

Media/ASX and NZX Release

12 August 2021

DOWNER REPORTS UNDERLYING NPATA OF \$261.2 MILLION

Downer EDI Limited (Downer) today announced its financial results for the 12 months to 30 June 2021. The main features of the results are:

- Statutory EBIT (earnings before interest and tax) of \$334.8 million and statutory NPAT (net profit after tax) of \$183.7 million;
- Underlying EBITA (earnings before interest, tax and amortisation of acquired intangible assets) of \$467.3 million, up 12.3% from the pcp; statutory EBITA of \$401.0 million;
- Underlying NPATA (net profit after tax and before amortisation of acquired intangible assets) of \$261.2 million, up 21.4% from the pcp; statutory NPATA of \$230.0 million;
- Underlying cash conversion of 100.8%, statutory cash conversion of 92.0%;
- Gearing reduced to 19.0% (35.7% at 30 June 2020); and
- Final dividend of 12 cents per share (unfranked), total full year dividends of 21 cents per share (unfranked).

The Chief Executive Officer of Downer, Grant Fenn, said it was a solid performance in a year of COVID-19 disruption.

“Our focus on critical Urban Services has meant that demand has remained strong throughout the year, resulting in a very resilient performance,” Mr Fenn said. “I want to acknowledge the effort of our people as we have continued delivering for our customers.

“Underlying earnings were up 21.4% and our cash performance was excellent. If we adjust for cash outflows from individually significant items recognised as expenses last year, our cash conversion was 101%. Without that adjustment, it was 92%. Either way, it is a terrific result.”

Mr Fenn said Downer had delivered on the priorities identified at its half year results, including:

- a strong full year earnings and cash result;
- making good progress on the sale of non-core assets, with \$628 million in proceeds so far;
- changing the corporate structure to improve market focus and reduce costs;
- implementing a range of capital management initiatives including recapitalising the business, resetting the target capital structure, commencing a \$400 million on-market share buyback and lifting the dividend payout ratio to 60% for the second half of the year; and
- continuing to improve Sustainability performance and reporting.

Mr Fenn said Downer's Urban Services strategy was leveraged to the long term macro-economic trends of expanding population, urbanisation and government outsourcing.

"Downer has \$35.4 billion of work-in-hand and 90% of it comes from contracts with Governments in Australia and New Zealand, or Government-backed contracts, compared with 56% five years ago," Mr Fenn said. "That is a huge change, and the Downer portfolio is now less cyclical, with significantly lower capital expenditure and strong cash conversion. Importantly, we have scale, diversity and financial strength."

Dividend

The Downer Board declared a final dividend of 12 cents per share, unfranked, payable on 23 September 2021 to shareholders on the register at 26 August 2021. The unfranked dividend will be paid out of Conduit Foreign Income. The company's Dividend Reinvestment Plan (DRP) remains suspended and will not operate for this dividend. Dividends for the full year totalled 21 cents per share.

Safety

Downer reported a Lost Time Injury Frequency Rate of 0.99 per million hours worked at 30 June 2021, in line with the prior corresponding period, and a Total Recordable Injury Frequency Rate of 2.60 per million hours, down from 3.10 per million hours worked.

Outlook

Downer expects its core Urban Services to continue to grow in FY22 both in revenue and earnings. Given the changing nature of the COVID pandemic and the ongoing restrictions Downer will not provide specific earnings guidance.

For further information please contact:

Michael Sharp, Group Head of Corporate Affairs and Investor Relations

+61 439 470 145

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 44,000 people, primarily in Australia and New Zealand. For more information visit www.downergroup.com