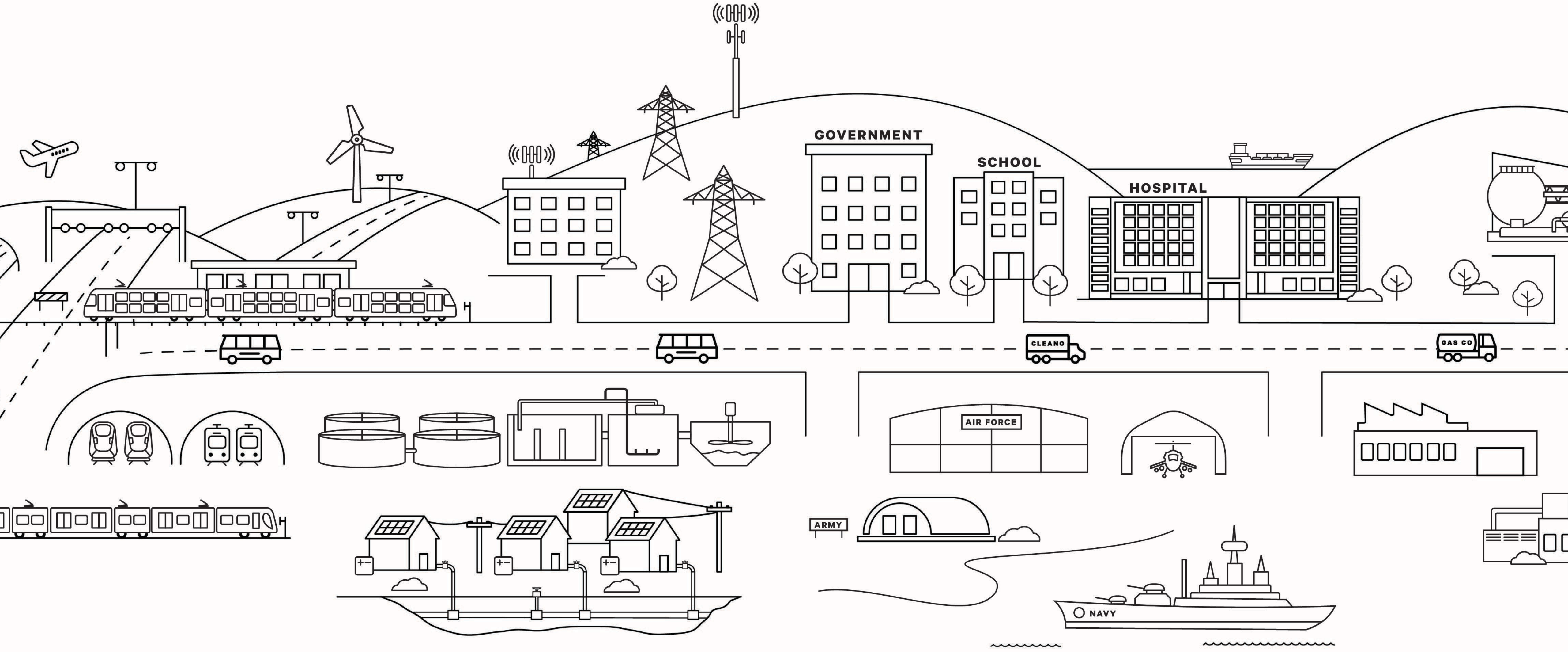
Macquarie Conference

5 May 2021

Downer

Relationships creating success



Understanding Downer

Our Purpose

- To create and sustain the modern environment by building trusted relationships with our customers

Our Promise

- To work closely with our customers to help them succeed, using world leading insights and solutions

Our Pillars

Safety

Zero Harm is embedded in Downer's culture and is fundamental to the company's future success

ZERO HARM

Delivery

We build trust by delivering on our promises with excellence while focusing on safety, value for money and efficiency

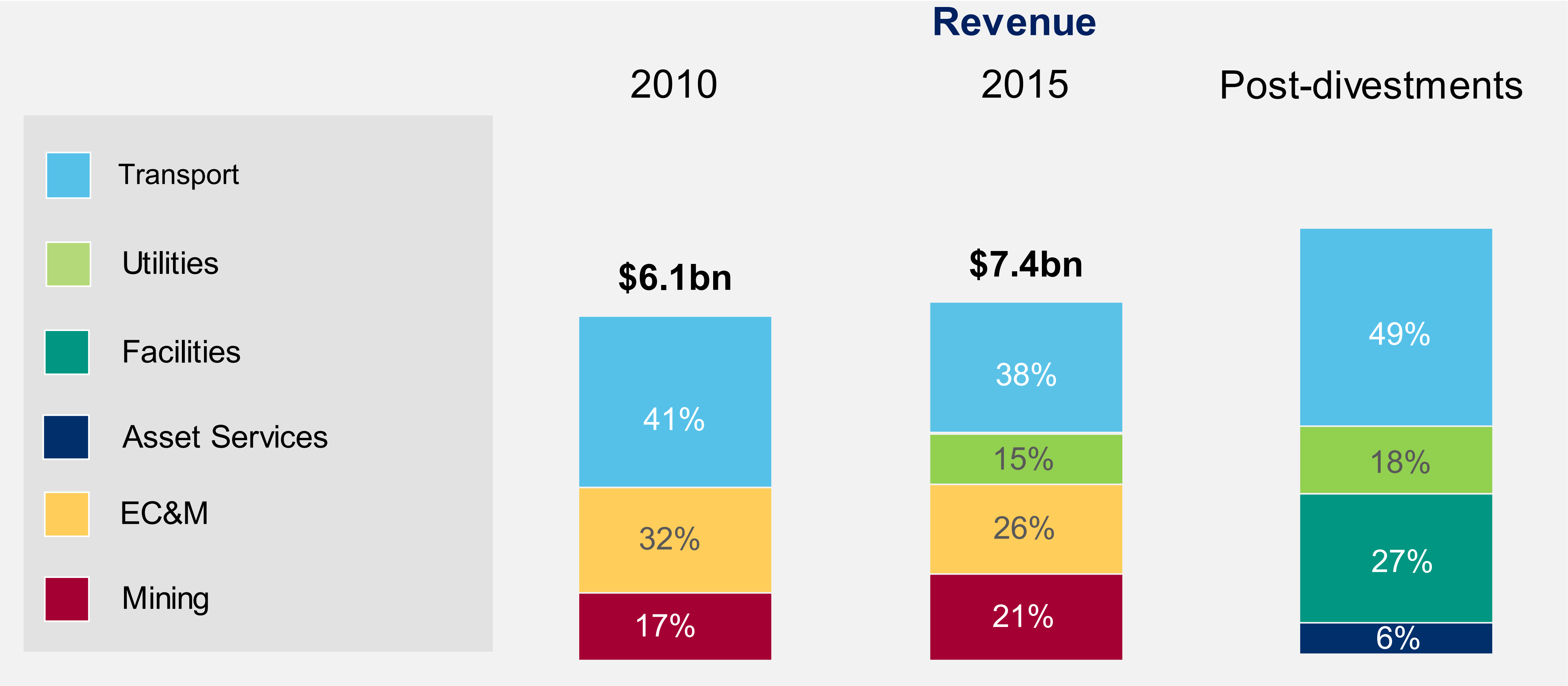
Relationships

We collaborate to build and sustain enduring relationships based on trust and integrity

Thought leadership

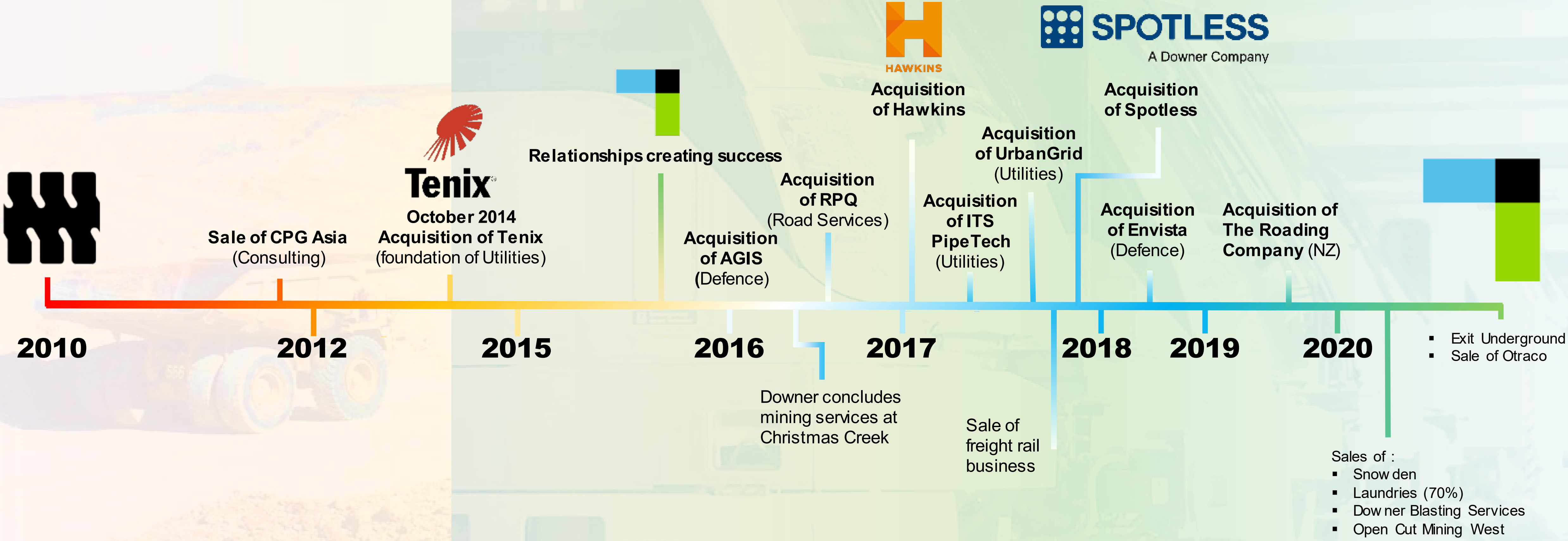
We remain at the forefront of our industry by employing the best people and having the courage to challenge the status quo

Urban Services journey

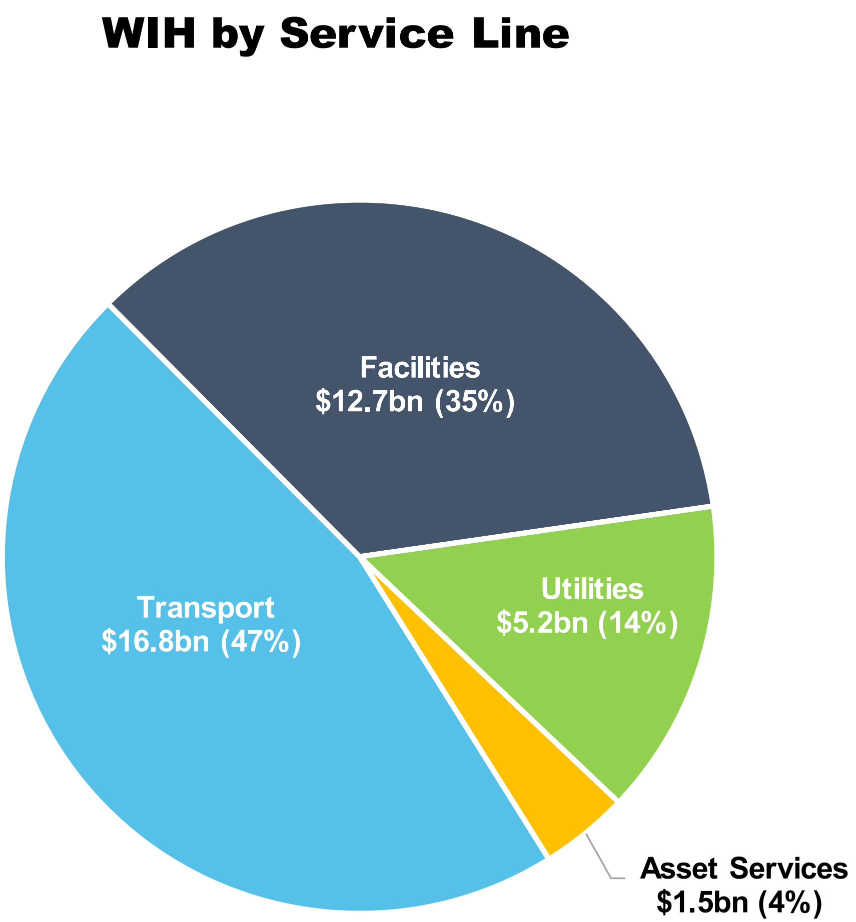


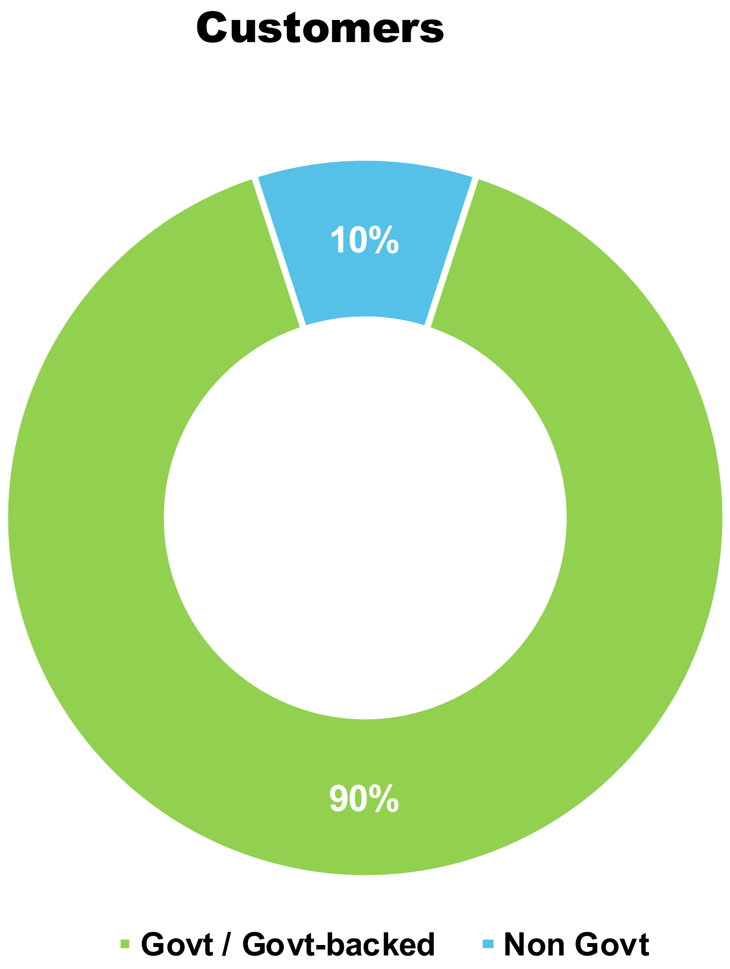
Work-in-hand	$20.4bn	$18.5bn	$36.2bn as at 31/12/20

Urban Services journey

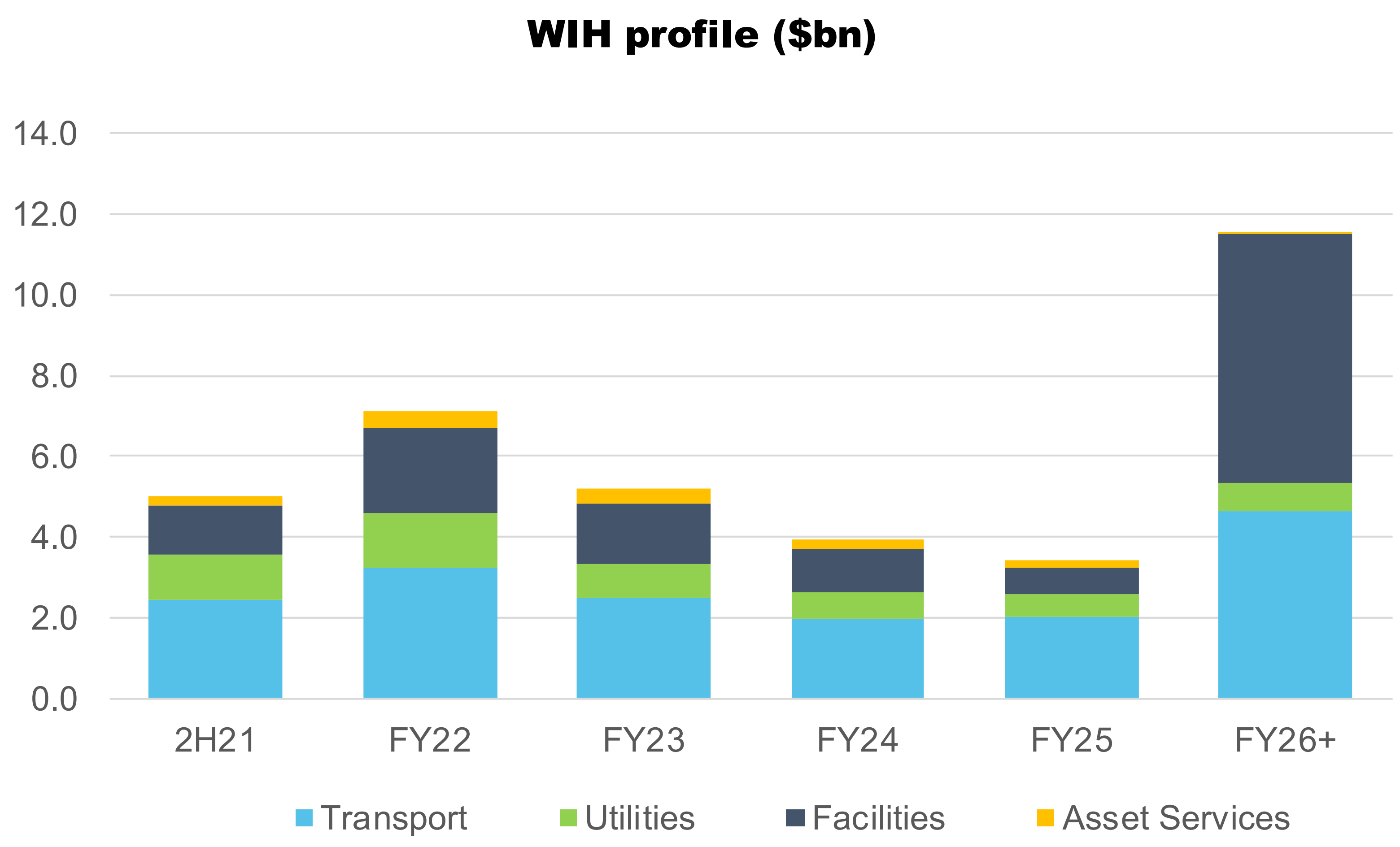


Urban Services work-in-hand $36.2 billion

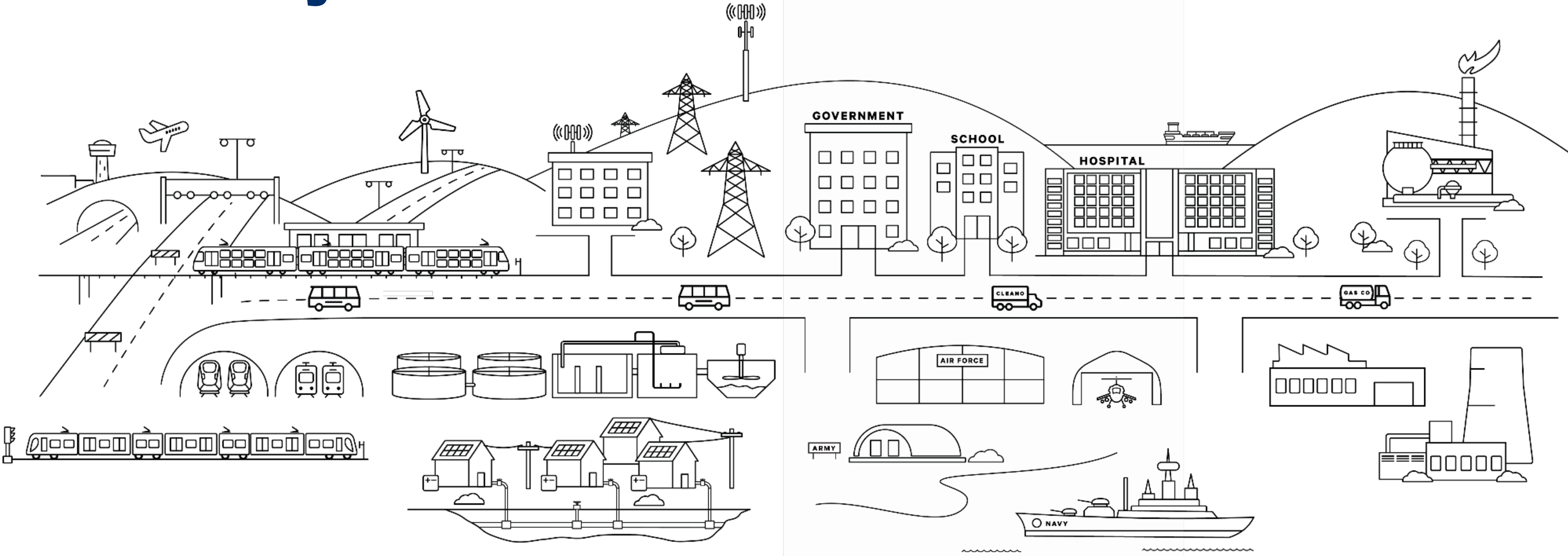




WIH reflects long term contract profile



Strategy shaped by four major trends – Are they still relevant?



Growing population

Increasing urbanisation

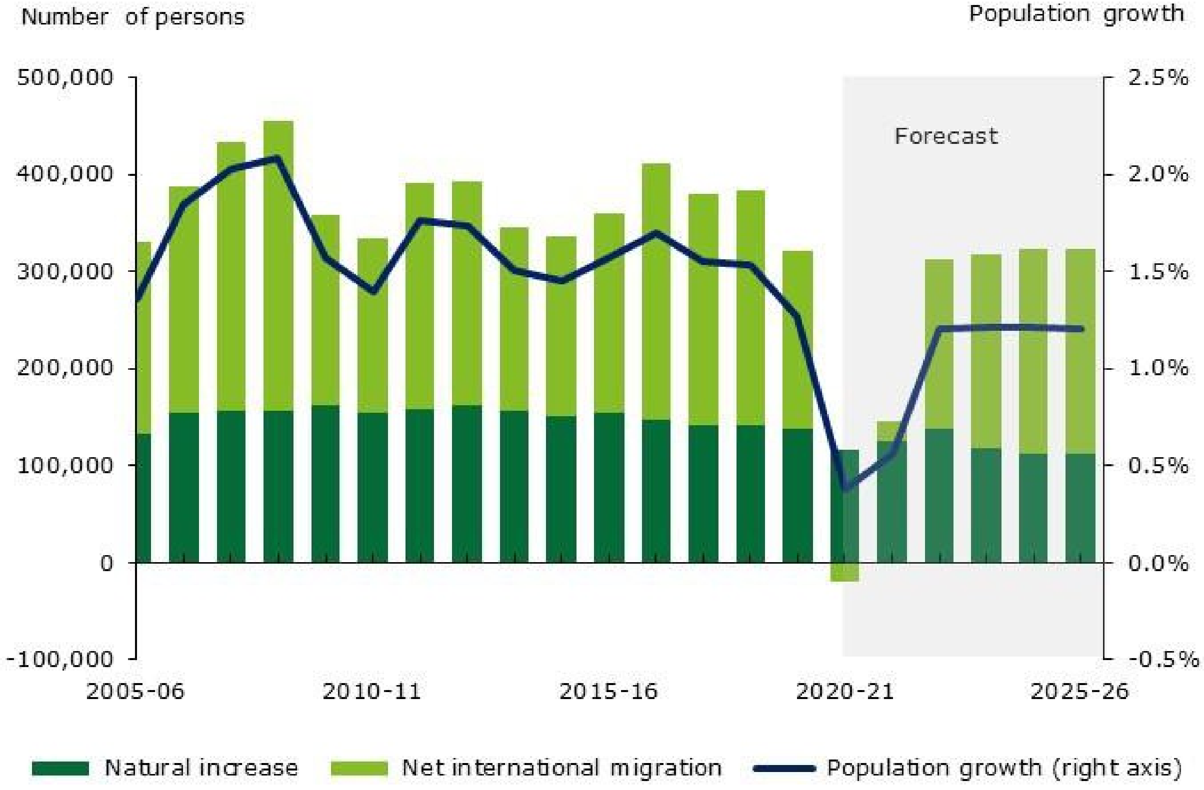
Government outsourcing

Technology

Population

- Australia's population is expected to be 667,000 smaller by FY25 than the pre-COVID trajectory
- Net overseas migration (NOM) has been the largest contributor to population growth over the past 10 years, and has also been the hardest hit by COVID-19
- NOM is expected to bounce back by 2022/23
- Federal Government committed to high levels of NOM for continued GDP growth and skills shortages
- High levels of population growth in the major cities will continue to drive Government infrastructure and services expenditure

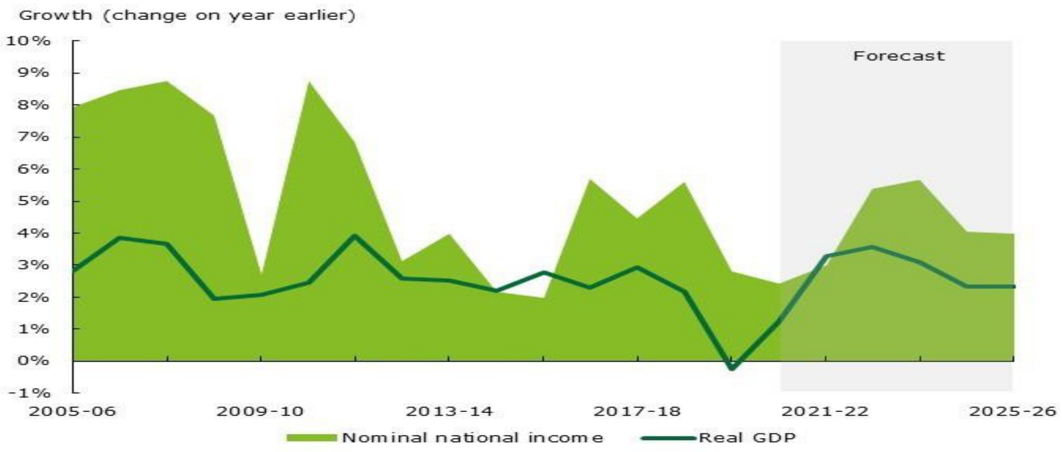
Components of Australian population growth



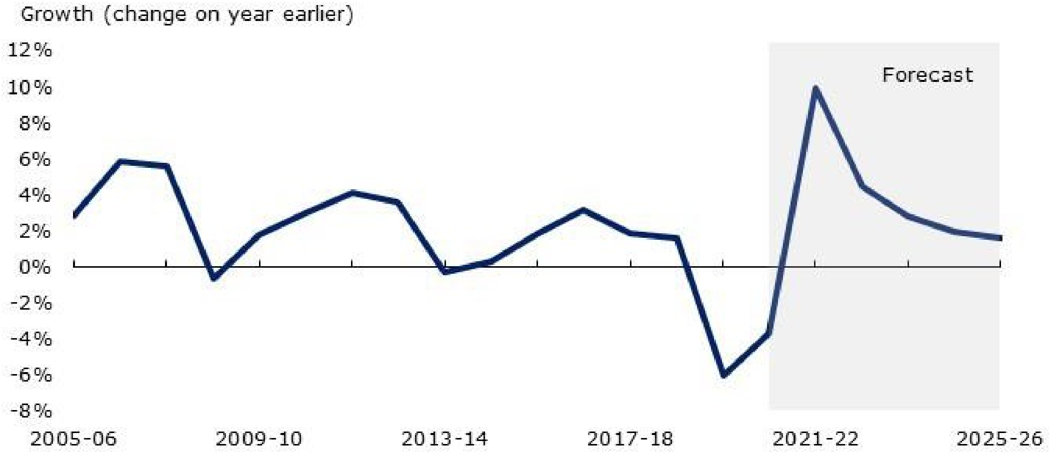
Source: Australian Bureau of Statistics; Deloitte Access Economics

Market outlook

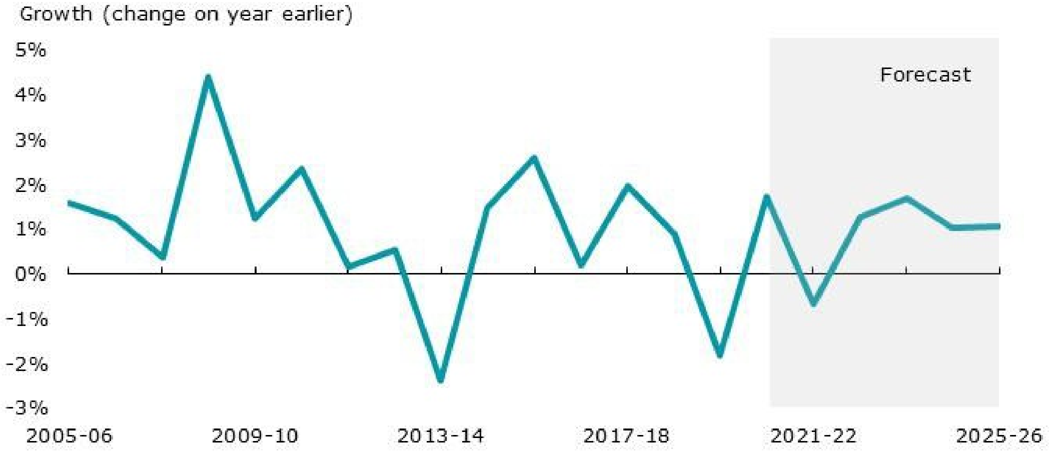
Australian economic growth



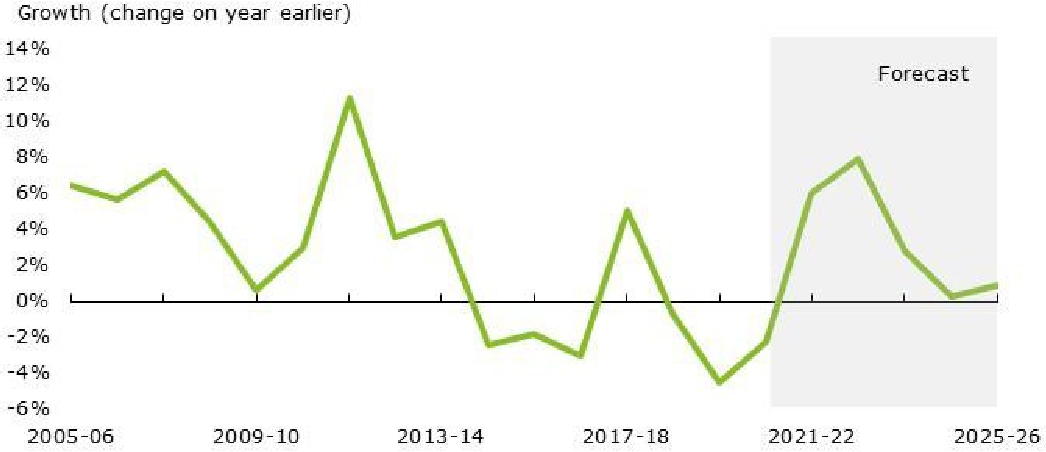
Transport sector output



Utilities sector output



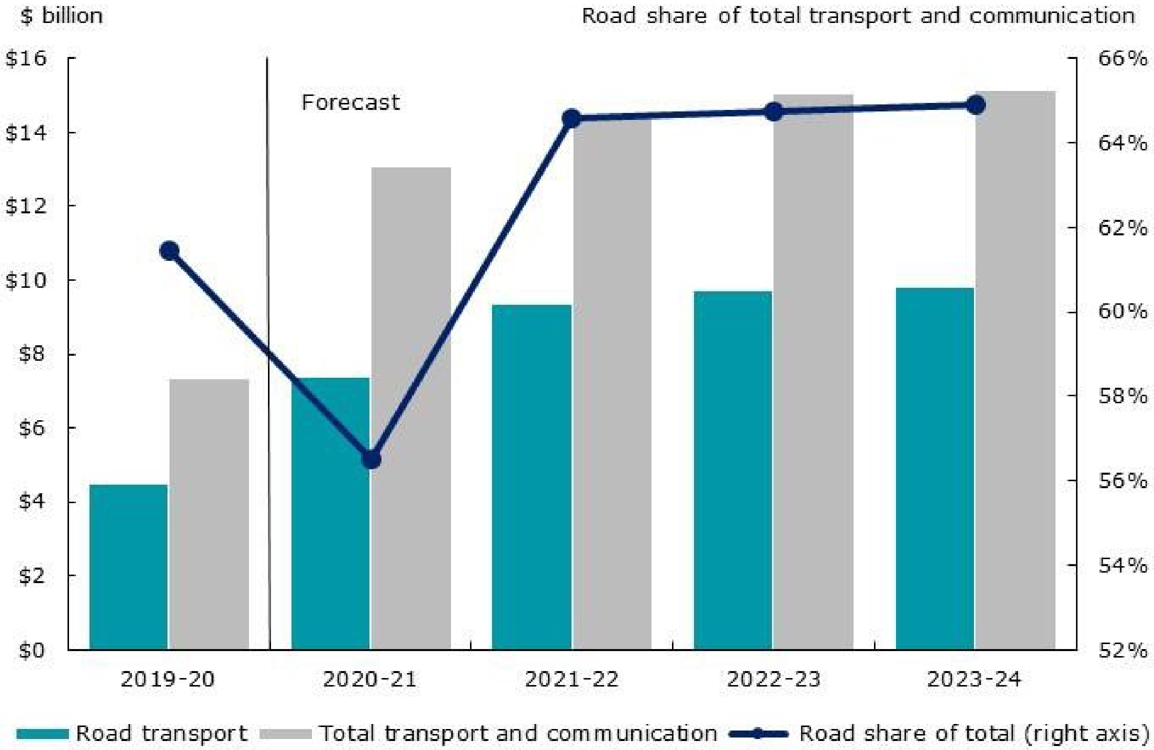
Construction sector output



Source: Australian Bureau of Statistics; Deloitte Access Economics

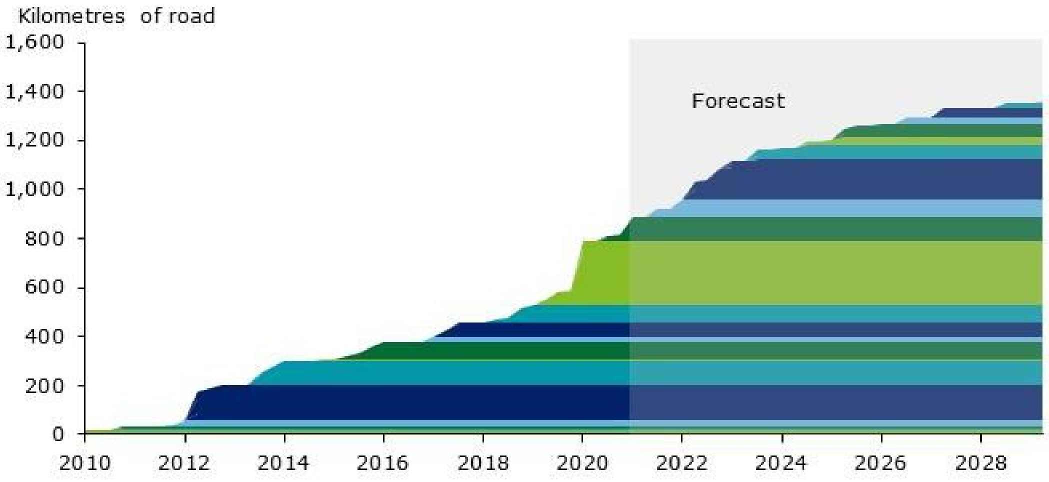
Market outlook

Government spending on transport and communication infrastructure

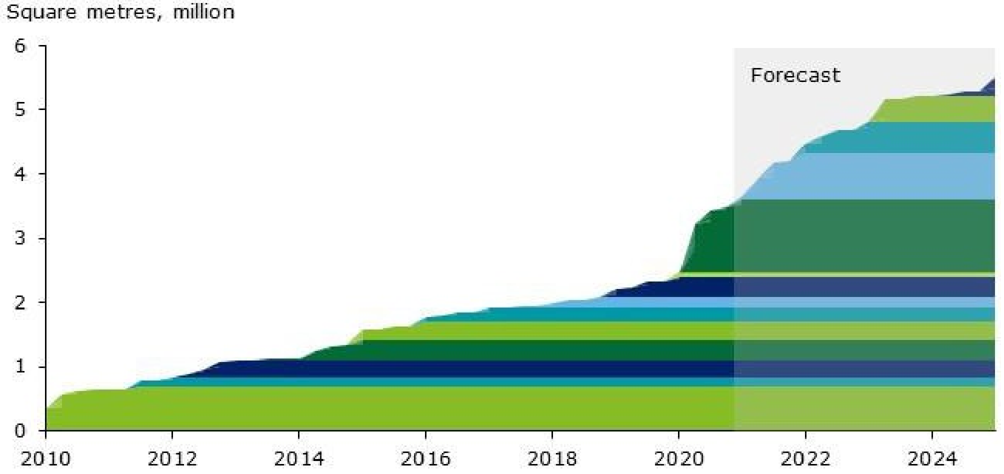


Source: 2020-21 Commonwealth Budget

Kilometres of major new road by completion date



Square metres of major new office facilities by completion date



Source: Deloitte Access Economics *Investment Monitor*

New macro trends

- **Bigger Government at all levels**
  - Unprecedented levels of fiscal stimulus
  - Infrastructure and services key delivery methods
- **Decarbonisation of the economy (accelerating)**
  - Driven by capital providers (banks and equity)
  - Business way ahead of Government
  - Significant opportunity for Downer
- **Geopolitical tension**
  - Defence spending
  - Sovereign supply capability
  - Localisation

Climate resilience and decarbonisation

- Downer's Urban Services strategy delivers environmental and social benefits including a move to lower capital intensive and lower carbon activities, supporting Downer's decarbonisation pathway
- There are considerable opportunities for Downer that outweigh identified risks, assisting in lower cost of capital and increased margins

Identified risks:

- Impacts of increasing energy costs
- Exposure to extreme weather events
- Exposure to thermal coal contracts
- Changing design and construction requirements (also an opportunity)

Identified opportunities:

- Existing capabilities to service new and adjacent markets e.g. hydrogen
- Existing renewable energy capability and presence
- Circular economy to diversify product offering
- Response services to extreme weather events
- Increased investment in upgrading infrastructure to be more resilient to extreme weather events
- Infrastructure for Electric Vehicles

- The sale of Mining and Laundries supports our decarbonisation pathway reducing our Scope 1 and 2 emissions by 35% or 206,000 tonnes of carbon dioxide equivalent

Climate resilience and decarbonisation (cont'd)

- Downer has committed to reduce our Scope 1 and 2 GHG emissions by 45-50% by 2035 and be net zero by 2050. This commitment was registered with the SBTi on 21/3/2021
- Downer is well positioned to contribute to Australia and New Zealand's energy transition
- Downer's clear pathway to net zero is aligned to its Urban Service strategy:
  - Divesting high capital, carbon intensive industries
  - Continued focus on energy efficiency and GHG emission reductions
  - Decarbonisation through new technology and fuel switching
  - Decarbonising Downer's fleet through EVs and alternate fuel vehicles
  - Increasing uptake of renewables
  - Reducing Scope 3 emissions

Capital management

- Maintenance of BBB Fitch rating
- Net Debt managed within 2-2.5x EBITDA
- Dividends increasing to 60-70 % of NPATA over time
- On-market buy-back ~$400 million
  - the most EPS accretive option for shareholders
- No major refinancing required in the next 24 months
- Capital and covenant headroom available for growth, including strategic M&A

Cash generation

- Diversified and resilient earnings from critical service revenues; unable to be turned off
- Agile and robust risk systems and business model
- Expectation of 90-100% normalised EBITDA cash conversion
- No net reduction through the cycle in Free Cash Flow due to exit of Mining and Laundries

Immediate priorities

- FY21 Earnings and Cash performance
  - Strong performance year to date
- Sale of remaining non-core assets (Mining Open Cut East and Hospitality)
- FY22 – FY24 Business Planning (underway)
- Implementation of The Downer Standard
- Growth
  - Organic
    - Increased Government spend in Urban Services
    - Margin improvement
    - Investment in technology
    - Brand development / increased Government focus
  - Acquisition (“bolt on”)
    - Defence (Sovereign capability)
    - Strengthen value chain in existing markets

Macquarie Conference

5 May 2021

Downer
Relationships creating success