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# Media/ASX and NZX Release

13 February 2025

## TURNAROUND ON TRACK WITH STATUTORY NPAT GROWTH OF 4.7% AND PRO FORMA NPATA GROWTH OF 70.0%

Downer EDI Limited (**Downer**) (ASX:DOW) today released its financial results for the six months to 31 December 2024 (**1H25**), delivering earnings improvement across all segments.

The result demonstrates Downer's turnaround is on track, delivering a 4.7% increase in statutory NPAT of $75.5 million, a 37.1% increase in pro forma EBITA of $204.4 million, and pro forma EBITA margin growth of 1.1 percentage points to 3.7% against the prior corresponding period.

Other highlights include a 70.0% uplift in pro forma NPATA, cumulative annualised gross cost out of $180 million exceeding our transformation targets, the delivery of cash-backed earnings with a normalised cash conversion of 94.2%, and improvement in gearing with net debt to EBITDA reducing to 1.3 times.

| $m | 1H25 | 1H24 | Change |
|---|---|---|---|
| **Pro forma (underlying, and excluding contribution from divestments in the period)** | | | |
| Revenue | 5,486.7 | 5,785.3 | (5.2%) |
| EBITA | 204.4 | 149.1 | 37.1% |
| EBITA margin (%) | 3.7% | 2.6% | 1.1pp |
| NPATA | 127.3 | 74.9 | 70.0% |
| **Underlying (excluding individually significant items)** | | | |
| Revenue | 5,505.7 | 6,025.9 | (8.6%) |
| EBITA | 204.3 | 150.5 | 35.7% |
| NPATA | 127.2 | 76.1 | 67.1% |
| Normalised cash conversion | 94.2% | 87.7% | 6.5pp |
| Net debt to EBITDA | 1.3x | 1.4x (30-Jun-24) | (0.1x) |
| **Statutory** | | | |
| Revenue | 5,221.2 | 5,583.2 | (6.5%) |
| NPAT | 75.5 | 72.1 | 4.7% |
| Interim dividend | 10.8 cps 75% franked | 6.0 cps Unfranked | 80.0% |
| The difference between underlying and statutory results relate to individually significant items which principally relate to restructuring, divestment and impairment costs[1]. | | | |

Managing Director and Chief Executive Officer, Peter Tompkins, said the business remains focused on achieving ongoing improvements as part of the transformation program that was initiated two years ago.

"Downer's ability to generate strong cash conversion and ongoing EBITA margin improvement despite varied market conditions demonstrates the progress of our turnaround, and reinforces the resilience of our high quality, diversified mix of businesses," Mr Tompkins said.

**Safety**

In 2024, Downer implemented a Group-wide safety reset, with a commitment from operational leaders to take targeted action and introduce programs tailored to the specific needs of their work types. This targeted action has resulted in improved critical control effectiveness as well as reduced injury frequency rates.

At 31 December 2024, Downer's Lost Time Injury Frequency Rate (12 month rolling period) decreased to 0.85 from 0.96 per million hours worked, and Total Recordable Injury Frequency Rate (12 month rolling period) decreased to 2.24 from 2.77 per million hours worked compared to 31 December 2023.

**Group and segment performance**

During the period, Group pro forma EBITA of $204.4 million increased 37.1%, and pro forma EBITA margin increased to 3.7%, a 1.1 percentage point uplift from 2.6% in 1H24.

The transformation program has now delivered $180 million in cumulative annualised gross cost out, with $50 million achieved in 1H25. This exceeds our $175 million target, and Downer is on-track to achieve $200 million cumulative annualised gross cost out by 30 June 2025.

The Transport segment pro forma EBITA was up 31.9% on 1H24 to $129.4 million, driven by growth in profitability in New Zealand Transport & Infrastructure and Rail & Transit Systems, and supported by overhead cost reductions.

The Energy & Utilities segment pro forma EBITA of $52.6 million represents a 38.8% increase on 1H24, driven by the Telecommunications business, the stabilisation and completion of low margin water and power maintenance contracts, and overhead efficiencies related to the merger of the Utilities and Industrial & Energy businesses.

The Facilities segment delivered another positive result, with pro forma EBITA increase of 5.6% to $71.7 million. Operating leverage improvements were driven by a focus on strengthened contract management and overhead reductions achieved through operating model enhancements.

**Revenue and work-in-hand**

Pro forma revenue of $5.5 billion decreased by 5.2%, due to Downer's stated focus on improved revenue quality, enhanced risk guardrails and exiting underperforming businesses. Revenue was also impacted by ongoing areas of market softness in Australian transport agency spend levels and general economic conditions in New Zealand impacting infrastructure maintenance activity.

Work-in-hand of $37.4 billion dropped 2.9% largely due to our focus on quality of revenue, more selective tendering and the timing of tendering processes, where we have significant activity in 2H25 relating to Defence EMOS, power, telecommunications, and road maintenance. Our strong win rate for new work is above historical average.

The work-in-hand profile also reflects the progressive completion of large projects including Queensland Train Manufacturing Program, non-recurring water construction contracts nearing completion, the non-renewal and demobilisation of the Victoria power maintenance contract, and pending renewals of industrial and energy and Defence EMOS contracts.

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### Cash and balance sheet

Operating cash flow of $220.1 million represents a 30.9% improvement on the prior corresponding period, resulting in normalised cash conversion of 94.2%, a 650 basis point improvement on 87.7% in 1H24. Net debt to EBITDA reduced to 1.3x, an improvement from 1.4x at 30 June 2024, further strengthening the balance sheet and creating capital management flexibility.

### Portfolio simplification

During the period, Downer completed the sale of its New Zealand Catering business, entered into an agreement to sell its remaining 29.9% interest in the Laundries business and progressed the sale of a non-core Facilities business to a preferred party.

Following a strategic review, Downer commenced negotiations with Keolis to divest our 49% interest in Keolis Downer Pty Ltd.

### Dividends

The Downer Board has declared an interim dividend of 10.8 cents per share (**cps**), 75% franked, representing a payout ratio of 60%, payable on 27 March 2025 to shareholders on the register at 27 February 2025. The portion of the unfranked component of the dividend that will be paid out of Conduit Foreign Income (CFI) is 100%[2].

The Company's Dividend Reinvestment Plan remains suspended.

### FY25 Group outlook

1H25 performance was in line with expectations.

We are continuing to focus on building a high-quality order book with adherence to enhanced risk guardrails and operating disciplines.

We are targeting ongoing improvement in EBITA margin performance across each of our segments.

Market conditions are expected to remain varied, particularly lower Australian transport agency spend and softer economic conditions in New Zealand.

For FY25 we are targeting underlying NPATA of between $265 million to $280 million assuming no material change in economic conditions or market demand, and no material weather disruptions[3].

### 1H25 results and market briefing

This ASX announcement should be read in conjunction with Downer's 1H25 corporate reporting suite available at: https://www.downergroup.com/downer-investors

Downer will conduct a market briefing at 10.00am (AEDT) today, Thursday 13 February 2025. Please register for the webcast at: https://publish.viostream.com/app/s-rpgbhc9

1. For further details refer to slides 24 and 25 of the 1H25 Results presentation dated 13 February 2025.
2. This is relevant only for non-resident shareholders. The effect is that the portion of the unfranked dividend paid out of CFI is not subject to Australian dividend withholding tax.
3. Forward looking statements, including FY25 underlying NPATA guidance, are to be read in conjunction with the important notice and disclaimer on slide 30 of the 1H25 Results presentation dated 13 February 2025.

**ENDS**

*Authorised for release by Downer's Board of Directors.*

**For further information**

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**Downer (ASX:DOW)**

Downer EDI Limited (Downer) is a leading provider of integrated services across Australia and New Zealand, delivering and maintaining essential infrastructure that enable communities to thrive.

The demand for our services is shaped by investment in the energy transition, defence capability, government services and infrastructure expansion necessary to support population growth, and local industry revitalisation.

The sectors where we operate include roads, rail, ports and airports, power, gas, water, telecommunications, energy networks, health, education, defence, and other government sectors.

Downer is one of Australia's and New Zealand's largest private sector employers, with more than 26,000 dedicated people, who are united by our high-performance culture, known as 'The Downer Difference'.

For more information visit www.downergroup.com