



Company	Downer EDI Ltd
Code	DOW
Meeting	AGM
Date	7 November 2019
Venue	Northside Conference Centre, Crows Nest NSW
Monitor	Nick Bury

Number attendees at meeting	98
Number of holdings represented by ASA	63
Value of proxies	\$2.372m
Number of shares represented by ASA	288,892
Market capitalisation	\$4,863m
Were proxies voted?	Yes, on a poll
Pre AGM Meeting?	By telephone with Chair Mike Harding and others

Peter Watson, Teresa Handicott and Grant Thorne, whose respective candidacies were supported by the ASA, were all uneventfully either elected or re-elected as non-executive directors by margins of 99% (for votes above 98.85%).

The remuneration report was passed with a for vote of 97.4% and was likewise supported by the ASA. This result is indicative of shareholders being prepared to support a really good remuneration report, which is moderate, measured, and well thought out.

Managing Director and CEO Mr G A Fenn's long term incentive plan received a for vote in excess of 99% in favour of that resolution for similar reasons.

The re-insertion of proportional takeover approval provisions resolution was passed with a for vote of 98.3% and was likewise supported by the ASA.

DOW advised that dividends would be increased from 27 cents in 2018 to 28 cents in 2019. Its safety performance had improved, despite the tragic death of a DOW employee at their Chilean operations in July 2019.

DOW, like many other corporates, has begun to spend substantive time spruiking sustainability measures it has taken to reduce its long-term greenhouse gas emission reduction targets, to align with the 2015 Paris agreement. The cost to shareholders of these measures was not quantified. Attendees also heard how these measures had met with the approval of the asset owners and institutional investors member group ACSI (Australian Council of Superannuation Investors), about its ethics and corporate governance initiatives, and how its materiality assessment, prepared in accordance with Global Reporting Initiative standards, identified what its stakeholders believed are the material issues for it.

The AGM was informative from the shareholder viewpoint, with regard to the information recounted immediately below:

Spotless's has continued to improve, which should make a substantive contribution to DOW's profitability going forward. Underlying earnings had increased by 14.7%, operating cash was \$630m and cash flow conversion of 89% before earnings before interest, tax, depreciation and amortisation. Gearing was down to 25%, and work in hand going forward was now over \$44 billion.

DOW is targeting net profit after tax and amortisation of acquired intangible assets of about \$365m before minority interests for the 2020 financial year, and forecasts about 7% profit growth. Cash performance will be weaker due to the impact of its Murra Warra wind farm, the timing of cash flows from large projects winding down, and the timing of cash payments for the first bogie overhaul for the Waratah Trains.

DOW's Urban Services businesses of Transport, Utilities and Facilities contributed 83% of its earnings in the 2019 financial year, makes up 88% of its work-in-hand, and is positioned for growth. DOW is well diversified, not dependant on the mining cycle, and is well positioned to grow its revenue in the Urban Services area.

Mining work contributed about 19% of its profit in 2019 but had consumed about 50% of its capital expenditure.