's cost base. Other expenses include $49.6 million of pre-tax ISIs (1H21: $21.3 million) in relation to fair value movement on DCSO liability and divestment results (including transaction and divestment costs) as described in Note B4 to the Financial Report. The increase is mainly due to higher information technology security and insurance costs.

CASH FLOW

Operating Cash Flow

Operating cash flow of $270.4 million represents a cash conversion of 85.1% of adjusted earnings before interest, tax, depreciation and amortisation (EBITDA).

The decrease in cash was predominantly driven by lower contributions from Mining due to lower EBITDA as a result of divestment activities and some impact from COVID-19 across the Group.

Included within the operating cash flow, there is $21.1 million of cash outflows in relation to ISIs recognised in FY20 (Portfolio restructure and exit costs). Excluding these cash outflows, cash conversion would be 91.2%.

Investing Cash Flow

Total investing cash inflow of $118.0 million was $369.6 million higher than pcp, mainly driven by $247.6 million proceeds from disposal activities during the period. Proceeds from disposal activities include: $76.2 million net proceeds from Otraco, $137.6 million net proceeds from Open Cut Mining East and $33.8 million deferred proceeds received in relation to Open Cut Mining West and Blasting (divestments completed in FY21).

Excluding payments for the purchase of and proceeds from the disposal of businesses, investing cash outflow decreased by 24.9% to $106.7 million, largely due to lower capex requirements following the divestment of the Laundries and Mining businesses.

DEBT AND BONDING

The Group’s performance bonding facilities totalled $1,982.1 million at 31 December 2021 with $583.0 million undrawn. There is sufficient available capacity to support the ongoing operations of the Group.

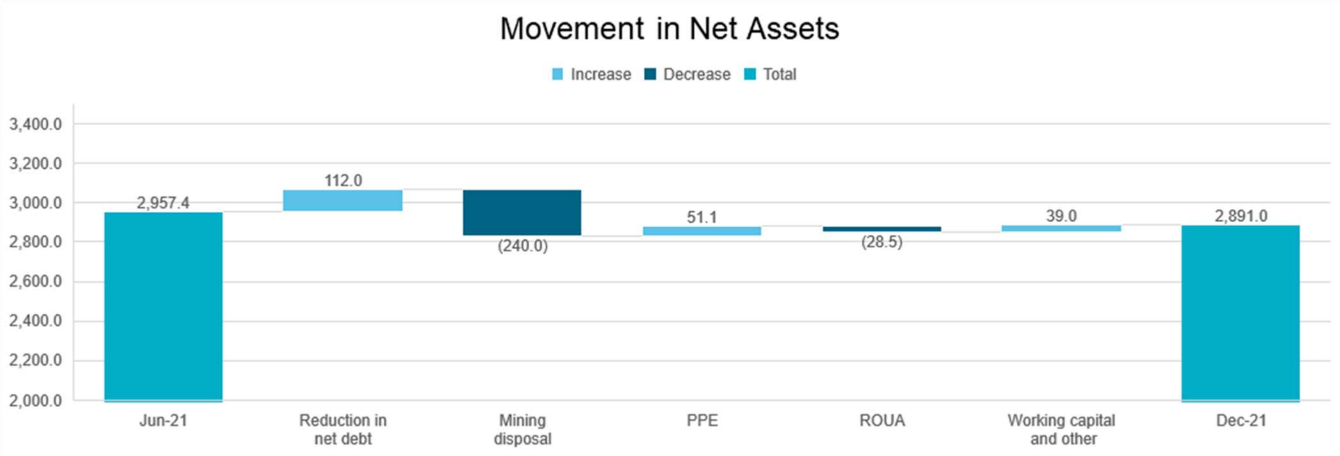
As at 31 December 2021, the Group had liquidity of $2.1 billion comprising cash balances of $676.7 million and undrawn committed debt facilities of $1.4 billion.

A buyback of Downer’s shares was announced to the market on 27 April 2021 and the buyback commenced on 8 June 2021. During the period ended 31 December 2021, a total of 15,764,293 shares were purchased for total consideration of $99.0 million. Since announcement, $123.7 million has been spent on the buyback program with 20,127,691 shares bought back.

The Group continues to be rated BBB (Stable) by Fitch Ratings.

BALANCE SHEET

Since 30 June 2021, the net assets of the Group decreased by $66.4 million or 2.2% to $2.9 billion driven by the impact of Mining divestments (now concluded), offset by lower net debt balances as shown below:



Net debt is calculated as borrowings (excluding lease liabilities) less cash and cash equivalents. Net debt has decreased by $112.0 million mainly driven by $246.7 million lower borrowings following debt repayments made, partially offset by lower cash position since 30 June 2021.

The Mining divestment program reduced net assets of the Group by $240.0 million as described in Note D7 to the Financial Report.

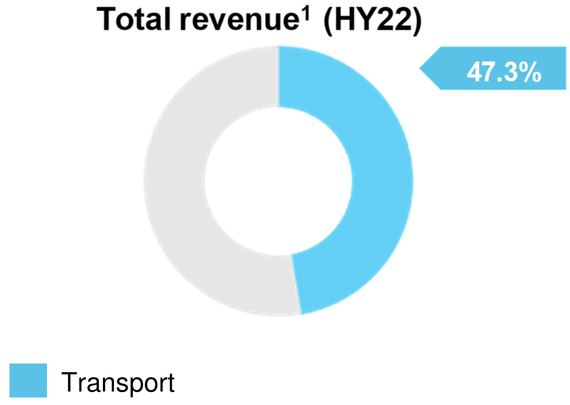
Excluding the impact from the disposal of Mining, Property plant and equipment increased by $51.1 million or 5.1%, as capital expenditure in Transport includes assets from Fowlers' acquisition. Right of use assets decreased by $28.5 million or 5.2% representing the normal depreciation of assets over the lease term.

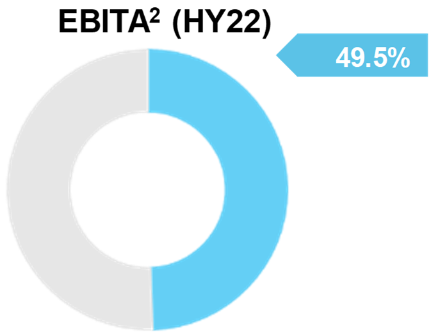
Total Equity decreased by $66.4 million mainly driven by the $99.0 million in shares bought back and $86.7 million dividends paid during the period. This was partially offset by $89.0 million net profit after tax, vesting of Downer Contingent Share Option of $16.0 million recognised in Reserves and lower FCTR reserve following disposal of Mining businesses.

SEGMENT FINANCIAL PERFORMANCE

TRANSPORT

Transport comprises Downer's Road Services, Rail & Transit Systems and Projects businesses.





1 Total revenue is a non-statutory disclosure and includes revenue, other income and notional revenue from joint ventures and other alliances not proportionately consolidated.
2 Downer calculates EBITA by adjusting EBIT to add back acquired intangibles amortisation expense. Due to rounding, divisional percentages do not add up precisely to 100%.

Transport revenue increased by 14.6%, or $358.9 million, to $2.8 billion due to higher level of activities in Australia and higher contribution from Keolis Downer JV due to the patronage increase following the easing of COVID-19 restrictions and the commencement of the Adelaide Metro contract.

Transport EBITA increased by 15.9% to $115.6 million due to new contracts within the Project business and an increased contribution from the Keolis Downer JV. This was partially offset by a decrease in contribution from Rail & Transit Systems following completion of Sydney Growth Trains (SGT) construction phase and reduction in New Zealand Project activity.

Road Services

Downer manages and maintains road networks across Australia and New Zealand and manufactures and supplies products and services to create safe, efficient and reliable journeys. Downer offers one of the largest non-government owned road infrastructure services businesses in Australia and New Zealand, maintaining more than 33,000 kilometres of road in Australia and more than 25,000 kilometres in New Zealand.

Downer creates and delivers solutions to our customers' challenges through strategic asset management and a leading portfolio of products and services. Downer is a leading manufacturer and supplier of bitumen-based products and an innovator in the sustainable asphalt industry and circular economy, using recycled products and environmentally sustainable methods to produce asphalt.

Rail and Transit Systems

Downer has over 100 years' rail experience providing end-to-end, innovative transport solutions. Downer is a leading provider of rollingstock asset management services in Australia, with expertise in delivering whole-of-life asset management support to our customers. Downer's capability spans all sectors, from rollingstock to infrastructure, and every project phase, from design and manufacture to through-life-support, fleet maintenance, operations and comprehensive overhaul of assets.

The Keolis Downer joint venture is Australia's largest private provider of multi-modal public transport solutions, with contracts to operate and maintain Yarra Trams in Melbourne, the Gold Coast light rail system in Queensland, Adelaide Metro and an integrated public transport system for the city of Newcastle in New South Wales. Keolis Downer is also one of Australia's most significant bus operators.

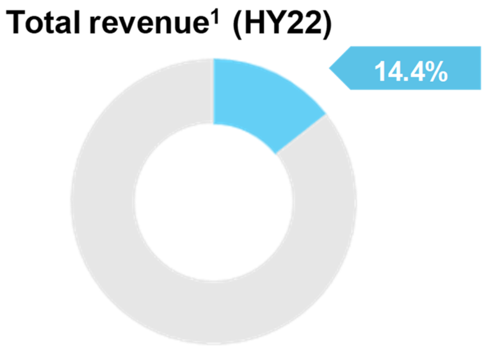
Projects

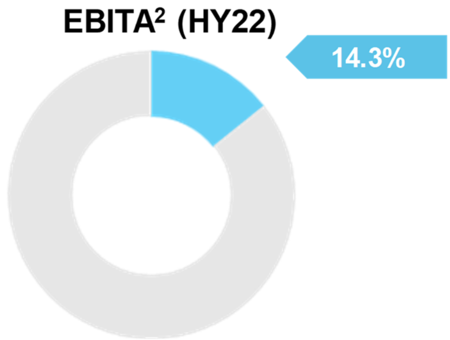
Downer delivers multi-disciplined infrastructure solutions to customers within the transport sector. The services provided by Downer include the design and construction of light rail, heavy rail, signalling, track and station works, rail safety technology, bridges and roads as well as design and construct steel lattice transmission towers and designs and builds substations.

Downer has a long history of delivering transport infrastructure projects under a variety of contracting models. Downer's integrated capabilities enable intelligent transport solutions, road network management and maintenance, facility maintenance, utilities services and renewable energy technologies.

UTILITIES

Downer offers a range of services to customers across the power and gas, water, telecommunications and renewables sectors.





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Utilities revenue decreased by 5.6%, or $50.7 million, to $0.9 billion, largely due to project completions and COVID-19 lockdowns in Australia and New Zealand impacting water and telecommunication services; partially offset by increased activities in Power and Gas.

Utilities EBITA decreased $12.0 million or 26.5% to $33.3 million due to lower contribution from Water Services in Australia and from Telecommunications and Energy in New Zealand; partially offset by an increase in Telecommunications activities in Australia.

Power and Gas

Downer's services include planning, designing, constructing, operating, maintaining, managing and decommissioning power and gas network assets. A collaborative approach has made Downer a benchmark end-to-end service provider to owners of utility assets.

Downer constructs and maintains electricity and gas networks, provides asset inspection and monitoring services, connects tens of thousands of new power and gas customers each year and provides meter, energy and water efficiency services for governments, utilities and corporations.

Water

Downer is dedicated to delivering complete water lifecycle solutions for municipal and industrial water users.

Downer's expertise includes water treatment, wastewater treatment, water and wastewater network construction and rehabilitation, desalination and biosolids treatment.

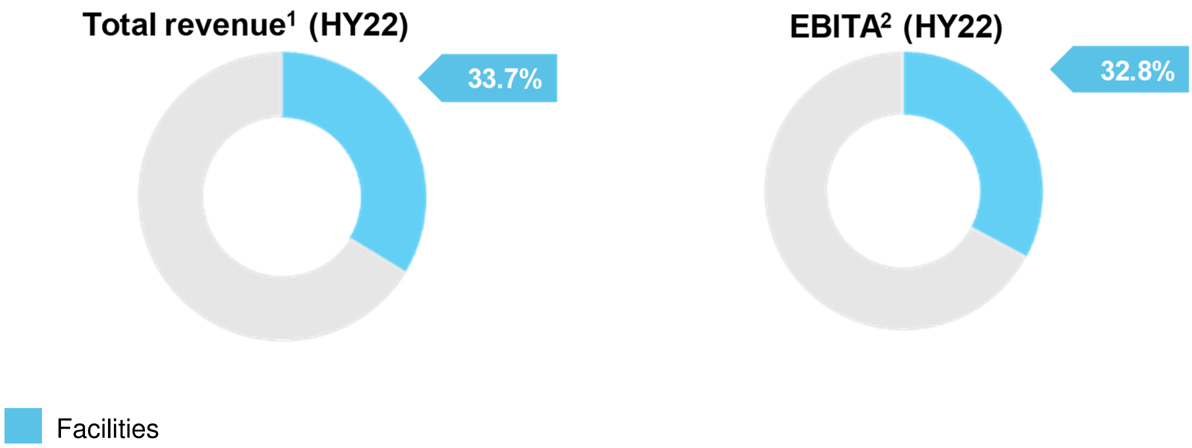
As a leading provider of asset management services, Downer supports its customers across the full asset lifecycle from conceptual development through to design, construction, commissioning and into operations and maintenance.

Telecommunications

Downer is a leading provider of end-to-end technology and communications service solutions, offering integrated civil construction, electrical, fibre, copper and radio network deployment capability throughout Australia and New Zealand. Key capabilities include designing, engineering, maintenance, operations and smart metering.

FACILITIES

The Facilities service line operates in Australia and New Zealand across a range of industry sectors including defence, education, health, government and hospitality.



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Facilities revenue increased by 14.0%, or $247.1 million, to $2.0 billion largely driven by increased activities in Building Projects in New Zealand and in Australia from new contracts and higher activities in Health & Education, including COVID-19 cleaning activities. This was partially offset by loss of revenue contribution from Laundries (disposed in FY21 – 1H21 contribution $126.0 million) while COVID-19 impacted activities in Hospitality and in Asset Services due to deferral of plant shutdown and critical maintenance.

Facilities EBITA decreased by $11.1 million or 12.7% to $76.6 million mainly driven by the impact of COVID-19 restrictions during the period on several sectors particularly in Hospitality, loss of contribution from the Laundries business following disposal in FY21, partially offset by higher contribution from projects in New Zealand.

Facilities

Downer is the largest integrated facilities management services provider in Australia and New Zealand, delivering property and facilities management services to government departments, agencies and authorities at the Federal, State and municipal level. With around 21 Public Private Partnership projects across the defence, education, health and leisure sectors, Downer provides innovative management of its customers' assets across their lifecycle.

Downer has a 40-year history of supporting the daily operations of hospitals across Australia and New Zealand, delivering a range of services that create a safe environment for hospital staff, patients and their guests. At leading schools and tertiary institutions, Downer helps to create world-class learning environments through integrated services such as catering, building and grounds maintenance, conserving energy with air-conditioning and lighting solutions and ensuring a secure environment.

Asset Services

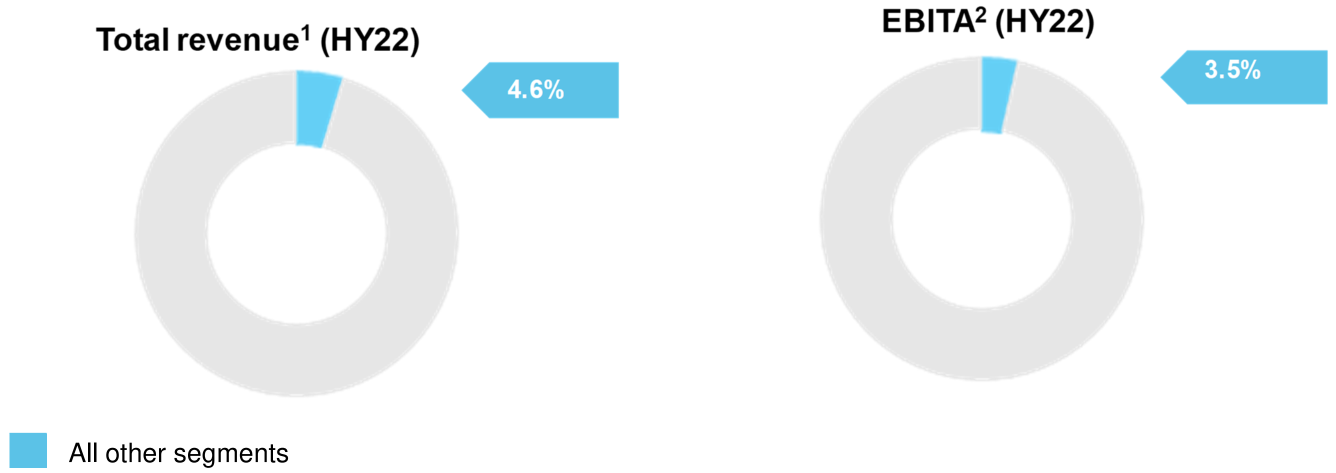
Downer is a leading provider of asset maintenance and specialist services to Australia's critical economic infrastructure including the oil and gas, power generation and industrial sectors. As a trusted partner with a leading safety record, Downer optimises the reliability, efficiency and whole-of-life costs of its customers' assets through long term relationship-based contracts.

Mineral Technologies

Downer's Mineral Technologies business is the world leader in fine physical mineral separation solutions, including spiral gravity concentrators and magnetic and electrostatic separation technology. Mineral Technologies delivers innovative process solutions for iron ore, mineral sands, silica sands, coal, chromite, gold, tin, tungsten, tantalum and several other fine materials.

ALL OTHER SEGMENTS

All other segments comprise the Group's Mining activities prior to divestment as well as 30% interest in Laundries Joint Venture, and in the comparative period also includes the Engineering and Construction business unit which was previously reported as 'businesses in wind down'.



1 Total revenue is a non-statutory disclosure and includes revenue, other income and notional revenue from joint ventures and other alliances not proportionately consolidated.
2 Downer calculates EBITA by adjusting EBIT to add back acquired intangibles amortisation expense. Due to rounding, divisional percentages do not add up precisely to 100%.

All other segments revenue decreased by 72.0%, or $702.0 million, to $0.3 billion and EBITA decreased by 77.6% or $28.0 million to $8.1 million due to cessation of revenue and EBITA contribution from the remaining Mining businesses disposed in FY21 and HY22 as part of the Group's Urban Services strategy.

Engineering and Construction

Downer announced in February 2020 that it would focus its construction efforts on areas where it has a competitive differentiation. As a result, Downer no longer tenders for "hard dollar" construction contracts in the coal, iron ore and industrial E&I (Electrical & Instrumentation) and SMP (Structural, Mechanical, and Piping) sectors.

Mining

Downer has completed the divestment of Mining operations. The results for the period ended 31 December 2021 include contribution from the Mining business units to the point of disposal.

DIVIDENDS

The Downer Board resolved to pay an interim dividend of 12.0 cents per share, unfranked, payable on 24 March 2022 to shareholders on the register at 24 February 2022. The portion of the unfranked dividend amount that will be paid out of Conduit Foreign Income (CFI) is 29%.[1]

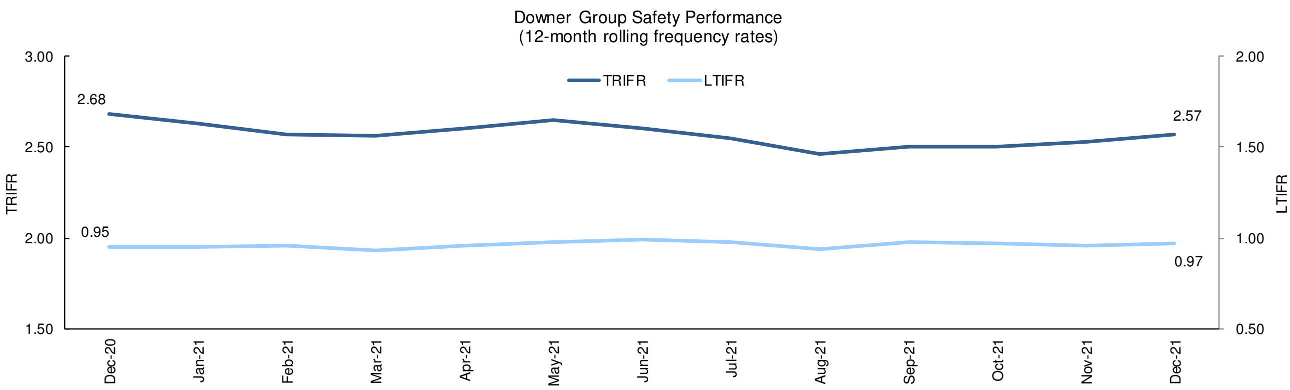
The Board also determined to continue to pay a fully imputed dividend on the ROADS security, which having been reset on 15 June 2021 has a yield of 4.42% per annum payable quarterly in arrears, with the next payment due on 15 March 2022. As this dividend is fully imputed (the New Zealand equivalent of being fully franked), the actual cash yield paid by Downer will be 3.18% per annum until the next reset date.

Consistent with the prior year, the Company's Dividend Reinvestment Plan remains suspended.

ZERO HARM

Downer's Lost Time Injury Frequency Rate (LTIFR) increased to 0.97 from 0.95 and its Total Recordable Injury Frequency Rate (TRIFR) decreased to 2.57 from 2.68 per million hours worked[2].

Downer Group Safety Performance (12-month rolling frequency rates)



OUTLOOK

In August 2021 we predicted that our core Urban Services revenue and earnings would grow in FY22. In the first half our core revenue was up 13.3% and earnings were up 4.4%.

The impact of Omicron on the supply chain, work volumes and revenue mix is difficult to predict and presents risk for the second half.

We will do our best to manage that risk with our customers and we will provide an update at our Investor Day in April.

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[1] This is relevant only for non-resident shareholders. The effect is that the portion of the unfranked dividend paid out of CFI is not subject to Australian dividend withholding tax.

[2] Lost time injuries (LTIs) are defined as injuries that cause the injured person (employee or contractor) to be unfit to perform any work duties for one whole day or shift, or more, after the shift on which the injury occurred, and any injury that results, directly or indirectly, in the death of the person. The Lost Time Injury Frequency Rate (LTIFR) is the number of LTIs per million hours worked. Total Recordable Injuries (TRIs) are the number of LTIs plus medically treated injuries (MTIs) for employees and contractors. Total Recordable Injury Frequency Rate (TRIFR) is the number of TRIs per million hours worked.

SUBSEQUENT EVENTS

At the date of this report, the Group has been managing the workforce impacts and remaining COVID-19 restrictions across Australia and New Zealand. Management will continue to monitor the changing nature of the COVID-19 pandemic.

Outside the above, at the date of this report, there is no other matter or circumstances that has arisen since the end of the financial period, that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial periods.

Auditor's independence declaration

The auditor's independence declaration, as required under Section 307C of the Corporations Act 2001, is set out on page 15.

Signed in accordance with a resolution of the Directors.

On behalf of the Directors

M. Chellew

M P Chellew
Chairman
Sydney, 10 February 2022

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Downer EDI Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Downer EDI Limited for the half-year ended 31 December 2021 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Nigel Virgo
Partner

Sydney

10 February 2022

Independent Auditor's Review Report

To the Shareholders of Downer EDI Limited

Conclusion

We have reviewed the accompanying ***Condensed Consolidated Half-year Financial Report*** of Downer EDI Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Condensed Consolidated Half-year Financial Report of Downer EDI Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 31 December 2021 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The ***Condensed Consolidated Half-year Financial Report*** comprises:

- Condensed Consolidated Statement of Financial Position as at 31 December 2021
- Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income, Condensed Consolidated Statement of Changes in Equity and Condensed Consolidated Statement of Cash Flows for the Half-year ended on that date
- Notes A to D comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The ***Group*** comprises Downer EDI Limited (the Company) and the entities it controlled at the Half year's end or from time to time during the Half-year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

KPMG

Responsibilities of the Directors for the Condensed Consolidated Half-year Financial Report

The Directors of the Company are responsible for:

- the preparation of the Condensed Consolidated Half-year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Condensed Consolidated Half-year Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Condensed Consolidated Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Condensed Consolidated Half-year Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the Half-year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a Condensed Consolidated Half-year Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

KPMG

Nigel Virgo	Stephen Isaac
Partner	*Partner*

Sydney

10 February 2022

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the half-year ended 31 December 2021

	Note	Dec 2021 $'m	Dec 2020 $'m
Revenue		**5,443.3**	5,789.7
Other income		**131.6**	36.6
Total revenue and other income	B2	**5,574.9**	5,826.3
Employee benefits expense	B3	**(1,892.2)**	(2,001.1)
Subcontractor costs		**(2,074.5)**	(1,913.2)
Raw materials and consumables used		**(655.8)**	(887.8)
Plant and equipment costs		**(249.0)**	(325.2)
Depreciation on leased assets		**(83.9)**	(89.3)
Other depreciation and amortisation	D3,D4	**(94.4)**	(177.6)
Impairment of non-current assets	B4	**(38.8)**	(20.2)
Other expenses from ordinary activities		**(329.7)**	(251.6)
Total expenses		**(5,418.3)**	(5,666.0)
Share of net profit of joint ventures and associates	D5	**15.4**	2.1
Earnings before interest and tax		**172.0**	162.4
Finance income		**1.1**	2.6
Lease finance costs		**(11.7)**	(14.4)
Other finance costs		**(35.2)**	(44.3)
Net finance costs		**(45.8)**	(56.1)
Profit before income tax		**126.2**	106.3
Income tax expense		**(37.2)**	(30.7)
Profit after income tax		**89.0**	75.6
Profit for the period is attributable to:			
- Non-controlling interest		**0.4**	1.7
- Members of the parent entity		**88.6**	73.9
Profit for the period		**89.0**	75.6
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
- Exchange differences arising on translation of foreign operations		**1.9**	3.4
- Net gain on foreign currency forward contracts taken to equity		**1.6**	2.1
- Net gain/(loss) on cross currency and interest rate swaps taken to equity		**9.4**	(3.6)
- Income tax effect of items above		**(3.2)**	0.5
Other comprehensive income for the period (net of tax)		**9.7**	2.4
Other comprehensive income for the period is attributable to:			
- Non-controlling interest		**(0.3)**	0.3
- Members of the parent entity		**10.0**	2.1
Other comprehensive income for the period		**9.7**	2.4
Total comprehensive income for the period		**98.7**	78.0
Earnings per share (cents)			
Basic earnings per share	B5	**12.4**	10.3
Diluted earnings per share	B5	**12.3**	10.2

The condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes on pages 22 to 43.

Condensed Consolidated Statement of Financial Position
as at 31 December 2021

	Note	Dec 2021 $'m	Jun 2021 $'m
ASSETS			
Current assets			
Cash and cash equivalents		**676.7**	811.4
Trade receivables and contract assets	D1	**1,897.7**	2,121.0
Other financial assets		**42.1**	62.7
Inventories		**207.0**	254.2
Lease receivables		**-**	0.1
Current tax assets		**3.0**	48.6
Prepayments and other assets		**33.6**	63.7
Assets held for sale		**-**	41.5
Total current assets		**2,860.1**	3,403.2
Non-current assets			
Trade receivables and contract assets	D1	**120.7**	109.2
Equity accounted investments	D5	**158.9**	155.1
Property, plant and equipment	D3	**871.7**	994.7
Right-of-use assets		**476.3**	546.5
Intangible assets	D4	**2,765.0**	2,782.9
Other financial assets		**15.3**	7.8
Deferred tax assets		**37.7**	65.3
Prepayments and other assets		**7.1**	7.4
Total non-current assets		**4,452.7**	4,668.9
Total assets		**7,312.8**	8,072.1
LIABILITIES			
Current liabilities			
Trade payables and contract liabilities	D2	**2,058.6**	2,363.0
Borrowings	C1	**46.1**	296.2
Lease liabilities		**146.1**	157.7
Other financial liabilities		**38.1**	49.0
Employee benefits provision		**307.6**	353.6
Other provisions		**70.9**	64.4
Current tax liabilities		**13.8**	7.9
Liabilities held for sale		**-**	17.2
Total current liabilities		**2,681.2**	3,309.0
Non-current liabilities			
Trade payables and contract liabilities	D2	**38.4**	34.2
Borrowings	C1	**1,188.8**	1,185.4
Lease liabilities		**444.7**	505.1
Other financial liabilities		**13.7**	18.3
Employee benefits provision		**31.3**	35.3
Other provisions		**20.4**	21.6
Deferred tax liabilities		**3.3**	5.8
Total non-current liabilities		**1,740.6**	1,805.7
Total liabilities		**4,421.8**	5,114.7
Net assets		**2,891.0**	2,957.4
EQUITY			
Issued capital	C3	**2,703.8**	2,802.6
Reserves	C4	**3.8**	(31.2)
Retained earnings		**183.4**	181.5
Parent interests		**2,891.0**	2,952.9
Non-controlling interest		**-**	4.5
Total equity		**2,891.0**	2,957.4

The condensed consolidated statement of financial position should be read in conjunction with the accompanying notes on pages 22 to 43.

Condensed Consolidated Statement of Changes in Equity

for the half-year ended 31 December 2021

Dec 2021 $'m	Issued capital	Reserves	Retained earnings	Total attributable to owners of the parent	Non-controlling interest	Total
Balance at 1 July 2021	2,802.6	(31.2)	181.5	2,952.9	4.5	2,957.4
Profit after income tax	-	-	88.6	88.6	0.4	89.0
Other comprehensive income for the period (net of tax)	-	10.0	-	10.0	(0.3)	9.7
Total comprehensive income for the period	-	10.0	88.6	98.6	0.1	98.7
Vested executive incentive share transactions	0.2	(0.2)	-	-	-	-
Vested Downer Contingent Share Option(i)	-	16.0	-	16.0	-	16.0
Share-based employee benefits expense	-	2.0	-	2.0	-	2.0
Group on-market share buy-back	(99.0)	-	-	(99.0)	-	(99.0)
Disposal of business	-	7.2	-	7.2	(4.6)	2.6
Payment of dividends(ii)	-	-	(86.7)	(86.7)	-	(86.7)
Balance at 31 December 2021	2,703.8	3.8	183.4	2,891.0	-	2,891.0

(i) On 24 August 2021, the Target Price Condition of the Tranche 1 Series Downer Contingent Share Option was satisfied resulting in 2,499,264 shares exercised at $6.382 per share.

(ii) Relates to the 2021 final dividend and $3.0 million ROADS dividends paid during the financial period.

Dec 2020 $'m	Issued capital	Reserves	Retained earnings	Total attributable to owners of the parent	Non-controlling interest	Total
Balance at 30 June 2020	2,429.7	(47.7)	94.3	2,476.3	144.2	2,620.5
Opening balance adjustment on application of IFRS Interpretation Committee decision(i)	-	-	(25.5)	(25.5)	-	(25.5)
Restated balance at 1 July 2020	2,429.7	(47.7)	68.8	2,450.8	144.2	2,595.0
Profit after income tax	-	-	73.9	73.9	1.7	75.6
Other comprehensive income for the period (net of tax)	-	2.1	-	2.1	0.3	2.4
Total comprehensive income for the period	-	2.1	73.9	76.0	2.0	78.0
Capital raising (net of transaction costs and tax)	393.4	-	-	393.4	-	393.4
Vested executive incentive share transactions	4.5	(4.5)	-	-	-	-
Share-based employee benefits expense	-	0.2	-	0.2	-	0.2
Income tax relating to share-based transactions	-	1.3	-	1.3	-	1.3
Acquisition of Non-controlling interest (net of tax)	-	(6.2)	-	(6.2)	(140.9)	(147.1)
Payment of dividends(ii)	-	-	(2.9)	(2.9)	-	(2.9)
Balance at 31 December 2020	2,827.6	(54.8)	139.8	2,912.6	5.3	2,917.9

(i) 2020 balances have been restated to reflect the Group's change in accounting policy for costs related to configuration and customisation of Software-as-a-Service (SaaS) arrangements. Refer to Annual Report as at 30 June 2021 for details on opening balance adjustments made on application of new accounting standards.

(ii) Relates to the $2.9 million ROADS dividends paid during the financial period.

The condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes on pages 22 to 43.

Condensed Consolidated Statement of Cash Flows
for the half-year ended 31 December 2021

	Note	Dec 2021 $'m	Dec 2020 $'m
Cash flows from operating activities			
Receipts from customers		**6,349.8**	6,660.0
Payments to suppliers and employees		**(6,067.3)**	(6,280.5)
Distributions from equity accounted investees	D5	**11.6**	2.8
Net cash generated by operating activities before interest and tax		**294.1**	382.3
Interest received		**1.0**	1.4
Interest paid on lease liabilities		**(11.7)**	(14.4)
Interest and other costs of finance paid		**(37.1)**	(39.4)
Income tax received		**24.1**	20.3
Net cash generated by operating activities		**270.4**	350.2
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**44.6**	16.9
Payments for property, plant and equipment		**(117.9)**	(117.6)
Payments for intangible assets		**(22.8)**	(17.4)
Payment to acquire remaining shares in NCI		**-**	(134.5)
Payments of deferred consideration on acquisition of businesses		**(0.1)**	(0.1)
Payments for acquisition of businesses (net of cash acquired)	D6	**(22.8)**	-
Proceeds from sale of business (net of cash disposed)	D7	**247.6**	6.3
Proceeds from sale of equity accounted investments		**-**	18.8
Investment in equity accounted and other investments		**(0.8)**	(9.8)
Advances to equity accounted investments		**(9.8)**	(7.5)
Purchases of assets as a lessor		**-**	(6.7)
Net cash generated by/(used in) investing activities		**118.0**	(251.6)
Cash flows from financing activities			
Group on-market share buy-back	C3	**(99.0)**	-
Proceeds from issue of shares (net of costs)		**-**	390.7
Proceeds from borrowings		**5,214.8**	2,619.0
Repayments of borrowings		**(5,468.5)**	(2,968.4)
Payment of principal of lease liabilities		**(85.0)**	(93.7)
Dividends paid		**(86.7)**	(86.2)
Net cash used in financing activities		**(524.4)**	(138.6)
Net decrease in cash and cash equivalents		**(136.0)**	(40.0)
Cash and cash equivalents at the beginning of the period		**811.4**	588.5
Effect of exchange rate changes		**1.3**	1.9
Cash and cash equivalents at the end of the period		**676.7**	550.4

The condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes on pages 22 to 43.

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2021

A About this report

Statement of compliance

The condensed consolidated half-year Financial Report (Financial Report) represents the consolidated results of Downer EDI Limited (ABN 97 003 872 848).

The Financial Report is a general purpose financial statement which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001 (Cth)*, and with *IAS 34 Interim Financial Reporting*.

The Financial Report does not include all the information required for an annual financial report and should be read in conjunction with the 2021 Annual Report.

Accounting policies are selected and applied in a manner that ensures the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. The accounting policies and methods of computation applied in the Financial Report are consistent with those of the previous financial year and corresponding interim period.

Amounts in the Financial Report are presented in Australian dollars unless otherwise noted and has been prepared on a historical cost basis, except for revaluation of certain financial instruments.

The Financial Report was authorised for issue by the Directors on 10 February 2022.

New Accounting Standards

(a) New and amended accounting standards and interpretations adopted by the Group

During the period, the Group has applied a number of new and revised accounting standards issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 July 2021, as follows:

- AASB 2020-8 *Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform - Phase 2.*
- AASB 2020-4 *Covid-19 Related Rent Concessions Beyond 30 June 2021 (AASB 2020-4).*
- AASB 2021-3 *Amendments to Australian Accounting Standards - Covid-19 Related Rent Concessions Beyond 30 June 2021.*

None of the above new and amended accounting standards have had a significant impact on the Group's consolidated financial statements.

(b) New accounting standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations are relevant to current operations. They are available for early adoption but have not been applied by the Group in this Financial Report.

- AASB 2020-1 and 2020-6 *Classification of liabilities as current or non-current.*
- AASB 2020-3 *Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments.*
- AASB 2021-2 *Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates.*
- AASB 2021-5 *Amendments to Australian Accounting Standards - Deferred Tax related to Assets and Liabilities arising from a Single Transaction.*
- AASB 17 *Insurance Contracts (effective for annual reporting periods beginning on or after 1 January 2023).*

Management continues to assess the impact of AASB 17 *Insurance Contracts* on the Group, and has not yet quantified the effect of the new standard. With the exception of AASB 17 *Insurance Contracts*, these new or amended standards are not expected to have a significant impact on the Group's consolidated financial statements when they are adopted.

Notes to the condensed consolidated financial statements
for the half-year ended 31 December 2021

Rounding of amounts

Downer is a company of the kind referred to in *ASIC Corporations (Rounding in Financial / Directors' reports) Instrument 2016/191* relating to the "rounding off" of amounts in the Directors' Report and consolidated financial statements. Unless otherwise expressly stated, amounts have been rounded off to the nearest whole number of millions of dollars and one place of decimals representing hundreds of thousands of dollars in accordance with that Instrument. Amounts shown as $- represent amounts less than $50,000 which have been rounded down.

Basis of Preparation

Certain comparative balances have been reclassified to ensure consistency with the classification in the 30 June 2021 Financial Report.

Accounting estimates and judgements

Significant judgement, estimates and assumptions about future events are made by management when applying accounting policies and preparing the Financial Report which are consistent with those described in the 2021 Annual Report.

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2021

B Business performance

B1. Segment information

Identification of reportable segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenue and incur expenses, whose operating results are regularly reviewed by the Group's chief operating decision maker in order to effectively allocate Group resources and assess performance.

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Group CEO in assessing performance and in determining the allocation of resources. The operating segments are identified by the Group based on the nature of the services provided. Discrete financial information about each of these operating businesses is reported to the Group CEO on a recurring basis.

The reportable segments are based on a combination of operating segments determined by the similarity of the services provided, the sources of the Group's major risks that could therefore have the greatest effect on the rates of return and their quantitative contribution to the Group's results.

During the period, the composition of business units within operating segments was realigned to better reflect how the Group's chief operating decision maker currently assesses performance and allocates Group resources. As a result, the Asset Services business unit (previously reported as part of the EC&M segment), was reallocated to the Facilities segment; the Mining business unit (previously a separate reportable segment) and the Engineering and Construction business unit (previously reported as part of the EC&M segment), have been included within All other segments following the reduction in their contribution to the Group's performance following divestments and wind-down of contracts. The new structure better aligns the segment reporting with Downer's end markets and management reporting structure.

The Group has restated the previously reported segment information for the period ended 31 December 2020.
The reportable segments identified within the Group are outlined as follows:

Segment	Segment description
Transport	Comprises the Group's road services, transport infrastructure and rail businesses. Downer's road and transport infrastructure services include: road network management; routine road maintenance; asset management systems; spray sealing; asphalt laying; manufacture and supply of bitumen-based products and asphalt products; the use of recycled products and environmentally sustainable methods to produce asphalt; landfill diversion solutions; intelligent transport systems; design and construction of light rail and heavy rail networks; signalling; track and station works; rail safety technology; and bridges. The Rail business spans all light rail and heavy rail sectors, from rollingstock to infrastructure; from design and manufacture to through-life-support including fleet maintenance, operations and comprehensive overhaul of assets.
Utilities	Comprises the Group's power, gas, water and telecommunications businesses. This includes: planning, designing, constructing, operating, maintaining, managing and decommissioning power and gas network assets; providing complete water lifecycle solutions for municipal and industrial water users including water and wastewater treatment, network construction and rehabilitation; and end-to-end technology and communications solutions including design, civil construction, network construction, operations and maintenance across fibre, copper and radio networks.
Facilities	Facilities operates in Australia and New Zealand and provides outsourced facility services to customers across a diverse range of industry sectors including: defence; education; government; healthcare; resources; leisure; assets services and hospitality. Facilities provides technical and engineering services; maintenance and asset management services including shutdowns, turnaround and outage delivery; operations maintenance, refrigeration solutions and ongoing management of strategic assets across a range of sectors. It also provides feasibility studies; engineering design; procurement and construction; commissioning and decommissioning services; and design and manufacture of mineral process equipment as well as building and construction solutions across a variety of sectors in New Zealand. The laundries business within the facilities segment was disposed of on 31 March 2021.
All other segments	Other operations include the Group's Mining, Engineering and Construction operating segments, as well as the interest in the Laundries Joint Venture.

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2021

Dec 2021 $'m	Transport	Utilities	Facilities	All other segments	Unallocated	Total
Segment revenue and other income	**2,451.8**	**860.3**	**2,012.3**	**242.8**	**7.7**	**5,574.9**
Share of sales revenue from joint ventures and associates(i)	**369.2**	**-**	**0.3**	**30.5**	**-**	**400.0**
Total revenue including joint ventures and other income(i)	**2,821.0**	**860.3**	**2,012.6**	**273.3**	**7.7**	**5,974.9**
EBIT before amortisation of acquired intangibles (EBITA)	**115.6**	**33.3**	**76.6**	**8.1**	**(47.4)**	**186.2**
Amortisation of acquired intangibles	**(2.2)**	**(0.1)**	**(2.9)**	**-**	**(9.0)**	**(14.2)**
Total reported segment results (EBIT)	**113.4**	**33.2**	**73.7**	**8.1**	**(56.4)**	**172.0**

Dec 2020 (restated) $'m	Transport	Utilities	Facilities	All other segments	Unallocated	Total
Segment revenue and other income	2,182.2	911.0	1,763.2	967.8	2.1	5,826.3
Share of sales revenue from joint ventures and associates(i)	279.9	-	2.3	7.5	-	289.7
Total revenue including joint ventures and other income(i)	2,462.1	911.0	1,765.5	975.3	2.1	6,116.0
EBIT before amortisation of acquired intangibles (EBITA)	99.7	45.3	87.7	36.1	(73.0)	195.8
Amortisation of acquired intangibles	(3.6)	(0.3)	(4.7)	-	(24.8)	(33.4)
Total reported segment results (EBIT)	96.1	45.0	83.0	36.1	(97.8)	162.4

(i) This is a non-statutory disclosure as it relates to Downer's share of revenue from equity accounted joint ventures and associates.

Reconciliation of segment EBIT to net profit/(loss) after tax:

	Note	Segment results Dec 2021 $'m	Segment results Restated (i) Dec 2020 $'m
Segment EBIT		**228.4**	260.2
Unallocated:			
Fair value movement on DCSO liability	B4	**(5.4)**	(14.0)
Divestments and exit costs	B4	**(65.4)**	(7.2)
Portfolio restructure costs	B4	**(7.6)**	-
Bid costs	B4	**(2.8)**	-
Gain on sale of PP&E	B4	**85.8**	-
Laundries transaction costs	B4	**-**	(4.0)
Amortisation of Spotless and Tenix acquired intangible assets		**(9.0)**	(24.8)
Corporate costs		**(52.0)**	(47.8)
Total unallocated		**(56.4)**	(97.8)
Earnings before interest and tax		**172.0**	162.4
Net finance costs		**(45.8)**	(56.1)
Profit before income tax		**126.2**	106.3
Income tax expense		**(37.2)**	(30.7)
Profit after income tax		**89.0**	75.6

(i) Unallocated segment has been restated for the change in allocating individually significant items.

Notes to the condensed consolidated financial statements
for the half-year ended 31 December 2021

B2. Revenue

Revenue and other income

Dec 2021 $'m	Transport	Utilities	Facilities	All other segments	Unallocated	Total
Rendering of services	**1,253.2**	**504.8**	**1,565.5**	**240.9**	**-**	**3,564.4**
Construction contracts	**983.4**	**349.6**	**419.1**	**0.3**	**-**	**1,752.4**
Sale of goods	**93.7**	**1.1**	**20.5**	**0.7**	**-**	**116.0**
Total revenue from contracts with customers	**2,330.3**	**855.5**	**2,005.1**	**241.9**	**-**	**5,432.8**
Other revenue	**3.0**	**-**	**0.1**	**1.5**	**5.9**	**10.5**
Total revenue	**2,333.3**	**855.5**	**2,005.2**	**243.4**	**5.9**	**5,443.3**
Government grants(i)	**8.0**	**4.5**	**4.3**	**-**	**-**	**16.8**
Insurance recoveries	**-**	**-**	**-**	**-**	**1.8**	**1.8**
Gain on sale of PP&E	**104.8**	**-**	**-**	**-**	**-**	**104.8**
Other	**5.7**	**0.3**	**2.8**	**(0.6)**	**-**	**8.2**
Other income	**118.5**	**4.8**	**7.1**	**(0.6)**	**1.8**	**131.6**
Total revenue and other income	**2,451.8**	**860.3**	**2,012.3**	**242.8**	**7.7**	**5,574.9**
Share of sales revenue from joint ventures and associates(ii)	**369.2**	**-**	**0.3**	**30.5**	**-**	**400.0**
Total revenue including joint ventures and other income(ii)	**2,821.0**	**860.3**	**2,012.6**	**273.3**	**7.7**	**5,974.9**

Dec 2020 Restated (iii) $'m	Transport	Utilities	Facilities	All other segments	Unallocated	Total
Rendering of services	1,206.2	548.7	1,534.7	721.2	-	4,010.8
Construction contracts	877.5	358.9	196.2	206.9	-	1,639.5
Sale of goods	86.1	3.1	28.3	15.9	-	133.4
Total revenue from contracts with customers	2,169.8	910.7	1,759.2	944.0	-	5,783.7
Other revenue	2.7	-	0.1	1.1	2.1	6.0
Total revenue	2,172.5	910.7	1,759.3	945.1	2.1	5,789.7
Government grants(i)	0.1	0.1	3.3	-	-	3.5
Gain on divestments of equity accounted investee	-	-	-	10.7	-	10.7
Insurance recoveries	7.8	-	-	-	-	7.8
Other	1.8	0.2	0.6	12.0	-	14.6
Other income	9.7	0.3	3.9	22.7	-	36.6
Total revenue and other income	2,182.2	911.0	1,763.2	967.8	2.1	5,826.3
Share of sales revenue from joint ventures and associates(ii)	279.9	-	2.3	7.5	-	289.7
Total revenue including joint ventures and other income(ii)	2,462.1	911.0	1,765.5	975.3	2.1	6,116.0

(i) Government grants represents incentives received under the New Zealand Government's wage subsidy scheme available to eligible businesses impacted by the COVID-19 pandemic.

(ii) This is a non-statutory disclosure as it relates to Downer's share of revenue from equity accounted joint ventures and associates.

(iii) Revenue disclosures have been restated for the change in Operating Segments detailed in Note B1, which includes the classification of certain contracts revenue between services and construction.

Notes to the condensed consolidated financial statements
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Revenue from contracts with customers by geographical location

Dec 2021 $'m	Transport	Utilities	Facilities	All other segments	Unallocated	Total
Geographical location[i]						
Australia	**1,738.0**	**614.9**	**1,495.8**	**228.3**	**-**	**4,077.0**
New Zealand and Pacific	**592.3**	**240.6**	**497.3**	**-**	**-**	**1,330.2**
Rest of World	**-**	**-**	**12.0**	**13.6**	**-**	**25.6**
Total revenue from contracts with customers	**2,330.3**	**855.5**	**2,005.1**	**241.9**	**-**	**5,432.8**

Dec 2020 Restated [ii] $'m	Transport	Utilities	Facilities	All other segments	Unallocated	Total
Geographical location[i]						
Australia	1,532.3	631.9	1,435.0	917.3	-	4,516.5
New Zealand and Pacific	637.5	278.8	324.2	-	-	1,240.5
Rest of World	-	-	-	26.7	-	26.7
Total revenue from contracts with customers	2,169.8	910.7	1,759.2	944.0	-	5,783.7

(i) Revenue is allocated based on the geographical location of the legal entity.

(ii) Revenue disclosures have been restated for the change in Operating Segments detailed in Note B1.

B3. Employee benefits expense

	Dec 2021 $'m	Dec 2020 $'m
Defined contribution plans costs	**101.0**	123.9
Share-based employee benefits expense	**2.0**	0.2
Other employee benefits	**1,789.2**	1,877.0
Total employee benefits expense	**1,892.2**	2,001.1

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for the half-year ended 31 December 2021

B4. Individually significant items

The following material items of expenses, forming part of the unallocated segment are relevant to an understanding of the Group's financial performance.

Dec 2021 $'m	Fair value movement on DCSO liability	Divestments and exit costs	Portfolio restructure costs	Bid costs	Gain on sale of PP&E	Total
Other income	-	-	-	-	(104.8)	(104.8)
Loss on disposal of businesses	-	13.1	-	-	-	13.1
Impairment of non-current assets	-	38.8	-	-	-	38.8
Employee benefits expense	-	3.5	7.6	0.7	-	11.8
Other expenses from ordinary activities	5.4	10.0	-	2.1	19.0	36.5
Loss/(profit) before interest and tax	5.4	65.4	7.6	2.8	(85.8)	(4.6)
Income tax (benefit)/expense	-	(19.4)	(2.3)	(0.8)	25.7	3.2
Loss/(profit) after income tax	5.4	46.0	5.3	2.0	(60.1)	(1.4)

Fair value movement on Downer Contingent Share Option (DCSO) liability
The Downer Contingent Share Option (DCSO) issued as part of the acquisition of the minority interest in Spotless in August 2020 are required to be recorded at fair value with changes in fair value recorded through profit or loss. Since 30 June 2021, the fair value of the DCSO has increased by $5.4 million, which has been expensed through 'Other expenses' in the Consolidated Statement of Profit or Loss and Other Comprehensive Income during the period. This expense is primarily driven by the increase in Downer's share price from $5.59 at 30 June 2021 to $5.96 at 31 December 2021.

Divestments and exit costs
The divestment program has been completed following the disposal of Otraco on 1 December 2021, the sale of Open Cut Mining East on 17 December 2021, and the exit from a number of Hospitality contracts. Additionally, assets previously utilised by those businesses will no longer be utilised by the Group and consequently were written-off. The material elements of divestment and exit costs include:
- $13.1 million net pre-tax loss (including disposal costs) from the disposal of Otraco and Open Cut East (OCE). Refer to Note D7.
- $52.3 million pre-tax of exit costs, relating to impairments of IT infrastructure and applications ($25.5 million), impairment of right of use assets and leasehold improvements for leased properties ($13.3 million); and inventory write-offs and other exit costs totalling $13.5 million.

Portfolio restructure costs
As a result of the divestment program, Downer has reduced management overhead with restructuring costs of $7.6 million expensed during the period.

Bid costs
Downer is in the process of tendering for the State of Queensland's Rollingstock Expansion Program, for which ongoing bid costs are being incurred. $2.8 million in bid costs were incurred during the period.

Gain on sale of Property, Plant & Equipment
Downer received notice from Sydney Metro of its intention to compulsorily acquire Downer's land at 1A Unwin Street, Rosehill for the purposes of the Sydney Metro West project.

The site is used to operate Downer's primary Asphalt and recycling operations in Sydney.

In December 2021, Sydney Metro and Downer reached agreement under the Land Acquisition (Just Terms Compensation) Act on the compensation payable to Downer for the acquisition.

The transaction has resulted in Sydney Metro reimbursing Downer, on a like for like basis, for the actual costs incurred on the construction and commissioning of a replacement facility. Downer expects the compulsory acquisition and reinstatement of operations at the new site to be cash neutral in net terms.

Downer is advanced in its construction of replacement facilities, also in Rosehill, which are expected to be completed in May 2022, and does not expect any disruptions to its operations.

The difference between the historical written down book value of the existing facility, the reimbursement of costs for the replacement facility and relocation costs has been recognised as a $60.1 million after tax gain for the period ended 31 December 2021.

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2021

Dec 2020 Restated (i) $'m	Fair value movement on DCSO liability	Termination of Spotless financing arrange-ments	Laundries transaction costs	Mining divestments	Total
Other Income	-	-	-	(5.6)	(5.6)
Loss on disposal of businesses	-	-	-	2.3	2.3
Gain on divestment of equity accounted investee	-	-	-	(10.7)	(10.7)
Impairment of non-current assets	-	-	-	20.2	20.2
Other expenses from ordinary activities	14.0	-	4.0	1.0	19.0
Loss before interest and tax	14.0	-	4.0	7.2	25.2
Other finance costs	-	4.3	-	-	4.3
Income tax benefit	-	(1.3)	(1.0)	(7.1)	(9.4)
Loss after income tax	14.0	3.0	3.0	0.1	20.1

(i) Individually significant items have been restated to ensure consistency with full year FY21 classifications.

Fair value movement on Downer Contingent Share Option (DCSO) liability

As part of the consideration to acquire the shares in Spotless that it did not already own, the Group granted three tranches of 2.5 million share options to the previous minority interest shareholders which are exercisable within four years of issue on achievement of three prescribed share price targets (Downer Contingent Share Option). The fair value at issue date of these options was recognised as a liability arising on the acquisition of the shares. The DCSO are classified as a liability, with subsequent changes in the fair value recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Since grant date, and primarily driven by the movement in Downer's share price from $4.30 to $5.33 at 31 December 2020, the fair value of the DCSO increased by $14.0 million, which has been expensed through 'Other expenses' in the Consolidated Statement of Profit or Loss and Other Comprehensive Income during the period.

Termination of Spotless financing arrangements

Following the purchase of the Non-controlling interest (NCI) in Spotless, the Group extinguished the Spotless financing arrangements. As a result, the unamortised deferred financing costs related to the extinguished facilities were immediately written-off to the 'Other finance costs' line in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, with the tax effect of $1.3 million being credited to the 'Income tax expense' line.

Laundries transaction costs

To 31 December 2020, the Group had incurred transaction costs and stamp duty of $4.0 million ($3.0 million after tax) relating to the agreement to dispose of the Laundries business.

Mining divestments

The divestment program for the Mining division had resulted in a number of material transactions netting to $7.2 million expense noted above. These include:

- $5.6 million gain on sale of property, plant and equipment.
- $20.2 million impairment charge to adjust the carrying value of the Property, plant and equipment and other assets of the Open Cut Mining West business to its expected recoverable value on the classification of this business as a Disposal group held for sale.
- $10.7 million gain on the divestment of the equity accounted investment in RTL JV.
- $2.3 million net loss made from the disposal of Open Cut Mining West and Snowden businesses.
- $1.0 million transaction costs incurred to date on the divestment program.

Notes to the condensed consolidated financial statements
for the half-year ended 31 December 2021

B5. Earnings per share

Basic earnings per share
The calculation of basic earnings per share (EPS) is based on the profit attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding.

	Dec 2021	Dec 2020
Profit attributable to members of the parent entity ($'m)	**88.6**	73.9
Adjustment to reflect ROADS dividends paid ($'m)	**(3.0)**	(2.9)
Profit attributable to members of the parent entity used in calculating basic EPS ($'m)	**85.6**	71.0
Weighted average number of ordinary shares (WANOS) on issue (m's)(i)	**690.8**	686.2
Basic earnings per share (cents)	**12.4**	10.3

Diluted earnings per share
The calculation of diluted earnings per share is based on the following profit attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding after adjustments for the effects of all dilutive potential ordinary shares.

	Dec 2021	Dec 2020
Profit attributable to members of the parent entity ($'m)	**88.6**	73.9
Weighted average number of ordinary shares		
– Weighted average number of ordinary shares (WANOS) on issue (m's)(i) (ii)	**690.8**	686.2
– WANOS adjustment to reflect potential dilution for ROADS (m's)(iii)	**31.8**	41.4
WANOS used in the calculation of diluted EPS (m's)	**722.6**	727.6
Diluted earnings per share (cents)	**12.3**	10.2

(i) The WANOS on issue has been adjusted by the weighted average effect of the unvested executive incentive shares.

(ii) For diluted earnings per share, the WANOS has been further adjusted by the potential vesting of executive incentive shares.

(iii) The WANOS adjustment is the value of ROADS that could potentially be converted into ordinary shares at the reporting date. It is calculated based on the issued value of ROADS in New Zealand dollars converted to Australian dollars at the spot rate prevailing at the reporting date, which was $188.4 million (December 2020: $187.6 million), divided by the average market price of the Company's ordinary shares for the period 1 July 2021 to 31 December 2021 discounted by 2.5% according to the ROADS contract terms, which was $5.91 (December 2020: $4.53).

B6. Subsequent events

At the date of this report, the Group has been managing the workforce impacts and remaining COVID-19 restrictions across Australia and New Zealand. Management will continue to monitor the changing nature of the COVID-19 pandemic.

Outside the above, at the date of this report, there is no other matter or circumstances that has arisen since the end of the financial period, that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial periods.

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2021

C Capital structure and financing

C1. Borrowings

	Dec 2021 $'m	Jun 2021 $'m
Current		
Unsecured:		
– Bank loans	**50.0**	50.0
– AUD medium term notes	**-**	250.0
– Deferred finance charges	**(3.9)**	(3.8)
Total current borrowings	**46.1**	296.2
Non-current		
Unsecured:		
– Bank loans	**400.0**	400.0
– USD private placement notes	**137.9**	133.0
– AUD private placement notes	**30.0**	30.0
– AUD medium term notes	**509.6**	510.7
– JPY medium term notes	**119.8**	120.4
– Deferred finance charges	**(8.5)**	(8.7)
Total non-current borrowings	**1,188.8**	1,185.4
Total borrowings	**1,234.9**	1,481.6
Fair value of total borrowings[i]	**1,324.6**	1,611.5

(i) Excludes lease liabilities.

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C2. Financing facilities

At reporting date, the Group had the following facilities that were unutilised:

	Dec 2021 $'m	Jun 2021 $'m
Syndicated loan facilities	**1,100.0**	1,100.0
Bilateral loan facilities	**327.0**	327.0
Total unutilised loan facilities	**1,427.0**	1,427.0
Syndicated bank guarantee facilities	**90.5**	148.1
Bilateral bank guarantees and insurance bonding facilities	**492.5**	484.9
Total unutilised bonding facilities	**583.0**	633.0

Summary of borrowing arrangements
The Group's borrowing arrangements are as follows:

Bank loan facilities
Bilateral loan facilities:
The Group has a total of $477.0 million in bilateral loan facilities which are unsecured, committed facilities.

Syndicated loan facilities:
The Group has $1,400.0 million of syndicated bank loan facilities which are unsecured, committed facilities.

USD private placement notes
USD unsecured private placement notes are on issue for a total amount of US$100.0 million with a maturity date of July 2025. The USD denominated principal and interest amounts have been fully hedged against the Australian dollar through cross-currency interest rate swaps.

AUD private placement notes
AUD unsecured private placement notes are on issue for a total amount of $30.0 million with a maturity date of July 2025.

Medium Term Notes (MTNs)
The Group has the following unsecured MTNs on issue:
– $500.0 million maturing April 2026
– JPY 10.0 billion maturing May 2033
– The carrying value of the AUD MTN maturing April 2026 includes a premium of $9.6 million over the face value owing to the differential between the coupon rate for that instrument and the prevailing market interest rate at the date of issue.
– The JPY denominated principal and interest amounts have been fully hedged against the Australian dollar through a cross-currency interest rate swap.

The above loan facilities and note issuances are supported by guarantees from certain Group subsidiaries.

The maturity profile of the Group's borrowing arrangements by financial year is represented in the below table by facility limit:

Maturing in the period $'m	Bilateral Loan Facilities	Syndicated Loan Facilities	USD Private Placement Notes	AUD Private Placement Notes	Medium Term Notes	Total
To 30 June 2022	**50.0**	**-**	**-**	**-**	**-**	**50.0**
1 July 2022 to 30 June 2023	**90.0**	**-**	**-**	**-**	**-**	**90.0**
1 July 2023 to 30 June 2024	**125.0**	**-**	**-**	**-**	**-**	**125.0**
1 July 2024 to 30 June 2025	**212.0**	**500.0**	**-**	**-**	**-**	**712.0**
1 July 2025 to 30 June 2026	**-**	**-**	**137.9**	**30.0**	**500.0**	**667.9**
1 July 2026 to 30 June 2027	**-**	**600.0**	**-**	**-**	**-**	**600.0**
1 July 2027 to 30 June 2028	**-**	**300.0**	**-**	**-**	**-**	**300.0**
1 July 2032 to 30 June 2033	**-**	**-**	**-**	**-**	**119.8**	**119.8**
Total	**477.0**	**1,400.0**	**137.9**	**30.0**	**619.8**	**2,664.7**

Notes to the condensed consolidated financial statements

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Covenants on financing facilities

Downer Group's financing facilities contain undertakings to comply with financial covenants and ensure that Group guarantors of these facilities collectively meet certain minimum threshold amounts of Group EBITA and Group Total Tangible Assets.

The main financial covenants which the Group is subject to are Net Worth, Interest Service Coverage and Leverage.

Financial covenants testing is undertaken monthly and reported at the Downer Board meetings. Reporting of financial covenants to financiers occurs semi-annually for the rolling 12-month periods to 30 June and 31 December. Downer Group was in compliance with all its financial covenants as at 31 December 2021.

Bank guarantees and insurance bonds

The Group has $1,982.1 million of bank guarantee and insurance bond facilities to support its contracting activities. $1,067.4 million of these facilities are provided to the Group on a committed basis and $914.7 million on an uncommitted basis.

The Group's facilities are provided by a number of banks and insurance companies on an unsecured and revolving basis. $1,399.1 million (refer to Note D8) of these facilities were utilised as at 31 December 2021 with $583.0 million unutilised. These facilities have varying maturity dates between financial years 2022, 2023, 2024 and 2025.

The underlying risk being assumed by the relevant financier under all bank guarantees and insurance bonds is corporate credit risk rather than project specific risk.

The Group has flexibility in respect of certain committed facility amounts (shown as part of the unutilised bilateral loan facilities) which can, at the election of the Group, be utilised to provide additional bank guarantees capacity.

Refinancing requirements

The Group will negotiate with existing and, where required, with new financiers to extend the maturity date or refinance facilities maturing within the next 12 months. The Group's financial metrics and credit rating as well as conditions in financial markets and other factors may influence the outcome of these negotiations. As at 31 December 2021, the Group has a $50 million Term Loan facility that matures in June 2022. Whilst the means of refinancing has not yet been determined, the Group's strong liquidity, investment grade credit rating and extensive bank relationships are expected to provide it with sufficient flexibility to either repay this maturity from existing undrawn committed debt facilities or refinance it with new facilities prior to maturity. On 13 December 2021, the Group has exercised its right to redeem the $250 million MTN that was due to mature in March 2022.

Credit ratings

The Group has an Investment Grade credit rating of BBB (Outlook Stable) from Fitch Ratings. Where the credit rating is lowered or placed on negative watch, customers and suppliers may be less willing to contract with the Group. Furthermore, banks and other lending institutions may demand more stringent terms (including increased pricing, reduced tenors and lower facility limits) on all financing facilities, to reflect the weaker credit risk profile.

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C3. Issued capital

	Dec 2021		Jun 2021	
	No.	$'m	No.	$'m
Ordinary shares	**683,663,927**	**2,532.5**	696,928,956	2,631.5
Unvested executive incentive shares	**1,193,978**	**(7.3)**	1,249,255	(7.5)
Distributing Securities (ROADS)	**200,000,000**	**178.6**	200,000,000	178.6
Total		**2,703.8**		2,802.6

(a) Fully paid ordinary share capital

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

	Dec 2021		Jun 2021	
	m's	$'m	m's	$'m
Fully paid ordinary share capital				
Balance at the beginning of the financial period / year	**696.9**	**2,631.5**	594.7	2,263.1
Capital raising(i)	**-**	**-**	106.6	399.7
Capital raising costs net of tax	**-**	**-**	-	(6.5)
Group on-market share buy-back	**(15.7)**	**(99.0)**	(4.4)	(24.8)
Vested Downer Contingent Share Option(ii)	**2.5**	**-**	-	-
Balance at the end of the financial period / year	**683.7**	**2,532.5**	696.9	2,631.5

(b) Unvested executive incentive shares

	Dec 2021		Jun 2021	
	m's	$'m	m's	$'m
Unvested executive incentive shares				
Balance at the beginning of the financial period / year	**1.25**	**(7.5)**	2.23	(12.0)
Vested executive incentive share transactions(iii)	**(0.06)**	**0.2**	(0.98)	4.5
Balance at the end of the financial period / year	**1.19**	**(7.3)**	1.25	(7.5)

(i) On 30 July 2020, 88,585,611 shares were issued with net proceeds of $332.2 million, and on 20 August 2020 18,004,231 shares were issued with net proceeds of $67.5 million being received.

(ii) On 24 August 2021, the Target Price Condition of the Tranche 1 Series Downer Contingent Share Option was satisfied resulting in 2,499,264 shares exercised at $6.382 per share. Refer to Note C4.

(iii) December 2021 figures relate to the second deferred component of the 2019 STI award of 55,277 vested shares for a value of $252,571.
June 2021 figures relate to the 2017 LTI plan, second deferred component of the 2018 STI award and first deferred component of the 2019 STI award totalling 982,377 vested shares for a value of $4,488,658.

Unvested executive incentive shares are stock market purchases and are held by the Executive Employee Share Plan Trust under the Long Term Incentive (LTI) plan. From the 2011 LTI plan onwards, no dividends will be distributed on shares held in trust during the performance measurement and service periods. Accumulated dividends will be paid out to executives after all vesting conditions have been met. Otherwise, excess net dividends are retained in the trust to be used by the Company to acquire additional shares on the market for employee equity plans.

(c) Redeemable Optionally Adjustable Distributing Securities (ROADS)

ROADS are perpetual, redeemable, exchangeable preference shares. In accordance with the terms of the ROADS preference shares, the dividend rate for the one year commencing 15 June 2021 is 4.42% per annum (2020: 4.32% per annum) which is equivalent to the one year swap rate on 15 June 2021 of 0.37% per annum plus the step-up margin of 4.05% per annum.

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for the half-year ended 31 December 2021

C4. Reserves

Dec 2021 $'m	Hedge Reserve	Foreign currency translation reserve	Employee benefits reserve	Equity reserve	Fair value through OCI reserve	Total Reserves
Balance at 1 July 2021	**(23.1)**	**(29.7)**	**14.7**	**9.5**	**(2.6)**	**(31.2)**
Foreign currency translation difference	**-**	**2.1**	**-**	**-**	**-**	**2.1**
Change in fair value of cash flow hedges (net of tax)	**7.7**	**-**	**-**	**-**	**-**	**7.7**
Change in fair value of available-for-sale assets	**-**	**-**	**-**	**-**	**0.2**	**0.2**
Total comprehensive income for the period	**7.7**	**2.1**	**-**	**-**	**0.2**	**10.0**
Vested executive incentive share transactions	**-**	**-**	**(0.2)**	**-**	**-**	**(0.2)**
Vested Downer Contingent Share Option	**-**	**-**	**-**	**16.0**	**-**	**16.0**
Share-based employee benefits expense	**-**	**-**	**2.0**	**-**	**-**	**2.0**
Disposal of business	**-**	**7.2**	**-**	**-**	**-**	**7.2**
Balance at 31 December 2021	**(15.4)**	**(20.4)**	**16.5**	**25.5**	**(2.4)**	**3.8**

Jun 2021 $'m	Hedge Reserve	Foreign currency translation reserve	Employee benefits reserve	Equity reserve	Fair value through OCI reserve	Total Reserves
Balance at 1 July 2020	(29.4)	(30.6)	14.9	-	(2.6)	(47.7)
Foreign currency translation difference	-	0.7	-	-	-	0.7
Actuarial movement on defined benefit plan obligations	-	-	5.0	-	-	5.0
Income tax effect of actuarial movement on defined benefit plan obligations	-	-	(1.5)	-	-	(1.5)
Change in fair value of cash flow hedges (net of tax)	6.8	-	-	-	-	6.8
Total comprehensive income for the year	6.8	0.7	3.5	-	-	11.0
Vested executive incentive share transactions	-	-	(4.5)	-	-	(4.5)
Share-based employee benefits expense	-	-	(0.4)	-	-	(0.4)
Income tax relating to share-based transactions during the period	-	-	1.2	-	-	1.2
Acquisition of Non-controlling interest (net of tax)	(0.5)	0.2	-	9.5	-	9.2
Balance at 30 June 2021	(23.1)	(29.7)	14.7	9.5	(2.6)	(31.2)

Hedge reserve
The hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments relating to future transactions.

Foreign currency translation reserve
The foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of operations where their functional currency is different to the presentation currency of the Group.

Employee benefits reserve
The employee benefit reserve is used to recognise the fair value of share-based payments issued to employees over the vesting period, and to recognise the value attributable to the share-based payments during the reporting period. This reserve also includes the actuarial gain/loss arisen on the defined benefit plan.

Equity reserve
The equity reserve accounts for the difference between the fair value of, and the amounts paid or received for, equity transactions with non-controlling interests including the fair value of vested DCSO.

Fair value through OCI reserve
The fair value through OCI reserve comprises the cumulative net change in the fair value of equity investments designated as FVOCI. Until the assets are derecognised or reclassified, this amount is reduced by the amount of loss allowance.

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2021

C5. Dividends

(a) Ordinary shares

	2022 Interim	2021 Final	2021 Interim	2020 Final
Dividend per share (in Australian cents)	**12.0**	**12.0**	9.0	-
Franking percentage	**0%**	**0%**	0%	-
Cost (in $'m)	**82.0**	**83.7**	63.1	-
Dividend record date	**24/2/22**	**26/8/21**	25/2/21	-
Payment date	**24/3/22**	**23/9/21**	25/3/21	-

The interim 2022 dividend has not been declared as at reporting date and therefore is not reflected in the condensed consolidated financial report.

(b) Redeemable Optionally Adjustable Distributing Securities (ROADS)

2022	Quarter 1	Quarter 2			Total to date
Dividend per ROADS (in Australian cents)	**0.76**	**0.75**			**1.51**
New Zealand imputation credit percentage	**100%**	**100%**			**100%**
Cost (in A$'m)	**1.5**	**1.5**			**3.0**
Payment date	**15/9/21**	**15/12/21**			

2021	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Dividend per ROADS (in Australian cents)	0.72	0.73	0.71	0.72	2.88
New Zealand imputation credit percentage	100%	100%	100%	100%	100%
Cost (in A$'m)	1.4	1.5	1.5	1.4	5.8
Payment date	15/9/20	15/12/20	15/3/21	15/6/21	

Notes to the condensed consolidated financial statements
for the half-year ended 31 December 2021

D
Other disclosures

D1. Trade receivables and contract assets	D5. Equity accounted investments
D2. Trade payables and contract liabilities	D6. Acquisition of businesses
D3. Property, plant and equipment	D7. Disposal of businesses
D4. Intangible assets	D8. Contingent liabilities

D1. Trade receivables and contract assets

	Dec 2021 $'m	Jun 2021 $'m
Trade receivables	**551.8**	685.4
Contract assets[(i)]	**1,349.5**	1,493.8
	1,901.3	2,179.2
Other receivables	**126.0**	71.6
Loss allowance on trade receivables and contract assets arising from contracts with customers	**(8.9)**	(20.6)
Total	**2,018.4**	2,230.2
Included in the financial statements as:		
Current[(i)]	**1,897.7**	2,121.0
Non-current	**120.7**	109.2

(i) Current contract assets: $1,230.4 million (June 2021: $1,386.5 million).

D2. Trade payables and contract liabilities

	Dec 2021 $'m	Jun 2021 $'m
Trade payables	**656.7**	670.5
Contract liabilities	**385.4**	444.3
Accruals	**930.2**	1,091.5
Other payables	**124.7**	190.9
Total	**2,097.0**	2,397.2
Included in the financial statements as:		
Current	**2,058.6**	2,363.0
Non-current	**38.4**	34.2

Notes to the condensed consolidated financial statements
for the half-year ended 31 December 2021

D3. Property, plant and equipment

Dec 2021 $'m	Freehold land and buildings	Plant, equipment and leasehold improvements	Total
Balance as at 1 July 2021	**67.1**	**927.6**	**994.7**
Additions	**22.6**	**105.1**	**127.7**
Acquisition of businesses	**6.3**	**9.3**	**15.6**
Disposals at net book value	**(12.2)**	**(14.7)**	**(26.9)**
Disposal of businesses	**-**	**(165.1)**	**(165.1)**
Depreciation expense	**(1.1)**	**(66.9)**	**(68.0)**
Impairment charge	**-**	**(7.2)**	**(7.2)**
Net foreign currency exchange differences at net book value	**0.2**	**0.7**	**0.9**
Net book value as at 31 December 2021	**82.9**	**788.8**	**871.7**
Cost	**113.6**	**1,714.2**	**1,827.8**
Accumulated depreciation and impairment	**(30.7)**	**(925.4)**	**(956.1)**

Jun 2021 $'m	Freehold land and buildings	Plant, equipment and leasehold improvements	Laundries rental stock	Total
Balance as at 1 July 2020	123.1	1,187.9	39.2	1,350.2
Additions	0.7	281.4	27.6	309.7
Disposals at net book value	(1.8)	(59.6)	-	(61.4)
Disposal of businesses	(52.2)	(247.7)	(40.9)	(340.8)
Depreciation expense	(2.6)	(196.2)	(25.8)	(224.6)
Impairment charge(i)	-	(20.2)	-	(20.2)
Transferred to disposal group assets held for sale	-	(9.4)	-	(9.4)
Reclassification at net book value(ii)	-	(8.2)	-	(8.2)
Net foreign currency exchange differences at net book value	(0.1)	(0.4)	(0.1)	(0.6)
Net book value as at 30 June 2021	67.1	927.6	-	994.7
Cost	96.5	2,005.4	-	2,101.9
Accumulated depreciation and impairment	(29.4)	(1,077.8)	-	(1,107.2)

(i) Impairment relates to the divestment of Open Cut Mining West.

(ii) Reclassifications of software from Capital work in progress to Intangible assets.

The expected useful life and depreciation methods used are listed below:

Item	Useful life	Depreciation method
Freehold land	n/a	No depreciation
Buildings	20 to 50 years	Straight-line
Leasehold improvements	Life of lease	Straight-line
Plant and equipment – mining, power and gas	Working hours	Based on hours of use
Plant and equipment - other	3 to 25 years	Straight-line
Laundries rental stock	18 months to 5 years	Straight-line

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2021

D4. Intangible assets

Dec 2021 $'m	Goodwill	Customer contracts and relation-ships	Brand names on acquisition	Intellectual property on acquisition	Software and system develop-ment	Total
Balance as at 1 July 2021	**2,280.8**	**203.2**	**63.0**	**1.6**	**234.3**	**2,782.9**
Additions	**-**	**-**	**-**	**-**	**22.8**	**22.8**
Acquisition of businesses	**8.5**	**-**	**-**	**-**	**-**	**8.5**
Amortisation expense	**-**	**(12.2)**	**(2.0)**	**-**	**(12.2)**	**(26.4)**
Impairment charge	**-**	**-**	**-**	**-**	**(24.6)**	**(24.6)**
Net foreign currency exchange differences at net book value	**1.5**	**-**	**0.2**	**-**	**0.1**	**1.8**
Net book value as at 31 December 2021	**2,290.8**	**191.0**	**61.2**	**1.6**	**220.4**	**2,765.0**
Cost	**2,608.2**	**515.3**	**79.2**	**2.4**	**493.5**	**3,698.6**
Accumulated depreciation and impairment	**(317.4)**	**(324.3)**	**(18.0)**	**(0.8)**	**(273.1)**	**(933.6)**

Jun 2021 $'m	Goodwill	Customer contracts and relation-ships	Brand names on acquisition	Intellectual property on acquisition	Software and system develop-ment	Total
Restated Balance as at 1 July 2020(i)	2,281.3	280.6	67.0	1.8	229.3	2,860.0
Additions	-	-	-	-	28.4	28.4
Disposal of businesses	-	(15.4)	-	-	(8.2)	(23.6)
Amortisation expense	-	(62.0)	(4.0)	(0.2)	(23.0)	(89.2)
Transferred to disposal group assets held for sale	-	-	-	-	(0.5)	(0.5)
Reclassification at net book value(ii)	-	-	-	-	8.2	8.2
Net foreign currency exchange differences at net book value	(0.5)	-	-	-	0.1	(0.4)
Net book value as at 30 June 2021	2,280.8	203.2	63.0	1.6	234.3	2,782.9
Cost	2,598.2	471.2	79.0	2.4	436.6	3,587.4
Accumulated depreciation and impairment	(317.4)	(268.0)	(16.0)	(0.8)	(202.3)	(804.5)

(i) 2020 balances have been restated to reflect the Group's change in accounting policy for costs related to configuration and customisation of Software-as-a Service (SaaS) arrangements. Refer to Annual Report as at 30 June 2021 for details on opening balance adjustments made on application of new accounting standards.

(ii) Reclassifications of software from Capital work in progress to Intangible assets.

Notes to the condensed consolidated financial statements
for the half-year ended 31 December 2021

D5. Equity accounted investments

	Dec 2021 $'m	Jun 2021 $'m
Interest in joint ventures at the beginning of the financial period / year	**24.1**	32.1
Share of net profit	**10.7**	12.9
Share of distributions	**(10.6)**	(11.6)
Interest in joint venture divested	**-**	(9.3)
Interest in joint ventures at the end of the financial period / year	**24.2**	24.1
Interest in associates at the beginning of the financial period / year	**131.0**	78.5
Share of net profit	**4.7**	9.3
Share of distributions	**(1.0)**	-
Investment in associates	**-**	9.8
Additional associate interest acquired	**-**	33.4
Interest in associates at the end of the financial period / year	**134.7**	131.0
Total equity accounted investments	**158.9**	155.1

The Group's equity accounted investments relate to the interest in the following joint ventures and associates:

Name of arrangement	Principal activity	Country of operation	Ownership interest Dec 2021 %	Ownership interest Jun 2021 %
Joint ventures				
Allied Asphalt Limited	Asphalt plant	New Zealand	**50**	50
Bitumen Importers Australia Joint Venture	Bitumen importer	Australia	**50**	50
Bitumen Importers Australia Pty Ltd	Bitumen importer	Australia	**50**	50
EDI Rail-Bombardier Transportation Pty Ltd	Sale and maintenance of railway rollingstock	Australia	**50**	50
Emulco Limited	Emulsion plant	New Zealand	**50**	50
Isaac Asphalt Limited	Manufacture and supply of asphalt	New Zealand	**50**	50
Repurpose It Holdings Pty Ltd	Waste recycling	Australia	**45**	45
Waanyi Downer JV Pty Ltd(i)	Contract mining services	Australia	**-**	50
ZFS Functions (Pty) Ltd	Catering for functions at Federation Square	Australia	**50**	50
Associates				
Keolis Downer Pty Ltd	Operation and maintenance of Gold Coast light rail, Melbourne tram network, Adelaide metro and bus operation	Australia	**49**	49
HT HoldCo Pty Ltd	Laundries services	Australia	**30**	30

(i) Downer's interest in this joint venture was disposed of during the financial period ended 31 December 2021.

Notes to the condensed consolidated financial statements
for the half-year ended 31 December 2021

D6. Acquisition of businesses

Current period

Fowlers
On 30 November 2021, the Group acquired 100% of Fowlers Asphalting Pty Ltd, Gippsland Asphalt Pty Ltd and Tarmac Linemarking Pty Ltd ("Fowlers") for total consideration of $24.9 million. Total consideration for this acquisition comprises a $22.8 million cash payment (net of $0.8 million cash balances acquired) and $1.3 million deferred consideration. The fair value of the acquired net assets amounts to $16.4 million resulting in intangibles of $8.5 million being recognised. Fowlers is an asphalting and civil construction business operating in the Gippsland area of Victoria.

The acquisition accounting for Fowlers remains provisionally accounted for as at 31 December 2021.

Measurement of fair values
The valuation techniques used for measuring the fair value of material assets/liabilities acquired were as follows:

Asset/liability acquired	Valuation technique
Trade and other receivables	Cost technique - considers the expected economic benefits receivable when due.
Property, plant and equipment	Market comparison technique and cost technique - the valuation model considers quoted market prices for similar items when available and depreciated replacement cost when appropriate.
Intangible assets	Multi-period excess earnings method - considers the present value of net cash flows expected to be generated by the customer contracts and relationships, intellectual property and brand names, excluding any cash flows related to contributory assets. For the valuation of certain brand names, discounted cash flow under the relief from royalty valuation methodology has been utilised.
Trade and other payables	Cost technique - considers the expected economic outflow of resources when due.
Borrowings	Cost technique - considers the expected economic outflow of resources when due.
Provisions	Cost technique - considers the probable economic outflow of resources when the obligation arises.

Notes to the condensed consolidated financial statements
for the half-year ended 31 December 2021

D7. Disposal of businesses

As previously announced, Downer's strategy is to focus on its core Urban Services businesses. Initiatives included the acquisition of 100% of Spotless and the disposal of non-core capital intensive Mining and Laundries businesses. During the financial period, the Group completed the disposal of the remaining Mining businesses as described below.

Disposal of Mining businesses

Open Cut Mining East business
On 11 October 2021, Downer entered into an agreement to sell its Open Cut Mining East business to an Australian subsidiary of PT Bukit Makmur Mandiri Utama (BUMA), a large Mining services provider in Indonesia, for gross proceeds of $150 million. The sale included the transfer of assets (including fleet and inventory) and liabilities; and the novation of the existing contracts to BUMA. Downer received an initial deposit of $16 million at that date. On 17 December 2021, the sale of Open Cut Mining East was completed and Downer received the remaining purchase price. As at 31 December 2021, net proceeds (after transaction costs) of $137.6 million had been received with a $60.5 million pre-tax loss on disposal recognised.

Otraco business
On 26 April 2021, an agreement was reached for the sale of Mining's tyre management business (Otraco) to Bridgestone Corporation (Bridgestone). Otraco was disclosed as a disposal group held for sale in the Group's 2021 Annual Report. On 1 December 2021, the sale of Otraco was completed and Downer received net proceeds (after transaction costs) of $76.2 million and recorded a net pre-tax gain on disposal of $47.4 million.

The table below summarises the impact on divestment during the financial period:

Dec 2021 $'m	Mining Divestments
Proceeds on disposal (net of transaction costs)	**229.5**
Less cash disposed	**(15.7)**
Proceeds net of disposal costs[(i)]	**213.8**
Cash and cash equivalents	**15.7**
Trade receivables and contract assets	**43.9**
Property, plant and equipment	**174.1**
Right-of-use assets	**41.7**
Intangible assets	**0.5**
Inventories	**40.3**
Current tax assets	**1.7**
Deferred tax assets	**9.2**
Prepayments and other assets	**0.7**
Assets disposed	**327.8**
Trade payables and contract liabilities	**5.9**
Borrowings	**43.2**
Employee benefits provision	**38.5**
Other provisions	**0.2**
Liabilities disposed	**87.8**
Net assets disposed	**240.0**
Add non-controlling interest disposed	**4.6**
Less FCTR held on businesses disposed	**7.2**
Loss on disposal before tax	**(13.1)**

(i) A further $33.8 million proceeds in relation to Open Cut Mining West and Blasting businesses disposed during FY21 have been received during the period. Total divestment proceeds received as at 31 December 2021 amounts to $247.6 million.

Notes to the condensed consolidated financial statements
for the half-year ended 31 December 2021

D8. Contingent liabilities

Bonding	Note	Dec 2021 $'m	Jun 2021 $'m
The Group has bid bonds and performance bonds issued in respect of contract performance in the normal course of business for controlled entities	C2	**1,399.1**	1,376.3

The Group is called upon to give guarantees and indemnities to counterparties, relating to the performance of contractual and financial obligations (including for controlled entities and related parties). Other than as noted above, these guarantees and indemnities are indeterminable in amount.

Other contingent liabilities

(i) The Group is subject to design liability in relation to completed design and construction projects. The Directors are of the opinion that there is adequate insurance to cover this area and accordingly, no amounts are recognised in the financial statements.

(ii) The Group is subject to product liability claims. Provision is made for the potential costs of carrying out rectification works based on known claims and previous claims history. However, as the ultimate outcome of these claims cannot be reliably determined at the date of this report, contingent liability may exist for any amounts that ultimately become payable in excess of current provisioning levels.

(iii) Controlled entities have entered into various joint arrangements under which the controlled entity is jointly and severally liable for the obligations of the relevant joint arrangements.

(iv) The Group carries the normal contractors' and consultants' liability in relation to services, supply and construction contracts (for example, liability relating to professional advice, design, completion, workmanship, and damage), as well as liability for personal injury/property damage during the course of a project. Potential liability may arise from claims, disputes and/or litigation/arbitration by or against Group companies and/or joint venture arrangements in which the Group has an interest. The Group is currently managing a number of claims, arbitration and litigation processes in relation to services, supply and construction contracts as well as in relation to personal injury and property damage claims arising from project delivery.

(v) Downer New Zealand, an entity in the Group, has been named as co-defendants in a 'leaky building' claim. The leaky building claim where the Group entity is co-defendant relates to water damage arising from historical design and construction methodologies (and certification) for residential and other buildings in New Zealand during the early to mid 2000s. The Directors are of the opinion that disclosure of any further information relating to the leaky building claim would be prejudicial to the interests of the Group.

Directors' Declaration
for the half-year ended 31 December 2021

In the opinion of the Directors of Downer EDI Limited:

(a) The condensed consolidated half-year financial statements and notes set out on pages 18 to 43 are in accordance with the *Corporations Act 2001* (Cth), including:

(i) Complying with Accounting Standard AASB134 *Interim Financial Reporting*, the *Corporations Regulations 2001*; and

(ii) The financial statements and notes thereto give a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the six-month period ended on that date; and

(b) There are reasonable grounds to believe that Downer EDI Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

On behalf of the Directors

M P Chellew
Chairman
Sydney, 10 February 2022

Downer
Relationships creating success

Downer EDI Limited
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Media/ASX and NZX Release

10 February 2022

DOWNER REPORTS UNDERLYING NPATA OF $97.6 MILLION

Downer EDI Limited (Downer) today announced its financial results for the six months to 31 December 2021.

The core Urban Services businesses – Transport, Utilities and Facilities – performed well, despite the impact of COVID-19, growing both revenue and earnings.

The main features of the results are:

- Total revenue of $6.0 billion, down 2.3% from the prior corresponding period (pcp).
- Statutory EBIT (earnings before interest and tax) of $172.0 million and statutory NPAT (net profit after tax) of $89.0 million.
- Core Urban Services revenue of $5.6 billion, up 13.3% on the pcp.
- Core Urban Services EBITA (earnings before interest, tax and amortisation of acquired intangible assets) of $238.0 million, up 4.4% on the pcp.
- Underlying EBITA of $181.6 million, down 17.8% from the pcp; statutory EBITA of $186.2 million.
- Underlying NPATA (net profit after tax and before amortisation of acquired intangible assets) of $97.6 million, down 18.1% from the pcp; statutory NPATA of $99.0 million.
- Underlying cash conversion of 91.2%; statutory cash conversion of 85.1%.
- Net Debt to EBITDA of 1.5x and Gearing of 16.5% (19.0% at 30 June 2021).
- Interim dividend of 12 cents per share (unfranked).

The Chief Executive Officer of Downer, Grant Fenn, said: “With the arrival of Omicron it has been a tough six months to navigate. Despite the challenges, our core business has delivered solid earnings and strong cash conversion for the first half of 2022.

“Our market positions and diversity give us strength that others do not have and confidence through to the other side of COVID-19. Our brand and our relationships are very strong.”

Mr Fenn said “Downer had now completed its divestment program, with consideration totalling $778 million in relation to the Mining and Laundries divestments.

The divestments of non-core Mining and Laundries businesses has allowed us to reduce our gearing to 16.5% and focus on growth in our Urban Services portfolio. Our liquidity and balance sheet are strong, with Net Debt to EBITDA of 1.5x comfortably below the Group’s target range of 2-2.5x.”

Mr Fenn said Downer's Urban Services portfolio was leveraged to the long term macro-economic trends of expanding population, urbanisation, government outsourcing and decarbonisation.

"The level of investment required for our customers to meet Net Zero targets will provide many opportunities for Downer," Mr Fenn said. "The demand for decarbonisation solutions is huge, we have extensive expertise in this area, our brand and relationships are strong, and we look forward to working closely with our customers on their decarbonisation needs."

Dividend

The Downer Board has declared an interim dividend of 12 cents per share, unfranked, payable on 24 March 2022 to shareholders on the register at 24 February 2022. The portion of the unfranked dividend amount that will be paid out of Conduit Foreign Income (CFI) is 29%. The company's Dividend Reinvestment Plan (DRP) remains suspended and will not operate for this dividend.

Safety

Downer reported a Lost Time Injury Frequency Rate of 0.97 per million hours worked at 31 December 2021, compared to 0.95 in the prior period, and a Total Recordable Injury Frequency Rate of 2.57 per million hours worked, down from 2.68 per million hours worked.

Outlook

In August 2021 we predicted that our core Urban Services revenue and earnings would grow in FY22. In the first half our core revenue was up 13.3% and earnings were up 4.4%.

The impact of Omicron on the supply chain, work volumes and revenue mix is difficult to predict and presents risk for the second half.

We will do our best to manage that risk with our customers and we will provide an update at our Investor Day in April.

For further information please contact:
Media: Mitchell Dale, Group Manager Corporate Affairs +61 448 362 198
Investors: Adam Halmarick, Group Head of Investor Relations and Strategic Planning +61 413 437 487

About Downer
Downer is the leading provider of integrated services in Australia and New Zealand and customers are at the heart of everything it does. It exists to create and sustain the modern environment and its promise is to work closely with its customers to help them succeed, using world-leading insights and solutions to design, build and sustain assets, infrastructure and facilities. Downer employs approximately 41,000 people, primarily in Australia and New Zealand. For more information visit **www.downergroup.com**

Downer Half Year results

Investor presentation

10 February 2022

Downer
Relationships creating success

Highlights and priorities

Highlights

- Growth in core earnings with strong cash conversion
- Core revenue up with demand strong
- Financial strength with gearing at 16.5%, Net Debt 1.5x EBITDA
- Completion of Rosehill Sustainable Resource Centre
- Acquisition of Fowlers Asphalting in Victoria
- Successful reset of Reviewable Services at Royal Adelaide and Bendigo Hospitals
- Growing customer demand for decarbonisation solutions
- Interim dividend increased from 9 to 12 cents
- Share buy-back program continuing with $123m purchased to date ($400m program)

Priorities

Navigating COVID-19
- Maintaining high quality service delivery
- Working proactively with customers
- Minimise risk in new contracts

Sustainability and Decarbonisation
- Pivot business to decarbonisation economy
- Reduce carbon emissions
- Leadership in ESG

Value
- Capital allocation
- Margins / Free Cash Flow / Returns
- Share Buy-back

Growth
- Strong Urban Services demand
- Decarbonisation opportunities
- Bolt on acquisitions

COVID-19 management

Labour shortages	▪ Significant variation in % of employees in isolation by business unit ▪ Business continuity strategies well managed with % in isolation now stabilising or declining ▪ Limited impact on Downer's ability to service customers ▪ Customer labour shortages impacting work flow and delaying new projects
Workplace management	▪ Complex compliance effort with different safe work requirements across each State and Territory ▪ Productivity impact increasing cost to service
Risk mitigation	▪ Long established COVIDSafe standards, practices and mature continuity plans ▪ Pro-active engagement with customers ▪ Focus on supply chain management ▪ Workforce directed to priority works / continuity of critical regulatory roles / areas with lower available staffing ▪ Use of alternate contract partners
Contract management	▪ Customers generally supportive and providing KPI relief where appropriate ▪ COVID-19 related variation claims continue to progress ▪ Volatility in materials and labour supply and pricing is making it difficult to commit to cost and program timing for new contracts ▪ Current circumstances are requiring a more collaborative approach to risk sharing with customers

Price adjustments designed to mitigate cost escalation in long term contracts

Transport

- Long term road maintenance contracts
  - Rise and fall mechanisms for costs including bitumen and labour
- Rollingstock maintenance contracts
  - Rise and fall mechanisms for costs including labour
  - Long term OEM contracts for critical component overhaul and replacement
- Public Transport Operations (5yrs)
  - Cost escalation priced
- Fixed price construction (0 – 24mths)
  - Cost escalation priced
  - Sub-contractor prices fixed

Case Study – Waratah TLS
Contract pricing is escalated based on CPI (quarterly) and wage index (bi-annually)

Utilities

- Telco construction cost risk largely born by delivery partners (sub-contractors) once contracted
- Telco maintenance is typically schedule of rates contracts, with specific labour and / or CPI escalation mechanisms
- Longer term gas and electricity maintenance contracts are based on schedule of rates with agreed annual escalation
- Water maintenance contracts are typically panel style, with rates reviewed annually

Case Study – Major Water JV
Contract pricing (schedule of rates) is reviewed and adjusted annually, including labour rate increases. Cost increases or decreases between annual reviews are not adjusted

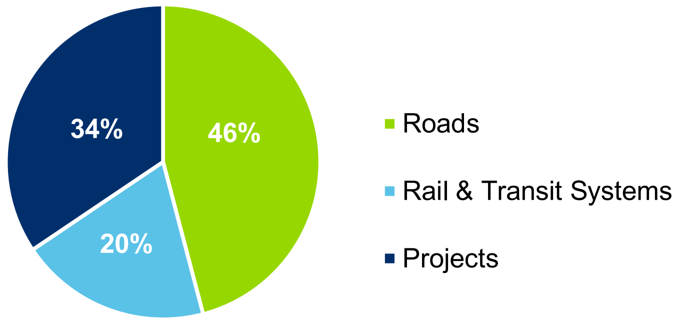
Facilities

- Substantial portfolio of long-term PPP contracts which include specific escalation provisions and / or price reset mechanisms throughout the contract life
- Other key non-PPP contracts with Government customers typically include specific labour and / or general CPI adjustment mechanisms (such as Defence Estate Management, NZ Public Housing and WA Housing)
- Shorter term contracts, for example in Asset Services and Building, are not materially exposed to escalation risk
- Minimal FIFO risk

Case Study – Royal Adelaide Hospital
PPP contract pricing is adjusted for CPI quarterly with a major pricing reset negotiated each 5 years

Transport

50% of HY22
Core Revenue



Highlights

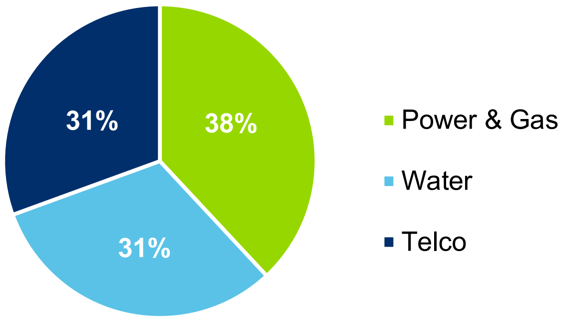
- Revenue up 14.6% ($359m) with strong performance across the portfolio
- EBITA up 15.9% ($16m) with increased contribution from Rail and Transit Systems and Projects
- Road Services performed well but was impacted by reduced volumes due to COVID-19 and La Nina weather patterns in the Eastern States in the second quarter
- Positive start to Adelaide Metro and Region 8 bus contract in Sydney
- Secured Transurban CitiLink road management contract in Melbourne
- Completion of Rosehill Sustainable Resource Centre
- Acquisition of Fowlers Asphalting in the Gippsland area in Victoria

Priorities

Navigating COVID-19	▪ Asphalt and surfacing volumes impacted in the Eastern States – mostly customer related ▪ Customer resource constraints resulting in lower volumes and project delays
Sustainability and Decarbonisation	▪ Investment in bituminous products circular economy and technical standards overhaul ▪ Reduce energy consumption in existing and new rolling stock fleets
Value	▪ Margins ▪ Free Cash Flow ▪ Returns
Growth	▪ Increasing government spend on road, rail, light rail and bus infrastructure / maintenance ▪ Investment in efficient low cost manufacturing ▪ Bolt-on acquisitions in Road Services

Utilities

15% of HY22 Core Revenue



Highlights

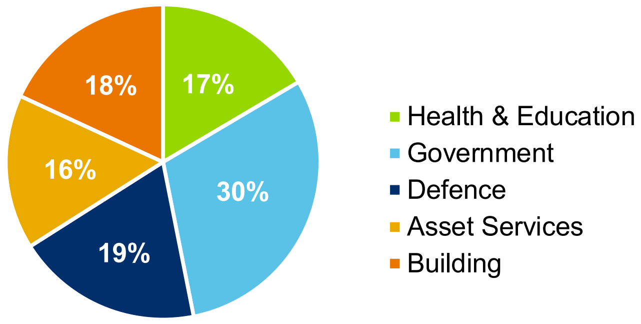
- Revenue down 5.6% ($51m) due to lower work volumes and a change in mix away from higher margin capital projects due to COVID-19
- EBITA down 26.5% ($12m) due to the change in revenue mix and volumes
- More significant impact in NZ
- Work volume and mix impacts are expected to be temporary
- Won three-year Chorus NZ field services contract
- Significant and growing opportunities in energy transition and decarbonisation for existing and new customers

Priorities

Navigating COVID-19	▪ Significant impact on work volumes as customers focus on priority areas ▪ Resource constraints impacting productivity
Sustainability and Decarbonisation	▪ New energy opportunities with Utilities customers ▪ Leaders in decarbonisation infrastructure (transmission, EV infrastructure, smart meters)
Value	▪ Margins ▪ Free Cash Flow ▪ Returns
Growth	▪ Increasing spend on water, power, telco, data and decarbonisation infrastructure and maintenance ▪ Bolt-on acquisitions

Facilities

35% of HY22 Core Revenue



Highlights

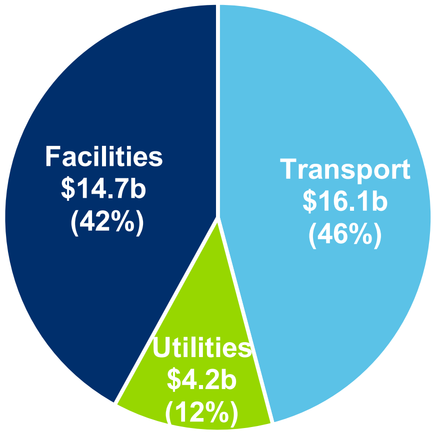
- Revenue up 22.2% ($351m) driven by:
  - COVID-19 volumes in Health and Education
  - industrial maintenance in Australia
  - building projects in NZ
- Strong earnings performance from most areas but EBITA up just 7.5% ($6m) due to COVID-19 impacts on project volumes in Asset & Development Services and Power and Energy
- Awarded $1bn NSW Police property portfolio capital works contract
- Contract reset at Royal Adelaide and Bendigo Hospitals
- Exited majority of hospitality contracts
- Strong positions in hydrogen, fossil fuel transition, energy management and power solutions

Priorities

Navigating COVID-19	Shutdown and turnaround project delays Increased volumes in Health and Education Resourcing challenges particularly in Health and Education and across State boundaries
Sustainability and Decarbonisation	Hydrogen Energy systems Power transition
Value	Margins Free Cash Flow Returns
Growth	Government spend in new facilities Government outsourcing Industrial maintenance catch-up Power generation and gas

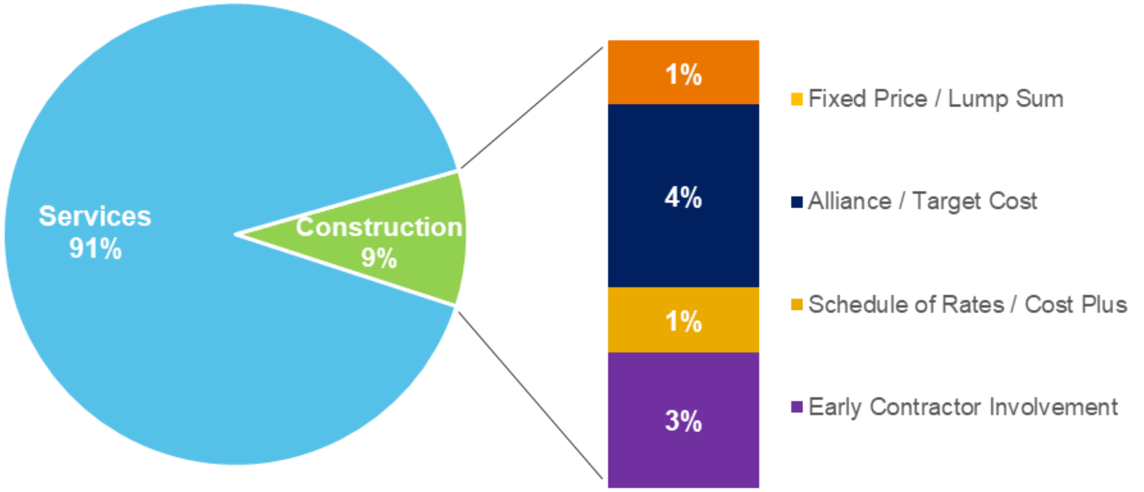
Work-in-hand

Core WIH[1,2] ($35.0bn)

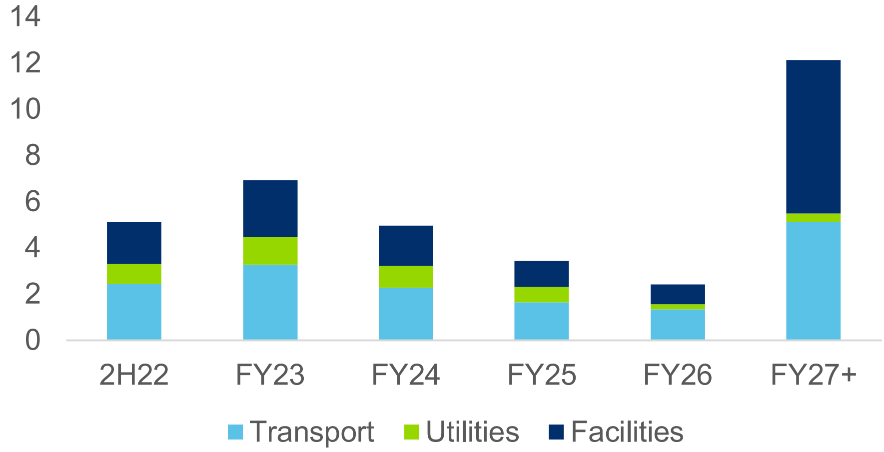


- ✓ Long-dated
- ✓ Diversified by industry
- ✓ 91% Government or Government regulated (90% June-21)

Core WIH[1] by contract type[3]



Core WIH[1] profile



[1] Transport, Utilities and Core Facilities (excluding Hospitality).

[2] WIH classification between Utilities and Facilities reflects reclassification set out on slide 25.

[3] Construction comprises of Projects businesses in Australia and New Zealand (Transport) and the Building business in New Zealand (Facilities).

Group financials

Summary of HY22 financial results

- Statutory NPAT of $89.0m, up 17.7% (statutory EBIT of $172.0m)
- Underlying NPATA[1,2] of $97.6m, down 18.1% ($99.0m statutory)
- Underlying EBITA[1,2] of $181.6m, down 17.8% ($186.2m statutory)
- Core Urban Services EBITA[1,2] of $238.0m, up 4.4%
- Normalised cash conversion of 91.2% (85.1% statutory)
- Strong balance sheet - Net Debt to EBITDA[3] well below target range at 1.5x
- Gearing[3] reduced to 16.5% (19.0% at June 2021)
- Underlying EPSA[4] of 13.6cps, down 18.6% (12.4cps statutory Basic EPS)
- Interim ordinary dividend 12 cents per share (unfranked, flat on FY21 final dividend)

[1] Downer calculates EBITA and NPATA by adjusting EBIT and NPAT to add back acquired intangible assets amortisation expense. Group HY22: $14.2m, $10.0m after-tax. (HY21: $33.4m, $23.4m 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] 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-AASB16 basis.

[4] EPSA is calculated based on underlying NPATA adjusted by contributions from minority interests and ROADs dividends paid; divided by WANOS.

Group underlying financial performance

- Revenue[1] 2.3% lower, primarily due to declines in non-core revenue, particularly Mining. Core revenue increased 13.3%.
- Group Underlying EBITA margin 3.0%, impacted by COVID-19, particularly Utilities and Hospitality
- Interest expense savings from reduction in debt and improved average cost of funds
- Underlying effective tax rate of 28.0%
- Interim dividend of 12cps declared (unfranked)

ROFE increased 1.4pp to 11.3%

Interest costs decreased by $6m

12cps interim dividend (unfranked)

$m	HY21[3]	HY22[3]	Change (%)
Total revenue[1]	6,116.0	5,974.9	(2.3)
EBITDA	454.5	345.7	(23.9)
Depreciation and amortisation	(233.5)	(164.1)	(29.7)
EBITA[2]	**221.0**	**181.6**	**(17.8)**
Amortisation of acquired intangibles	(33.4)	(14.2)	57.5
EBIT	187.6	167.4	(10.8)
Net interest expense	(51.8)	(45.8)	11.6
Profit before tax	135.8	121.6	(10.5)
Tax expense	(40.1)	(34.0)	15.2
Net profit after tax	**95.7**	**87.6**	**(8.5)**
NPATA[2]	**119.1**	**97.6**	**(18.1)**
Underlying EBITA margin	3.6%	3.0%	(0.6pp)
Effective tax rate	29.5%	28.0%	(1.5pp)
ROFE[4]	9.9%	11.3%	1.4pp
Dividend declared (cps)	9.0	12.0	33.3

[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 HY22: $14.2m, $10.0m after-tax. (HY21: $33.4m, $23.4m 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. Refer slide 13 for reconciliation to statutory results.
[4] ROFE = 12 month rolling underlying EBITA divided by average funds employed (AFE); AFE = Average Opening and Closing Net Debt (excludes lease liability) + Equity.

Business unit performance overview

- Core Urban Services EBITA of $238.0m, up 4.4%
- Diversity of Core Urban Services portfolio delivered growth
- Transport earnings strong across the portfolio
- Utilities EBITA affected by COVID-19 impact on meter reading and minor capital works in Australia and NZ
- Facilities (Core) earnings increased, driven by Health, NZ Building and a rebound in industrial maintenance

$m	HY21	HY22	Change (%)
Transport	99.7	115.6	15.9
Utilities[3]	45.3	33.3	(26.5)
Facilities[3]	82.9	89.1	7.5
Core Urban Services Businesses	**227.9**	**238.0**	**4.4**
Engineering & Construction	(2.6)	-	100
Mining	38.7	8.1	(79.1)
Laundries	4.5	-	(100)
Hospitality	0.3	(12.5)	>(100)
Non-core businesses	**40.9**	**(4.4)**	**>(100)**
Corporate	(47.8)	(52.0)	(8.8)
Underlying EBITA[1,2]	**221.0**	**181.6**	**(17.8)**
Items outside of underlying EBITA	(25.2)	4.6	>100
Statutory EBITA[1]	**195.8**	**186.2**	**(4.9)**
Underlying NPATA[1,2]	**119.1**	**97.6**	**(18.1)**
Statutory NPAT	**75.6**	**89.0**	**17.7**

[1] Downer calculates EBITA and NPATA by adjusting EBIT and NPAT to add back acquired intangible assets amortisation expense. Group HY22: $14.2m, $10.0m after-tax. (HY21: $33.4m, $23.4m 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] Refer to Supplementary Information (slide 25).

Reconciliation of underlying to statutory results

$m	EBITA[1]	Net interest expense	Tax expense[2]	NPATA[1]	Amortisation of acquired intangibles (post-tax)	NPAT
Underlying[3] results	**181.6**	**(45.8)**	**(38.2)**	**97.6**	**(10.0)**	**87.6**
Fair value increase on Downer Contingent Share Option (DCSO)[4]	(5.4)	-	-	(5.4)	-	(5.4)
Divestments and exit costs[5]	(65.4)	-	19.4	(46.0)	-	(46.0)
Portfolio restructure costs	(7.6)	-	2.3	(5.3)	-	(5.3)
Bid costs[6]	(2.8)	-	0.8	(2.0)	-	(2.0)
Gain on sale of PP&E	85.8	-	(25.7)	60.1	-	60.1
Total items outside underlying result	**4.6**	**-**	**(3.2)**	**1.4**	**-**	**1.4**
Statutory results	**186.2**	**(45.8)**	**(41.4)**	**99.0**	**(10.0)**	**89.0**

[1] Downer calculates EBITA and NPATA by adjusting EBIT and NPAT to add back acquired intangible assets amortisation expense. Group HY22: $14.2m, $10.0m after-tax. (HY21: $33.4m, $23.4m after-tax).
[2] Tax of $38.2m is calculated by adjusting underlying tax of $34.0m with $4.2m 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 $5.59 at 30 June 2021 to $5.96 at 31 December 2021.
[5] The divestment program has been completed following the disposal of Otraco on 1 December 2021, the sale of Open Cut Mining East on 17 December 2021 and the exit from various Hospitality contracts. Additionality, assets previously utilised by those businesses will no longer by utilised by the Group and consequently were written-off (Refer to Note B4 to the Financial Report).
[6] Downer is in the process of tendering for the State of Queensland's Rollingstock Expansion Program, for which ongoing bid costs are being incurred. $2.8m in bid costs were incurred during the period.

Cash flow

Underlying cash conversion of 91.2%	Core net capex of $65.2m	$99.0m of shares bought back during the period

- Underlying cash conversion of 91.2%[1]
- Funds from operations of $78.7m
  - Cash conversion impacted by ISI's booked in FY20
  - Portfolio transformation continues to drive lower capital intensity
- Repayment of borrowings totaling $253.7m
- Cash balance of $676.7m and total liquidity of $2,103.7m
- Net Debt to EBITDA of 1.5x well below Downer's capital allocation framework target range of 2-2.5x

$m	HY21	HY22	Change (%)
Total operating cash flow	**350.2**	**270.4**	(22.8)
Net Capex (Core)	(66.6)	(65.2)	2.1
Net Capex (Non-Core)	(40.8)	(8.1)	80.1
Payment of principal lease liabilities (Core)	(70.8)	(75.4)	(6.5)
Payment of principal lease liabilities (Non-Core)	(22.9)	(9.6)	58.1
IT	(17.4)	(22.8)	(31.0)
Advances to JVs, investment in associates and Other	(17.3)	(10.6)	38.7
Funds from operations	**114.4**	**78.7**	**(31.2)**
Dividends paid	(86.2)	(86.7)	(0.6)
Divestments[2]	25.1	247.6	>100
Acquisitions (Spotless and Other)	(134.6)	(22.9)	83.0
Issue of shares (net of costs) / (share buyback)	390.7	(99.0)	>(100)
Net (repayment) of borrowings	(349.4)	(253.7)	27.4
Net (decrease) in cash	**(40.0)**	**(136.0)**	**>100**
Cash at end of period	**550.4**	**676.7**	**22.9**
Total liquidity	**1,877.4**	**2,103.7**	**12.1**

[1] Refer to Supplementary Information for reconciliation (Refer Slide 21).
[2] Proceeds from disposal activities include: $76.2m net proceeds from Otraco, $137.6m net proceeds from Open Cut Mining East and $33.8m deferred proceeds received in relation to Open Cut Mining West and Blasting (divestments completed in FY21).

Outlook

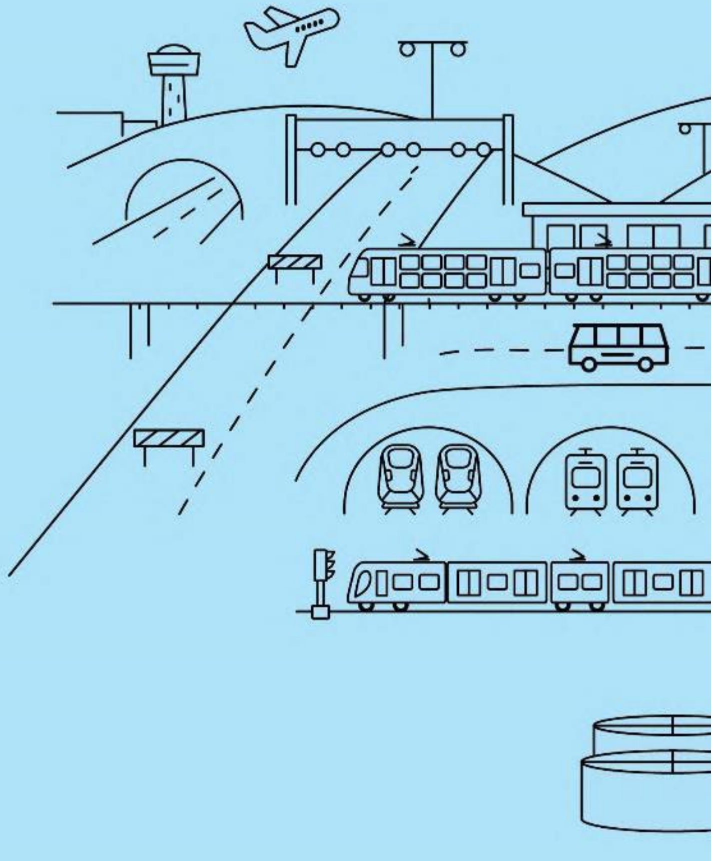
Key messages and outlook

- With the arrival of Omicron it has been a tougher six months to navigate than we predicted in August 2021
- Despite the challenges, Downer has delivered solid earnings and strong cash conversion for the first half of 2022
- Our market positions and diversity give us strength that others do not have and confidence through to the other side of COVID-19. Our brand and our relationships are very strong
- The financial capacity of the Group has never been so robust, with gearing at just 16.5% and Net Debt to EBITDA of 1.5x
- In August 2021 we predicted that our Core Urban Services revenue and earnings would grow in FY22. In the first half our core revenue was up 13.3% and earnings were up 4.4%
- The impact of Omicron on the supply chain, work volumes and revenue mix is difficult to predict and presents risk for the second half
- We will do our best to manage that risk with our customers and we will provide an update at our Investor Day in April

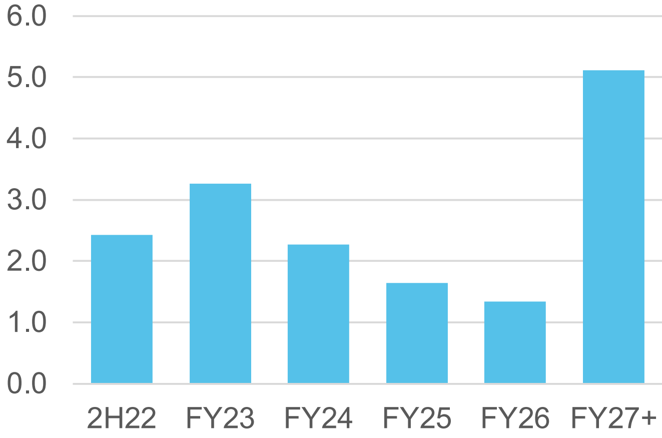
Supplementary Information

Transport

Road Services
Rail & Transit Systems
Infrastructure Projects



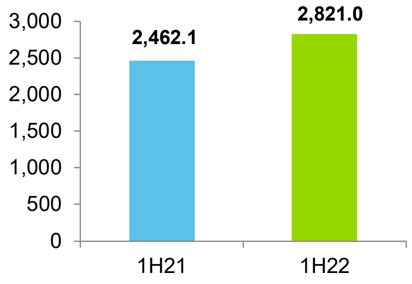
WIH profile ($bn)



- Total WIH of $16.1bn
- 96% government WIH[1]

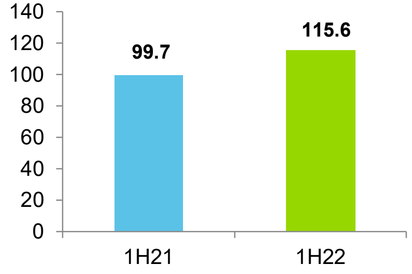
Top 5 Contracts Remaining
1. Maintaining Waratah trains until 2044
2. Maintaining HCMT until 2053
3. Maintaining Sydney Growth Trains until 2044
4. Operating Yarra Trams until 2024 (Keolis Downer)
5. Operating Adelaide Passenger Rail Network until 2033 (Keolis Downer)

Revenue $m



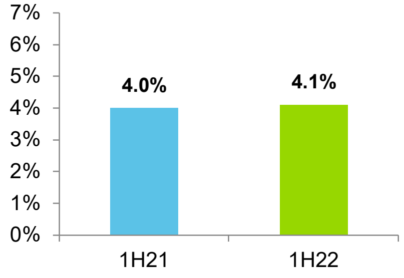
+14.6% v HY21

EBITA $m



+15.9% v HY21

EBITA margin

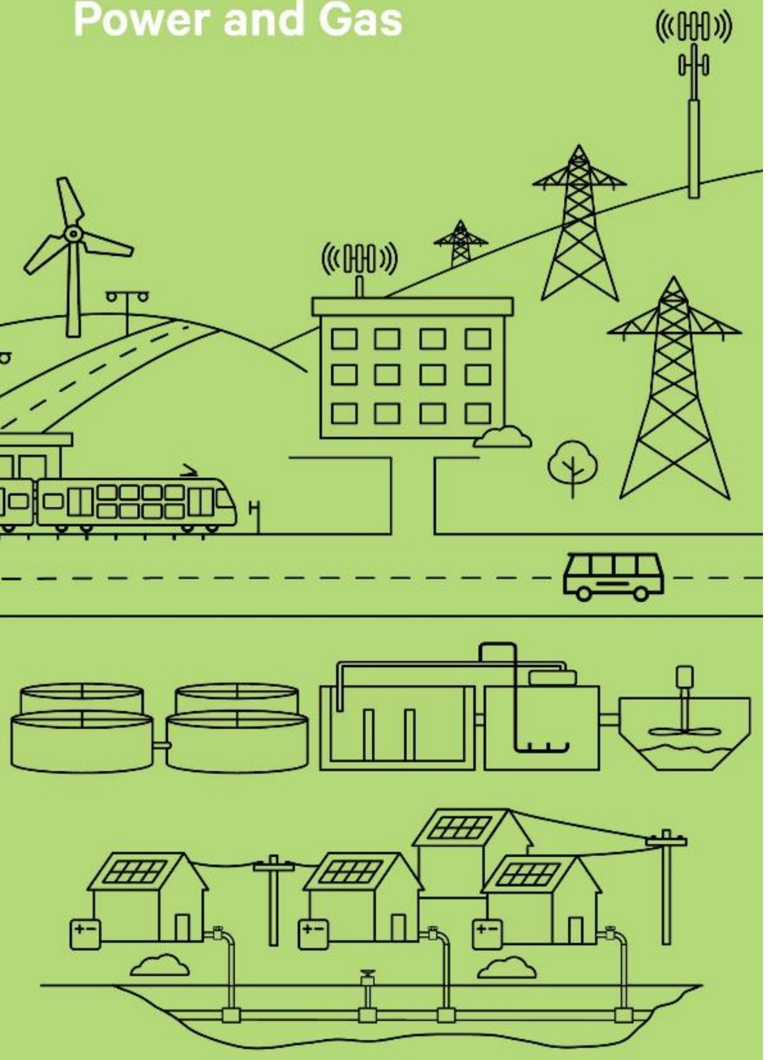


+0.1pp v HY21

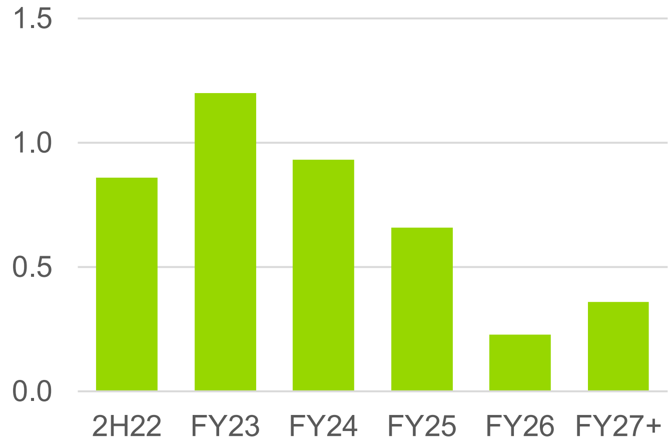
[1] WIH Government includes direct Government and Government-backed / regulated projects.

Utilities

Telecommunications
Water
Power and Gas



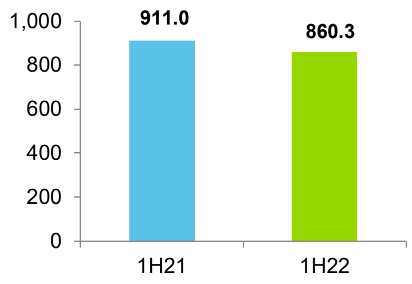
WIH profile ($bn)



- Total WIH of $4.2bn
- 85% government WIH[1]

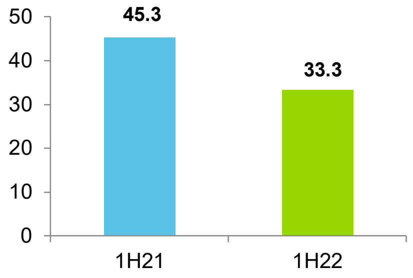
Top 5 Contracts Remaining
1. Sydney Water until 2030 (Confluence Water JV)
2. AusNet (power) until 2024 (plus extensions for 6 years)
3. Logan City Council until 2025 (plus 2x2yrs extensions)
4. AusNet (gas) until 2026
5. Unified Field Operations (Network) contract with NBN

Revenue $m



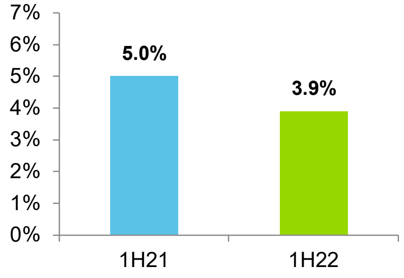
(5.6)% v 1H21

EBITA $m



(26.5)% v 1H21

EBITA margin

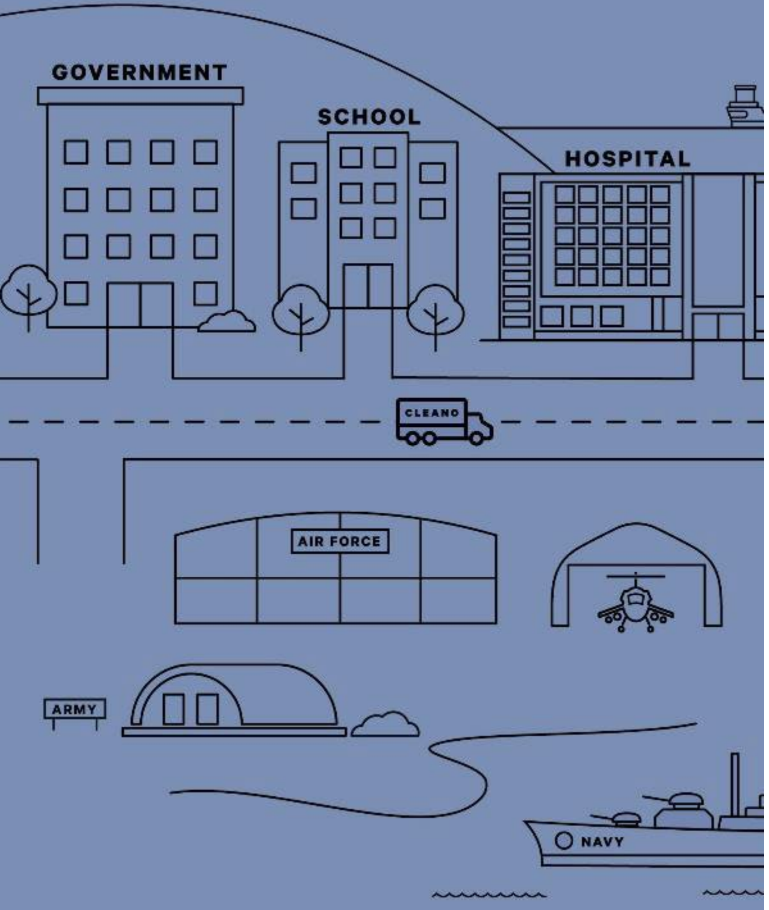


(1.1)pp v 1H21

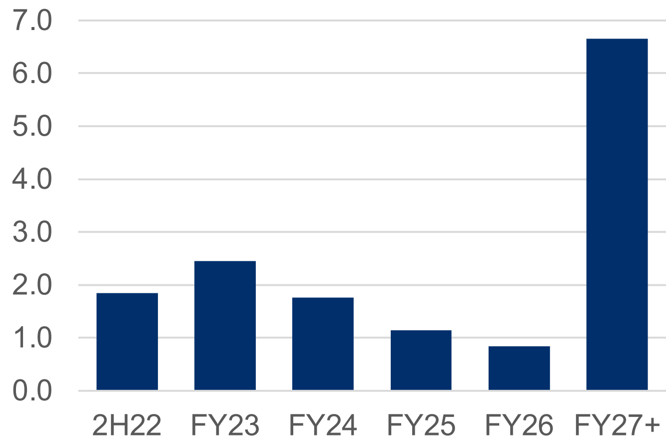
[1] WIH Government includes direct Government and Government-backed / regulated projects.

Facilities

Government
Asset Services
Health and Education
Defence
Building



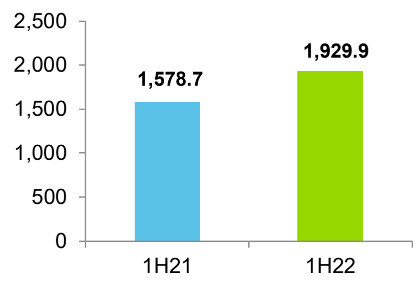
WIH profile ($bn)



- Total WIH of $14.7bn
- 88% government WIH[1]

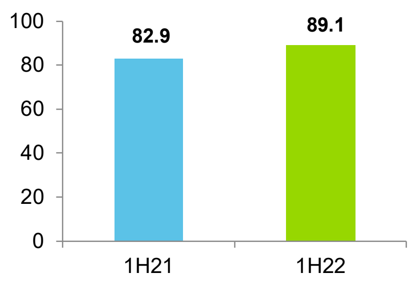
Top 5 Contracts Remaining
1. New Royal Adelaide Hospital PPP until 2046 (contract reset 30 June 2022)
2. Bendigo Hospital PPP until 2042
3. Dept of Defence Estate Maintenance and Operations until August 2024
4. Sunshine Coast University Hospital PPP until 2042
5. Orange Hospital PPP until 2036

Revenue[2] $m



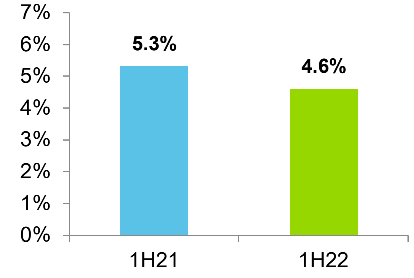
+22.2% v 1H21

EBITA[2] $m



+7.5% v 1H21

EBITA[2] margin



(0.7)pp v 1H21

[1] WIH Government includes direct Government and Government-backed / regulated projects. [2] Excludes Hospitality and Laundries.

Operating cash flow

- Core Urban Services business delivering strong cash flows across the portfolio
- Underlying[1] EBITDA conversion of 91.2% (statutory 85.1%) after adjusting for items recognised in FY20 ($21.1m)
- Receivables factoring at 31 December 2021 was $79.4m ($104.7m at 31 December 2020)

$m	HY21	HY22	Change (%)
Underlying[1] EBIT	187.6	167.4	(10.8)
Add: depreciation and amortisation	266.9	178.3	(33.2)
Underlying[1] EBITDA	**454.5**	**345.7**	**(23.9)**
Operating cash flow	**350.2**	**270.4**	**(22.8)**
Add: Net interest paid	52.4	47.8	(8.8)
Deduct: Tax received	(20.3)	(24.1)	18.7
Adjusted operating cash flow	**382.3**	**294.1**	**(23.1)**
EBITDA conversion	**84.1%**	**85.1%**	**1.0pp**
Adjust for items booked in FY20	60.3	21.1	(65.0)
Underlying[1] adjusted operating cash flow	**442.6**	**315.2**	**(28.8)**
Underlying[1] EBITDA conversion	**97.4%**	**91.2%**	**(6.2pp)**

[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.

Capital expenditure and D&A

- Core net capex declined 2.1%
- Core depreciation and amortisation of $142.8m

$m	HY21	HY22	Change (%)
Net Capital expenditure – core	66.6	65.2	(2.1)
Net Capital expenditure – non-core	40.8	8.1	(80.1)
IT	17.4	22.8	31.0
Capital expenditure / IT	**124.8**	**96.1**	**(23.0)**

$m	HY21	HY22	Change (%)
Depreciation of PP&E - core	52.3	54.4	(4.0)
Depreciation of PP&E - non-core	78.7	13.6	82.7
IT amortisation	13.2	12.2	7.6
Depreciation of RouA - core	72.2	76.2	(5.5)
Depreciation of RouA - non-core	17.1	7.7	55.0
Total depreciation & amortisation	**233.5**	**164.1**	**29.7**

Balance sheet

- Net assets reduced by $66.4m or 2.2% since June 2021 to $2.89bn
- Reduction driven by divestment of Mining businesses and repayment of debt

$m	Jun-21	Dec-21
Current assets	**3,403.2**	**2,860.1**
Non-current assets	**4,668.9**	**4,452.7**
- Goodwill	2,280.8	2,290.8
- Acquired intangible assets	267.8	253.8
- PP&E, Software and other	1,573.8	1,431.8
- Right-of-use assets	546.5	476.3
Total liabilities	**(5,114.7)**	**(4,421.8)**
- Lease liabilities	(662.8)	(590.8)
- Other liabilities	(4,451.9)	(3,831.0)
Net assets	**2,957.4**	**2,891.0**
Net debt[1]	**(708.2)**	**(582.5)**
Gearing: Net debt / Net debt plus equity[2]	19.0%	16.5%
Net debt / EBITDA[3]	1.5	1.5

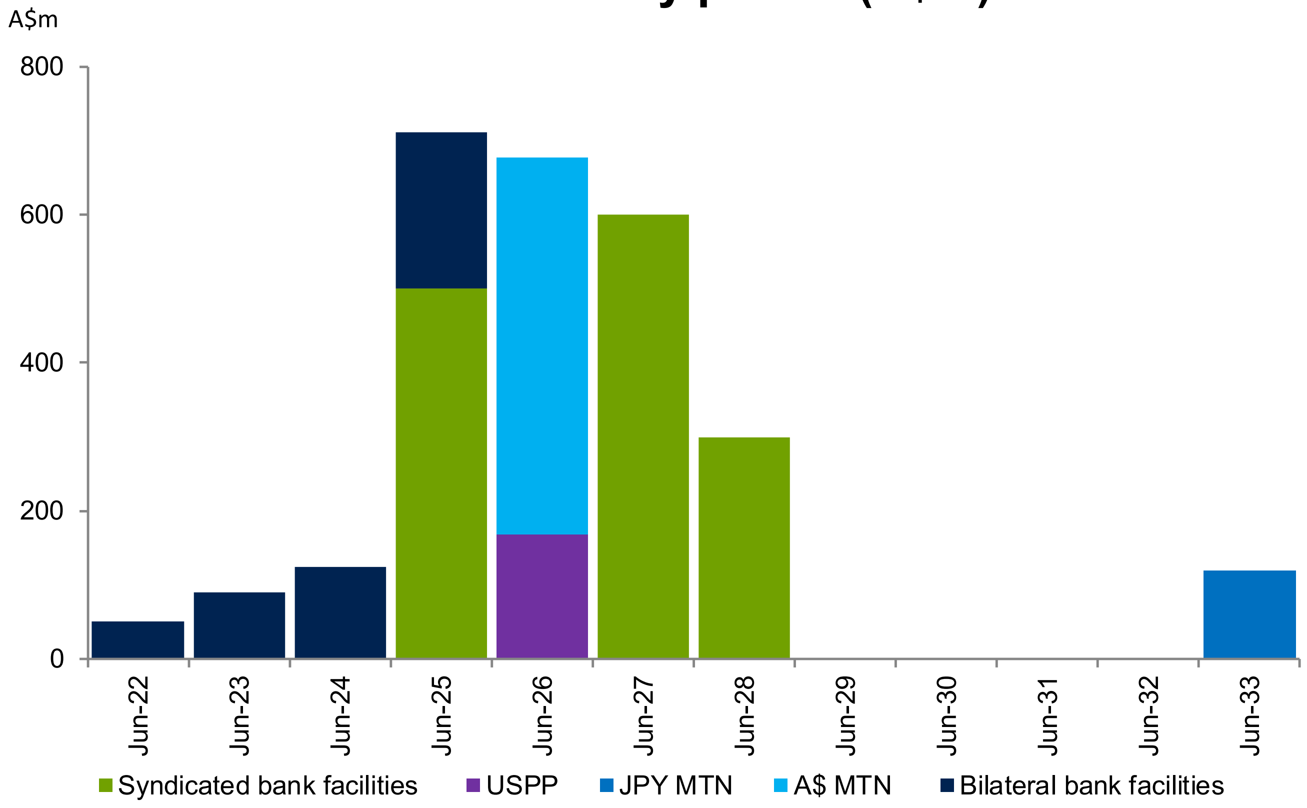
[1] Adjusted for the marked-to-market derivatives and deferred finance charges and excludes the lease liabilities of $590.8m at 31 December 2021 ($662.8m at 30 June 2021).
[2] Equity adjusted to exclude the impact on adoption of AASB 16.
[3] On a post-AASB16 basis.

Group debt profile

- Weighted average debt duration of 4.2 years[1] (3.8 years at 30 June 21)
- 1H22 refinancing has extended debt duration and achieved a more balanced debt maturity profile
- Current borrowings include $50m of term loan debt maturing June 2022

Debt facilities $m	Dec-20	Jun-21	Dec-21
Total limit [2]	3,060.7	2,946.6	2,686.2
Drawn [2]	1,733.7	1,519.6	1,259.2
Available	**1,327.0**	**1,427.0**	**1,427.0**
Cash	550.4	811.4	676.7
Total liquidity	**1,877.4**	**2,238.4**	**2,103.7**
Net debt [2]	1,183.3	708.2	582.5

Debt maturity profile (A$m)



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

Reconciliation to prior period financials

- Downer has finalised the structure of Transport, Utilities and Facilities which has resulted in some business units being reclassified
- To provide comparable information and a reconciliation, the below tables have been provided

HY21	HY21 Reported		Reclassifications[1]		HY21 Restated	
$m	Revenue	EBITA	Revenue	EBITA	Revenue	EBITA
Transport	2,462.1	99.7	-	-	2,462.1	99.7
Utilities	1,019.7	54.1	(108.7)	(8.8)	911.0	45.3
Facilities (Core)	1,202.5	62.5	376.2	20.4	1,578.7	82.9
Asset Services	267.5	11.6	(267.5)	(11.6)	-	-

FY21	FY21 Reported		Reclassifications[1]		FY21 Restated	
$m	Revenue	EBITA	Revenue	EBITA	Revenue	EBITA
Transport	5,295.2	250.2	-	-	5,295.2	250.2
Utilities	2,106.3	115.1	(224.6)	(20.3)	1,881.7	94.8
Facilities (Core)	2,490.6	140.0	722.6	38.6	3,213.2	178.6
Asset Services	498.0	18.3	(498.0)	(18.3)	-	-

[1] Asset Services, previously reported as part of the EC&M segment has been reclassified to Facilities. Downer Defence Systems, previously reported under Utilities has been reclassified to Facilities.