

## Media/ASX and NZX Release

1 August 2019

### UPDATE ON MURRA WARRA WIND FARM

#### Background

On 28 May 2019, Downer EDI Limited (Downer) made an announcement in relation to the Murra Warra Wind Farm in Victoria. Downer's partner on the project, Servion GmbH (Servion), had filed self-administration proceedings in Germany. Downer noted that Downer and Servion share liability under the project jointly and severally, that work was progressing, and that Downer had initiated discussions with all key stakeholders to establish a process for securing delivery of outstanding equipment and completing the project.

#### Current status of the project and quantification of the financial impact

The current status of the project is:

- Downer's balance of plant work has been completed on schedule and on budget;
- 36 of the 61 wind turbine generators have been erected with 13 already generating electricity;
- Downer has entered into agreements to secure title and possession to all equipment needed to complete the project; and
- Downer has reached agreement with Servion for assistance in relation to the commissioning of the wind turbine generators.

Downer has now quantified the financial impact of Servion's insolvency. Total losses in relation to Downer's obligation to complete the Murra Warra Wind Farm are expected to be \$45 million before tax (\$31.5 million after tax). This includes the cost-to-complete and contingency relating to construction, performance and liquidated damages. Downer will recognise the impact of its losses relating to the Murra Warra Wind Farm in its financial statements for the year ended 30 June 2019.

On 2 May 2019, Downer confirmed its previously stated guidance for the 2019 financial year of \$352 million consolidated net profit after tax and before amortisation of acquired intangible assets before minority interests. Apart from Murra Warra, no other issues have emerged since 2 May 2019 that will negatively impact that guidance.

The Chief Executive Officer of Downer, Grant Fenn, said Downer was one of Australia's largest and most experienced providers in the renewable energy market.

"Downer has successfully delivered 14 wind farms since 2003 and during July we completed work on the Beryl Solar Power Plant in New South Wales and the Numurkah Solar Farm in Victoria," Mr Fenn said.

"Importantly, both these solar projects were completed profitably and in line with expectations. We have reviewed and adjusted our risk management processes, particularly around joint and several liability, following the Murra Warra experience and we remain committed to building on our leading position in renewable energy."

#### For further information please contact:

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### **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. Downer employs more than 53,000 people across more than 300 sites, primarily in Australia and New Zealand, but also in the Asia-Pacific region, South America and Southern Africa. It also owns 88 per cent of Spotless Group Holdings Limited. For more information visit [downergroup.com](http://downergroup.com)