DECMIL

H1FY15 Results

February 2015

Disclaimer

This presentation contains a summary of information of Decmil Group Limited and is dated February 2015. The information in this presentation does not purport to be complete or comprehensive and does not purport to summarise all information that an investor should consider when making an investment decision. It should be read in conjunction with Decmil's other periodic and continuous disclosure announcements and you should conduct your own analysis in order to satisfy yourself as to the accuracy and completeness of the information, statements and opinions contained in this presentation before making any investment decision.

This presentation is not a disclosure document and should not be considered as an offer or invitation to subscribe for, or purchase any securities in Decmil or as an inducement to make an offer or invitation with respect to those securities. The information contained in this presentation is not intended to be relied upon as advice to investors or potential investors and has been prepared without taking into account the recipient's investment objectives, financial circumstances or particular needs. Those individual objectives, circumstances and needs should be considered, with professional advice, when deciding whether an investment is appropriate.

This presentation contains forward looking statements. Such forward looking statements are not guarantees of future performance and are subject to known and unknown risk factors associated with the Company and its operations. While the Company considers the assumptions on which these statements are based to be reasonable, whether circumstances actually occur in accordance with these statements may be affected by a variety of factors. These include, but are not limited to, levels of actual demand, currency fluctuations, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates. These could cause actual trends or results to differ from the forward looking statements in this presentation. There can be no assurance that actual outcomes will not differ materially from these statements. You should not place undue reliance on forward looking statements and subject to any continuing obligation under applicable law, the Company disclaims any obligation or undertaking to disseminate any updates or revisions to any forward looking statements in this presentation to reflect any change in expectations in relation to any forward looking statements or any change in events, conditions or circumstances on which any statement is based. Nothing in these materials shall under any circumstances create an implication that there has been no change in the affairs of the Company since the date of this presentation. To the maximum extent permitted by applicable laws, the Company makes no representation and can give no assurance, guarantee or warranty, express or implied, as to, and takes no responsibility and assumes no liability for, the accuracy, suitability or completeness of or any errors in or omission, from any information, statement or opinion contained in this presentation.

All references to dollars, cents or $ in this presentation are to Australian currency, unless otherwise stated. References to "Decmil", "the Company", "the Group" or "the Decmil Group" may be references to Decmil Group Ltd or its subsidiaries.

1 Group Summary

H1FY15 Group Highlights

Financial

- Revenue up 48.0% to $389.8m in challenging market
- EBITDA[1] down 7.8% to $38.4m and NPAT down 5.6% to $24.3m due to lower construction and engineering margins
- Earnings per share[1] at 14.41cps (H1FY14: 15.14cps)
- Interim dividend of 4.5c per share

Operations

- Ongoing progress on key contracts with the Department of Immigration and Border Protection, Roy Hill, QGC and Rio Tinto
- Strong occupancy levels at Homeground Gladstone (average of 81% over the period)
- Reduction of Group corporate overhead by 12.1%[2] on the same period last year

Strategy + Outlook

- Challenging short term conditions in traditional sectors
- Expansion of the engineering services to the operational and sustaining capital phase of major iron ore and LNG projects
- Now established as a significant contractor to a variety of Government infrastructure

1 – Excluding business combination gains from both FY13 & FY14 reporting periods
2 – Excluding abnormal one-off expenses

DECMIL

Group Financial Snapshot

$m	H1 FY13[1]	H1 FY14[1]	H1 FY15	Mvmt (%)
Revenue	332.9	263.4	389.8	48%
EBITDA[2]	36.0	41.4	38.4	(7%)
NPAT	23.3	25.5	24.3	(5%)
NPAT margin %	7.0%	9.7%	6.2%	(3.5pp)
Earnings per share (cps)	13.88	15.14	14.41	0.73cps
Interim dividend (cps)	4.0	4.5	4.5	-

1 – Excluding business combination gains from both FY13 & FY14 reporting periods

2 – EBITDA reconciliation located in appendices

DECMIL

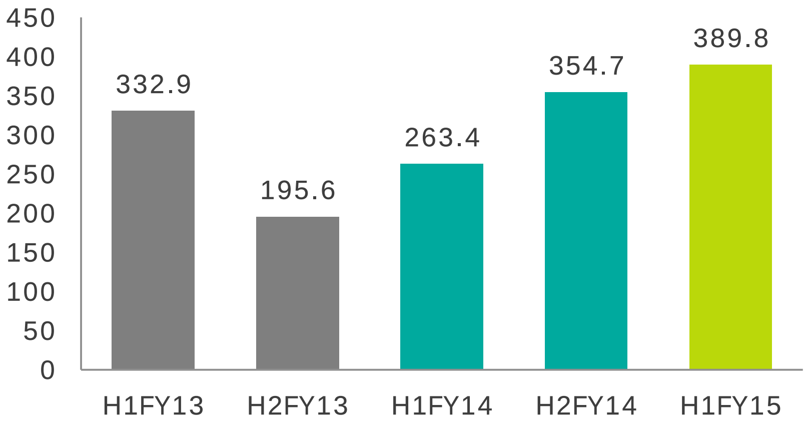
Group Financial Position

$m	Dec13	Jun14	Dec14	Mvmt (%)
Gross cash	56.5	59.3	58.4	(2%)
Debt	12.8	2.0	3.2	60%
Book equity	283.8	302.8	312.9	3%
Gearing ratio	5%	1%	1%	-
Net cash position	43.7	57.3	55.2	(4%)
Bank guarantees & surety bonds:				
- Utilised	88.1	103.4	82.5	(20%)
- Available	116.9	121.6	167.5	38%

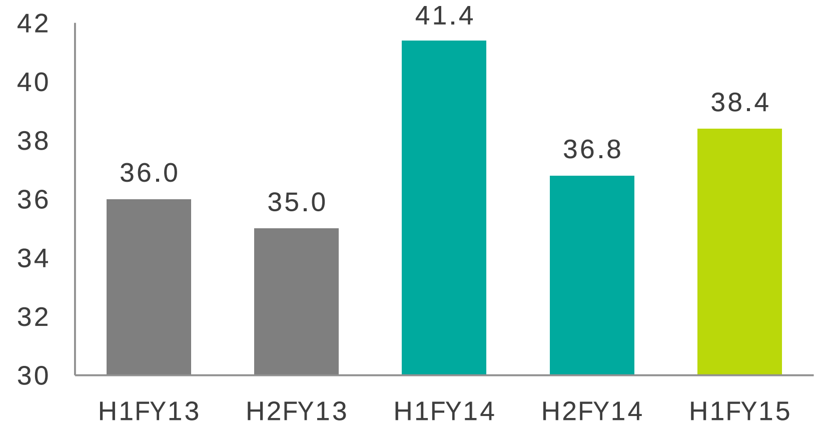
DECMIL

Group Half Year Comparison

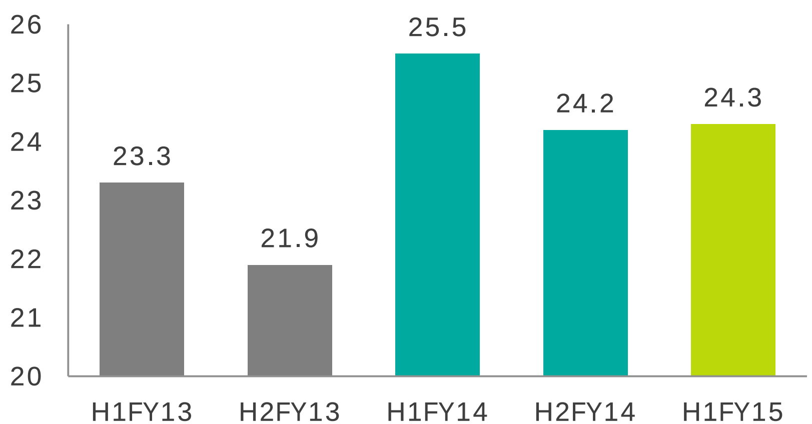
Revenue ($m)



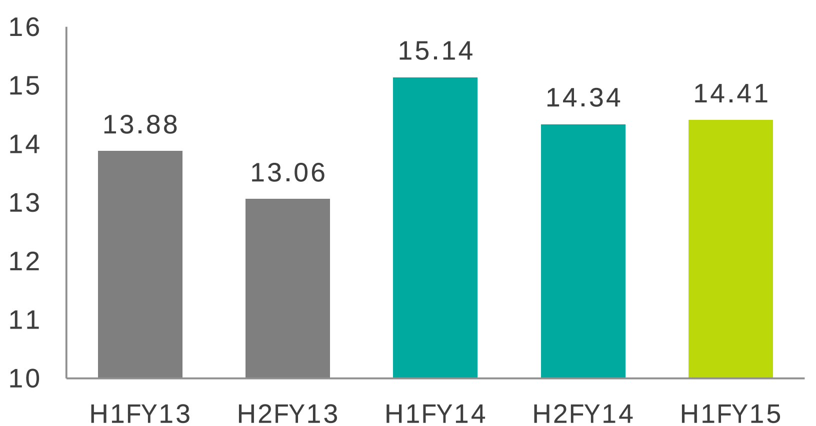
EBITDA[1] ($m)



NPAT[1] ($m)

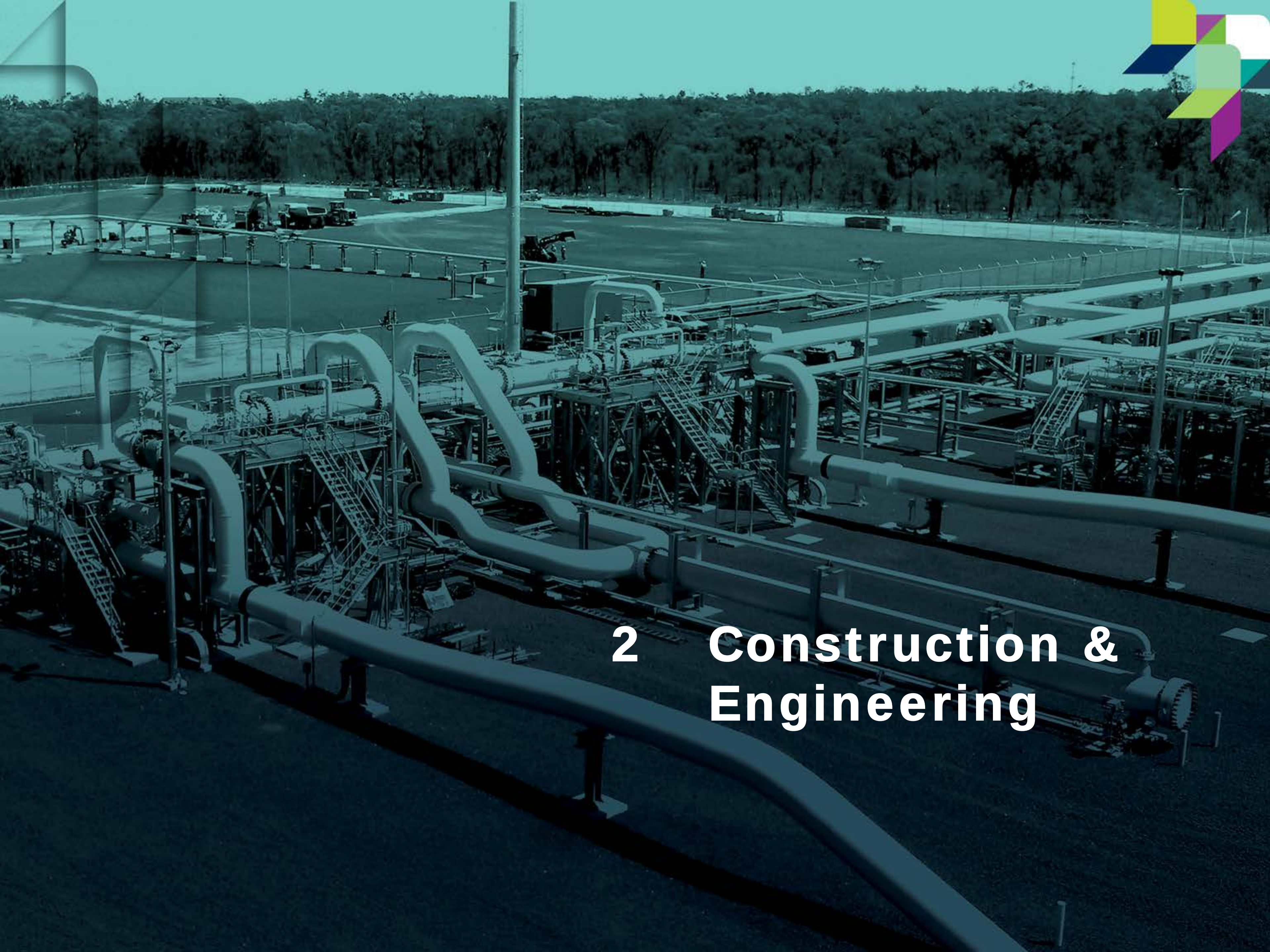


EPS[1] (cents per share)



DECMIL

1 – Excluding business combination gains from both FY13 & FY14 reporting periods



2 Construction & Engineering

Construction & Engineering Highlights

Financial

- Revenue grew by 54% to $357.3m, which is a pleasing result given the challenging conditions in iron ore and LNG
- The challenging conditions did see a decline in construction margins, resulting in a broadly flat gross profit and EBITDA of $42.7m (↓3%) and $24.8m (↑4%) respectively

Operations

- Ongoing progress on key contracts with the DIBP, Roy Hill, QGC and Rio Tinto
- Expansion of the engineering services the Group offers to upstream CSG
- Now established as a significant contractor to Government with new work in defence, education, health and transport

Strategy + Outlook

- Challenging conditions likely to extend into FY16 due to low commodity prices and fiscal challenges for Government
- Major focus is the expansion of the engineering services to the operational and sustaining capital phase of major iron ore and LNG projects
- Pursuing further opportunities for both Australian and New Zealand Governments – principally in education, health, defence and immigration as well as roads and bridges

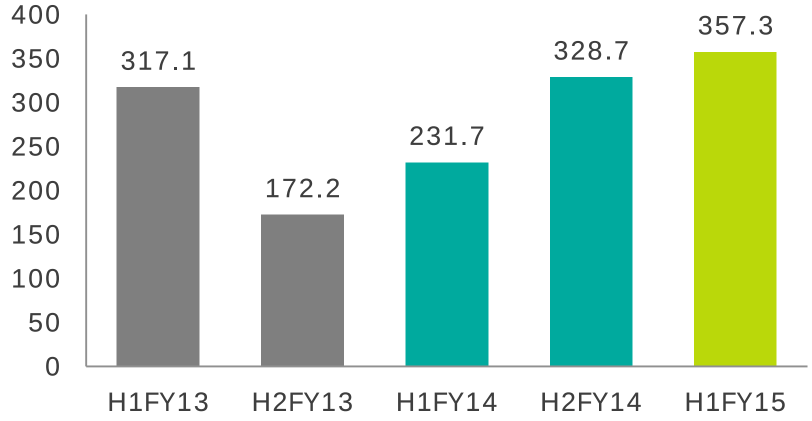
DECMIL

Constr. & Eng. Financial Snapshot

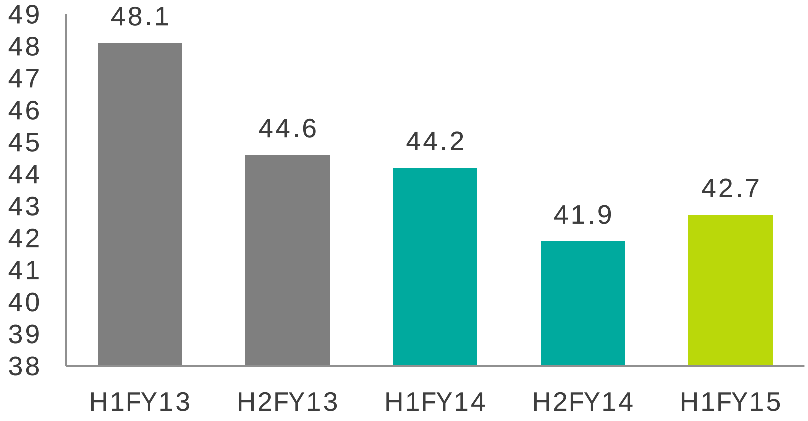
$m	H1 FY13	H1 FY14	H1 FY15	Mvmt (%)
Revenue	317.1	231.7	357.3	54%
Gross profit	48.1	44.2	42.7	(3%)
EBITDA	30.0	23.9	24.8	4%
Margins				
Gross margin %	15.2%	19.1%	12.0%	(7.1pp)
EBITDA margin %	9.5%	10.3%	6.9%	(3.4pp)

Constr. & Eng. Half Year Comparison

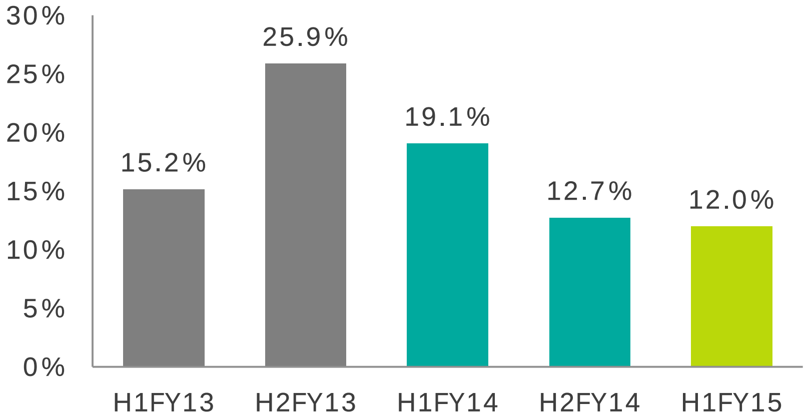
Revenue ($m)



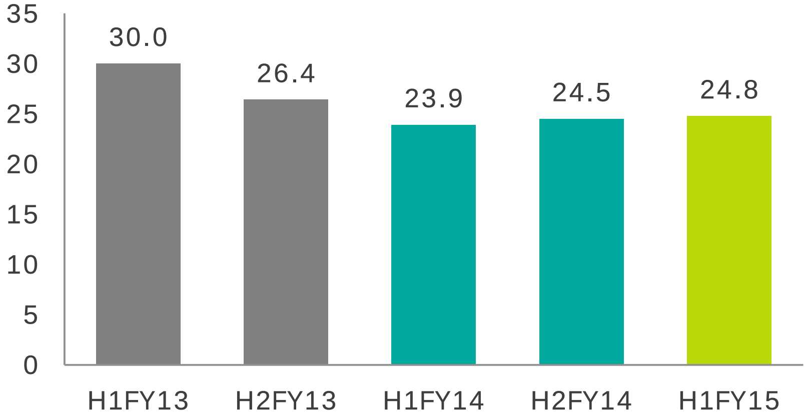
Gross profit ($m)



Gross margin (%)



EBITDA ($m)



DECMIL

3 Accommodation Services

Accommodation Services Highlights

Financial

- Strong occupancy underpinning another solid result
- Revenue of $31.6m for H1FY15 comparable to H1FY14
- EBITDA down $3.4m on H1FY14 due to one off facility management costs and legal expenses

Operations

- Average occupancy of 81% for H1FY15
- Established as the premier workforce accommodation facility in the greater Gladstone region
- Strong supply side position in the market

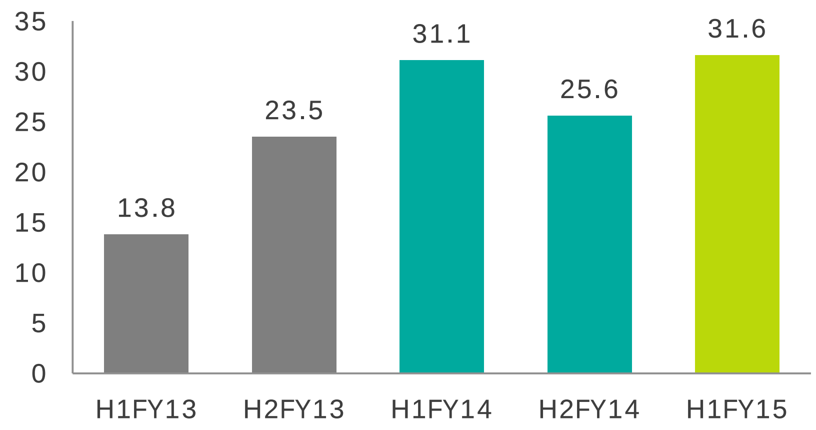
Strategy + Outlook

- Short term reduction in occupany levels likely as the Curtis Island LNG projects commission – however the village has historically had a broad mix of customers
- Well positioned to capture operational tenancy from the operations and maintenance phases of LNG in Gladstone
- Many key LNG maintenance service providers already customers of the village
- Expanded range of services to key clients, including workforce mobilisation and roster management services

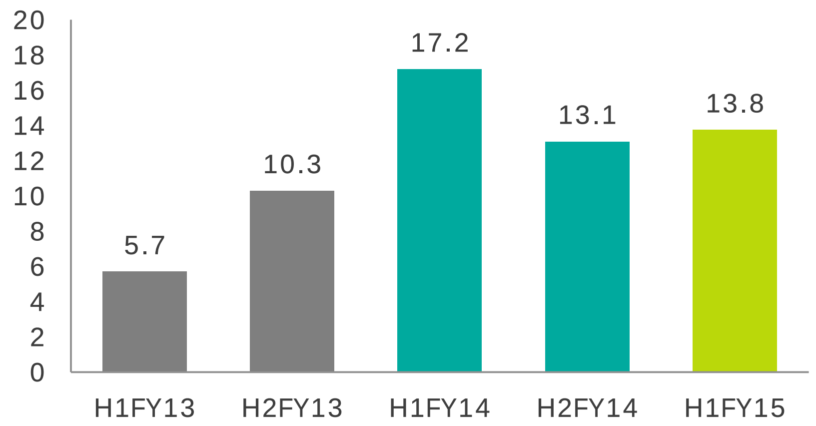
DECMIL

Accom. Services Half Year Comparison

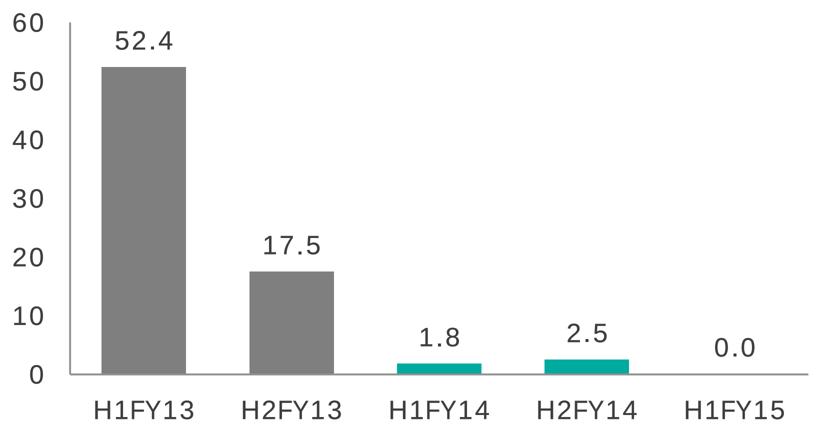
Revenue ($m)



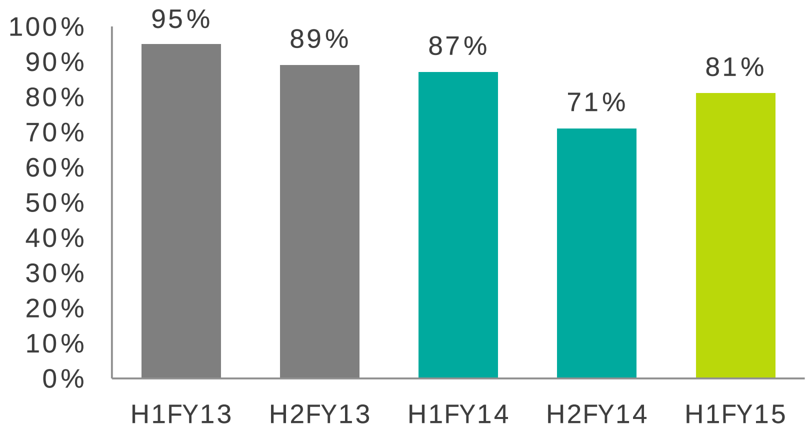
EBITDA[1] ($m)



Capex ($m)



Occupancy[2] (%)



Note:

1 – Excluding business combination gains from H1FY13

2 - Average number of rooms available for FY13 was 1,074 as room extensions were progressively installed throughout the period. FY14 and beyond represents 1,392 rooms available for entire period

DECMIL

4 Strategy & Outlook

Outlook

- Challenging short term conditions in traditional sectors
- Weaker H2FY15 expected
- Full year FY15 revenue expected in the $650m to $700m range
- Challenging conditions likely to extend into FY16 due to low commodity prices and fiscal challenges for Government
- Medium term outlook – focussed on the expansion of the engineering services the Group offers to the operational and sustaining capital phase of major iron ore and LNG projects
- Now established as a significant contractor to a variety of Government infrastructure

Further Presence in LNG Services

- Expanded presence in upstream LNG sector by virtue of new work with Origin and further contract works awarded with QGC
- Embedded within the operational phase of CSG via mechanical services contracts currently being undertaken
- Currently assessing inorganic and organic entry points into the downstream LNG sector (WA & QLD) as the major projects transition from construction to operations

Now an Established Contractor to Gov't

- The Group has made significant progress as a contractor to Government on infrastructure projects such as roads and bridges as well as education, health and defence facilities
- Government contracts contributed $165m (42%) to of H1FY15 revenue, across a variety of disciplines for both State and Federal Government
- Pursuing further opportunities for both Australian and New Zealand Governments – principally in education, health, defence and immigration as well as roads and bridges

DECMIL

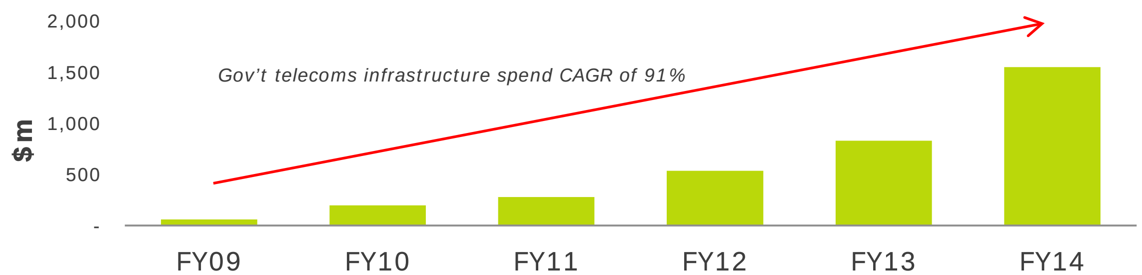
Infrastructure

- Decmil has been shortlisted (1 of 3 consortia) for the WA Schools PPP as co sponsor and managing contractor
- Further PPP opportunities likely given its attractiveness to Government as a means of funding and delivering infrastructure
- Decmil's interest primarily in social infrastructure (e.g. education and health)
- Continue to assess other infrastructure Build Own Operate ("BOO") opportunities for the resources sector, primarily in fuel and non process infrastructure

Communications Market: SAS Telecom

- The acquisition provides Decmil with a platform into the telecommunication installation market and the provision of related managed services
- There are also synergies within the Group's existing construction, engineering and accommodation services divisions
- Key opportunities relate to the NBN and larger projects for the supply of communication systems, structured cabling (fibre and copper) and data supply to resource projects, government infrastructure and commercial buildings

Telecom infrastructure construction – public sector



Source: IBISWORLD – Telecommunications Infrastructure in Australia

DECMIL

5 Appendix

Non-IFRS Financial Information

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 ($k)	HY13	HY14	HY15
NPAT	**44,111**	**25,748**	**24,300**
Less: Gain arising from business combination	(29,752)	(208)	-
Add: Income tax expense	19,236	12,227	**10,831**
Add: Interest expense	1,225	692	**192**
Less: Interest received	(1,959)	(344)	**(375)**
Add: Depreciation expense	3,097	3,314	**3,399**
Add: Amortisation expense	-	-	**24**
EBITDA	**35,958**	**41,429**	**38,371**

Note: The above table includes rounding differences

DECMIL

DECMIL

Thank You