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22 November 2023

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

Dear Sir/Madam

RE: Downer EDI Limited 2023 Annual General Meeting

Please find attached a copy of the following documents related to the Annual General Meeting of Downer EDI Limited to be held at 11:00am today:

- Chairman's address to shareholders;
- Chief Executive Officer's report; and
- Slide presentation for the meeting.

Yours sincerely,
Downer EDI Limited

Robert Regan
Company Secretary

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

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DOWNER GROUP ANNUAL GENERAL MEETING 2023
CHAIRMAN'S ADDRESS AND CHIEF EXECUTIVE OFFICER'S REPORT

Chairman's Address, Mark Menhinnitt

Ladies and gentlemen, I would like to begin by acknowledging the significant challenges Downer faced in FY23 and reiterate the commitment of the Board and management team to transform the company to deliver sustainable value for shareholders.

As a Board, we are committed to working collaboratively with our CEO, Peter Tompkins, and his Executive Leadership Team to transform the company.

We are united on the imperative for cultural change and simplification of the business, and are taking decisive action to improve contract performance, enhance Downer's risk management framework and drive operational excellence. Today, we will outline our progress in each of these areas.

Board renewal

Downer's Board of Directors has evolved significantly over the past 12 months.

I was honoured to be appointed Chairman in March following the retirement of Mark Chellew, and since taking the Chair, my major focus has been ensuring appropriate governance structures are in place and driving risk management, accountability and performance across the Group.

By way of background, I have been involved in project management, engineering and construction across the infrastructure and property sectors for over 35 years, here in Australia as well as overseas. My experience is very relevant to Downer and allows me to bring knowledge and skills in business strategy, governance and risk management, commercial contracting and organisational development. I am committed to making Downer an outstanding trans-Tasman organisation that delivers for shareholders, employees, clients, and the broader community.

Following an orderly CEO succession process, involving both external and internal searches, Downer announced on 1 December 2022, that Grant Fenn would retire from his role of Chief Executive Officer in February 2023 and be immediately succeeded by Peter Tompkins. Peter presented the Board with a clear vision and plan for the way forward – which the Board supports – and has been actively implementing the plan whilst refreshing and energising his Executive team .

With Mark Binns and Peter Watson retiring from the Board in January and September respectively, Downer has appointed two qualified and experienced Non-executive Directors this year, with Steven MacDonald joining the Board in September and Sheridan Broadbent joining in October. Both Steven and Sheridan bring relevant skills and experience required to drive Downer forward, which I will detail later in the meeting in addressing their respective elections.

I can say, without hesitation, that my fellow Directors are fully committed to delivering for shareholders and have the requisite diversity of skills, experience, and tenure that underpins this commitment. I am very happy with the contribution of all Directors and what they bring individually and collectively to the Board.

Governance and remuneration

Alongside these changes to the Board's composition, we have reviewed the remit of two of our four Board Committees, with a view to strengthening oversight of governance and performance.

The Tender Risk Evaluation Committee has evolved into the Project Governance Committee, with its responsibilities expanding from approving major tender submissions to a broader governance remit across the full project lifecycle from project selection, bidding and conversion through to project delivery.

The Remuneration Committee's remit has broadened also and is now dedicating greater attention to leadership capability and depth, talent management and workplace culture. Accordingly, it has been reshaped to become the People and Culture Committee.

We have heard from our shareholders that you would like Downer's Directors to be more aligned to your own interests in the company by having 'skin in the game'. In response, the Board has introduced a minimum security holding policy for Non-executive Directors, effective from 1 July 2023. Under the policy, each Director is required to establish and maintain a minimum security holding equal to or greater than 100 percent of their annual base fee. This requirement is to be met within four years of the commencement of this policy or from the date of a new Director's appointment.

At the 2022 Annual General Meeting, we incurred a first strike against our Remuneration Report. We have since engaged extensively with major shareholders and proxy advisors to understand the key concerns regarding our remuneration framework and its application. With support from external advisors, the Board conducted a robust review of Downer's remuneration frameworks and disclosures to address these concerns within the context of our strategy and operating environment.

As a result of the review, the Board has enhanced the STI and LTI frameworks for FY24.

Changes to the STI include increasing the financial measure to 70 percent of the overall scorecard and introducing a Portfolio and Performance measure focused on net financial benefits derived from measurable transformation initiatives. The Zero Harm measure covering Safety and Sustainability will have a 20 percent weighting, and we have increased the weighting of the Employee Engagement measure from 5 percent to 10 percent.

Changes to the LTI framework include the addition of a positive TSR gateway to the relative TSR component and the inclusion of a minimum EBITA % margin gateway for the scorecard component of the LTI, which Peter will outline further in his address

In light of Downer's financial performance in FY23, no STI award was made. Further, as a consequence of prior year earnings re-statements, deferred STI awards eligible for vesting were reduced proportionally in the case of the FY21 award and not paid in the case of the FY22 award.

Commitment to sustainability

The energy transition will create significant growth opportunities for Downer. In Australia and New Zealand, we are market leaders in many of the sectors that will be central to mitigating the long-term impacts of climate change. We have a unique mix of capabilities, experience and industry partnerships to help our customers achieve their net zero carbon emissions commitments.

We are also committed to ensuring our own operations are more sustainable, and last November we released our first Climate Change Report, which covers our decarbonisation journey to date, our pathway to net zero, and the pivotal role that Downer can play in energy transition.

During the year, we also delivered the first projects under our Decarbonisation Fund, which is available to our Business Units to support initiatives that result in structural decarbonisation. We remain dedicated to implementing solutions that will help us meet our net zero commitment – which is to reduce our Scope 1 and 2 greenhouse gas emissions by 50 per cent and reduce our Scope 3 emissions by 30 per cent by 2032, and achieve net zero by 2050.

Protecting and supporting our people and communities

Ensuring the safety of our people is always our number one priority, particularly as some of the sectors in which we operate are regarded as high risk due to their inherently hazardous nature. In FY23, Downer's Total Recordable Injury Frequency Rate was below target at 2.68, however, our Lost Time Injury Frequency Rate slightly exceeded our target of less than 0.90. While our performance remains superior to industry benchmarks, we are determined to improve.

Sadly, Downer recorded two workplace fatalities over the past 12 months. Kane Minion, an experienced employee in our Utilities business, died in December 2022 while undertaking meter reading duties on a property south of Brisbane, and John Wilson, a long-term Downer employee in New Zealand, died in August 2022 following a motor vehicle event. We are determined to learn from these tragic incidents. We have extended our deepest sympathies to the families, colleagues and friends of these two individuals and will continue to provide them with support.

A key pillar of our Zero Harm strategy is to support the mental health of our employees and communities through our accredited Mental Health First Aid program. We are also proud to have continued our important partnerships with Beyond Blue and the New Zealand Mental Health Foundation to support Australians and New Zealanders when they need it most.

We support other not-for-profit organisations through our workplace giving program, which was launched in 2022. To date, Downer and our employees have donated more than $360,000 to the Australian Cancer Research Foundation, Greening Australia, TLC for Kids and The Salvation Army's Family Violence Stream. This year, we also extended our partnerships with the Australian Numeracy and Literacy Foundation, The Stars Foundation and NRL Cowboys House to support young Indigenous Australians. In New Zealand, the Downer Donate program provided more than $200,000 to worthwhile charities that were selected by our people.

We are proud of these programs and partnerships, which are making a real difference in the communities in which we operate.

ICAC enquiry

I will now spend some time discussing the ICAC public hearing into the conduct of employees of Inner West Council, Transport for NSW, and others including some Downer employees – and, in particular, the actions Downer has taken since the hearing commenced on 20 March.

I want to start by saying that Downer does not tolerate any dishonest or corrupt conduct. We expect all of our people to uphold the values and behaviours set out in our Standards of Business Conduct.

It is important to note that those individuals who Counsel Assisting referred to in his opening statement as facing specific allegations are no longer employed by Downer. The behaviour of these individuals is incredibly disappointing. They do not represent the integrity of our organisation.

While I cannot provide any further update on the ICAC public enquiry itself, as it is still ongoing, I can outline some of the important steps Downer has taken to strengthen our internal processes and systems since the enquiry commenced.

We engaged independent probity and procurement experts to review Downer's procurement control environment, with a focus on corruption prevention and detection.

The review is now complete. The primary finding was that the relevant procurement control environment was largely sound. Downer's Integrated Management System, The Downer Standard – which houses the documents, policies and standards that make up Downer's risk framework – was also found to have generally comprehensive procurement controls supported by well-considered policies and procedures promoting business integrity and supported by training.

The review also identified opportunities for enhancing the procurement control environment to better manage probity and corruption risks, and we are reviewing those opportunities and implementing changes to further strengthen our controls.

We have implemented an oversight mechanism to evaluate and address opportunities and enhancements to our probity and procurement environment and we are in the process of rolling out a single system to govern vendor pre-qualification and procurement. We have established a Working Group to implement actions, and a Steering Committee comprising the Executive Leadership Team to oversee the implementation of these actions.

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The establishment of the People and Culture Board Committee, which I spoke about earlier, will also place greater emphasis on ethical conduct, as will the newly-created Executive position of Chief Risk Officer.

In parallel to these reviews and changes, Downer is carrying out a further external review to evaluate how our enhanced control environment compares to the Australian Fraud and Corruption Control Standard, and whether any additional strengthening or modifications can further enhance our framework.

Downer has also reviewed our complaints process to ensure that the avenues for reporting are appropriate and fit for purpose.

We are continuing to make improvements to our control environment and are being guided by independent experts on the changes required to strengthen our processes and systems.

In closing, while FY23 was undoubtedly a challenging year, I want to reiterate my steadfast belief in Downer, our management team and our people. This is an iconic trans-Tasman organisation with a proud history and a bright future. There is much work to do to lift our performance across the spectrum and reduce volatility, however we do have strong foundations, trusted long-term customer relationships, good exposure to sectors with tailwinds, and an enviable pipeline of work.

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

Thank you.

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Chief Executive Officer's Report, Peter Tompkins

Thank you, Chairman, and good morning ladies and gentlemen.

On 27 February 2023, I took over as Chief Executive Officer and it was also the day Downer delivered its first half results for FY23.

At the time, I committed to implementing strategies to improve performance and realise better value for our shareholders. As I stand here today, I am pleased with the progress that we are making.

For the full year, Underlying NPATA was $174.2 million, which was in line with our revised guidance we had issued. Our cashflow performance improved after a challenging first half, with underlying cash conversion of 110% in H2 and full year conversion of 64.9%.

The Group is in a strong financial position with net debt to EBITDA of 2.0x, and in August the Board declared a final unfranked dividend of 8.0 cents per share.

While the past 12 months have thrown up a range of challenges for Downer that highlighted the need for us to implement urgent change, I remain highly confident in the potential of our business.

Downer is favourably exposed to economic and social trends that drive demand for our work including decarbonisation, national security, the push by government to prioritise our local industrial base and population growth.

Since taking over as CEO, I have worked closely with our Chairman, our Board and Executive Leadership Team to set us on a transformation to achieve the operational and cultural enhancements necessary to improve our business. Our focus is on selecting the right projects, improving underperforming contracts, and driving a culture of accountability through the organisation.

Back in February, I announced a cost out target of at least $100 million and an average EBITA margin of 4.5% that we are targeting in FY25. The transformation program aims to position the company for long-term success, by focusing on three key focus areas:

- First, reset Downer's operating model by integrating our Australian and New Zealand businesses to be sector-led, to enable better customer solutions and reduce our cost base;
- Second, simplify Downer's portfolio to create a business with a narrower focus on core markets; and
- Third, improve bid and delivery margins and enhance our focus on risk management.

The 4.5% management target has been set in order to incentivise and measure progress as we execute our plans in the above areas. I remain convinced that we can make considerable improvement in margin performance from historical levels. The 4.5 percent margin performance is now incorporated into our revised Long Term Incentive Plan, with a management scorecard and a margin hurdle requiring an average 4.5% EBITA margin across both FY25 and FY26 (with a minimum threshold average full year margin of 4.2% for all of FY25).

An important change linked to our transformation has been the update of our organisational Purpose, Promise and Pillars to support our focus on improving our culture.

Our Purpose has been updated to reflect a higher ambition and emphasise the vital role that Downer plays in society.

With sustainability at the forefront of how organisations build strategy, allocate capital, and contribute to achieving a net zero-carbon economy, it was important for us to articulate our ambition in a way that resonates more meaningfully.

In a nutshell, we enable communities to thrive. This is our new Purpose – our reason for doing what we do every day. I believe there are very few companies that can directly connect the services they deliver to a Purpose such as this, but for Downer, 'Enabling communities to thrive' is a true reflection of our role and future opportunities.

We have continued to invest in our people, rolling out initiatives to improve the employee experience and reinforce Downer's reputation as an employer of choice in a very tight and highly contested labour market.

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Pleasingly, the work we are doing to enhance the employee experience was acknowledged in August, when Downer was named an Employer of Choice at the Australian Business Awards for the second consecutive year.

Our Chairman spoke about our commitment to Zero Harm and the two workplace fatalities in our business this year. I also acknowledge the passing of our two colleagues, and I assure our stakeholders that Zero Harm, above all else, is our core value.

Now, looking at our business segments and key highlights. Our Rail & Transit Systems business had an impressive year, with the multi-billion dollar Queensland Train Manufacturing Program contract win being a big highlight.

Our Road Services businesses in Australia and New Zealand were both materially impacted by weather conditions in the first half of FY23. As weather and operating conditions improved in the second half, the Roads business in Australia performed in line with forecast and delivered strong volumes on catch-up maintenance and repairs.

In New Zealand, we signed an agreement for the East Coast Recovery Alliance, which is forecast to be a three-year delivery program to rebuild critical infrastructure following Cyclone Gabrielle.

Utilities had a very tough year, and we are in a rebuilding phase. Utilities is an important part of our portfolio and will play a key role in helping customers with their energy transition, and I am confident that with the significant changes we have made already that we will turn the business around.

In Facilities, our portfolio of health and education PPPs is performing strongly and across Facilities we continue to achieve strong win rates and build our Work-in-Hand.

And finally, our Industrial & Energy business is building a strong pipeline of work in the industrial and power sectors across Australia, securing contract extensions and new work with key customers supporting them in the energy transition and decarbonisation.

Now, to an update on our business improvement initiatives.

We are progressing well against our $100 million cost-out target, and we're prioritising the delivery of the $100 million target by the end of the 2024 Financial Year.

Further opportunities exist, and we have commenced planning for the next phase.

On 1 July, we implemented our new operating model, creating five trans-Tasman Business Units, focused on the Transport, Facilities and Utilities sectors. This new structure allows us to scale the capability we have across both geographies and to provide a much higher level of visibility into the performance of the business units.

We have completed a cultural diagnostic of our strengths and weaknesses, and have set a performance-orientated target culture that reinforces our customer centricity and technical capability. We are also focused on our leadership capability and have a number of programs to support the development of our leaders.

We have continued to focus on simplifying our portfolio.

On 20 June 2023, we announced the completion of the Australian Transport Projects business sale. The remaining $20 million of the $212 million proceeds have now been collected following final customer consents being obtained.

Earlier this month, we announced the sale of Repurpose It, of which Downer owns 45 per cent. Downer acquired its interest in Repurpose It for $8.5 million in 2019, and we expect to receive post-tax cash proceeds of approximately $85 million – this represents a very strong return on our initial investment, on an asset that was undervalued within the Downer portfolio. This is a great example of a portfolio decision to realise value for shareholders and further strengthens an already robust balance sheet, which should position us with more options for capital management as we progress in our transformation.

We will continue to action the divestment and close down of small, low-margin businesses with risk-and-reward profiles that don't make sense, an example being the divestment of our HVAC construction business that we completed in August.

We have also made several changes to enhance our risk management framework and capabilities.

We are more selective about the projects that we pursue, and prioritising bidding for jobs that deliver improved margins with customers who value the technical capability that we provide and that we have the capacity to deliver.

I have also created a new Executive position of Chief Risk Officer, with Ashley Mason now in this key role. He is responsible for Downer's enterprise risk management framework and associated functions including The Downer Standard, Internal Audit, Downer's Project Management Office, and the Tenders & Contracts Committee. Ashley brings considerable experience to Downer, having held numerous roles at tier one organisations. His role in driving the Quarterly Business Review process so that we get project level reviews of performance is now established.

So, as you can see, we are well underway. However, I want to be very clear in emphasising that this is just the start of a transformation journey to drive higher performance and unlock our potential. It will take time, but I am absolutely certain that we are on the right track.

Lastly, turning to a trading update.

Our EBITA for July-October is up on the prior corresponding period, after taking into account our divestments.

However, as we said in August, the first half of FY24 will be affected by the run-off of the loss making and low-margin contracts, and the Utilities recovery will be ongoing. As a result of this, and the phasing of our cost-out program benefits, we are expecting a lower first half earnings split than our historical average. Labour availability and workforce gaps remain challenging, but we are navigating these issues better than we were 12 months ago.

Importantly, we are targeting EBITA margin improvement in FY24 and beyond. In FY23 our EBITA margin was 2.6% and we are focused on making improvement against our management target margin of 4.5%.

Our work-in-hand, as reported at June, was at $36.3 billion, which on a like for-like basis has grown from FY22 as a result of the QTMP win. We have continued to grow our work-in-hand during the first half and our addressable markets continue to have strong growth potential in the medium term with energy transition, and government infrastructure deficits to be addressed. With a lot of focus on Downer at the moment it is more important than ever to ensure we maintain the confidence of our key customers. That is why we undertook an independent NPS survey of our top customers and their support continues to be positive.

On the operational front, in Utilities we have signed the second commercial reset of the Power maintenance contract and are now on track to return this contract to breakeven in 2H24. We are also progressing commercial negotiations on our water project portfolio. I am increasingly confident in the Utilities segment returning to profitability in FY24 after a disappointing loss-making FY23.

In Transport, QTMP is mobilising well. As I mentioned earlier, as weather conditions stabilise we are experiencing improved productivity across most parts of our business, although this has been partially offset by lower spending by Transport Agencies, particularly in Victoria and South Australia, in the first four-and-a-half months of the financial year.

Facilities continues to perform in line with expectations, with two good wins for the Defence business over the past two months, including an extension of our EMOS contract for a further 12 months.

Ladies and gentlemen, I want to thank for your support over the past 12 months. It has been a challenging year for Downer, but as you can see, we are taking responsibility for our performance and implementing change. Finally, I would like to give my thanks to our 32,000 staff and many thousand more delivery partners who are tireless in their dedication in Enabling Communities to Thrive.

Annual General Meeting

Downer Group

22 November 2023

Mark Menhinnitt

Chairman's address

Peter Tompkins

CEO's report

Business improvement update

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Reset operating model and cost base – Targeting >$100m cost out

- $100m cost out remains on track by end of FY24
- Commenced planning for next phase of cost out program
- Trans-Tasman operating model in place since 1 July, and running to plan
- Culture reset – new Purpose embedded and linked to brand strategy

Continue to simplify current portfolio

- Divestment of Australian Transport Projects – completed
- Divestment of Repurpose It announced – cash proceeds of ~$85m
- Full potential strategy plans underway

Operational excellence and risk management

- Refreshed ELT team – 50% of ELT are in new roles since February 2023
- Deep dive Quarterly Business Review process implemented
- Board Project Governance Committee now running monthly
- Remuneration strategy – incentives aligned to target margins and cost out program

Trading update

Improvement in October YTD EBITA[1] versus prior period

1H24 impacted by run-off of low margin contracts and timing of Utilities recovery

Targeting EBITA margin % improvement in FY24 towards management target of >4.5% in FY25

Integrated Australia and NZ operating model giving better visibility on risk management and contract performance

Work-in-hand and customer feedback remains strong

Utilities
- Confident on returning to profitability in FY24
- Power maintenance contract – reset and recovery on track
- Water projects – commercial negotiations ongoing

Transport
- QTMP mobilising well
- Stable weather supporting higher productivity
- Lower spending by Transport Agencies in VIC and SA

Facilities
- EMOS contract extended for 12 months
- Portfolio performing in line with expectations

1. Normalised for Australian Transport Projects divestment

Robert Regan

Poll procedure

Financial Report, Directors’ Report and Independent Auditor’s Report

Downer

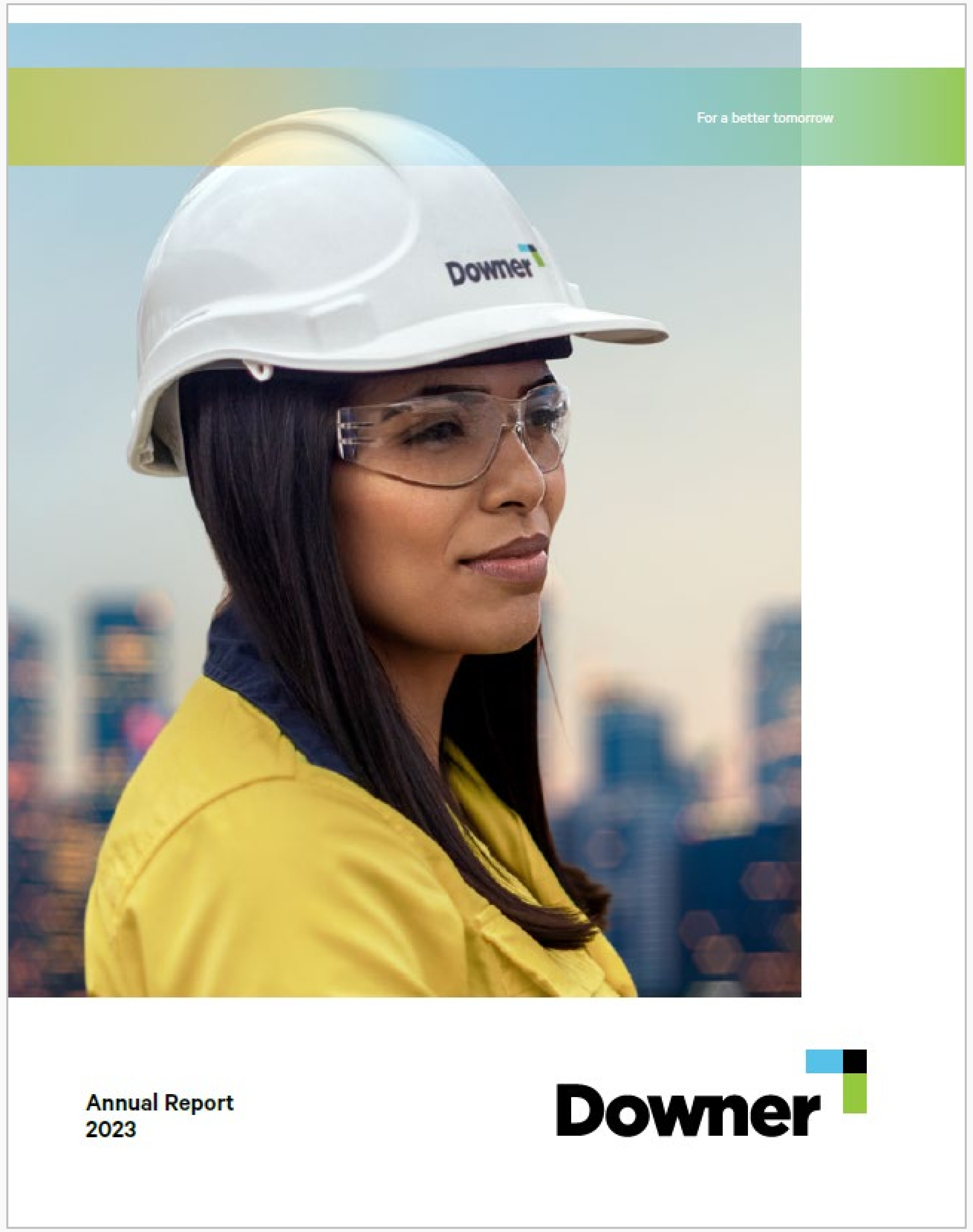
Item 1

The Financial Report, Directors’ Report and the Independent Auditor’s Report are now open for discussion.

There is no requirement for shareholders to approve these reports. Accordingly, item number one is for discussion only and there will not be a vote on this item.

I remind you that only shareholders of the company or their duly appointed representatives or proxies are permitted to ask questions.

If you do have a question, please raise your hand and we will bring a microphone to you.



Election of Directors

Downer

Item 2A – Steven MacDonald

“That Steven MacDonald who was appointed as an Independent Non-executive Director of the Company, effective 1 September 2023, in accordance with Rule 3.3 of the Company’s Constitution and being eligible, is elected as a Non-executive Director of Downer.”

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

Item 2A
Election of Steven MacDonald

Item	For	Against	Abstain	Open – useable
Voted (No. shares)	554,559,477	271,976	69,503	631,912
% of voted shares	99.84	0.05	n/a	0.11
% of all shares	82.58	0.04	0.01	0.09

Election of Directors

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Item 2B – Sheridan Broadbent

"That Sheridan Broadbent who was appointed as an Independent Non-executive Director of the Company, effective 2 October 2023, in accordance with Rule 3.3 of the Company's Constitution and being eligible, is elected as a Non-executive Director of Downer."

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

Item 2B
Election of Sheridan Broadbent

Item	For	Against	Abstain	Open – useable
Voted (No. shares)	554,577,577	298,893	58,836	597,562
% of voted shares	99.84	0.05	n/a	0.11
% of all shares	82.58	0.04	0.01	0.09

Remuneration Report

Item 3

“That the Remuneration Report for the year ended 30 June 2023 be adopted.”

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

Item	For	Against	Abstain	Open – useable
Voted (No. shares)	507,885,833	46,901,198	166,089	579,748
% of voted shares	91.45	8.44	n/a	0.11
% of all shares	75.63	6.98	0.02	0.09

Managing Director’s LTI for 2023

Downer

Item 4A – Approval for 2023

“That approval is given to the grant of performance rights pursuant to the Company’s LTI Plan and the acquisition of shares on vesting by issue or by transfer as the Managing Director’s long-term incentive for 2023 on the basis described in the Explanatory Memorandum to this Notice of Meeting.”

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

Item 4A
Approval of Managing Director’s LTI for 2023

Item	For	Against	Abstain	Open – useable
Voted (No. shares)	550,131,851	4,724,238	107,212	569,567
% of voted shares	99.04	0.85	n/a	0.11
% of all shares	81.92	0.70	0.02	0.08

Managing Director’s LTI for 2024

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Item 4B – Approval for 2024

“That approval is given to the grant of performance rights pursuant to the Company’s LTI Plan and the acquisition of shares on vesting by issue or by transfer as the Managing Director’s long-term incentive for 2024 on the basis described in the Explanatory Memorandum to this Notice of Meeting.”

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

Item 4B
Approval of Managing Director’s LTI for 2024

Item	For	Against	Abstain	Open – useable
Voted (No. shares)	550,173,033	4,657,871	131,095	570,869
% of voted shares	99.05	0.84	n/a	0.11
% of all shares	81.92	0.69	0.02	0.09

Polls


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