

# Downer news

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PAGE  
**5**

## Sunshine Coast Lightning go back-to-back



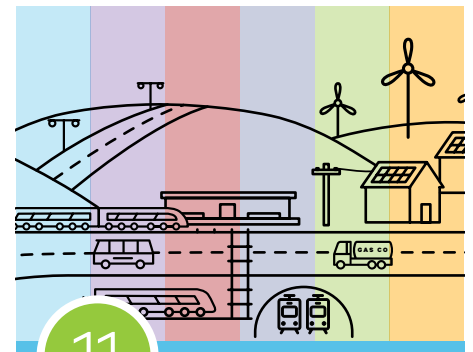
**4**

Key contract wins  
for MEI



**8**

Driverless shuttle hits  
Adelaide streets



**11**

Downer's new look



## Downer announces strong FY18 results

We announced our 2018 Full Year financial results on August 16, with all four of our Divisions delivering revenue growth – and total revenue increasing by 61.5 per cent to \$12.6 billion.

“Downer delivered a strong result,” our CEO, Grant Fenn, says.

“We have leading or strong market positions in all sectors in which we operate and there are significant opportunity pipelines in every one of them. Our work-in-hand has increased to \$42 billion.”

Downer met its guidance for the seventh consecutive year – and we have forecast double-digit growth for the 2019 financial year.

### FY18 highlights

**\$296.5 million**

Underlying net profit after tax and before amortisation of acquired intangible assets (NPATA)

**↑58.9%**

compared with the prior corresponding period (6.7% on a pro forma basis)

**\$117.9 million**

Statutory NPATA

**\$71.1 million**

Statutory NPAT

**\$335 million**

FY19 NPATA guidance

**↑13.0%**

**\$12.6 billion**

Total revenue

**↑61.5%**

(16.7% on a pro forma basis)

**\$583.3 million**

Operating cash flow, representing cash conversion of 91% of earnings before interest, tax, depreciation and amortisation (EBITDA)

**14 cents per share**

Final dividend increased to 14 cents per share (50% franked); total FY18 dividends of 27 cents per share (50% franked)

**↑12.5%**

All figures above include 100 per cent contribution from Spotless, before minority interests. The references to “pro forma basis” mean that Spotless’ contribution for the period 1 July 2016 to 30 June 2017 has been included to allow comparison of the combined Downer and Spotless results as if the acquisition of Spotless had occurred on 1 July 2016.



The Prime Minister met one of the youngest employees at Auburn – 17-year-old apprentice, Luke Barlow.

## PM visits AMC

Downer celebrated 120 years of operation in Western Sydney on September 25... and a special guest dropped by to help us mark the occasion.

Australian Prime Minister, Scott Morrison, joined Downer CEO, Grant Fenn, and the team at our Auburn Maintenance Centre (AMC) to acknowledge the milestone.

It was significant that Auburn hosted the visit – Clyde Engineering was established on September 30, 1898 on the same site AMC now stands. Clyde was acquired by Evans Deakin Industries (EDI) in 1996, and EDI was subsequently acquired by Downer in 2001.

The PM spent two hours onsite, inspecting our facilities, talking to staff members and conducting a series of media interviews.

“It’s great to be here at Downer, thanks so much for having us here in your 120th year of operation and it’s great to meet so many of the workers here who do terrific work servicing the fleet,” Mr Morrison said. “They service 60 per cent of the fleet here in Sydney and they do absolutely mighty fine work.”

Grant welcomed the Prime Minister onsite and took the opportunity to praise the contribution made by the thousands of men and women who have worked for the company for more than a century in NSW.

“Western Sydney is the birthplace of Australian industry and since the 1880s people at this site have been delivering world class projects, from the first locomotive to WWII aircraft to the new Waratah trains,” he said.

“We are extremely proud of our heritage and the long list of iconic projects in Western Sydney and across NSW that we have been involved in.”



## First Waratah Series 2 train enters passenger service

Good news for Sydney train commuters – the first of 24 new eight-car Sydney Growth Trains (SGT), also known as Waratah Series 2 trains, started rolling onto the tracks in September.

The SGT project is being delivered by Downer as part of the NSW Government's \$1.5 billion 'More Trains, More Services' program.

Our CEO, Grant Fenn, says the Waratah Series 2 trains further improve the passenger experience with their superior design and technology.

"Downer is continuing to work with Transport for NSW, our delivery partners and suppliers to provide safe, reliable and comfortable world-class transport solutions for the people of New South Wales," Grant says.

"Importantly, we have built on the success of the original Waratah train fleet to deliver Sydney's newest trains in record time. We understand the transport challenges in New South Wales and the need to increase capacity as quickly as possible with improved passenger comfort and the highest standards of safety."

The new trains will be progressively introduced into service, with the entire fleet delivered by early 2019. Features of the Waratah Series 2 trains include:

- Improved air conditioning with advanced temperature control
- More than 90 internal and external CCTV cameras and two customer help points per car
- Improved accessibility with priority seating, wheelchair spaces and hearing aid loops
- High definition customer information screens to provide journey and safety information
- Improved interior LED lighting.

## Cardiff Service Delivery Centre upgrades

On September 4, we officially unveiled the \$38 million upgrade to our Cardiff Service Delivery Centre, revealing improvements that will help enhance Sydney's world class trains.

The state-of-the-art facility near Newcastle, NSW, now features the only synchronised eight-car lift and bogie exchange workshop in Australia, as well as the introduction of new specialised equipment for wheel and bogie overhaul and maintenance.

These upgrades will help us deliver improved availability and reliability to all of the Sydney Trains fleets managed by Downer, including the Waratah, Millennium and Waratah Series 2.

The investment in our Cardiff Service Delivery Centre will enable a 50 per cent reduction to the time taken to overhaul critical assets. The upgraded facility will also support significantly improved performance and extend the life of train assets such as bogies and wheels.

"The completion of the bogie workshop at Cardiff will deliver overhaul and maintenance services immediately for the Waratah fleet, ensuring minimal downtime for NSW commuters," Downer's Executive General Manager of Rolling Stock Services, Michael Miller, says.

"Our expectation is that the Cardiff investment will result in further improvements to all Downer-managed rolling stock fleets. There will be improved reliability for these critical assets which are already recognised as world-class trains."

Over 100 jobs were created during construction, with 30 ongoing heavy rail maintenance jobs established in the facility, creating new employment opportunities for the local community.



## CONTRACT WINS

# Numurkah Solar Farm contract

Downer has been awarded an Engineering, Procurement and Construction (EPC) contract worth approximately \$160 million for the Numurkah Solar Farm in northwest Victoria.

Owned by Neoen, the farm will generate approximately 240,000 megawatt hours (MWh) of clean, renewable electricity into the national power grid each year, making a major contribution to Australia's greenhouse gas emissions reduction. This reduction will be equivalent to taking 75,000 cars off the road or planting 390,000 trees.

The Numurkah Solar Farm is a 128 megawatt (MW) renewable energy project supported by a 38MW Green Certificate purchase agreement with the Victorian Government and a 15-year power purchase agreement with GFG Alliance's SIMEC ZEN Energy.

*"Through the purchase agreement with the Victorian Government, the Numurkah Solar Farm will help power Melbourne's tram network, which is operated and maintained by the Keolis Downer joint venture," our CEO, Grant Fenn, says. "This connection highlights Downer's position as the leading integrated services provider in Australia and New Zealand."*

Franck Woitiez, Managing Director of Neoen Australia, is looking forward to partnering with Downer on the project, which will produce enough electricity to power approximately 42,000 homes per year.

Construction is scheduled to take approximately 12 months.



## Key contract wins for MEI

**Our Mining, Energy & Industrial Division has scored a number of important contract wins over the past few months.**

In July, we were awarded a five-year contract to provide maintenance and support services at the Chevron-operated projects in Gorgon and Wheatstone, Western Australia.

Our scope of works spans the maintenance of non-process infrastructure assets and includes support services provided by Spotless.

On September 5, we announced that Millmerran Power Partners has awarded us a new contract to continue the provision of mining services at the Commodore open cut coal mine, located adjacent to the Millmerran Power Station, approximately 200km west of Brisbane.

The contract extension is valued at \$286 million and is for an additional five-year term, meaning we will continue operations at Commodore until the end of August 2024.

Downer has been providing a total mining service at Commodore since 2001 to deliver coal to the Millmerran Power Station. The scope of works includes operating and managing the mine and associated activities, including mine planning and design, drill and blast, overburden removal, coal mining and rehabilitation. Downer also holds statutory responsibility for the mine site.

On August 6, we announced we have signed a contract with Cobar Management Pty Limited for the provision of mining services at the CSA mine, an underground copper mine located in Cobar, Central Western NSW.

Cobar Management Pty Limited is a wholly-owned subsidiary of Glencore plc, a global diversified natural resource company.

The three-year contract, with Cobar Management having an option to extend the term up to 24 months, is valued at approximately \$120 million and follows the successful completion of a three-year mining services contract awarded to Downer in May 2015.

Our scope of works includes mechanised decline and lateral development mining and haulage, with the provision of ground support services including shotcrete and cable bolting.

On October 3, we announced we have been awarded a three-year contract by BHP Billiton for the provision of general maintenance services at its Western Australia Iron Ore (WAIO) operations in Port Hedland. Our scope of works spans the maintenance of the Port Hedland export operations across the Finucane Island and Nelson Point facilities. This will include the provision of mechanical, electrical, heating, ventilating and air conditioning (HVAC), minor civils, rope access services and integration with the BHP maintenance team in planning and executing the services.

These contracts continue our recent run of success in the mining, energy and resources and industrial sectors, which also includes the \$660 million underground mining services contract at the Carrapateena copper gold mine in South Australia, awarded in April.



# Sunshine Coast Lightning go back-to-back



## Who said lightning never strikes twice?

Sunshine Coast Lightning claimed back-to-back Super Netball titles by defeating minor premiers West Coast Fever 62-59 in a tense grand final at Perth on August 6.

After a slow start to the year, the Lightning clawed their way into the finals before winning a string of tough, close games to be crowned champions for the second straight year.

Downer has been the Major Sponsor of the Sunshine Coast Lightning for the past two years. It is part of our commitment to supporting the communities in which we operate... and it's also excellent exposure for our brand. The grand final attracted a record crowd of 13,722 people, while hundreds of thousands more watched the game live on television.

We look forward to continuing our sponsorship of the Lightning in 2019.





## EMPLOYEES

# Spotless Leadership change

On October 15, it was announced that Downer Group General Counsel and Company Secretary, Peter Tompkins, had been appointed Spotless' Chief Executive Officer and Managing Director.

Peter replaces Dana Nelson, who stepped down from that role on October 16, but will work with Spotless over the next six months to ensure a smooth integration and transition.

Peter has been a member of the Downer Executive Committee since 2011 and for the past year he has led the Downer-Spotless team addressing the various operational and commercial issues at the new Royal Adelaide Hospital.

*“Peter has an extensive range of skills that has made him a highly valued member of the senior executive team at Downer,”*

Downer CEO, Grant Fenn, says.

*“He has considerable operational experience and we are confident he will drive high levels of customer service and performance at Spotless.”*

Dana joined Spotless in 2010, became Chief Operating Officer in 2015 and was appointed Chief Executive Officer in August 2017 following Downer's takeover of Spotless.

*“I would like to thank Dana for her valuable contribution to Spotless over the past eight years and for helping to drive the successful integration of Spotless with Downer since the takeover offer closed a year ago,”*

Spotless Chairman, John Humphrey, says.

■ *“We wish her all the best for the future.”*

Peter Tompkins resigned as Downer Company Secretary following his appointment. Peter Lyons, who has been joint Company Secretary since 2011, remains Company Secretary.



## Melbourne's bigger, better trains are on the way

The highly-anticipated, highly-acclaimed High Capacity Metro Trains (HCMT) are getting closer to delivery!

In June, the team at Downer's Newport Manufacturing Facility started building 65 new trains for the HCMT Project. This fleet represents the first new train design that Victoria has seen in over 10 years, and Victoria's largest single order of new trains.

The team at Newport has been ramping up operations to ensure the first HCMT is ready for testing by the end of October. All seven carriages of the first HCMT are being fitted out simultaneously, including the installation of wiring within the carriages.

As the HCMTs come off the assembly line in Newport, the testing and commissioning team at the Pakenham East depot will run parallel activities to ensure the first HCMT is ready for provisional acceptance by mid-2019.

The carriages will undergo several phases of physical and electronic testing, including single car-based activities, coupling of cars, and building up to seven car sets.

The trains will then be tested for safety and reliability through static and dynamic testing.

Mainline testing is expected to commence in 2019 to test the HCMTs' ability to co-mingle with other rolling stock as well as its integration with signalling systems, level crossings and substations.

We're also proud to report that the HCMT Project team has been selected as a finalist for the 2018 International Association for Public Participation Awards (IAP2), in the infrastructure category. The awards recognise outstanding organisations and projects

at the forefront of community and stakeholder engagement, and demonstrate our team's commitment to excellence in these areas.

We engaged 33 stakeholder groups during an extensive stakeholder and engagement program, including accessibility groups and passenger organisations, train drivers and emergency services. The program featured a 40m life-size model of the new train and simulated real conditions around Melbourne's rail network.

Over 2,500 items of valuable feedback were recorded, resulting in 157 design changes to the HCMTs, including additional grab rails, more priority seating and the relocation of several electrical boxes to make room for assisted animals, ensuring that the HCMTs meet the needs of Melbourne's commuters.



Over 60,000 square metres of concrete has been poured at the Pakenham East Depot – the equivalent of more than 14 acres. To put this into perspective, the Hoddle Grid (the layout of the streets in Melbourne CBD) is approximately 10 acres!



## AUTONOMOUS VEHICLES



# Driverless shuttle hits Adelaide streets

Think driverless vehicles on our roads are a thing of the distant future? Think again. Autonomous vehicles have arrived, and Keolis Downer is already trialling them... with a lot of success.

In June, Keolis Downer, alongside Flinders University, the South Australian State Government and other industry partners, launched the first driverless electric shuttle in Adelaide: the Flinders Express (FLEX).

FLEX is part of a five-year trial of autonomous vehicle technology in Adelaide, and is part of several autonomous shuttle projects Keolis Downer is currently delivering.

Members of the public have been booking rides on the electric shuttle bus, which is initially providing 'first mile – last mile' services between Adelaide's Clovelly Park Train Station and the Tonsley Innovation District Main Assembly Building (MAB). The route will expand next year to include the nearby hospital.

This is the first time a driverless vehicle has been allowed on public roads in South Australia, with the State Government giving special permission to proceed with the trial.

As the presence of automated technology increases, Keolis Downer is taking the initiative to ensure we understand the implications for the community and governments, and what is required for autonomous vehicles to operate safely in Australia. We are constantly assessing the benefits and risks of this new technology and sharing this knowledge with transport authorities and the community, so governments will be aided by first-hand experience when considering regulations.

FLEX is backed by the South Australian State Government and delivered by several industry collaborators that include Keolis Downer as well as Cohda Wireless, Renewal SA, SAGE Automation, Telstra, UPG and ZenEnergy.



*"Autonomous shuttles will change the way people travel,"* Keolis Downer CEO, David Franks, says.

*"By exploring how these vehicles can complement existing transport solutions, we aim to encourage the use of public transport and create more liveable and sustainable environments for communities."*





# Better roads for the future start today

It's been almost two years since the first sod was turned on the \$195 million second stage of the Christchurch Southern Motorway (CSM2) in New Zealand.

Since then, we have made visible progress.

In August 2016, Downer, in partnership with McConnell Dowell, secured a contract to deliver the project, which is the final section in the Canterbury Roads of National Significance (RoNS) portfolio to be awarded and will complete a package of projects designed to address increased travel demand and congestion in the south of Christchurch and Canterbury.

The CSM2 project consists of eight kilometres of new four-lane motorway, five kilometres of existing SH1 duplication, five kilometres of local roads and adaptations, seven bridges over the new highway and one local road culverted beneath it.

When completed, the new road network will provide better access to and from the south of Christchurch, the city centre and Lyttelton,

by improving the capacity, safety and alignment of the Christchurch Southern Corridor. It will also halve the travel time between central Christchurch and Rolleston, reduce fatal and serious crashes by 40 per cent, and fix two for the region's most dangerous roads.

Transport Agency Christchurch Highways Manager, Colin Knaggs, is pleased by the project's progression.

*"The Downer-McConnell Dowell joint venture team that are building the motorway have been making good progress," Mr Knaggs says.*

The project is expected to be completed early 2020.





## EVENTS



## Empowering our future generation

Nurturing the development of our next generation of leaders is crucial to ensuring Downer is well-placed for future success.

In August, our young people from across New Zealand (and one from Australia) travelled to Hamilton for NZ's annual Young Professionals Conference.

The event provided our young professionals with the opportunity to network, share ideas and collaborate with like-minded people.

Over the course of the two days, our young people listened to thought-provoking speaker and mountaineer expert, Lydia Bradey, participated in out-of-the-box activities including an early morning boot camp, shared stories about their experiences and had a themed awards dinner.

Downer CEO, Grant Fenn, was a special guest on the final day, providing a holistic overview of the business, including strategic plans for the future. Grant also shared personal tips about achieving work-life balance and the importance of social and family time.

The event ended on a high note with our young people taking part in the Helping Hand workshop, where participants built prosthetic hands for Cambodian children who were landmine victims.

Congratulations to award winners – Michelle Zhao, Zubin D'Sousa, Aimee Pene, Havea Pamaka, Kent Johnson, and Mark Werpachowski.



## Downer sponsors New Zealand Masters Games

The New Zealand Masters Games' tagline is "Great sport, great mates, great memories"... and now you can add "great major sponsor" to the slogan!

In August we signed on as the naming rights sponsor for New Zealand's largest multisport event, officially making it the Downer New Zealand Masters Games.

The Downer New Zealand Masters Games will be held in Whanganui from February 1-10, marking the 30th anniversary of the popular annual event.

It is shaping up as a huge event – and excellent exposure for our brand – with 5,000 athletes from over 20 countries participating in more than 50 summer and winter sports at 40 different Whanganui sporting facilities. There will also be opening and closing ceremonies, medals ceremonies and even a games village.

Downer New Zealand Executive General Manager, Craig West, says the partnership is a perfect fit for Downer, the Masters Games and the Whanganui community.

"Communities are at the heart of what we do, and we have been a part of the Whanganui community for decades," Craig says.

**"Supporting an event of this calibre will help to drive a stronger economy for the region. It is just one way that Downer contributes to building a stronger New Zealand."**

Event organisers are thrilled to have our support.

"Downer is very well known in Whanganui and throughout our region," Masters Games company chairwoman Philippa Baker-Hogan says. "With established local relationships and a strong community focus, they are the ideal partner for this iconic event."

Our Whanganui-based staff are already excited about participating.

The DNZ Masters Games are open to anyone who meets the minimum age for their chosen sport (usually around 30). You don't need any qualifying standards, just a healthy appetite for fun, trying new sports and enjoying the social element Masters Games are renowned for.



# Downer brand's new look

## The Downer brand allows us to demonstrate how our relationships create success.

Our brand tells everyone who we are, what we stand for and what we value. A strong identifiable brand is critical to our success in the marketplace, as it affects our relationships with customers and other stakeholders.

As a company, we have undergone some significant changes over the past two years. With the acquisition of several large businesses, including Spotless and Hawkins, it is important that we show the market an aligned brand and reflect our integrated services and teams.

To support this, we have updated and developed some key brand resources. These include:

- **Updated brand guidelines, architecture and colour palette** – our colour palette now includes Spotless and Hawkins colours and more closely aligns to Aboriginal and Maori Indigenous colours. The brand guidelines also incorporate photography guidelines.
- **A new PowerPoint template and instructions** – this includes a variety of slide options to suit different types of written and graphic content and embedded styles to make it easier to prepare eye-catching presentations.
- **Updated icons** – based on feedback, we have removed the black box and provided guidelines on their use.
- **Editorial guidelines** – to ensure consistency.
- **Graphics** – including the Downer ecosystem drawing (below) and the rope used on the Group brochure.
- **The Downer Pillars graphic** in our new colours.
- **Opening and closing sequences** to support your videos.



## Stay connected



With a workforce of more than 56,000 spread out across the globe, it's not always easy for everyone at Downer to stay connected.



That's why we launched DownerConnect – an exciting new app that lets you connect with colleagues and executives from across the business, all from the palm of your hand. So, what functions does the new app have? We're glad you asked! In its initial phase, DownerConnect has six sections:

**Feature videos:** Videos from around the business are beamed to the app.

**ASX Announcements:** All our major announcements, all in the one place.

**Employee News:** You can 'like' and comment on articles, and respond to other people's comments – just like social media.

**Jobs:** Find out when that perfect role at Downer opens up – as soon as it is listed.

**Innovation Hub:** Share and discover ideas, collaborate with colleagues and see innovation come to life... all from your phone.

**Useful Contacts:** IT support, Payroll support, our Employee Assistance Program and more.

Anyone can download DownerConnect and access the first four sections. Innovation Hub and Useful Contacts, and some News articles and videos, are only accessible to staff with an approved Downer or Spotless email address.

Download it from the App Store or Play Store.



## Happy hackers

**They collaborated. They created. They innovated.**

The 2018 Downer Spotless 'Hack the City' hackathon was held in Melbourne on September 6-7, with 15 teams chasing a slice of the \$12,000 in prize money up for grabs.

A hackathon is a two-day event where teams work intensively to create a solution to a presented challenge. At the end of the two days, teams pitch their concepts to a judging panel which decides the winners.

This year's challenge focused on 'Smart Assets, Infrastructure and Facilities' and drew some fantastic solutions from the innovation ecosystem, which included our employees, start-up companies, universities and our customers.

Congratulations to the winning team, 'P.A.W.S.' which won with their safety-focused solution involving attaching a laser to the front of a tram and projecting an image onto the ground in front. This solution would alert people who are looking down at their phones of the arriving tram and would therefore reduce the amount of tram and people collisions.



## How we celebrated NAIDOC Week

NAIDOC Week is a time for all Australians to celebrate the history, culture and achievements of Aboriginal and Torres Strait Islander peoples.

The theme for this year's NAIDOC Week, held between July 7-14, was "Because of Her, We Can", recognising the role Aboriginal and Torres Strait Islander women have played, and continue to play, in our communities. We celebrated throughout the week at sites across Australia. Here's a selection of some of our events.

### Welcome to Country at North Ryde

Staff at North Ryde participated in a traditional smoking ceremony and were then treated to a yidaki (didgeridoo) performance by Indigenous entertainer Gumaroy Newman and our CEO Grant Fenn!

Gumaroy is a descendant of both Gomilaroi and Wakka nations of south-west Queensland and north-west NSW, and is regarded as one of the world's best yidaki players. He performed several songs, before giving Grant an impromptu tutorial on how to play (pictured above).

### T&I celebrate across the country

In Victoria, Transport & Infrastructure staff attended a NAIDOC flag raising ceremony at Federation Square, participated in a NAIDOC March and filled a table at the Victorian NAIDOC Ball. Another highlight was in WA, where our Rail crews at Tom Price in the Pilbara region received a Welcome to Country from Elder Wayne Stevens, Traditional Owner to Muntulgura Guruma Country.

### Spotless cook up a NAIDOC Week treat

As part of Spotless' NAIDOC Week activities, the Group Food Development team produced a special NAIDOC Week edition of their *What's Cooking* recipe magazine.

### Deadly Jobs Expo

Our MEI Division showcased their Aboriginal and Torres Strait Islander engagement at the Deadly Jobs Expo in Bassendean, Western Australia, on July 12.

### Musgrave Park NAIDOC Family Fun Day

Downer also participated in the Musgrave Park Family Fun Day in South Brisbane on July 12, which was billed as "Australia's biggest and best NAIDOC celebration".

**Have you got a story idea?  
Know how we can make Downer News better?**

Send your suggestions to: [communication@downergroup.com](mailto:communication@downergroup.com)