

Media/ASX and NZX Release

17 August 2022

DOWNER REPORTS UNDERLYING NPATA OF \$225.3 MILLION AND STATUTORY NPATA OF \$176.4 MILLION

Downer EDI Limited (Downer) today announced its financial results for the 12 months to 30 June 2022.

Demand remained strong across the core Urban Services businesses of Transport, Utilities and Facilities. Despite positive underlying core markets, FY22 has seen Downer's operations impacted by the disruptive impacts of COVID-19 as well as severe wet weather. Downer also completed the divestment/exit of non-core businesses in Mining and Hospitality in the period.

The main features of the results are:

- Core Urban Services revenue of \$11.5 billion, up 10.8% from the prior corresponding period (pcp). Total Group revenue of \$12.0 billion, down 2.0% from the pcp.
- Statutory EBIT (earnings before interest and tax) of \$323.2 million and statutory NPAT (net profit after tax) of \$152.0 million.
- Core Urban Services EBITA (earnings before interest, tax and amortisation of acquired intangible assets) of \$508.1 million, down 3.0% from the pcp.
- Underlying EBITA of \$399.2 million, down 14.6% from the pcp; statutory EBITA of \$358.0 million.
- Underlying NPATA (net profit after tax and before amortisation of acquired intangible assets) of \$225.3 million, down 13.7% from the pcp; statutory NPATA of \$176.4 million.
- Underlying cash conversion of 88.9%; statutory cash conversion of 83.9%.
- Net Debt to EBITDA of 1.6x and Gearing of 17.7% (19.0% at 30 June 2021).
- Final dividend of 12 cents per share (unfranked).

The Chief Executive Officer of Downer, Grant Fenn, said the performance demonstrated Downer's resilience.

"Despite the challenging conditions, particularly relating to COVID-19 and severe wet weather, our Urban Services businesses have continued to deliver solid earnings and strong cash conversion," Mr Fenn said.

"Completing the divestment of the non-core businesses is a major milestone for Downer, enabling the delivery of a transformed business and a strong balance sheet. Gearing has reduced to 17.7% and Net Debt to EBITDA of 1.6x remains well below our 2-2.5x target with available liquidity of \$1.9 billion."

Mr Fenn said Downer had a strong end to FY22 with a number of contract wins, which provided solid momentum into FY23.

“We have announced material contract wins across each of our Transport, Utilities and Facilities segments in Q4,” Mr Fenn said. “We are winning work in our key markets, our brand and relationships are very strong, and we are seeing a growing pipeline of work ahead of us.”

Demand for decarbonisation solutions across the Group’s customer base has accelerated dramatically in the past 12 months, which will create a strong pipeline of work.

“Our customers know they need to start acting on their decarbonisation targets and that it will require enormous effort,” Mr Fenn said. “Downer’s suite of technical skills means we are in a prime position to grow our business in what will be a significant economy-wide transformation journey to net zero.”

Dividend

The Downer Board has declared a final dividend of 12 cents per share, unfranked, payable on 28 September 2022 to shareholders on the register at 31 August 2022. The portion of the unfranked dividend amount that will be paid out of Conduit Foreign Income (CFI) is 14%. The Company’s Dividend Reinvestment Plan (DRP) remains suspended and will not operate for this dividend.

Safety

Downer reported a Lost Time Injury Frequency Rate of 0.82 per million hours worked at 30 June 2022, compared to 0.99 in the prior period, and a Total Recordable Injury Frequency Rate of 2.35 per million hours worked, down from 2.60 per million hours worked.

Sadly, a long-term Downer employee in New Zealand died in May 2022 following a fall at work. Although the cause of death is not yet known, Downer has treated this as a workplace fatality. This incident is a reminder of the challenges of ensuring we remain vigilant and relentlessly manage the Critical Risks associated with the work we do every day.

Outlook

For FY23, Downer expects 10-20% underlying NPATA growth, assuming no material COVID-19, weather, labour or other disruptions.

For further information please contact:

Media: Mitchell Dale, Group Manager Corporate Affairs

+61 448 362 198

Investors: Adam Halmarick, Group Head of Investor Relations and Strategic Planning

+61 413 437 487

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. For more information visit downergroup.com