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Media/ASX and NZX Release

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DOWNER DELIVERS 5.1% EBITA MARGIN, 51% STATUTORY NPAT AND 10% UNDERLYING NPATA GROWTH

Downer EDI Limited (**Downer**) (ASX:DOW) today released its financial result for the 12 months ended 30 June 2026 (**FY26)** headlined by year on year margin-led earnings growth from a higher quality, more resilient portfolio.

Underlying EBITA of $502.9 million increased 6.1%, representing a margin uplift of 70 basis point to 5.1%. Underlying NPATA increased 9.8% to $306.7 million, in line with guidance. Statutory NPAT increased 51.2% to $225.4 million.

Over the two year FY25-FY26 period, Downer achieved an average margin of 4.7% exceeding the >4.5% management target[1] established as part of its transformation program.

Other highlights include a 14.1% uplift of underlying EPS to 42.9 cents per share (**cps**), a 17.3% increase in dividends to 29.2 cps, the delivery of cash-backed earnings with a cash conversion of 91.1% exceeding the >90% target, and improvement in gearing with net debt to EBITDA reducing to 0.8x.

$m	FY26	FY25	Change
Statutory			
Revenue	9,744.8	10,531.5	(7.5)%
NPAT	225.4	149.1	51.2%
Basic EPS	32.6	20.4	59.8%
Total dividend	29.2 cps	24.9 cps	17.3%
Final dividend	16.3 cps 100% franked	14.1 cps 100% franked	15.6%
Underlying (excluding individually significant items)			
EBITA	502.9	474.2	6.1%
EBITA margin %	5.1%	4.4%	0.7pp
EBITDA margin %	7.8%	7.3%	0.5pp
NPATA	306.7	279.4	9.8%
NPAT	293.9	264.7	11.0%
Basic EPS	42.9	37.6	14.1%
Normalised cash conversion	91.1%	97.9%	(6.8)pp
Net debt to EBITDA	0.8x	0.9x	(0.1)x
Pro forma (Underlying, and excluding contribution from divestments in the period)			
Revenue	9,804.4	10,348.6	(5.3)%
EBITA	496.5	454.4	9.3%
NPATA	301.5	261.2	15.4%

To be read in conjunction with the notes and the important notice and disclaimer in the FY26 results presentation dated 20-Aug-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 Downer had delivered another year of earnings growth, margin expansion and cash-backed results from a higher-quality resilient portfolio.

“FY26 reflects the continued benefits of our focus on operational discipline, cost leadership, revenue quality and consistent execution,” Mr Tompkins said.

“Over the past three years, we have built a more focused and resilient business, improving margins, strengthening the balance sheet and enhancing the quality of our earnings.

“Achieving an underlying EBITA margin of 5.1% in FY26, and exceeding our management target of an average margin above 4.5% across FY25 and FY26 are important milestones.

“Strong cash generation and disciplined capital allocation have enabled us to continue investing in the business while returning capital to shareholders through fully franked dividends and our share buy-back program.

“We have built strong market positions and exposure to attractive medium-term growth drivers, including the energy transition, data centres, defence and transport infrastructure."

Safety

Safety remains Downer's highest priority.

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

Whilst Downer delivered another year of strong financial and operational performance, these achievements were tempered by a workplace fatality of a New Zealand Road Services team member that occurred in January 2026. Our thoughts and condolences remain with the individual's family, friends and colleagues.

At 30 June 2026, the Total Recordable Injury Frequency Rate (TRIFR) was 2.21 per million hours worked, reflecting continued progress in critical risk management, safety improvement plans and visible safety leadership measures; Lost Time Injury Frequency Rate (LTIFR) was 0.93 per million hours worked.

Performance; margin-led earnings growth

<u>Group performance</u>

During FY26, revenue was consistent with our expectations and reflected the disciplined approach adopted over the past three years to prioritise higher-quality revenue, stronger margins and more consistent earnings over volume growth, resulting in a stronger and more resilient portfolio.

Underlying revenue of $9.9 billion was 4.6% lower than FY25 pro forma revenue[2], excluding foreign exchange translation from the weaker New Zealand dollar, the decline was 2.8%. Despite mixed trading conditions, Transport and Facilities displayed relative resilience. On a pro forma basis, revenue decreased 5.3% to $9.8 billion, or 3.5% excluding the foreign exchange impact.

The deliberate focus on quality revenue, delivery excellence and cost leadership resulted in pro forma EBITA increasing 9.3% to $496.5 million. Earnings growth was driven by the ongoing turnaround in Energy & Utilities and Power Projects delivery, the stabilisation of Australian Road Services in the second half, progress on the Queensland Train Manufacturing Program (QTMP), and disciplined project delivery in New Zealand.

Margin improvement was further supported by ongoing cost out initiatives and the completion, renegotiation and performance improvement of underperforming contracts.

Energy & Utilities

Pro forma revenue contracted 10.9% to $2.5 billion due to reduced outsourced volumes and supplier consolidation in Telecommunications and negative foreign exchange impact of $31 million. This was partially offset by revenue growth in Water with mobilisation of secured contracts to meet an uplift in essential infrastructure investment.

Energy & Utilities delivered a 20.0% uplift in pro forma EBITA to $140.9 million, with margin expanding 150 basis points to 5.7%. Performance was supported by growth in energy transition-related activities including transmission line and substation projects, and improved project delivery.

Transport

Pro forma revenue decreased 3.3% to $5.2 billion, reflecting softer activity in New Zealand, a risk reset in Hawkins, foreign exchange translation of New Zealand-based revenues of $135 million, and lower work volumes following major project completions including City Rail Link in Auckland, Hobart Airport and the High Capacity Metro Trains Light Service Facility in Melbourne. Transport Agency volumes stabilised in Australia during the second half, with a solid final quarter despite ongoing uncertainty in the external environment.

Rail & Transit Systems revenue was supported by continued strong delivery of QTMP which achieved key milestones including occupation certification of the Torbanlea manufacturing facility, commencement of rollingstock manufacturing, prototype train testing ahead of shipment to Queensland, and ongoing construction progress at the Ormeau Maintenance Facility.

Transport pro forma EBITA increased 6.8% on FY25 to $297.0 million, with EBITA margin increasing 50 basis points to 5.7%. Margin performance reflected improved contract execution, QTMP delivery and stabilisation in Australian Road Services.

In April 2026, Doug Moss, a highly respected industry leader with over 25 years' experience, commenced as Chief Operating Officer of Transport & Infrastructure (T&I) to lead Downer's strategy to realise the significant potential in our Australian and New Zealand T&I businesses.

Facilities

Pro forma revenue reduced 1.8% to $2.1 billion, primarily reflecting the transition of the Defence Base Services contract from Estate Management and Operations Services (EMOS) to Property and Asset Services (PAS) which commenced in February 2026. Activity is progressively ramping up and is expected to be at the targeted run rate during 1H27. This was partially offset by volume growth across Government and Integrated Facilities Management, supported by the full year contribution from the Homes NSW (RAPM) and Home Affairs maintenance contracts, together with a solid performance in Health & Education.

Facilities delivered an EBITA margin of 6.8%, with pro forma EBITA of $143.5 million down 4.8% on FY25. As anticipated, the result reflected the margin reset associated with mobilisation of the PAS contract, with activity ramping towards its targeted run rate during 1H27. Strong execution across Government and Integrated Facilities Management contracts partially offset this impact.

Work-in-hand

Work-in-hand (**WIH**) increased 10% to $38.5 billion, reflecting $12.2 billion of new work secured during FY26. Facilities work-in-hand increased 20.2%, Energy & Utilities increased 11.5% and Transport increased 0.6%. Approximately 90% of work-in-hand is government-related and 93% relates to services activities.

Significant contract awards secured during FY26 included*:
- Defence PAS contract valued at approximately $3.05 billion
- Water contracts and extensions in Australia and New Zealand valued at approximately $1.5 billion
- NZTA State highway maintenance contracts valued at approximately NZ$1.5 billion
- Chevron Western Australia maintenance and support contract valued at approximately $500 million
- Stockland Integrated Facilities Management contract valued at approximately $500 million.

The medium-term outlook is positive, underpinned by active tendering across core markets including NZ Infrastructure, Road Services, Water infrastructure, Transmission projects, Data Centres, Rail rollingstock renewal and Facilities Management which supports our management ambition of a 4%–5% revenue compound annual growth rate from FY26 to FY30[3,4].

*Value excludes extension options.

Portfolio simplification

The portfolio simplification program was substantially completed during the period, enhancing our focus on core markets and growth opportunities aligned to technical strengths and market leading positions.

Downer completed two divestments; the sale of its 49% interest in Keolis Downer on 1 December 2025, generating total cash inflows of $96.0 million comprising $68.7 million in sale proceeds and $27.3 million in dividends, and the disposal of the non-core New Zealand Cleaning business on 31 July 2025.

Cash and balance sheet

Underlying operating cash flow, adjusted for interest and tax payments, was $642 million. When normalised it delivered cash conversion of 91.1%, exceeding the target of greater than 90%, reflecting strong contract delivery and cash management.

Free cash flow of $229 million including operating cash flow of $503 million reflected increased tax payments of $28.7 million due to higher profitability, and foreign exchange translation impacts of $38.4 million. Investing cash flow reflected ongoing capital discipline and $70.7 million of net divestment proceeds. This further strengthened the balance sheet and improved net debt to EBITDA to 0.8x from 0.9x at 30 June 2025.

Our capital position was improved through the issuance of A$400 million of seven-year AMTN in April 2026 and the repayment of US$100 million and A$30 million of Private Placement Notes in July 2025. Over the past two years, total committed facilities have reduced by $521 million, extending the debt maturity profile, further diversifying funding sources and lowering fees.

Downer maintained its Fitch BBB investment grade credit rating and ended the year with approximately $1.8 billion of liquidity and substantial funding flexibility to support future growth opportunities.

Shareholder returns

The Board has declared a final ordinary dividend of 16.3 cps, fully franked, representing growth of 15.6% and an increased payout ratio of 65%. The dividend is payable on 1 October 2026 to shareholders on the register at 3 September 2026.

The FY26 total dividend of 29.2 cps, fully franked, represents an increase of 17.3% versus 24.9 cps in FY25, and a full year payout ratio of 65%.

We remain committed to a dividend payout target range of 60% to 70% of underlying NPATA and the continuance of fully franked dividends.

The Company's Dividend Reinvestment Plan remains suspended.

Downer commenced its on-market share buy-back program, of up to 5% of issued capital (approximately $260 million) announced in August 2025. Approximately $96.5 million shares had been repurchased at 30 June 2026, with the program expected to continue during FY27, subject to market conditions, prevailing share price, trading volumes and other relevant factors.

Outlook[4]

We enter FY27 having delivered another year of improved operational and financial performance.

For FY27, on an underlying basis, we are targeting:
- Revenue and earnings growth and EBITA margin improvement
- Larger than normal skew to 2H27, with 1H27 revenue, earnings and EBITA margin lower than the prior corresponding period, with a return to growth in 2H27.

This reflects:
- The anticipated timing and outcome of key contract awards in Power Projects and Social Housing
- Ramp up profile of secured work in Water, Defence and Integrated Facilities Management
- Improvement in AUS Road Services volumes
- QTMP transitioning from facility construction to rollingstock manufacturing, reducing Transport revenue.

Looking beyond FY27, we remain positive on the medium-term outlook and our FY30 management ambitions.

Our strong market positions and exposure to attractive sectors, including the energy transition, data centres, defence and transport infrastructure, provide a solid platform for sustainable growth.

FY26 results market briefing

This ASX announcement should be read in conjunction with Downer's FY26 corporate reporting suite available at: https://www.downergroup.com/downer-investors

Downer will conduct a market briefing at 10.00am (AEST) today, Thursday 20 August 2026. Register for the webcast at: https://publish.viostream.com/app/s-r74e339

1. The management target of >4.5% average EBITA margin across FY25 and FY26 was incorporated into Downer's long-term incentive plan and was not provided as guidance.
2. FY25 pro forma revenue of $10.349bn, amended to reflect the disposal of the E&U customer contract completed in 1H26.
3. Four year CAGR from FY26-FY30 on underlying revenue. This information is a management ambition and not provided as guidance.
4. Any forward looking statements are to be read in conjunction with the important notice and disclaimer in the FY26 results presentation on slide 52.

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 and data centres, 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 22,800 people, who are united by our high-performance culture, known as 'The Downer Difference'.

For more information visit www.downergroup.com.