

## Media/ASX and NZX Release

19 February 2026

### DOWNER DELIVERS 4.6% EBITA MARGIN DRIVING 30% STATUTORY NPAT AND 7% UNDERLYING NPATA GROWTH

Downer EDI Limited (**Downer**) (ASX:DOW) today released its financial result for the six months ended 31 December 2025 (**1H26**) headlined by strong earnings growth, delivering EBITA margin growth of 90 basis points to 4.6% exceeding the management target<sup>1</sup> of >4.5%. This resulted in a 29.8% increase in statutory NPAT to \$98 million, a 7.0% increase in underlying NPATA to \$136.1 million and an 11.2% increase in underlying EBITA to \$227.1 million.

Other highlights include a 10% uplift of underlying EPS to 18.7 cents per share (**cps**), the delivery of cash-backed earnings with a cash conversion of 90.5% exceeding the >90% target, and improvement in gearing with net debt to EBITDA reducing to 0.8x, supported by \$68.7 million proceeds collected from Downer's divestment of its interest in Keolis Downer in the period.

\$m	1H26	1H25	Change
<b>Statutory</b>			
Revenue	4,860.7	5,221.2	(6.9)%
NPAT	98.0	75.5	29.8%
Basic EPS	14.0	10.3	35.9%
Interim dividend	12.9 cps 100% franked	10.8 cps 75% franked	19.4%
<b>Underlying (excluding individually significant items)</b>			
EBITA	227.1	204.3	11.2%
EBITA margin %	4.6%	3.7%	0.9pp
EBITDA margin %	7.3%	6.5%	0.8pp
NPATA	136.1	127.2	7.0%
NPAT	129.5	120.1	7.8%
Basic EPS	18.7	17.0	10.0%
Normalised cash conversion	90.5%	94.2%	(3.7)pp
Net debt to EBITDA	0.8x	1.3x	(0.5)x
<b>Pro forma (Underlying, and excluding contribution from divestments in the period)</b>			
Revenue	4,855.8	5,104.6	(4.9)%
EBITA	219.7	185.6	18.4%
NPATA	130.0	109.9	18.3%

To be read in conjunction with the notes and the important notice and disclaimer in the 1H26 results presentation dated 19-Feb-26. The difference between underlying and statutory results relate to individually significant items which principally relate to impairments and asset-related charges, transformation and restructuring costs.

Managing Director and Chief Executive Officer, Peter Tompkins, said the result represents another period of improved financial performance and continues to demonstrate Downer's disciplined approach to prioritising revenue quality, risk management and cost-to-serve.

"We are seeing the benefits of Downer's portfolio simplification strategy starting to come through," Mr Tompkins said.

"We have expanded our margin and grown the bottom line, improved the quality and predictability of earnings, increased work-in-hand, and strengthened our balance sheet. These outcomes reflect our focus on

enhanced contract performance, tighter risk controls, and the continued embedment of a culture of accountability across the organisation.

“Importantly, we see clear and ongoing opportunities for further improvement, with programs to further lift contract margins and reduce cost-to-serve gaining traction.

“At our Investor Day in November 2025, we outlined our pathway to achieving sustainable growth, supported by our FY28 and FY30 management ambitions. Today’s result demonstrates that the foundations for that transition are in place, we are on track to exceed our management target<sup>1</sup> of >4.5% EBITA margin averaged across FY25/FY26 and we are well-positioned to deliver on our longer-term objectives.”

## **Safety**

Downer operates in sectors involving high-risk activities, and we remain committed to continually improving our systems and processes, with a strong focus on critical control effectiveness.

At 31 December 2025, the Lost Time Injury Frequency Rate (LTIFR) increased to 0.87 from 0.85 per million hours worked, and the Total Recordable Injury Frequency Rate (TRIFR) increased to 2.26 from 2.24 per million hours worked, compared to 31 December 2024.

In January 2026, tragically a Downer employee in New Zealand passed away following a workplace incident involving a vehicle. We extend our condolences to the families, friends and colleagues affected.

## **Portfolio simplification**

Downer completed two divestments; the sale of its 49% interest in Keolis Downer on 1 December 2025, generating cash of \$68.7 million from sale proceeds and an additional \$27.3 million from dividends, and the disposal of a non-core business, New Zealand Cleaning, on 31 July 2025.

These divestments have largely completed the portfolio simplification program, which has sharpened the Group's focus on core markets and growth opportunities aligned to technical strengths and market leading positions.

## **Revenue and work-in-hand**

The ongoing focus on quality of revenue has continued to deliver improvement in our EBITA margin.

Revenue declined during the period which was broadly in line with our expectations. 1H26 underlying revenue declined 3.6% on 1H25 pro forma revenue. 1H26 pro forma revenue, adjusted for the contribution of divested businesses and individually significant items, declined by 4.9% and statutory revenue declined by 6.9%. Positively, work-in-hand (WIH) increased by 8.9% to \$38.2 billion, driven by important strategic wins across energy, water, defence and transport which position the Group for a targeted return to growth in future periods.

Transport pro forma revenue was down 4.0%, impacted by ongoing softness in Australian Road Services, a risk reset in Hawkins which reduced activity levels, forex translation of New Zealand-based revenues and a reduction in work volumes as Downer approaches the completion of a number of large projects including City Rail Link in Auckland and the High Capacity Metro Trains Light Service Facility in Melbourne.

Energy & Utilities experienced strong growth in Power Projects and solid activity levels in the Energy & Industrial business, offset by the impact of the previously flagged consolidation of telecommunications providers in Australia and lower NBN volumes. Revenue was also impacted by mobilisation timing and ramp up of new work secured in Water, which is expected to improve going forward.

Facilities achieved 2.4% growth driven by Government, IFM, Health and Education, and had solid volumes from the EMOS contract ahead of the transition to the Australian Defence Property & Asset Services (**PAS**) contract which commenced in February 2026.

WIH was driven by strong growth across Energy & Utilities of 21.6% and Facilities of 20.2%, partially offset by a 3.5% decline in Transport, with approximately \$4.5 billion of preferred-bidder contracts awarded as at 21 August 2025 now converted into WIH.

Momentum remains solid, supported by ongoing contract wins, renewals and extensions across Defence, Power Projects, Water, Energy & Industrial, Housing and Rail. Notably, our WIH excludes \$1.5 billion of larger preferred-bidder positions at 18 February 2026, comprising approximately \$1 billion of road maintenance contracts in New Zealand and a Sydney motorway network maintenance contract, together with an integrated facilities management contract in Australia valued at approximately \$500 million.

Overall, the medium-term outlook is positive, underpinned by active tendering across core markets including NZ Infrastructure, Road Services, Water, Power, Rail and Facilities Management which supports our management ambition of a 4%–5% revenue compound annual growth rate<sup>2</sup> from FY26 to FY30.

### **Segment performance**

Transport pro forma EBITA increased 12.4% on 1H25 to \$129.3 million, with margins expanding 80 basis points to 5.3% supported by improved contract delivery and cost management. The result included higher earnings from the Queensland Train Manufacturing Program (QTMP), arising from the nearing completion of both a train prototype (ahead of testing in late 2026/early 2027) and the construction of the Torbanlea facility for local production in Queensland. The Australian Road Services business continued to experience variable Transport Agency spend patterns, with overall improved volumes in Victoria, South Australia and Western Australia offset by lower activity levels in New South Wales and Queensland. In New Zealand, our Hawkins business maintained profitability on a lower revenue base through improved project selection and project delivery, and Road Services delivered improved results despite experiencing softer market conditions.

Earlier this month, Downer appointed Doug Moss to lead its Transport & Infrastructure (**T&I**) business. A highly respected industry leader with over 25 years' experience, Doug joins the company from UGL, where he was the Managing Director, and will commence in April 2026 to lead Downer's strategy to realise the significant potential in our Australian and New Zealand T&I businesses.

Energy & Utilities delivered an 18.1% uplift on 1H25 in pro forma EBITA to \$57.5 million, with margin expanding 110 basis points to 4.4%, driven by a strong performance in Power Projects, including the successful delivery of major transmission lines and substations, and disciplined cost management. The Energy & Industrial business delivered a solid result with good contributions from maintenance shutdown work and positive news with the announcement of the \$750 million Chevron contract. The Water business is well positioned for growth with a strong WIH position, however, its contribution in 1H26 was impacted by the completion of large projects and mobilisation timing and ramp up of new work secured. The Energy & Utilities result was also impacted by a previously foreshadowed decline in our Telecommunications business following the completion of the main construction phase of the NBN and a consolidation of delivery partners by the major carriers, which reduced our volumes.

Facilities delivered another positive result, with pro forma EBITA up 9.4% on 1H25 to \$77.6 million, lifting the margin to 7.0%. The result was driven by strong contributions from the Government and Facilities Management businesses, which continue to benefit from steady government and commercial outsourcing demand. The Defence estate management business also had solid volumes in the period on the Australian Defence EMOS contract, with the subsequent transition to the PAS contract - where margins will reset lower from February 2026.

## Cash and balance sheet

Operating cash flow, when adjusted for interest and tax payments, was \$311.5 million which increased 6.4% on the prior corresponding period, off the back of strong contract delivery performance and normalised cash conversion of 90.5%.

The result was also supported by ongoing capital discipline, cost management and the receipt of \$76.9 million in net divestment proceeds. As a result, the balance sheet further strengthened, with net debt to EBITDA improving to 0.8x from 1.3x at 31 December 2024.

## Shareholder returns

The \$260 million on-market share buy-back program of up to 5% of issued capital commenced on 17 September 2025 with approximately \$64 million of shares repurchased to 31 December 2025. Together with ongoing dividend growth of approximately 115% over the past two years, this reflects our improving operational performance and strengthened financial position.

The Board has declared a fully franked interim dividend of 12.9 cps, up 19.4% on the prior half (10.8 cps in 1H25), payable on 2 April 2026 to shareholders on the register at 4 March 2026.

In line with our commitment to shareholder returns, the dividend payout ratio increased to 65%, with the target range remaining 60% to 70% of underlying NPATA and fully franked dividends targeted in FY26.

The Company's Dividend Reinvestment Plan remains suspended.

## Outlook<sup>3</sup>

1H26 performance was in line with our expectations.

Our focus continues to be building a high quality order book with adherence to our risk guard rails and operating discipline.

For FY26, on an underlying basis, we are targeting:

- revenue to be slightly lower than FY25 pro forma revenue<sup>4</sup>
- earnings and EBITA margin improvement
- NPATA of \$295 million to \$315 million, assuming no material change in economic conditions or market demand, and no material weather disruptions.

## 1H26 results and market briefing

This ASX announcement should be read in conjunction with Downer's 1H26 corporate reporting suite available at: <https://www.downergroup.com/downer-investors>

Downer will conduct a market briefing at 10.00am (AEDT) today, Thursday 19 February 2026. Register for the webcast at: <https://publish.viostream.com/app/s-rz9e7g4>

1. The management target of >4.5% average EBITA margin across FY25 and FY26 is incorporated into Downer's long-term incentive plan and is not provided as guidance. Any forward looking statements are to be read in conjunction with the important notice and disclaimer in the 1H26 results presentation dated 19-Feb-26.
2. Four year CAGR from FY26 underlying revenue. This information is a management ambition and is not provided as guidance. Any forward looking statements are to be read in conjunction with the important notice and disclaimer in the 1H26 results presentation dated 19-Feb-26.
3. Forward looking statements are to be read in conjunction with the important notice and disclaimer in the 1H26 results presentation dated 19-Feb-26.
4. FY25 pro forma revenue of \$10.348bn, amended to reflect the disposal of the E&U customer contract completed in 1H26.

## 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 enables 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 approximately 23,500 people, who are united by our high-performance culture, known as 'The Downer Difference'.

For more information visit [www.downergroup.com](http://www.downergroup.com).