

ASX / MEDIA ANNOUNCEMENT

22 AUGUST 2013

DECMIL GROUP LIMITED DELIVERS ANOTHER RECORD PROFIT

Key Points:

- **Record net profit after tax of \$45.2 million** (excluding gain arising from business combination & amortisation)
- **Reported net profit after tax of \$64.4 million**
- **Normalised increase in NPAT of 16%**
- **Normalised earnings per share 26.94 cps**
- **Cash on hand \$43.7 million**
- **Final dividend declared – 8 cents fully franked**
- **Group diversification now tangible and growing**
- **Continued strong outlook with total order book approx. \$420 million**

Decmil Group Limited (ASX: DCG) has achieved its sixth consecutive year of record profits, today reporting a net profit after tax of \$64.4 million for the full year ended 30 June 2013.

The result has been delivered on the back of revenues of \$528.8 million (\$600 million before eliminations), with margins improving by 21%.

The strong result reflects successful execution of the Group commencing its strategy to diversify its earnings through a broadening of its services, pursuing higher margin businesses and extending its reach into new markets.

	FY 2013*	FY 2012	Change
Revenue	\$528.8M¹	\$555.6M	-4.8%
EBITDA	\$71.0M	\$55.7M	+27.5%
NPAT	\$45.2M	\$39.1M	+15.6%
NPAT margin	8.5%	7.0%	+21%
Earnings per share (basic)	26.94cps	26.51cps	+1.6%
Cash on hand	\$43.7M²	\$141.4M	-69.1%
Return on equity	16.7%	17.3%	-3.5%
Dividend per share	12cps	10cps	+20%

* Excludes gain arising from business combination and amortisation of intangible assets

¹ Total revenue of \$600M before eliminations

² Total cash on hand of \$62.3M including \$18.6M received 2 July 2013

Decmil Group CEO Scott Criddle said: "We are delighted to deliver an increase in net profits in the current environment.

"The past 12 months have produced a number of challenges for the Australian mining, resources and oil & gas sectors. Decmil's response has been to work harder, work smarter and above all to

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focus on our strategy of diversifying risk and earnings, which is now starting to come to fruition.

“As a result we have won major contracts from new clients, we have extended our footprint into new geographic markets and we have started building solid recurring revenues from new divisions in the Group.

“Very importantly, we have enhanced our margins to ensure that we are delivering stronger profits from existing revenues. This has been achieved, in part through a sharpened focus on costs right across the business,” Mr Criddle said.

Highlights for the Group during the past 12 months include the acquisition of specialist engineering business Eastcoast Development Engineering, securing the Company’s first contract with Shell, and developing the potential of Decmil’s build-own-operate accommodation village which is located in the resources hub of Gladstone, Queensland.

More recently, Decmil has won a significant contract with the Department of Immigration and Australian Citizenship to build a village on Manus Island in Papua New Guinea. This is the first Commonwealth contract awarded to the Group, and is the first overseas project undertaken by Decmil.

“Each of our operating subsidiaries, Decmil Australia, Homeground Villages and Eastcoast Development Engineering, contributed to revenues and earnings in FY13. The strength that this diversification of earnings and growth opportunities provides to our Group is now becoming evident,” Mr Criddle said.

Over the past year Decmil Group has been awarded approximately \$360 million in new contracts and contract extensions. Major wins included:

	Value \$m	Client
Marandoo Mine Services Infrastructure	\$30m	Rio Tinto
Western Turner Pilbara Infrastructure	\$30m	Rio Tinto
Prelude Darwin Onshore Supply Base	\$25m	Shell Development Australia
Roy Hill Rail and Port Facilities	\$71m	Roy Hill Iron Ore Project
Manus Island Regional Processing Centre	\$137m	Department of Immigration and Citizenship

Net Assets and Cash Position

Decmil Group’s net assets increased by \$46 million to \$271 million during the financial year.

Strong cash flow management continued to be a major feature of the Group with operating cash flow of \$32.5 million recorded for the year, even after the completion of our significant capital investment in Homeground Gladstone. This has resulted in net cash at 30 June 2013 of \$21.0 million, maintaining a low gearing structure and positioning us well to take advantage of further growth opportunities. The Company continues to operate with a strong balance sheet, with a year-end cash position of \$43.7 million.

Dividend

The Company is pleased to announce it will pay shareholders a final dividend of 8 cents per share, fully franked. The dividend will be paid on 27 September 2013, with a record date of 6 September 2013.

With a 4 cents per share interim dividend paid on 28 March 2013, shareholders will be paid dividends totalling 12 cents per share for 2012/13, representing a payout ratio of 45%.

Board / Executive Appointments

The Group has been strengthened by its Board and senior executive team during the past 12 months, making a number of strategic appointments.

In March 2013, Mr Trevor Davies was appointed to the Board as a Queensland based Non-Executive Director. Mr Davies is a civil engineer who has had an extensive career within the construction and mining industries, holding senior roles with Golding Contractors Pty Ltd, Leighton Contractors, Transfield and John Holland.

In January 2013 the Company appointed Mr Todd Strathdee to the role of Chief Strategy & Operating Officer (CSO). Mr Strathdee's experience ranges across investment banking, venture capital and private equity, including a number of senior roles with ANZ. Prior to joining Decmil Mr Strathdee provided consulting services to the Company over a 12 month period.

In May 2013 the Company announced the appointment of Mr Jonathan Holmes to the position of Executive General Manager of Decmil Australia. Mr Holmes, who commenced in the role in July 2013, is a highly experienced construction industry executive who formerly held the position of Operations Manager East for John Holland Minerals and Industrial, based in Brisbane. Mr Holmes has been involved in many major construction and infrastructure projects throughout Queensland over the past 15 years.

Outlook

The Company has started FY14 with committed revenues of approximately \$420 million, including recurring revenues from the accommodation and engineering businesses. The board's view is that the combination of this revenue profile as well as higher overall margins and the margin mix will provide the basis for another positive year ahead for the Group in FY14.

"There is no hiding from the fact that market conditions within the mining and oil & gas sectors remain somewhat challenging," Mr Criddle said.

"However, Decmil Group has taken the necessary steps to diversify and strengthen the business over the past two years. Through both acquisitions and our build-own-operate strategy, we have reduced our reliance on securing one-off projects from the resources sector. Our diversification as a Group is now tangible and growing.

"All of this combines to put Decmil Group in a strong position to continue our growth in the year ahead and beyond."

About Decmil Group Limited

Decmil Group Limited (DGL) offers a diversified range of services to the Australian resources and infrastructure industries. Companies within the Decmil Group specialise in design, civil engineering and construction; accommodation services; manufacturing; and maintenance. 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. In April 2012 the Company was admitted to the S&P/ASX 200 Index.

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