

ASX / MEDIA ANNOUNCEMENT

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CONTINUED STRONG FINANCIAL PERFORMANCE FOR DECMIL GROUP LIMITED

KEY POINTS

- Net profit after tax of \$44.1 million – including a gain arising from business combination of \$20.8 million
- Normalised increase in NPAT of 79%
- Revenue of \$332.9 million – up 58%
- Improved normalised NPAT margin of 7%
- Strong operating cash flow of \$37.1 million – up 25%
- Secured contract awards and extensions of approx. \$150 million
- Interim dividend of 4 cents per share (fully franked)
- HomeGround Village delivering recurring revenue and earnings

Leading design, civil engineering and construction company Decmil Group Limited (ASX: DCG) (**DGL or the Company**) has today reported a net profit after tax for the first half of 2012/13 of \$44.1 million.

The profit result includes a \$20.8 million gain arising from the business combination of HomeGround Gladstone accommodation village.

By diversifying its revenue sources and continuing to strengthen its relationships with major companies in the resources sector, the Company has achieved the strong profit on the basis of revenue of \$332.9 million. The result marks the fifth consecutive year of growth for the business in both revenue and profit.

DGL shareholders will benefit from the results, with the Board of Directors today declaring an interim dividend of 4 cents.

Financial highlights for the six months to 31 December 2012 include:

	HY 2013 *	HY 2012	change
Revenue	\$332.9M	\$210.9M	+58%
EBITDA	\$36.0M	\$19.5M	+85%
Net Profit after Tax	\$23.3M	\$13.0M	+79%
NPAT Margin	7.0%	6.2%	+13%
Earnings per share	13.88cps	10.17cps	+36%
Operating Cash Flow	\$37.1M	\$29.6M	+25%
Cash on Hand	\$96.3M	\$107.6M	-11%
Interim Dividend	4.0cps	2.5cps	+60%

* Excludes gain arising from business combination

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Chief Executive Officer Scott Criddle said: “Our key operating division, Decmil Australia, has continued to hit its targets over the six months to 31 December 2012. We have also started to see the benefits of increasing our investment in a major accommodation facility in Queensland to 100% during the period, with HomeGround Gladstone now delivering recurring revenue, earnings and cash flow to the Group.

“Whilst there has been something of a slowdown in some of the sectors we service over the past few months, our strategy of building a diversified service offering to our clients has provided the basis for these continued strong results.”

The Company was awarded approximately \$150 million in new contracts and contract extensions during the period, further reinforcing Decmil’s strong market position and long-term relationships with Tier 1 clients within the oil and gas and resources industries.

In December 2012 the Company’s wholly owned subsidiary Decmil Australia won a \$30 million contract to construct facilities for Rio Tinto’s operations in the Pilbara region of Western Australia. The contract covers a range of major infrastructure works and includes the construction of a heavy vehicle workshop and associated facilities, a first aid building, a security gatehouse, a communications hut and a radio base station facility.

In July 2012 Decmil Australia was awarded a \$30 million mine services infrastructure contract for Rio Tinto’s Marandoo Mine Phase 2 Project. The contract involves the construction of heavy mobile equipment infrastructure and associated facilities.

In August 2012 the Company agreed to acquire the remaining 50% of the Calliope Village in Gladstone, a major facility which is meeting the growing needs for accommodation for workers in the resources industry. The Company subsequently rebranded the village, and it is now known as HomeGround Gladstone. It is currently operational, with 1,392 rooms substantially completed.

The operation and ongoing nightly room revenues generated by village occupancy are now creating a significant recurring earnings stream for DGL, with approximately \$14 million generated during the construction phase to 31 December 2012. The Company expects HomeGround Gladstone will deliver strengthened ongoing margins for DGL and generate strong earnings per share accretion in future years.

Net assets and cash position

Decmil maintains a very strong financial position which will facilitate its continued growth. During the period Decmil’s net assets increased to \$257.7 million which includes a gain arising from business combination of the remaining 50% of HomeGround Gladstone of \$20.8 million.

Strong cash flow management continued to be a key feature of the Group, with operating cash flow of \$37.1 million. The strong cash position reflects the continuation of efficient working capital management with cash on hand of \$96.3 million at the end of the period. The Group has continued to maintain low debt levels.

Dividend

The Board of Directors has announced that DGL will pay shareholders an interim fully franked dividend of 4 cents per share. The dividend will be paid on 28 March 2013, with a record date of 5 March 2013.

Corporate

Subsequent to the reporting period, in January 2013 the Company appointed Mr Todd Strathdee to the newly-created position of Group Chief Strategy & Operating Officer (CSO).

Working as part of the Group Executive, Mr Strathdee will have primary responsibility for developing the corporate and financial strategy of the Group; overseeing future acquisitions, optimising the performance of all subsidiaries of the Group and the Company as a whole, and in conjunction with the CFO formulating, implementing and managing the Group treasury and capital management plan.

Outlook

The Company believes its long-established relationships with the leading resources companies operating in Australia will underpin its continued growth.

DGL has a significant number of tenders submitted valued at \$1.2 billion with Tier 1 clients pending award within the next few months.

In addition to the Company's traditional revenue source from project-based work, DGL is building diversified revenue streams which are expected to make a growing contribution to future earnings.

"We are aiming to do this through a combination of organic growth and strategic business acquisitions, with a focus on specialist, high-margin targets that will deliver a strong return on investment," Mr Criddle said.

"We are focussed on maintaining high cash flow production which will allow our diversification strategy to be executed from the company's internal capital resources.

"While our core business is unchanged, we are certainly examining a number of opportunities within the maintenance and infrastructure sectors which will deliver recurring revenue streams to supplement the project work that has been our staple revenue source since the Company was established.

"Successful achievement of this strategy will provide strong earnings per share growth to our shareholders."

As previously flagged, in the near term as a result of the timing of project awards the Company expects that 2H 2013 sales revenue and earnings will not be as strong as those achieved in the first half of the current financial year.

About Decmil Group Limited

Decmil Group Limited (DGL) is a leading design, civil engineering and construction company, focussed on delivering integrated solutions to blue-chip clients in Australia's oil and gas, resources and infrastructure sectors.

Listed on the Australian Securities Exchange (ASX Code: DCG), DGL's goal is to maximise returns from our operations to deliver value to our shareholders, clients and other stakeholders.

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