

No surprises, boring company with continuing profits

ASX code	Downer/DOW
Meeting date	Wednesday, 20 November 2024
Type of meeting	Physical/Webcast
Monitor	Allan Goldin
Pre AGM-meeting	Chair Mark Menhinnitt, Company Secretary Peter Lyons & Melanie Buffie Group Head of Investor Relations

Meeting Statistics

Number of holdings represented by ASA	53
Number of shares represented by ASA	465,762
Value of shares represented by ASA	\$2.68m
Total number attending meeting	In room 48 people of which 17 were share/proxy holders. ASA represented 61% of shares. 177 online mainly employees
Market capitalisation	\$3.9 billion
ASA open proxies voted	ASA voted in favour of all the resolutions.

Monitor Shareholding: The individual or their associates involved in the preparation of this voting intention have a shareholding in this company.

It is wasteful how companies spend large sums of money to hire a big inner-city hotel that is often poorly equipped to webcast an AGM, when for a fraction of the cost they can get an outstanding suburban facility 100 metres from a Metro station.

Downer has engineered a financial turnaround in the last two years with its new look management team and improved culture. This has continued, with the first four months of the new financial year displaying a healthy pipeline of opportunities, especially in power and energy transition services. Since August this year, Downer has secured three contracts valued at approximately \$230 million and have been shortlisted for the Hunter Transmission project, to connect Renewable Energy Zones in New South Wales.

Not all good news. Victoria government spending is expected to stay subdued at least for the first half of FY25. With no signs of improvement in the Victorian Roads business, the cost base has been right reduced ready to support the return to more normal road maintenance volumes when they return.

Notwithstanding mixed trading conditions, Downer are still targeting to improve on their FY24 performance and deliver the remaining \$45 million cost-out commitment in FY25. Revenue is expected to be relatively flat, but they are targeting continued improvement in earnings quality and increased EBITA margin while being committed to pursuing opportunities that are consistent with their enhanced risk guardrails.

Responding to questions, the Board now has direct input with senior management to decide at an early stage if major contracts fit in with their new corporate strategy, together they are ensuring that all the financial controls are monitored tightly on a regular basis to ensure that the misstatement of a few years ago doesn't happen again

Downer's big plus is continued outsourcing by governments and 90% of its revenue comes from government related entities although changes in government can result in delayed or cancelled contracts. However, as the Chair says, even if there is a change in the Federal government that doesn't see the same urgency in the move to alternative energy, he doesn't see this having a major near-term impact as contracts are long dated projects and DOW is involved in many diverse areas.

ASA joined virtually all the shareholders in voting in favor of all resolutions (see [AGM RESULTS](#)). Although it is not determinant, it is nice to see that in the [proxy results shown at the AGM](#), [Downer](#) shows how many of the total shares on issue voted.

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