

## Media/ASX and NZX Release

14 February 2024

### **DOWNER REPORTS PRO FORMA EBITA OF \$149.0 MILLION (GROWTH OF 29.3%) AND STATUTORY NPAT OF \$72.1 MILLION (GROWTH OF 5.9%)**

Downer EDI Limited (Downer) today announced its financial results for the six months to 31 December 2023. The main features of the results are:

- Total revenue<sup>1</sup> of \$6.0 billion, down 1.9% from the prior corresponding period (pcp). On a pro forma basis, excluding divested Business Units, total revenue increased 7.3% to \$5.8 billion.
- Statutory NPAT of \$72.1 million, up 5.9% from the pcp.
- Pro forma<sup>2</sup> NPATA<sup>3</sup> (net profit after tax and before amortisation of acquired intangible assets) of \$74.9 million, up 39.0% from the pcp; statutory NPATA of \$80.2 million.
- Pro forma<sup>2</sup> EBITA<sup>3</sup> of \$149.0 million, an increase of 29.3% from the pcp, with EBITA margin of 2.6%, up 50 basis points from 2.1% in the pcp; statutory EBITA of \$139.2 million.
- Operating cash conversion of 73.4% of underlying EBITDA, which was 87.7% when normalised for the impact of individually significant items and the GST payment for the Australian Transport Projects divestment.
- Strengthened the balance sheet, paying down debt, with net debt to EBITDA reduced to 1.8x and gearing down to 22.6%.
- Interim ordinary dividend of 6.0 cents per share (unfranked) at a 58% payout ratio.

The Chief Executive Officer of Downer, Peter Tompkins, said that the first half results demonstrate the progress Downer is making in the business turnaround.

“We said that FY24 would be an important transition year for Downer as we address areas of underperformance, stabilise, and reposition the business for future profitable growth,” Mr Tompkins said.

“Delivering double digit underlying EBITA and NPATA growth alongside solid underlying cash conversion during the half highlights the momentum we are building as we address underperformance and execute on our transformation agenda.

“A key contributor to earnings growth during the period was the return to profitability of the Utilities business. While there is more work to be done in completing underperforming projects, I have growing confidence in the ongoing recovery in the second half and that we are turning the corner in this part of

<sup>1</sup> Total revenue is a non-statutory disclosure and includes revenue, other income and notional revenue from joint ventures and other alliances not proportionately consolidated

<sup>2</sup> Pro forma numbers are underlying and have been adjusted for the contribution from divested business units. The pro forma result is a non-IFRS measure that is used by management to assess the performance of the business. Non-IFRS measures have not been subject to audit or review. Refer to the Investor Presentation for a reconciliation from Statutory to Pro forma financials.

<sup>3</sup> Downer calculates EBITA and NPATA by adjusting EBIT and NPAT to add back acquired intangible assets amortisation expense

the business.”

Mr Tompkins said there had been important progress during the period relating to the Group’s operating model, performance culture and risk management focus, especially in the areas of tenders and project governance.

“Downer’s transformation journey is delivering positive results,” he said. “The Group’s new operating model has improved accountability and through a rapid reset is delivering cost out. We are now also embarking on the next wave of simplification to our operating model which includes optimising our technology and setting our next phase of efficiency targets.

“In alignment with our commitment to streamline operations, we completed several divestments during the half, making tangible progress in simplification of the business. We are committed to continuing to simplify the business going forward as part of our corporate strategy development.”

### **Dividend**

The Downer Board has declared an interim ordinary dividend of 6.0 cents per share, unfranked, payable on 11 April 2024 to shareholders on the register at 14 March 2024. The unfranked dividend will not have any portion paid out of Conduit Foreign Income (CFI). 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 (LTIFR) of 0.96 per million hours worked at 31 December 2023, compared to 0.90 at 30 June 2023, and a Total Recordable Injury Frequency Rate (TRIFR) of 2.77 per million hours worked, up from 2.68 per million hours worked.

Sadly, in the half year two fatal incidents occurred. A staff member was fatally injured during asphaltting operations while working in regional New South Wales, and a subcontractor died while operating a dozer undertaking land-clearing activities in the South Burnett region of Queensland.

Downer extends its condolences to these workers’ families, colleagues, and employers.

### **Outlook**

Downer reiterates that FY24 is an important year in the company’s turnaround program, and notes the following:

- Labour market challenges remain, however they have stabilised.
- The new operating model is demonstrating results in terms of accountability and efficiency.
- Downer is focused on delivering tendered margins across the portfolio and the targeted cost out programs.

Downer anticipates continued EBITA margin percentage improvement in H2 through a combination of cost out and improving operational performance towards its management target of >4.5% in FY25.

*Authorised for release by Downer’s Chief Executive Officer*

### **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](http://downergroup.com)

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