

Media/ASX and NZX Release

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FY18 GUIDANCE ACHIEVED FY19 NPATA GUIDANCE UP 13% TO \$335 MILLION

Downer EDI Limited (Downer) today announced its financial results for the 12 months to 30 June 2018. The highlights are set out below.

- Underlying net profit after tax and before amortisation of acquired intangible assets (NPATA) of \$296.5 million, up 58.9% compared with the prior corresponding period (6.7% on a pro forma basis).
- Statutory NPATA of \$117.9 million and statutory NPAT of \$71.1 million.
- FY19 NPATA guidance of \$335 million, representing growth of 13.0%.
- Total revenue of \$12.6 billion, up 61.5% (16.7% on a pro forma basis).
- Operating cash flow of \$583.3 million, representing cash conversion of 91% of earnings before interest, tax, depreciation and amortisation (EBITDA).
- Gearing (including Spotless) of 22.7%, down from 24.6% at 31 December 2017.
- Work-in-hand of \$42.0 billion, up from \$39.2 billion at 31 December 2017.
- Final dividend increased to 14 cents per share (50% franked); total FY18 dividends of 27 cents per share (50% franked), up 12.5%.

All the figures above include 100% 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.

A reconciliation of the underlying result to the statutory result is provided on slide 7 of the Investor Presentation.

The Chief Executive Officer of Downer, Grant Fenn, said Downer had met its guidance for the seventh consecutive year and the company was forecasting double digit growth for the 2019 financial year.

“Revenue increased by 61.5% to \$12.6 billion with growth delivered by all six of our service lines,” Mr Fenn said. “Transport revenue increased by 31%, Rail by 38%, Utilities by 18%, EC&M by 20%, Mining by 4.5% and Spotless by 3%.

“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 and we are targeting NPATA of \$335 million for the 2019 financial year, which represents growth of 13%.”

Downer's cash performance continued to be strong, with Group cash flow conversion of 91% of EBITDA.

"Despite the negative cash impacts of the New Royal Adelaide Hospital and substantial 'one-off' costs during the year, the Group cash performance remains strong, highly predictable and reliable," Mr Fenn said. "This is the seventh year in which Downer's cash flow conversion has exceeded 88% of EBITDA."

Mr Fenn said there was good progress on the New Royal Adelaide Hospital Project. Negotiations with Celsus and the South Australian Government are ongoing and a formal process commenced in June to enable the parties to address the various operational and commercial issues.

Downer reports its financial results under six service lines and the performance of each service line, compared with the previous corresponding period, is summarised below.

Transport

Total revenue of \$2.82 billion, up 31%
EBITA of \$142.9 million, up 14%
Work-in-hand of \$7.4 billion

Utilities

Total revenue of \$1.78 billion, up 18%
EBITA of \$94.8 million, up 13%
Work-in-hand of \$3.4 billion

Rail

Total revenue of \$1.17 billion, up 38%
EBITA of \$39.2 million, up 29%
Work-in-hand of \$8.2 billion

Engineering, Construction & Maintenance

Total revenue of \$2.40 billion, up 20%
EBITA of \$70.6 million, up 34%
Work-in-hand of \$2.2 billion

Mining

Total revenue of \$1.36 billion, up 4.5%
EBITA of \$50.4 million, down 40%
Work-in-hand of \$2.8 billion

Spotless

Total revenue of \$3.10 billion, up 3%
EBITA of \$167.7 million, down 2%
Work-in-hand of \$18.0 billion

Safety

Downer continues to perform well against key health and safety indicators with a Lost Time Injury Frequency Rate of 0.78 per million hours worked and a Total Recordable Injury Frequency Rate of 3.27 per million hours worked.

Dividend

The Downer Board resolved to pay a final dividend of 14.0 cents per share, 50% franked, (12.0 cents per share fully franked in the prior corresponding period) payable on 27 September 2018 to shareholders on the register at 30 August 2018. The unfranked portion of the dividend (50%) will be paid out of Conduit Foreign Income. The company's Dividend Reinvestment Plan (DRP) remains suspended and will not operate for this dividend.

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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 56,000 people across more than 300 sites, primarily in Australia and New Zealand, but also in the Asia-Pacific region, South America and Southern Africa. It also owns 88 per cent of Spotless Group Holdings Limited. For more information visit downergroup.com