

ASX / MEDIA ANNOUNCEMENT
25 February 2016

FY16 INTERIM FINANCIAL RESULTS

- **Revenue of \$166.9m for six months ended 31 December 2015**
- **Adjusted EBITDA¹ of \$8.3m**
- **Adjusted NPAT¹ of \$5.0m**
- **Cash on hand of \$42.6m at 31 December 2015**
- **Interim dividend of 2.0c per share**

Whilst the natural resources construction and engineering markets continued to be challenging, Decmil Group Limited (ASX: DCG) ("Decmil" or "Company") has continued to adapt to the environment by entering new sectors and reducing costs during the six months ended 31 December 2015.

Operations

During the period the Group continued with progress on a number of projects for the Department of Defence across Australia including key integrated engineering projects at Learmonth and at the Stirling naval base near Perth.

In the iron ore sector Decmil's project at Roy Hill for Samsung C&T continued to progress safely and productively towards commissioning. Work has also continued under the Group's contract with Queensland Gas Corporation ("QGC"). The latest \$35 million extension in January 2016 will see Decmil continue in the operational phase of QGC's upstream coal seam gas assets, supporting with wellhead construction, logistics, material management and a range of construction services for the 2016 calendar year.

In the fuel sector work progressed on the expansion of the Hastings Fuel Terminal in Victoria for United Terminals (part of United Petroleum).

Decmil's first project in New Zealand at South Hornby Primary School is underway following its selection as a contractor for the NZ Government's CSR Innovation project.

On 1 December 2015 the Company announced it had acquired SC Services Pty Ltd. SC Services is a leading national telecommunications services provider which has capabilities in design, installation, commissioning and maintenance of wireless and fixed line infrastructure. The business will provide Decmil with scale and a national presence in the growing telecommunications services market.

Homeground Villages experienced low occupancy for the six months to 31 December 2015 as the major projects in the Gladstone region entered the commissioning phase. Despite the low occupancy, effective cost management by the Homeground management team saw the business break-even at the EBITDA level.

1 – Excluding Homeground fair value adjustment and restructuring costs

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Financial Performance and Position

The financial performance of the business for the six months ended 31 December 2015 was impacted by the prevailing difficult conditions in the sector and economy, with revenue and profit both down substantially on the same period in the 2015 financial year.

Despite the weaker financial performance in H1FY16, the Company remained financially strong with cash on hand of \$42.6 million at the end of the period, minimal drawn senior debt (\$10m); and substantial real assets backing net tangible worth.

Dividend

The Company is pleased to announce it will pay shareholders an interim dividend of 2.0 cents per share, fully franked. The dividend will be paid on 29 March 2016, with a record date of 8 March 2016.

Strategy and Outlook

Management and the Board are working towards transforming the business and to position it going into the 2017 financial year with:

- An overhead base that is appropriate for the volumes of work in the market;
- A diverse range of markets including natural resources, telecommunications, civil infrastructure and Defence; and
- A truly national presence across the Australasian region.

The above transformation, once successfully implemented, will result in a Group that is more diverse and able to produce better and more sustainable earnings from a range of markets.

On 1 February 2016 Decmil acquired Cut & Fill Pty Ltd, a Melbourne based civil engineering company focused on civil infrastructure works across the South Eastern seaboard of Australia, particularly with the State Road Authorities in Victoria, the ACT and New South Wales. The business holds the highest available pre-qualification accreditation (R5/B4) with various State Government infrastructure bodies and has a long history of successful delivery of various road, rail, bridge and related infrastructure projects.

The acquisition expands Decmil's business through an established and direct local platform in the Victoria, ACT and New South Wales civil infrastructure markets.

Other key strategic priorities for the Group as it enters the second half of the 2016 financial year include:

- Bedding down the acquisition of SC Services and the establishment of a dedicated national telecommunications division within the Group;
- Enable Cut & Fill to tender bigger projects and move back into the NSW and ACT civil transport infrastructure markets;
- Organic growth in the existing markets of Defence and in New Zealand; and
- Consideration of new markets, in particular in the renewable energy sector.





Decmil Managing Director and Group CEO, Scott Criddle, commented:

“During the first half of the 2016 financial year we have continued to transform the business as we move on from the recent resources boom market. This transformation includes changing management structures, reducing costs, entering new sectors and developing a true national presence across the Australasian region. This transformation is not yet complete and will continue in the second half of the 2016 financial year.”

About Decmil

Decmil Group Limited (DGL) offers a diversified range of services to the Australian resources and infrastructure industries. Companies within the group specialise in design, civil engineering and construction; accommodation services; maintenance; and telecommunications. Listed on the Australian Securities Exchange (ASX Code: DCG), Decmil's goal is to maximise returns from our operations to deliver value to our shareholders, clients and other stakeholders.

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