



Decmil Group Limited

2014 HALF YEAR RESULTS

Diversifying and Growing



Strong profit and operational performance – diversifying and growing

Financial

- Focus on profitability and margin at Group level
- EBITDA¹ up 16% to \$41.6m
- NPAT¹ up 10% to \$25.7m
- Earnings per share¹ up 10% to 15.28 cents
- Cash on hand of \$56.5m and low debt – expect to be debt free within Q3FY14

Operations

- New contracts and extensions with key clients such as DIBP, Roy Hill, Atlas and QGC
- Total work in hand of ~\$600m with ~\$314m² relating to H2FY14
- Growing capability – acquisition of R4/B2 Main Road accreditation expands civil capability
- Continued strong occupancy at Homeground Gladstone
- Relentless focus on productivity to maintain margins

Strategy

- Earnings visibility in place – work in hand of ~\$283m³ for FY15
- Focus on growing the Group's construction and engineering capability through organic and inorganic opportunities
- Continue to pursue Build Own Operate (BOO) opportunities

1. Excluding gain arising from business combination for comparative period (H1FY13)

2. Relates to the period 1 January 2014 to 30 June 2014

3. Construction and engineering only

Expanded capability – new markets – spanning multiple geographies

- Awarded approximately \$400 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 & gas and resources industries
- \$147 million contract to design and build an expansion of the Offshore Processing Centre on Manus Island, PNG for the Department of Immigration and Border Protection - 5 months after the award of a \$137 million contract to construct a major facility on the island
- EDE awarded a QCLNG wellhead installation services contract for QGC. The contract worth up to \$80 million is an extension of an existing contract with QGC
- Total Recordable Incident Frequency Rate (TRIFR) of 3.01 as at 31 December 2013, which is a very good result
- Integration of Eastcoast Development Engineering Pty Ltd was a focal point for the half year ended 31 December 2013, with the business now operating under Decmil Australia's management and operational structure



ACCOMMODATION SERVICES

Strong occupancy and diversified customer base

- Continued strong occupancy for contracted and non-contracted tenancies
- Diversified customer base across resource sectors and spread across construction and operational workforces
- Preferred accommodation provider for major projects and Tier 1 contractors operating in the region
- Setting the standard in workforce accommodation



FINANCIAL PERFORMANCE



Focus on profitability, margin and operating cash generation at Group level

		H1FY14	H1FY13 ¹	Change ¹
Revenue	\$m	263.4	332.9	(21%)
EBITDA ²	\$m	41.6	36.0	16%
Net Profit after tax	\$m	25.7	23.3	10%
NPAT margin	%	9.8	7.0	40%
Operating cash flow	\$m	40.5	37.1	9%
Earnings per share	cps	15.28	13.88	10%
Interim dividend	cps	4.5 ³	4.0	13%

1. Excluding gain arising from business combination from comparative period (H1FY13)

2. EBITDA reconciliation located on slide 26

3. Payout ratio of 29% which is consistent with H1FY13 dividend

STRONG FINANCIAL POSITION

Improved net cash position – expect to be debt free within Q3FY14

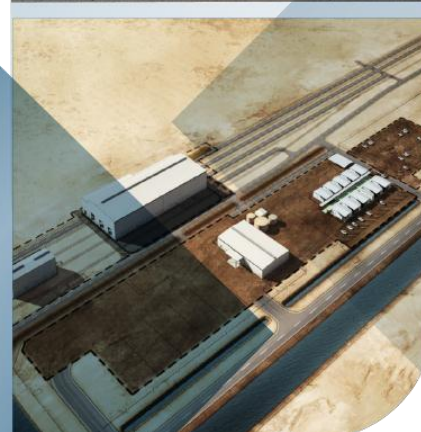
			31 Dec 2013	30 Jun 2013	Change
Gross Cash		\$m	56.5	43.7	29%
Debt		\$m	12.8	22.7	(44%)
Net Cash Position		\$m	43.7	21.0	108%
Bank Guarantees & Performance Bonds	Utilised	\$m	88.1	88.7	(1%)
	Available	\$m	116.9	116.3	1%
CAPEX		\$m	3.7	67.1 ¹	(94%)

1. CAPEX comparative primarily relates to investment in Homeground Villages for FY13

OPERATING HIGHLIGHTS



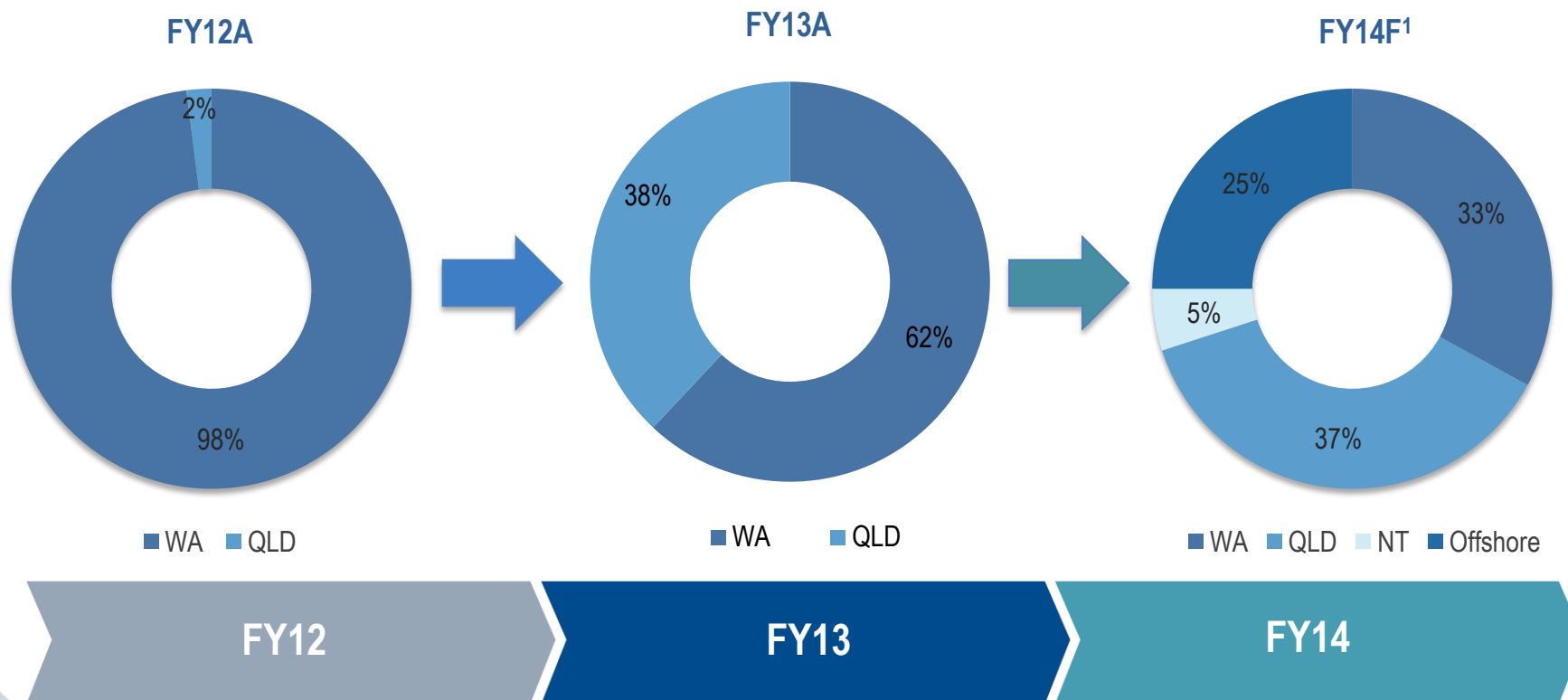
GROUP CAPABILITY



GEOGRAPHICALLY DIVERSE

The Group's expansion outside of WA is well progressed

Revenue by geography

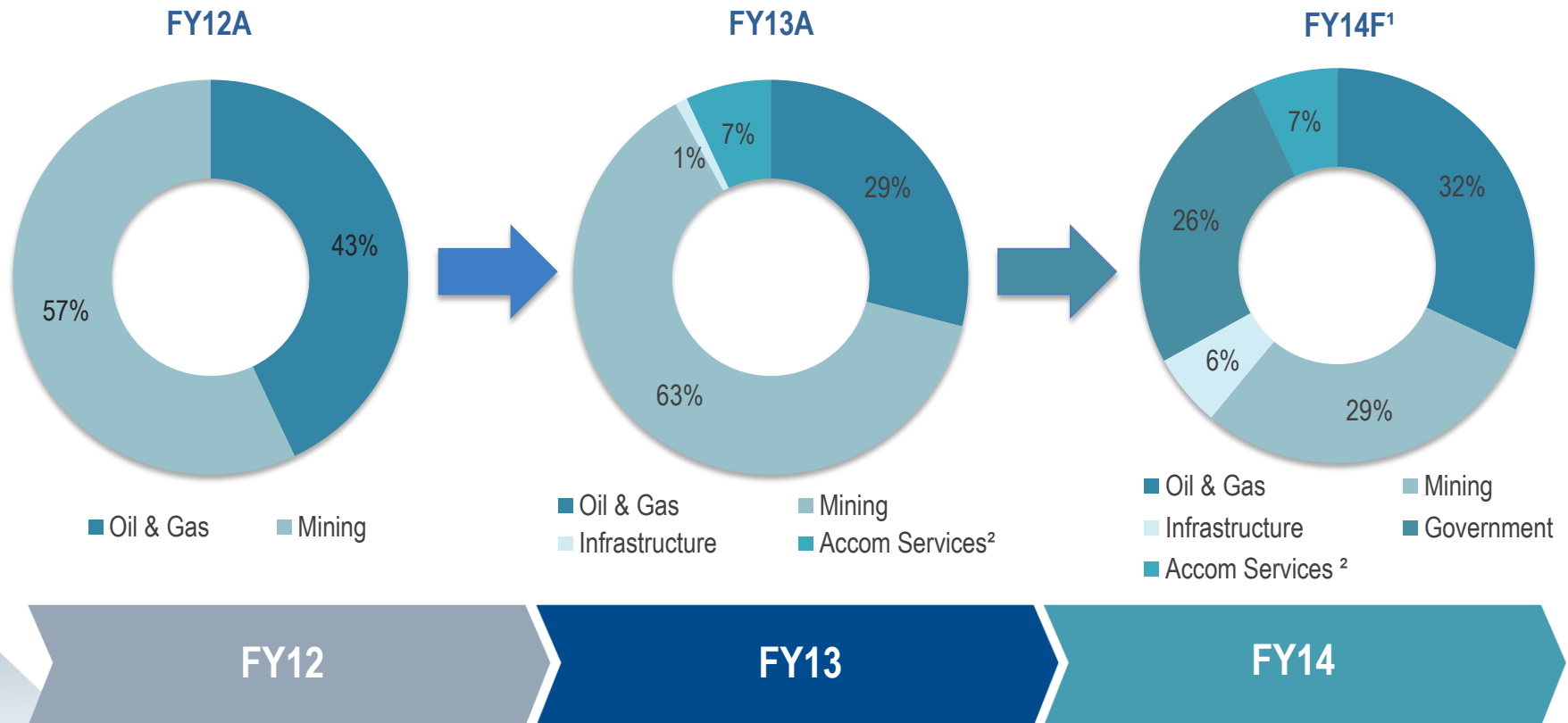


1. Comprises actual revenue for H1FY14 + work in hand for H2FY14

ENTERING NEW SECTORS

In addition to mining and oil & gas, the Group now has a presence in Government

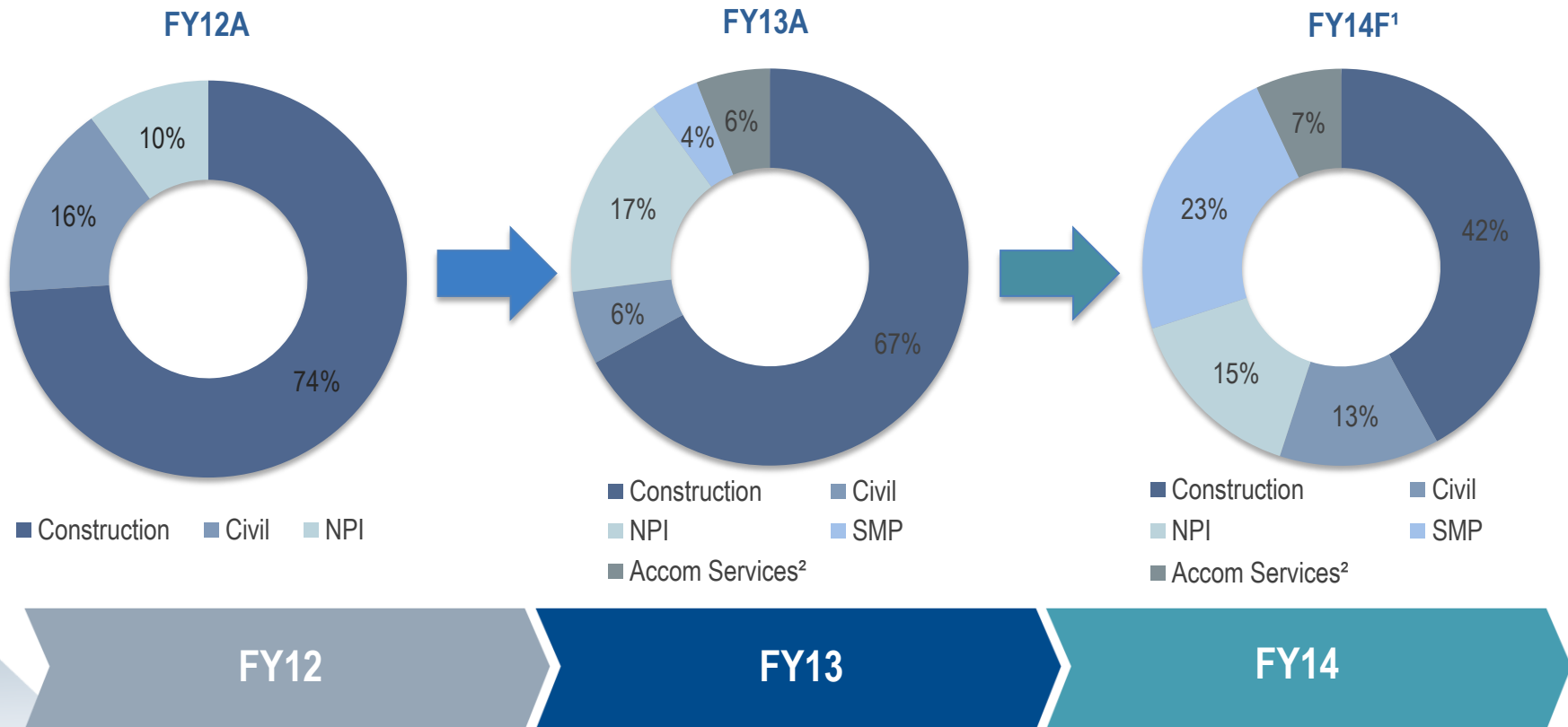
Revenue by sector



1. Comprises actual revenue for H1FY14 + work in hand for H2FY14
2. Accom services relates to Homeground Villages

Increasingly capable of providing a full service offering

Revenue by capability



1. Comprises actual revenue for H1FY14 + work in hand for H2FY14
2. Accom services relates to Homeground Villages

EXECUTIVE LEADERSHIP TEAM

New ELT provides strong corporate and operational leadership across the Group



Scott Criddle

*Managing Director
and Chief Executive
Officer*

Holding 20 years' experience with the Group, he has held a range of senior positions including Managing Director of Decmil Australia



Jon Holmes

*Executive General
Manager Decmil
Australia*

A highly experienced construction industry executive who has previously held senior positions at John Holland and Golding Contractors



**Pamela
Rosenthal**

*General Manager
Homeground Villages*

An experienced hotel manager with a focus on accommodation occupancy levels, yield performance and quality guest services



Craig Amos

*Interim Chief Financial
Officer and Group
Corporate Development*

A qualified chartered accountant with over 15 years' experience in finance, accounting, corporate transactions and strategy



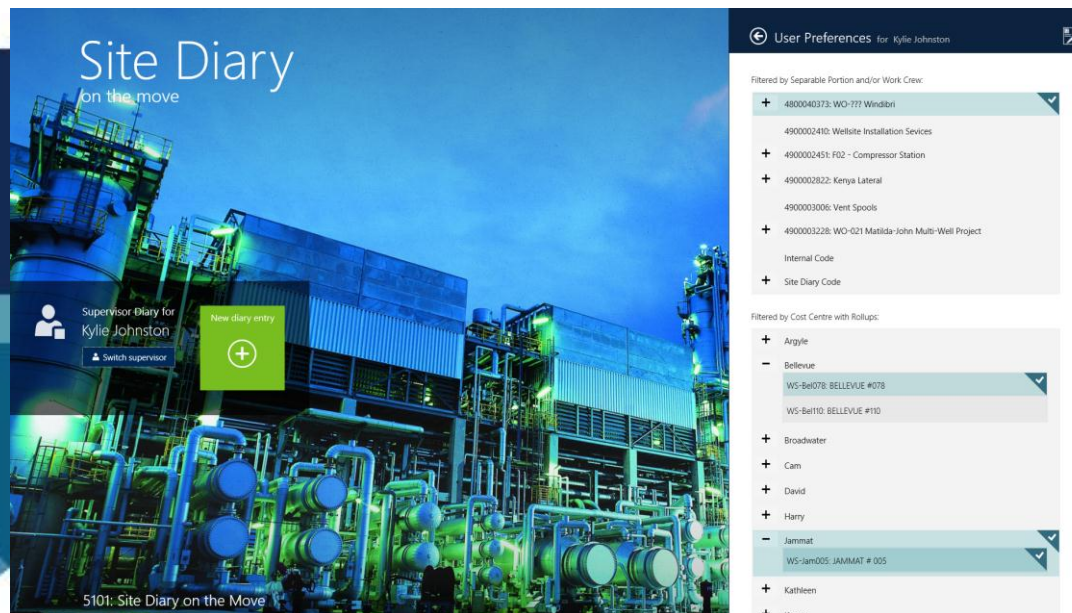
Alison Thompson

*Company Secretary
and Group Financial
Controller*

A finance and compliance expert with valuable industry experience gained from PricewaterhouseCoopers and international construction firm Balfour Beatty

Committed to best in class systems and processes

- **Integration of IT Infrastructure** into Eastcoast Development Engineering to provide a stable and efficient platform for future business systems
- **Enhancements to HR software** including talent and succession modules and implementation of HSEQ software across all Group companies
- **Launched project controls software** to allow mobile functionality in remote environments with limited communication networks
- **Developed a client portal** to allow complete transparency on project cost reimbursements

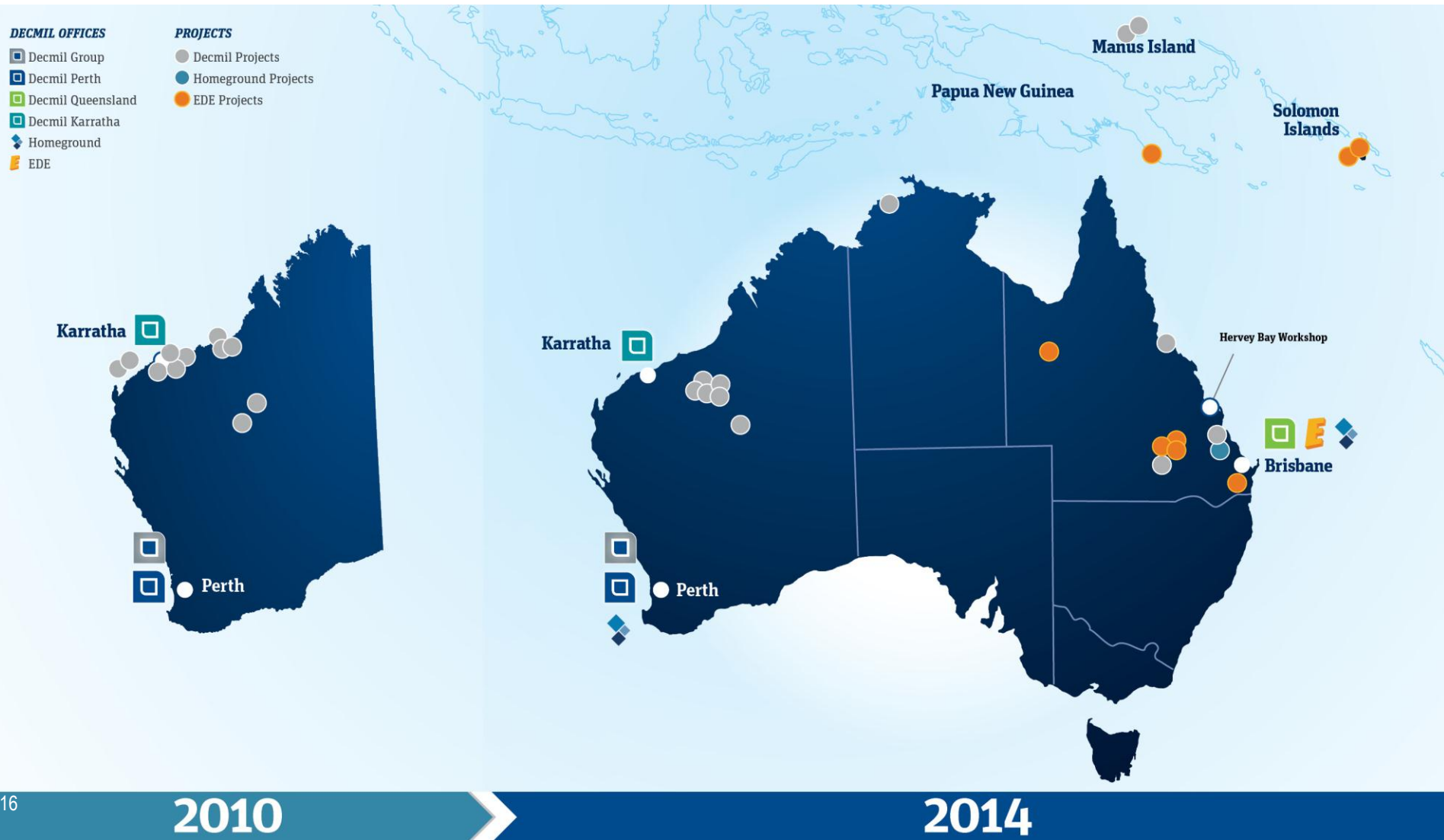


Site Diary on the Move is a proprietary software system that captures real time construction data and enables live project controls

MAJOR PROJECTS



The Group's expansion outside of WA is well progressed



Growing our footprint in the government and oil & gas sectors



Manus Island Regional Processing Centre & Expansion of the Offshore Processing Centre

Client Department of Immigration and Border Protection

Value First contract **\$137 million**

Second contract **\$147 million**

Details First contract Design and construction of a major accommodation facility on Manus Island

Second contract Design and build an expansion of the offshore processing centre on Manus Island



Shell Prelude Onshore Supply Base

Client Shell

Value **\$29 million**

Details Design and construction of onshore facility to support Prelude Floating LNG Facility

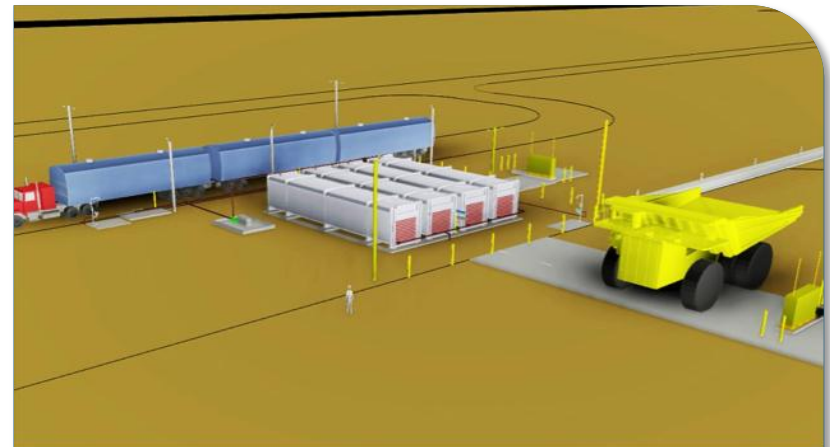
CURRENT PROJECTS – STRUCTURAL MECHANICAL PIPING

Opportunity to expand structural mechanical piping capability



QCLNG Wellhead Installation

Client	QGC
Value	up to \$196 million
Details	Extension of an existing QCLNG upstream project wellsite services contract

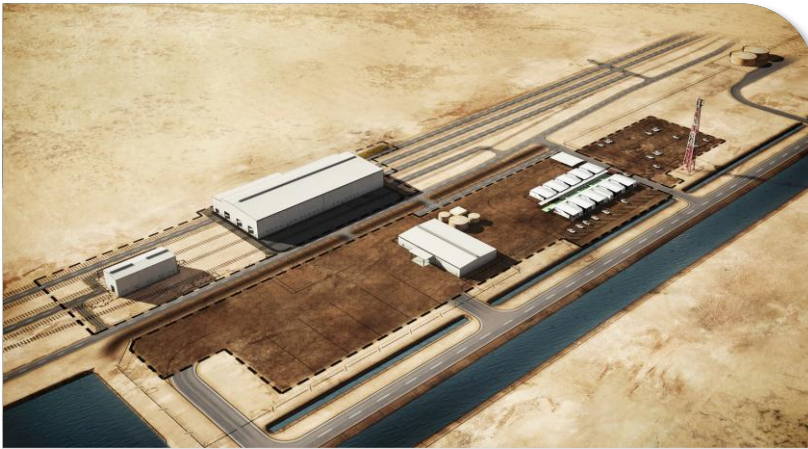


Diesel Fuel Infrastructure

Client	Roy Hill
Value	\$37.5 million
Details	Design and construction of diesel fuel infrastructure including a rail fuel yard, mine fuel yard, go-line fuel facility, mine services fuel and rail wet commissioning

CURRENT PROJECTS – NON PROCESS INFRASTRUCTURE

Leveraging our historical expertise in construction into NPI



Roy Hill Rail Terminal Buildings

Client	Roy Hill
Value	\$59 million
Details	Design and construction of rail terminal, associated facilities and services



Roy Hill Port Buildings

Client	Roy Hill
Value	\$16 million
Details	Design and construction of port landside and associated facilities

Civil capability expanded through acquisition of R4/B2 Main Road accreditation



Mt Webber Roadworks

Client	Atlas Iron
Value	\$36 million
Details	Road upgrades including realignment, sealing, construction of floodways and intersections



Sandy Corner to Collinsons Lagoon (Ayr)

Client	Department of Transport and Main Roads
Value	\$34 million
Details	Construction and realignment of approx. 5 kms of Bruce Highway on a new alignment, including new overpass bridge and passing lanes

OUTLOOK



The Group is well placed to invest in its ongoing diversification

- Residual weakness in the construction and engineering sectors – tendering is competitive
- However, Decmil enters H2FY14 well positioned
 - Work in hand of ~\$314m¹ for H2FY14
 - \$1.8 billion² in tenders and EOI's
 - Strong cash flow to fund and support growth strategies
- Core strategies
 - Focus on growing the Group's construction and engineering capability through well defined organic and inorganic options
 - Continue to pursue further, high quality, opportunities in village ownership that meet the Group financial and strategic thresholds
 - Exploring Build Own Operate (BOO) opportunities in new asset classes
- Continue to execute diversification strategy

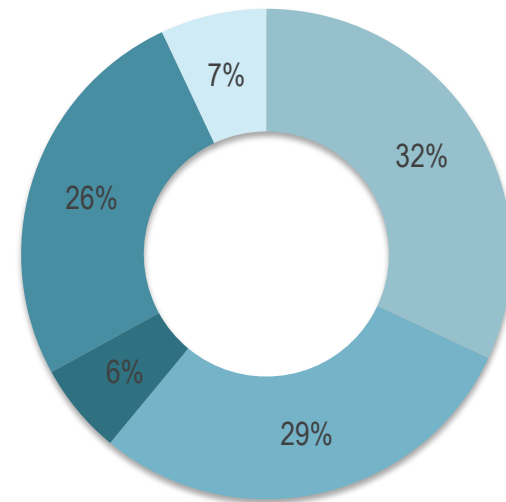
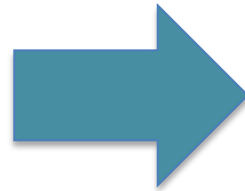
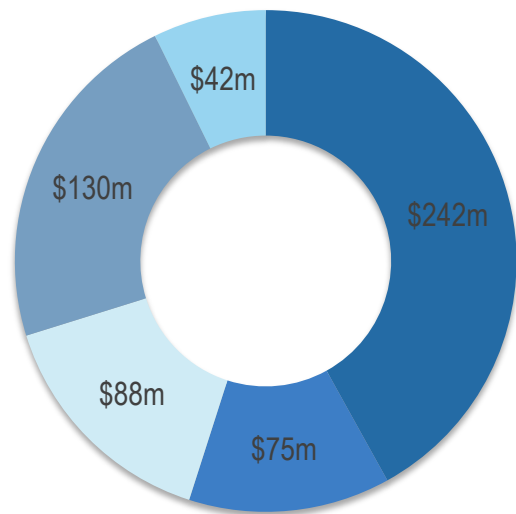
1. Relates to the period 1 January 2014 to 30 June 2014
2. Construction and engineering only. Includes active tenders and EOI's – excludes secured work in hand



FULL YEAR OUTLOOK

Expect to finish FY14¹ in a strong position

FY14¹ revenue by capability and sector



■ Construction ■ Civil ■ NPI ■ SMP ■ Accom Services²

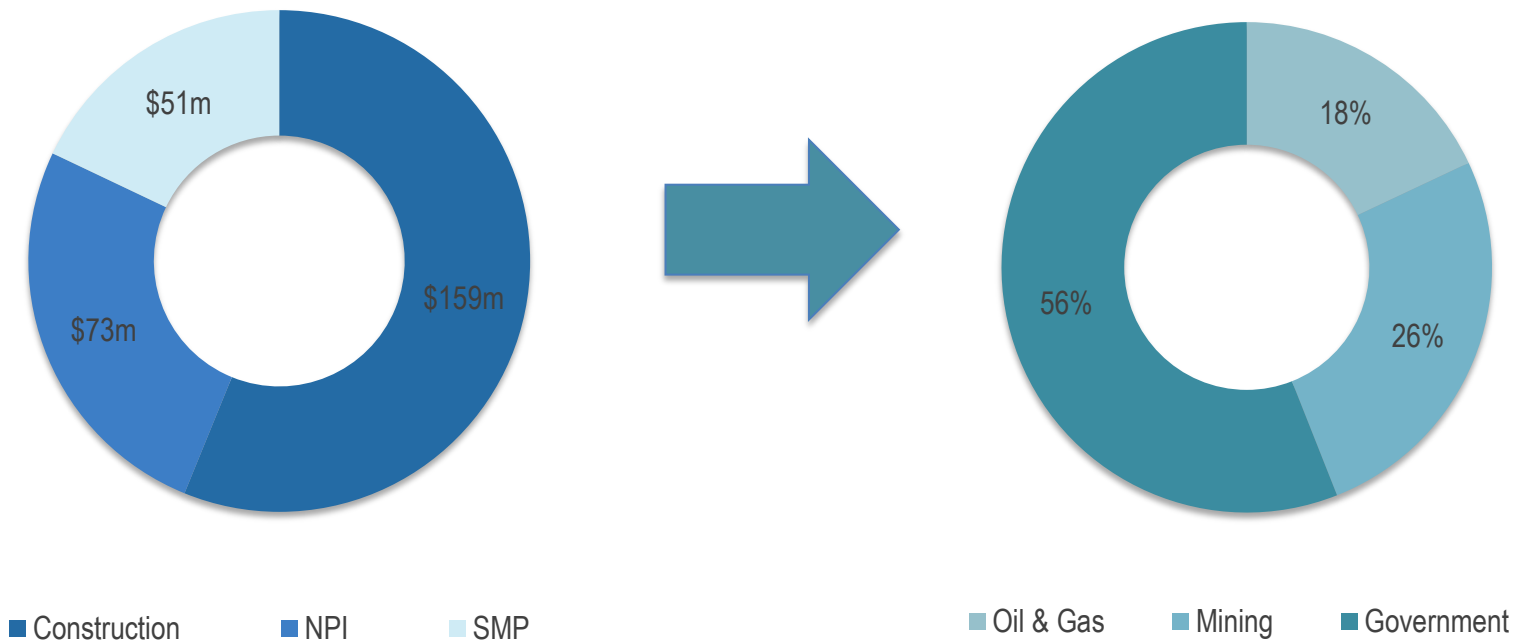
■ Oil & Gas ■ Mining ■ Infrastructure ■ Government ■ Accom Services²

1. Comprises actual revenue for H1FY14 + work in hand for H2FY14
2. Accom services relates to Homeground Villages

ENTERING FY15 IN A SOLID POSITION

~\$283m¹ work in hand - strong balance of work

FY15 Work in Hand by capability and sector

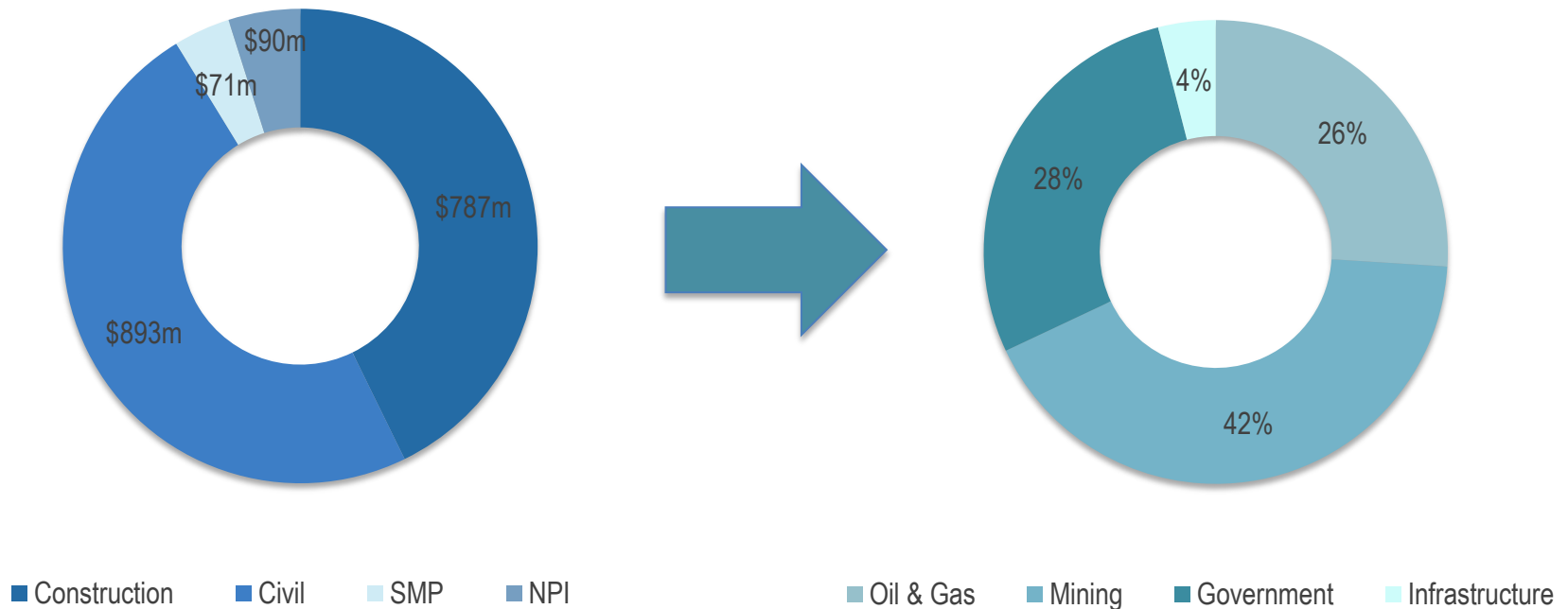


1. Construction and engineering for FY15

TENDER PIPELINE

**Actively tendering across the Group's core capabilities - \$1.8b¹
in tenders and EOIs**

Tender and EOI pipeline by capability and sector (\$m)



1. Construction and engineering only as at 31 January 2014. Includes active tenders and EOIs – excludes secured work in hand

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Decmil Group Limited results are reported under International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. The Company discloses certain non-IFRS measures that are not prepared in accordance with IFRS and therefore are considered non-IFRS financial measures. The non-IFRS measures should only be considered in addition to and not as a substitute for, other measures of financial performance prepared in accordance with IFRS.

EBITDA is a non-IFRS earnings measure which does not have any standardised meaning prescribed by IFRS and therefore may not be comparable to EBITDA presented by other companies. EBITDA represents earnings before interest, income taxes, depreciation and amortisation. This measure is important to management when used as an additional means to evaluate the Company's performance.

EBITDA Reconciliation (\$'000)	H1 FY14	H1 FY13	H1 FY12
Net profit after tax	25,748	44,111	13,037
Less: Gain arising from business combination	-	(29,752)	-
Add: Income tax expense	12,227	19,236	5,945
Add: Interest expense	692	1,225	197
Less: Interest received	(344)	(1,959)	(1,624)
Add: Depreciation expense	3,314	3,097	1,987
Add: Amortisation expense	-	-	-
EBITDA	41,637	35,958	19,542

DISCLAIMER

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THANK YOU

