Decmil Group Limited

18 August 2011

Company Announcements
Australian Securities Exchange Limited
Level 10, 20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

**Decmil Group 2011 Annual Results Presentation**

Please find attached a copy of the 2011 Annual Results Presentation to be issued today by Decmil Group Limited as part of the company's full year 2011 results release.

Yours sincerely

J. Campbell

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**Company Secretary**

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ABN 35 111 210 390

# 2011

## FULL YEAR RESULTS

### POSITIONED FOR FURTHER SUCCESS

DGL
Decmil Group Limited

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# Group Highlights

DGL
Decmil Group Limited

**Financial**

- **Sales revenue** up 20% to **$394.2m**
- **EBITDA** up 18% to **$35.4m**
- **NPAT** up 24% to **$23.5m**, **EPS** up 22% to **18.9c**
- **Cash on Hand** up 22% to **$64.4m**

**Corporate & Operations**

- **$360m in new contracts/contract extensions** (awarded), **$670m in tenders submitted** (pending award)
- **Improved safety performance**, TRIFR down 42% to 5.29
- Strengthened executive management experience
- **Total order book of approx. $300m** at July 2011

**Strategy**

- Continued focus on **employee attraction and retention** programs
- **Maintained leadership position in core market through core asset**
- **Active tendering for $100m+ contracts** in core markets
- Leveraged diversification via geographic expansion of core asset
- Assess M&A opportunities for small/medium sized deals, bolt-on acquisitions

# Corporate Overview

Decmil Group Limited

## VISION

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

### Capital Structure and Cash
at 30 June 2011

| | |
|---|---|
| Shares on Issue | 124.2m |
| Market Cap | $342.8m |
| Cash on Hand | $64.4m |
| Debt | $7.9m |

### Share Price Performance
1 July 2010 - 30 June 2011


# Company Overview

DGL Decmil Group Limited

DGL is a leading design, civil engineering and construction company with a solid reputation with blue-chip clients for delivering results.

- **Strategic focus**
  - oil & gas, resources
  - leveraged expansion into infrastructure (water, power, rail)
- **Geographic focus**
  - Western Australia north west (historical base)
  - Staged expansion into Queensland and Northern Territory
- **Contract size**
  - capable of delivering complex, multi-discipline projects
  - targeted contract size of $100m+
- **Solid reputation with blue-chip clients**

bhpbilliton Chevron woodside RioTinto FMG WATER CORPORATION

# Competitive Positioning

Decmil Group Limited

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

| | CIVIL CONSTRUCTION | BUILDING CONSTRUCTION | |
|---|---|---|---|
| | | Non-Process | Accommodation |
| **Decmil Group** | ✓ | ✓ | ✓ |
| Leighton Contractors | ✓ | ✓ | ✗ |
| Thiess | ✓ | ✓ | ✗ |
| John Holland | ✗ | ✓ | ✓ |
| Forge Group | Small | ✓ | ✗ |
| VDM Group | Small | ✗ | ✓ |
| NRW Holdings | ✓ | ✓ | ✗ |
| Georgiou Group* | ✓ | ✓ | ✓ |
| DORIC Group* | ✗ | ✓ | ✓ |
| Pindan* | ✗ | Small | Small |

** Private companies*

# 2011
## FINANCIAL RESULTS

# Financial Highlights

DGL
Decmil Group Limited

| | | FY 11 | FY 10* | Change |
|---|---|---|---|---|
| **Revenue** | $m | **394.2** | 329.0 | +20% |
| EBITDA | $m | **35.4** | 29.9 | +18% |
| **NPAT** | $m | **23.5** | 19.0 | +24% |
| NPAT Margin | % | **6.0** | 5.7 | +5% |
| **Operating Cash Flow** | $m | **28.9** | 31.4 | -8% |
| EPS (Basic) | cps | **18.9** | 15.5 | +22% |
| **Return on Equity** | % | **20.6** | 21.0 | -1.9% |
| Maiden Dividend | cps | **6.0** | NA | |

**Above figures relate to continuing operations*

# Strong Cash Position

DGL
Decmil Group Limited

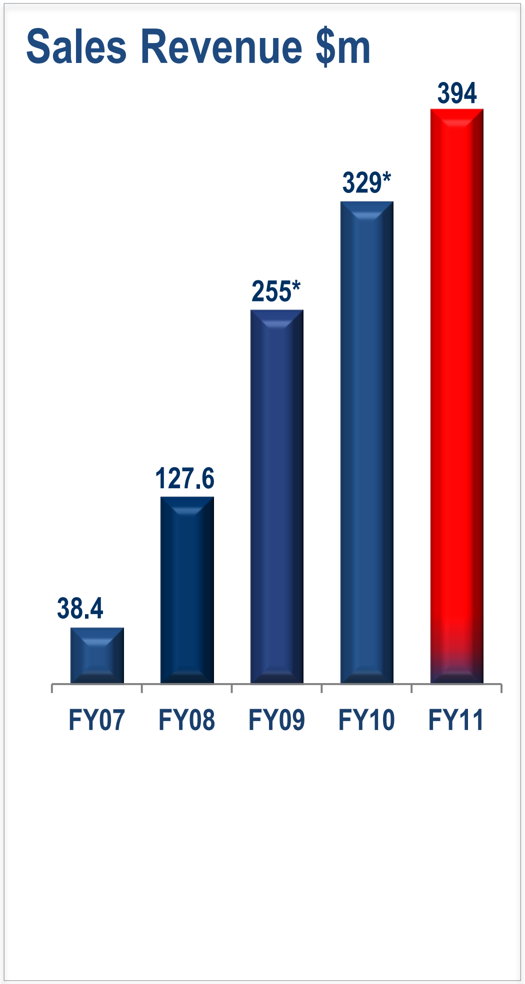
| | | | FY 11 | FY 10 | Change |
|---|---|---|---|---|---|
| **Gross Cash** | | $m | **64.4** | 52.9 | +22% |
| Debt | | $m | **7.9** | 5.7 | +38% |
| **Net Cash Position** | | $m | **56.5** | 47.2 | +20% |
| Bank Guarantees & Performance Bonds | Utilised | $m | **66.3** | 57.1 | +16% |
| | Available | $m | **72.2** | 35.4 | +104% |
| **CAPEX** | | $m | **4.0*** | 5.8 | -31% |

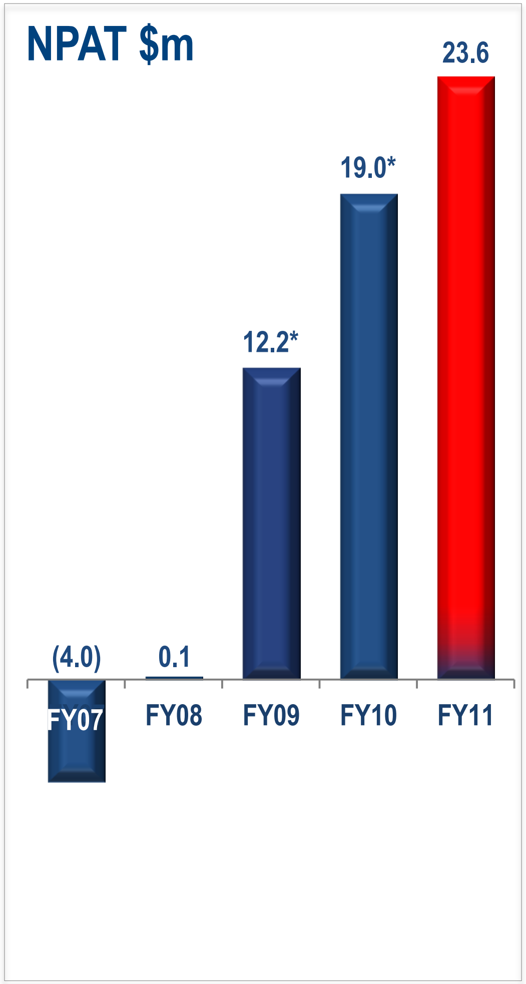
- Healthy cash levels maintained to fund future growth
- Debt levels remain low
- Increased bonding facilities to support future growth strategy
- Low capex business

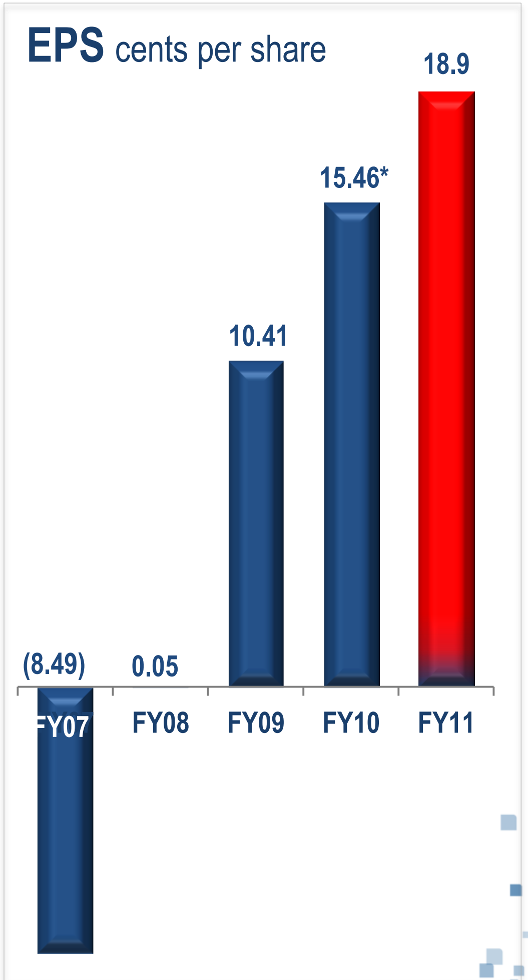
* Excludes building purchase

# Record Performance

DGL
Decmil Group Limited



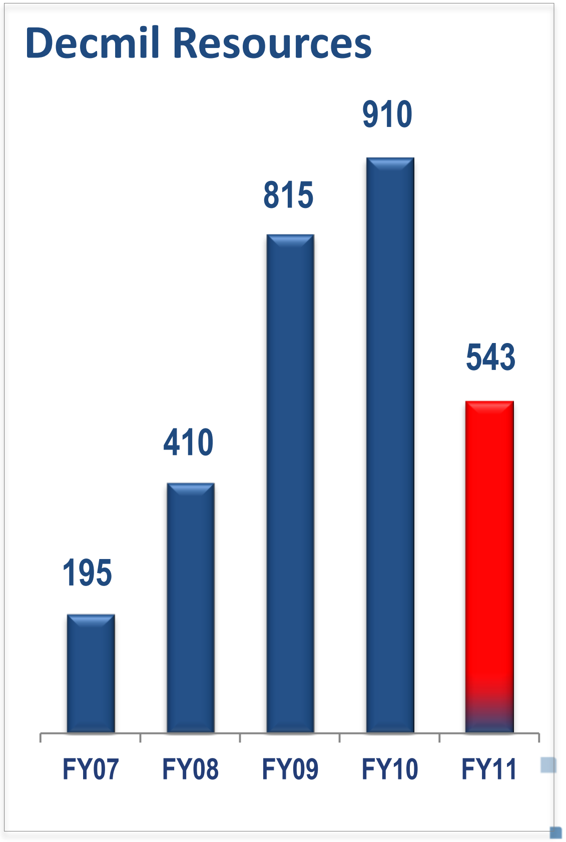

*FY figures relate to continuing operations

# 2011

## OPERATING HIGHLIGHTS

# People Capability

- **Employee numbers lower at year-end** in line with slower than scheduled client project ramp-up
- **Strengthened estimating and project management capabilities**
  - in line with future projects pipeline
  - currently slight excess capacity, proactive positioning to maintain labour supply in near-term
- **Focus on maximising productivity** by attracting and retaining *right people, in right roles, at right time*
- **Labour market conditions** expected to tighten
- **Continued focus on attraction and retention strategies**
  - structured leadership & development programs
  - increased traineeships, apprenticeships and Indigenous employment participation
  - international offshore recruitment program activated



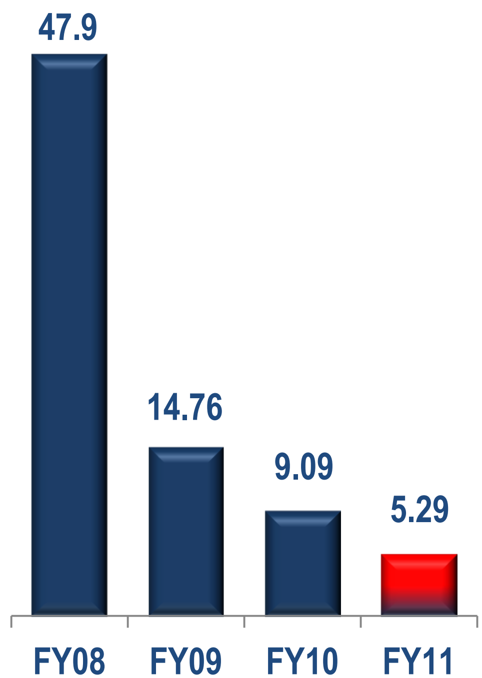
# Corporate Enterprise

- **Continued investment to build enterprise systems and processes** to manage multi-disciplined contracts $100m+
- **Enhanced internal review process for tenders and projects**
- **Integrated Project Management System (PMS) launched**
  - Internally developed trademarked software 'Site Diary'
  - Delivers enhanced project controls, financial and productivity tracking, streamlined payroll and global reporting capability
- **New user-friendly Business Management System (BMS) interface launched** to increase awareness, access and adherence to all Company policies and procedures
- **Procurement process reviewed and enhanced**
  - Pre-registration process for all venders
  - Multiple checkpoints for release of subcontracts / supply agreements to mitigate risk

# Health, Safety and Environment

DGL Decmil Group Limited

### Total Recordable Incident Frequency Rate (TRIFR)




- **Strong safety performance across group**
  - TRIFR down 42%
  - Recorded 1 million working hours Lost Time Injury Free on Pluto Project work
- **SHIELD program review and ongoing rollout**
  - key initiatives: onsite fatigue management clinics, and leadership refocus workshops
- **Crisis management exercise completed**
- **SIA Global Triennial Certification** audit completed (for AS4801 and ISO 14001)

Environment
ISO 14001

Health &
Safety
AS 4801

# 2011
## CURRENT PROJECTS

# Current Projects

## Pluto LNG Project

CLIENT **Woodside Energy**

VALUE **$400+ million**

DETAILS Supply and install concrete foundations and pedestals, in-ground electrical & hydraulic services. Construction of temporary site facilities & misc civil works.

# Current Projects

## Gorgon Construction Village

CLIENT **Chevron**

VALUE **Total JV contract $700m+**
**(Decmil $233 million)**

DETAILS Construct 4,000 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

## Karntama Accommodation Village - Stages 1 & 2

CLIENT **Fortescue Metals Group**

VALUE **$146 million**

DETAILS Design and construct 1600-person resort style village

## Warrawandu Village

CLIENT **BHP Billiton**

VALUE **$83 million**

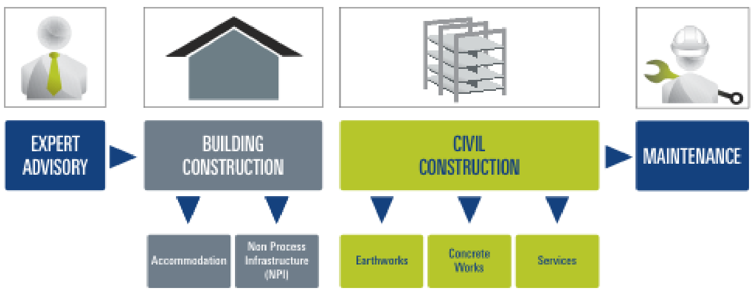
DETAILS Design and construct 1080-person village & EPCM facilities

# Value Add Proposition

## DGL delivers client value-add through:

- **Specialists in areas non-core to clients**
  - Civil construction
  - Building construction (including accommodation villages)

- **Proven strength of business model**
  - early contractor involvement
  - Use '*Whole of Project Lifecycle*' approach - onsite for village, transition to civils, followed by non-process infrastructure




- **Reputation for quality of work, project management and maintaining strong client relationships**
  - understand clients' business drivers, adaptive processes and systems to meet client-specific needs
  - consistently awarded "repeat work"

# Value Add Proposition


- **Reputation for delivering projects *'on time, on budget'***
- **Established working relationship with blue-chip clients in target sectors**
- **Highly responsive to clients' needs**
  - size and flat structure allows quick response in dynamic and competitive market
  - building and civil skill sets transferable across diversified sectors
  - Key trades all self-performed
- **Experienced in variety of contracting models** including JVs and design and construct

# Project Pipeline

- **Strong near-term project pipeline** in key target sectors
- Decmil **leveraged to significant pipeline of work for LNG and iron ore expansion**
- **More than $3.8b in contracts to be awarded in 2011/12**

| | CLIENT | PROJECT | TYPE | CONTRACT VALUE | AWARD TIMING* |
|---|---|---|---|---|---|
| WA | Fortescue Metals | Solomon Stage 1 | Civils, NPI | $150m | Dec H 2011 |
| | BHP Billiton | RPG6 | Civils, NPI | $400m | Late 2011 |
| | Rio Tinto | Expansion to 283mtpa | Civils, NPI | $180m | Dec H 2011 |
| | Chevron | Wheatstone | Village, Civils, NPI | $750m | Dec H 2011 |
| | Woodside | Browse | Village, Civils, NPI | $400m | Mid 2012 |
| | Hancock | Roy Hill | Village, Civils, NPI | $1.5b | 2012 |
| QLD | Xstrata | Wandoan | Village | $100m | Mid 2012 |
| | Hancock Coal | Alpha | Village | $110m | Mid 2012 |
| NT | Inpex | Ichthys | Village | $250m | Late 2011 |
| | TOTAL | | | $3.84 billion | |

*Timing subject to client change

# FUTURE

## STRATEGIC FOCUS & OUTLOOK

# DGL Strategic Focus

- **Operating Performance**
  - Continue to attract, develop and retain the right people
  - Sustain strong operational performance and disciplined approach to capital management
  - Continuously improve management systems and processes to deliver value to clients and shareholders

- **Future Growth**
  - Maintain focus on organic growth in core markets in Western Australia
  - Identify and assess opportunities to leverage expertise and experience in core markets in Queensland and the Northern Territory
  - Assess M&A opportunities for small/medium sized deals, bolt-on acquisitions
  - Develop recurring revenue stream as part of diversification strategy

# Outlook

- **DGL enters FY 2012 well positioned for growth**
  - $300m order book
  - $670m in tenders submitted, pending award before end 2011
  - Significant activity on major projects with rapid mobilisation
- **Strong pipeline of new projects**
  - Positive short-term outlook in core sectors - some uncertainty on final timing of key projects - resources, oil & gas and infrastructure
  - Decmil has identified $3.8 billion in short-term project pipeline (late 2011/early 2012 )
- **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 with margins reflecting risk
  - Competition for labour expected to intensify, maintain focused programs targeting employee attraction and retention

# THANK YOU

Decmil Group Limited

# Board & Executive Management

## BOARD

**Denis Criddle**
Non-Executive
**Chairman**

**Geoff Allen**
Non-Executive
**Director**

**Giles Everist**
Non-Executive
**Director**

**Bill Healy**
Non-Executive
**Director**

**Lee Verios**
Non-Executive
**Director**

**Scott Criddle**
**Managing Director & CEO**

## EXECUTIVE MANAGEMENT

**Justine Campbell**
Chief Financial Officer

**Brad Kelman**
General Counsel & Company Secretary

**Ray Sputore**
Managing Director, Decmil Australia