Decmil Group Limited

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Company Announcements Office
Australian Stock Exchange
Level 10, 20 Bond Street
SYDNEY NSW 2000

By ASX Online

**Goldman Sachs Emerging Companies Conference**

Please find attached a copy of slides for a presentation which will be delivered this afternoon in Sydney.

Yours faithfully,

Brad Kelman
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ASX DCG
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# 2011

Goldman Sachs
Emerging Companies Conference

# INVESTOR PRESENTATION

## POSITIONED FOR FURTHER SUCCESS

Goldman Sachs

DGL
Decmil Group Limited

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# COMPANY OVERVIEW

## VISION

Decmil Group aims to be Australia's leading **diversified construction** company, delivering **sustainable growth** through our continued **focus** on all **relationships**.

- **Strategic focus**
  - Oil & gas, resources and infrastructure sectors
- **Geographic focus**
  - Western Australia north west
  - Expanding into Qld and NT
- **Contract size**
  - Capable of delivering complex, multi-discipline projects
  - Targeted contract size of $100m+
- **Solid reputation with blue-chip clients**

**Capital Structure and Cash**
at 31 Dec 2010

| | |
|---|---|
| **Shares on Issue** | **124.2m** |
| **Market Cap** | **$331m** |
| **Cash on Hand** | **$62.9m** |
| **Debt** | **$6.1m** |

**Share price performance 2010**


# COMPETITIVE LANDSCAPE

- **Few competitors** capable of servicing **Decmil's target contract size of $100m+**
- Based on contracts performed for Tier One clients
- Limited competition in each area of work

| | Accommodation Villages | Civil Works | Non-Process Infrastructure |
|---|---|---|---|
| **DECMIL GROUP** | ✓ | ✓ | ✓ |
| **Leighton Contractors** | ✓ | ✓ | ✗ |
| **Thiess** | ✓ | ✓ | ✗ |
| **John Holland** | ✓ | ✗ | ✓ |
| **Forge Group** | ✗ | Small | ✓ |
| **VDM Group** | Small | ✗ | ✓ |
| **Macmahon Holdings** | ✗ | ✓ | ✗ |
| **NRW Holdings** | ✗ | ✓ | ✗ |
| **Georgiou Group *** | ✓ | ✓ | ✓ |
| **DORIC Group *** | ✓ | ✗ | ✓ |

* Private companies

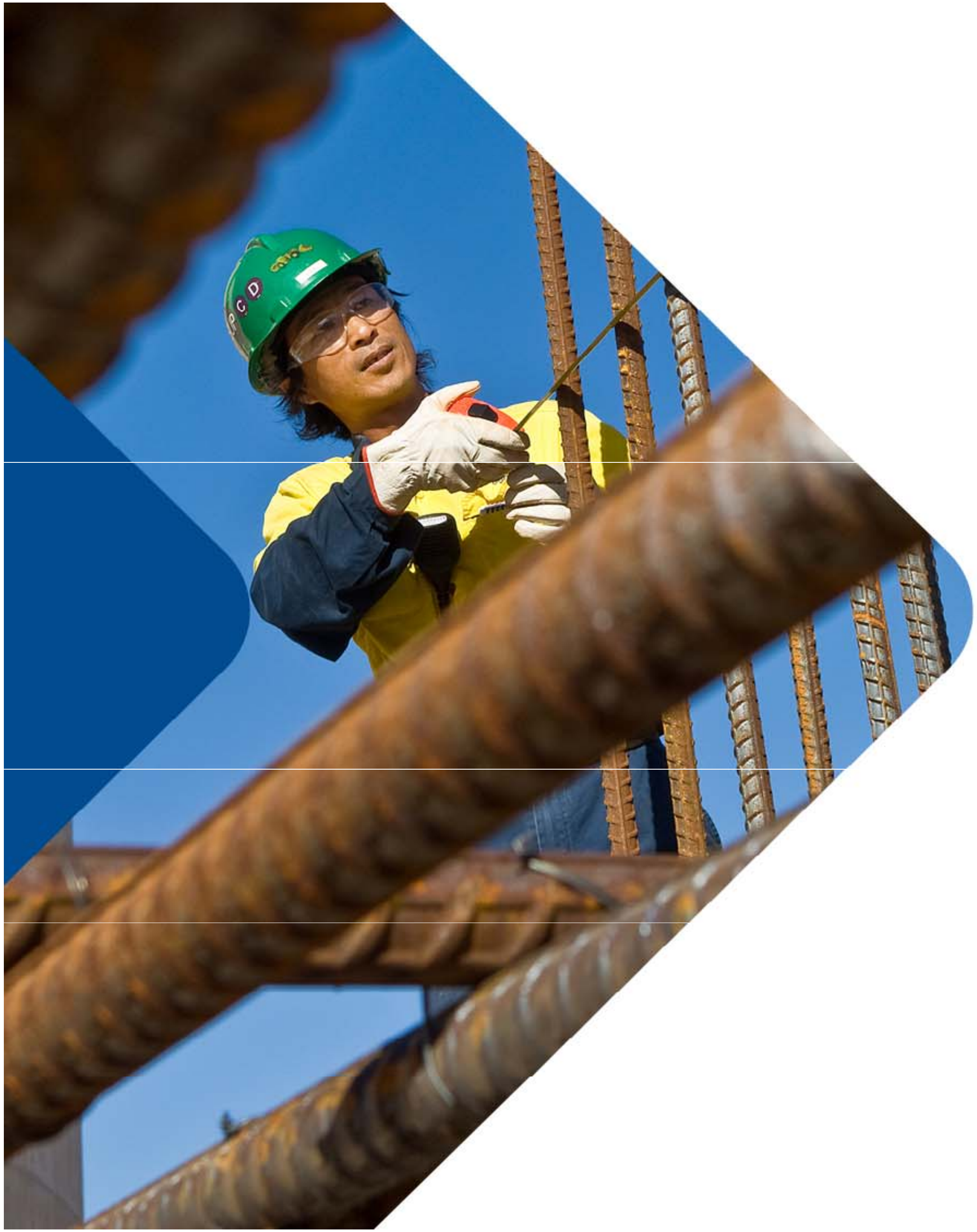
# VALUE-ADD PROPOSITION

DGL delivers client value-add through:

- **30+ years experience operating in Pilbara region**
- **Understand region's logistical and resourcing issues**
- **Specialists in areas non-core to clients**
  - accommodation villages,
  - civil works,
  - construction of non-process infrastructure
- **Apply 'Whole of Project Lifecycle' approach**
- **Proven strength of business model**
- **Reputation for delivering projects 'on time, on budget'**
- **Highly responsive to clients needs, size and structure allows agility**
- **Long-term client relationships:**
  - understand client's business drivers, adaptive processes and systems to meet client-specific needs
  - consistently awarded "repeat work"
  - experienced with a variety of contracting models including: joint ventures, design and construct, and construct only


# OPERATIONS UPDATE

- Awarded two new contracts in March - $126M in total
- All current projects on time and budget
- Appointed new MD to the business – Mr Ray Sputore
- Establishing strong relationships in QLD market which are assisting diversification strategy
- Improved our safety performance during the financial year
- Maintained workforce numbers
- Project execution and delivery continues to be a key business focus



# CURRENT PROJECTS

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## Pluto LNG Project

CLIENT Woodside Energy

VALUE $115 million

DETAILS Supply and install concrete foundations and pedestals, in-ground electrical & hydraulic services

## Pluto LNG Project

Temporary & Miscellaneous Facilities

CLIENT Woodside Energy

VALUE $148 million

DETAILS Construction of temporary site facilities & misc civil works

# CURRENT PROJECTS

## Gorgon Construction Village

| | |
|---|---|
| CLIENT | Chevron |
| VALUE | Total JV contract $518M<br>(Decmil $176 million) |
| DETAILS | Construct 3,300 person village on Barrow Island |

## Gorgon LNG Project - Site Preparation

| | |
|---|---|
| CLIENT | Thiess (Chevron) |
| VALUE | $74 million |
| DETAILS | Design and construct temporary construction warehouses, transportable buildings & workshops |

## Kandama Accommodation Village – Stage 1&2

| | |
|---|---|
| CLIENT | Fortescue Metals Group |
| VALUE | $138 million |
| DETAILS | Design and construct 1600-person resort style village |

## Warrawandu Village

| | |
|---|---|
| CLIENT | BHP Billiton |
| VALUE | $71 million |
| DETAILS | Design and construct 1080-person village |

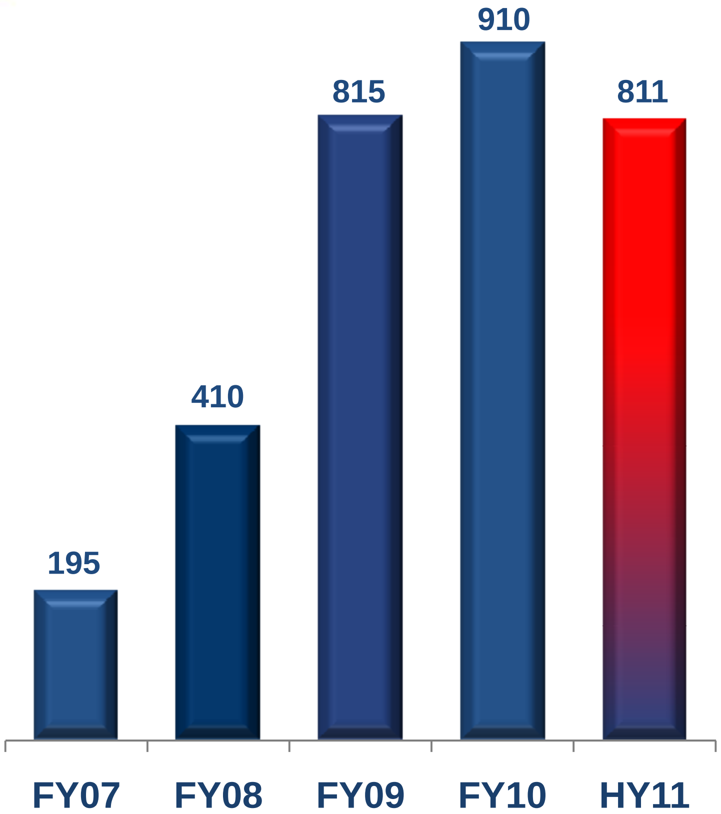
# CORPORATE ENTERPRISE

## Systems and Processes

- Continued upgrade to build enterprise to manage multi-disciplined contracts $100m$^+$
- Enhanced internal review process for tenders and projects
- Key systems completed include:
  - **Project Management** - enhanced project controls, financial and productivity tracking.
  - **Online Vendor Management** – increased efficiencies in vendor assessment and registration and matching to tendering opportunities.
  - **Human Resource** - training, rostering and travel management systems for 800$^+$ workforce
- Preferred supplier/subcontractors all quality accredited

# PEOPLE CAPABILITY

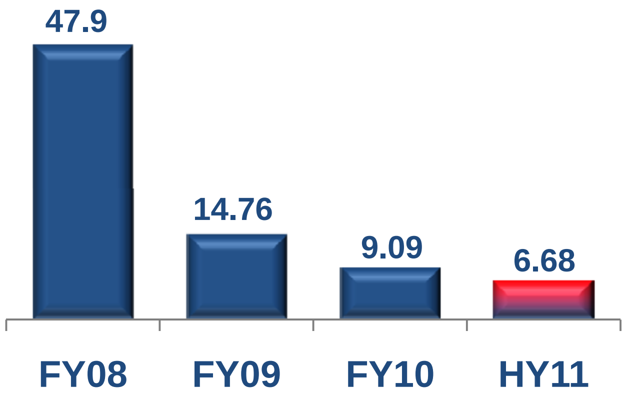
## Employee numbers




- Currently slight excess capacity, proactive positioning to maintain labour supply in near-term
- Estimating and project management capabilities increased in 1H 2011
  - in line with future projects pipeline
  - high level of tendering for $100m+ contracts
- Clear accountabilities for retention and development initiatives
- Increased traineeship and apprenticeship participation
- Decmil size and flat structure allows quick response in dynamic and competitive market
- Civil and building skill sets transferable across diversified sectors
- Key trades all self-performed

# HEALTH, SAFETY & ENVIRONMENT

## Total Recordable Incident Frequency Rate (TRIFR)




- **Implemented Safety/Health In Every Level @ Decmil (SHIELD)**
  - Leadership Summit to review program, engage ‘Natural Leaders’
  - Induction and orientation program changes to improve engagement of new starters
- **Reward and Recognition**
  - Safe Way Achiever Award – 2010 Gold Winner
  - Skilled Innovation Award – 2010 Finalist
- **2nd Nature Program**
  - Introduced company-wide environmental sustainability program
  - Completed baseline carbon inventory report

# FINANCIAL SNAPSHOT

| | | HY 11 | HY 10 | Change |
|---|---|---|---|---|
| **Revenue** | $m | 233.7 | 149.2 | ↑ 57% |
| **EBITDA** | $m | 21.2 | 14.6 | ↑ 45% |
| **NPAT** | $m | 14.2 | 9.0 | ↑ 58% |
| **NPAT Margin** | % | 6.0 | 6.0 | - |
| **Operating Cash Flow** | $m | 22.9 | 7.6 | ↑ 201% |
| **EPS** Basic | cps | 11.43 | 7.47 | ↑ 53% |
| **Return on Equity** | % | 13.54 | 10.04 | ↑ 35% |

# BALANCE SHEET TO SUPPORT GROWTH

| | | | HY 11 | HY 10 | Change |
|---|---|---|---|---|---|
| **Gross Cash** | | $m | 62.9 | 29.0 | ↑ 117% |
| **Debt** | | $m | 6.1 | 6.4 | ↓ 5% |
| **Net Cash** | | $m | 56.8 | 22.6 | ↑ 151% |
| **Bank Guarantees & Performance Bonds** | Utilised | $m | 70.3 | 50.8 | ↑ 38% |
| | Limit | $m | 121.0 | 82.5 | ↑ 47% |
| **CAPEX** | | $m | 2.4 | 2.7 | ↓ 11% |

- Healthy cash levels to fund future growth
- Debt levels remain low
- Increased bonding facilities to support future growth strategy

# PROJECT PIPELINE

- **Strong near-term project pipeline** in key target sectors
- Decmil has a **established working relationship** with clients listed

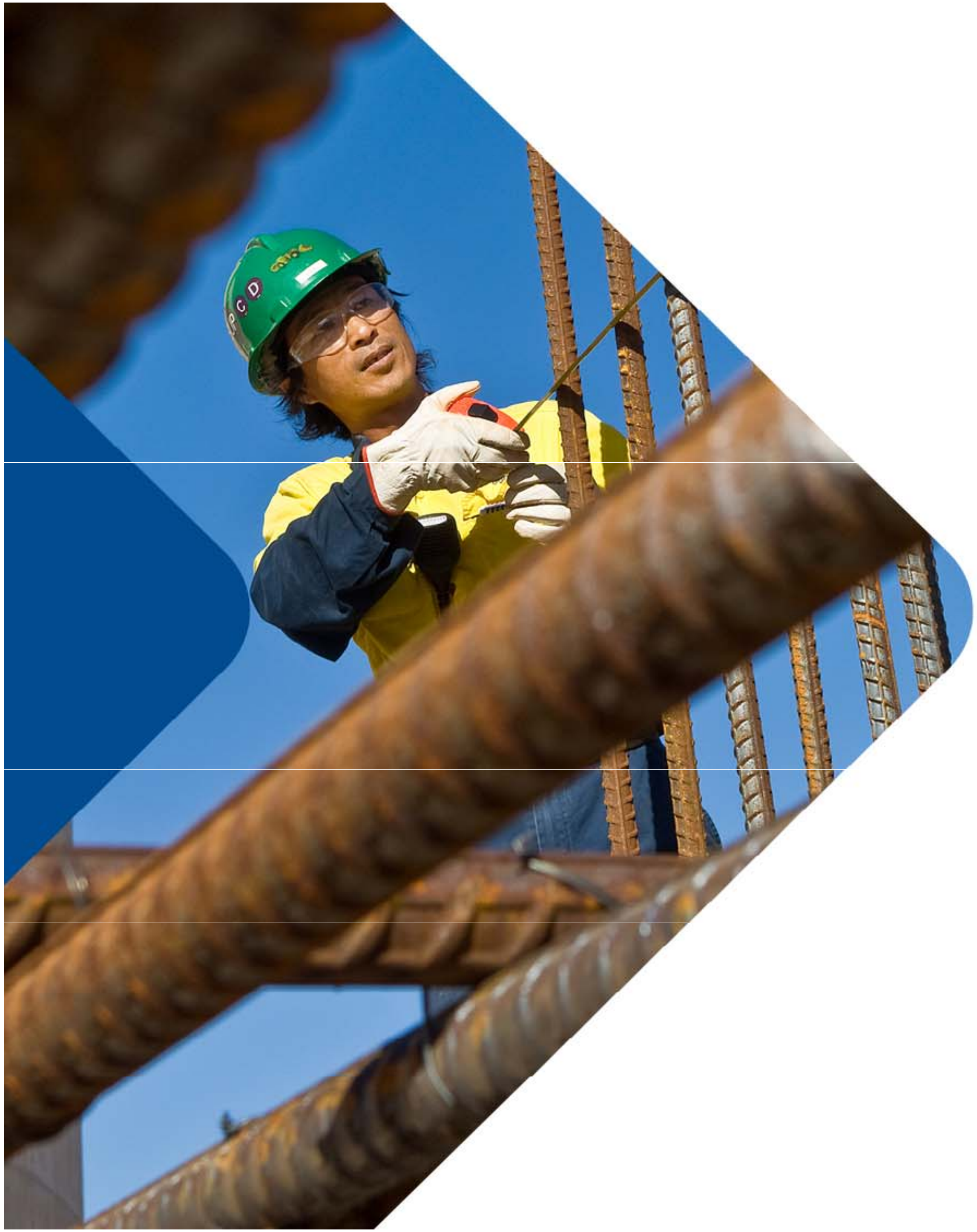
| CLIENT | PROJECT | TIMING | FID |
|---|---|---|---|
| Rio Tinto | 280 mtpa expansion | 1H 2011 – 1H 2014 | Approved |
| Chevron | Gorgon | 1H 2011 – 2H 2014 | Approved |
| Fortescue Metals | 155 mtpa expansion | 2H 2011 – 1H 2013 | Approved |
| BHP | RGP 6A | 2H 2012 – 2H 2014 | Partial FID |
| Woodside | Pluto 2 | 2H 2012 – 2H 2014 | FID end 2011 |
| Chevron | Wheatstone | 1H 2011 – 2H 2014 | FID 2011 |
| Woodside | Browse | 2H 2012 – 2H 2014 | Feasibility |
| Hancock Prospecting | Roy Hill | 1H 2012 – 1H 2014 | Feasibility |
| Inpex | Ichthys | 1H 2012 – 1H 2014 | Feasibility |
| Hancock Prospecting | Alpha Coal | 1H 2012 – 1H 2014 | Feasibility |
| X-Strata | Wandoan Coal | 2H 2012 – 2H 2014 | Feasibility |

Compiled from industry sources

# SHORT-TERM CONTRACT OPPORTUNITIES

- **More than $5.5b in contracts** to be **awarded in Decmil key sectors over the next 2 years**
- Decmil has **strengthened resources** to participate in a high number of tenders for $100m⁺ contracts

| CLIENT | PROJECT | TYPE | CONTRACT VALUE | AWARD TIMING |
|---|---|---|---|---|
| **Fortescue Metals** | **Solomon Stage 1** | Civils, NPI | $150m | Mid 2011 |
| **Hancock** | **Roy Hill** | NPI, Civils | $1.5b | Mid 2011 |
| **Chevron** | **Wheatstone** | Village, Civil, NPI | $750m | Dec H 2011 |
| **Woodside** | **Pluto 2 & 3** | Civils | $300m | Dec H 2011 |
| **Rio Tinto** | **Expansion to 283mtpa** | Civils, NPI | >$300m | June Q 2011 |
| **BHPB** | **RPG6** | Civils, NPI | $300m | Sept Q1 2012 |
| **Inpex** | **Ichthys** | Village, Civils, NPI | $500m | Late 2011 |
| **Woodside** | **Browse** | Village, Civils, NPI | $700m | Mid 2012 |
| **Hancock** | **Alpha Coal** | Village, Civils, NPI | $700m | Mid 2012 |
| **X Strata** | **Wandoan Coal** | Village, Civils, NPI | $300m | Late 2012 |
| **TOTAL** | | | **$ 5.5 billion** | |



# STRATEGY & OUTLOOK

# STRATEGY

- **Operating Performance**
  - Sustain strong operational performance and disciplined approach to capital management
  - Continuously improve management systems and processes to deliver value to clients and shareholders
  - Continue to attract, develop and retain the right people
- **Future Growth**
  - Maintain focus on organic growth in core markets in WA
  - Identify and assess opportunities to leverage expertise and experience in core markets in Qld and NT
  - Assess M&A opportunities for small/medium sized deals, bolt-on acquisitions

# OUTLOOK

## Strong pipeline of new projects

- Unprecedented project pipeline identified
- Positive short-term outlook in core sectors - resources, oil & gas and infrastructure - some uncertainty remains on final timing of key projects
- Tendering activity is at record level

## Focus on maintaining performance and profitability

- Elevated tender activity across all sectors, highly competitive environment
- DGL will maintain a disciplined approach to new contract tenders
- Competition for labour expected to intensify, maintain focused programs targeting employee attraction and retention

## Earnings outlook

- On track to achieve FY11 growth targets
- Continued strong cashflow
- Well positioned for future growth

# Questions?

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# Thank you!