



DECMIL GROUP LIMITED

2016

HY 2016 Results

February 2016



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H1FY16 Group Highlights



Financial

- Revenue of \$166.9m
- Adjusted EBITDA¹ of \$8.3m
- Adjusted NPAT¹ of \$5.0m
- Interim dividend of 2.0c per share
- Cash position at 31 December 2015 of \$42.6m



Operations

- The Group continues to transition from the recent resources construction boom into new sectors
- Ongoing progress on key contracts with Defence, QGC, United Petroleum and Roy Hill
- Reduction of Group overhead by 22% on the same period last year



Strategy + Outlook

- Increased exposure to Telecom market via SC Services acquisition
- Entry into East Coast transport infrastructure market (Victoria & NSW) via Cut & Fill acquisition
- General Manager appointed to New Zealand and first project has commenced
- Homeground has recently entered into an exclusive accommodation agreement with ConocoPhillips to capture shutdown workforce demand

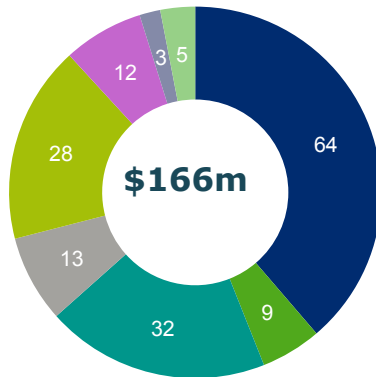
Note:

1 – Excludes one-off restructuring costs and Homeground devaluation

H1FY16 Group Financial Highlights

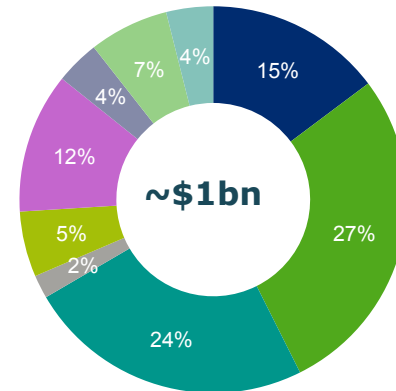


Revenue by sector



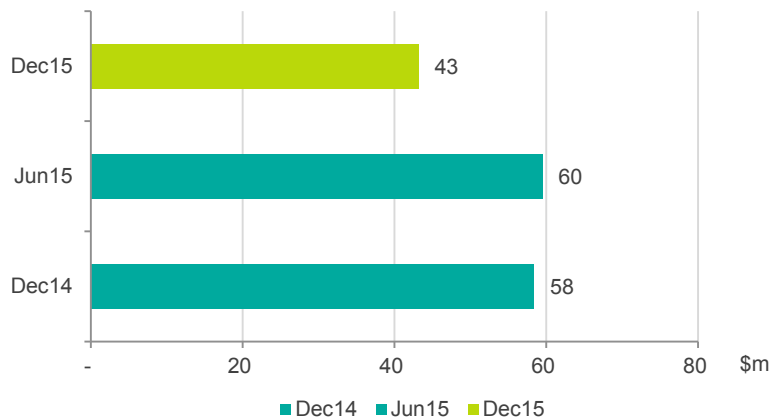
■ Iron Ore ■ Infrastructure ■ Defence ■ Immigration ■ OGAS ■ Fuel ■ Telecoms ■ Homeground

Tender pipeline by sector



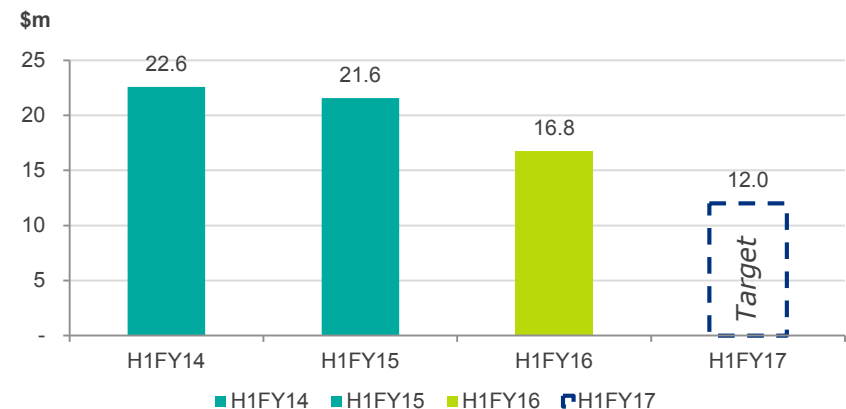
■ Iron Ore ■ Infrastructure ■ Defence ■ Immigration ■ OGAS ■ Fuel ■ Health ■ Rail ■ Telecoms

Cash summary



■ Dec14 ■ Jun15 ■ Dec15

Overheads summary



■ H1FY14 ■ H1FY15 ■ H1FY16 ■ H1FY17

Note: H1FY16 excludes one-off restructuring costs

Adjusted Earnings



\$m	EBITDA	NPAT
Adjusted results	8.3	5.0
<i>Adjustments</i>		
- Homeground devaluation	(78.1)	(57.8)
- Restructuring costs	(2.9)	(2.1)
Total adjustments	(81.0)	(59.9)
Reported results	(72.7)	(54.9)

Where We Operate



Construction & Engineering Update



Financial

- Revenue of \$158.7m
- Gross profit of \$24.3m
- EBITDA of \$7.3m
- Difficult conditions in natural resources



Operations

- Incumbent engineering services provider for QGC's upstream coal seam gas assets
- Continued success delivering projects for the Department of Defence across Australia
- Roy Hill SMP contract progressing safely towards commissioning
- Decmil, via recent Cut & Fill acquisition, now has access to a national Road 5 / Bridge 4 accreditation



Strategy + Outlook

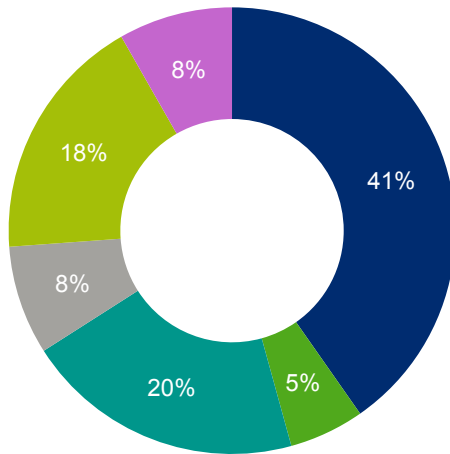
- The Cut & Fill acquisition represents a strategic entry point to the East Coast infrastructure market which is a key focus of Decmil
- Pursuing further opportunities for both Australian and New Zealand Governments – principally in education, health, defence and immigration as well as roads and bridges
- Appointment of experienced General Manager in New Zealand and first project underway

Construction & Engineering Revenue

H1FY16 C&E revenue by sector, region and service offering

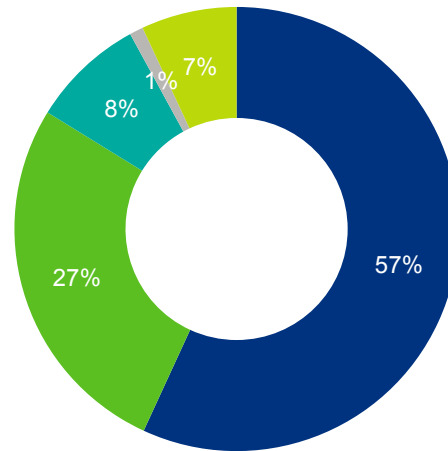


Sector



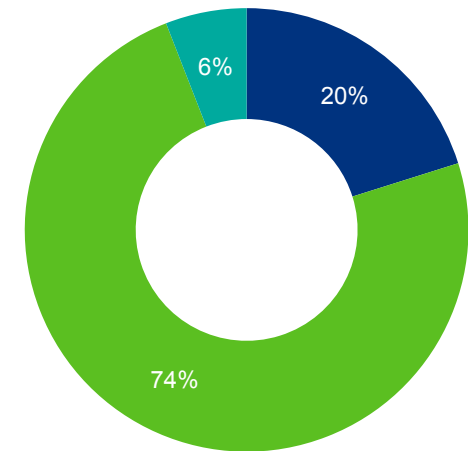
■ Iron Ore ■ Infrastructure ■ Defence
■ Immigration ■ OGAS ■ Fuel

Region



■ WA ■ QLD ■ VIC ■ NZ ■ PNG

Service

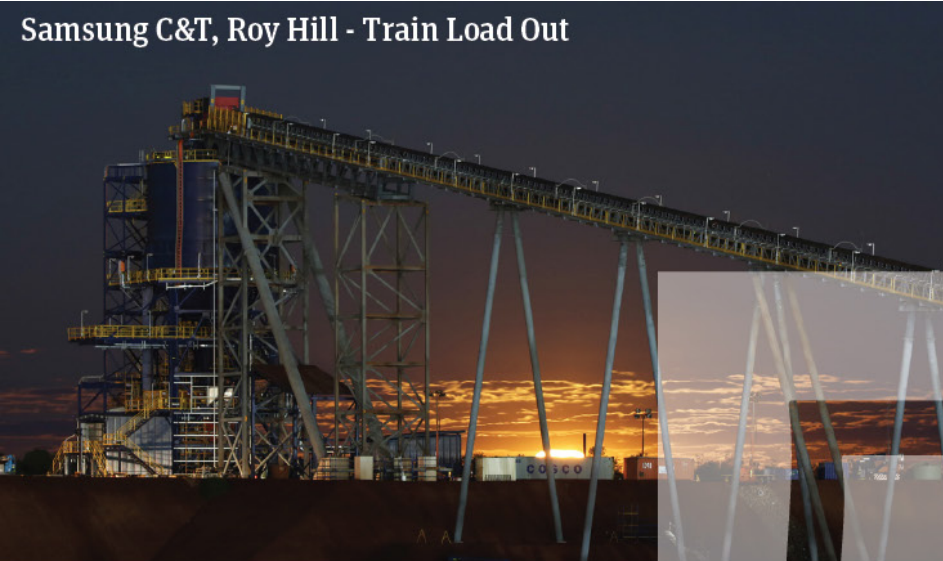


■ Construction ■ SMP ■ Civil

Construction & Engineering Projects



Samsung C&T, Roy Hill - Train Load Out



ADF - HMAS Stirling Fuel Upgrade



Roy Hill - Rail Workshop



Leighton Broad - Elizabeth Quay Pedestrian Bridge



Cut & Fill Overview



Cut & Fill ("C&F") is an established civil contractor that has been in operation for >35 years

- C&F is a privately owned Melbourne based civil engineering company focused on civil infrastructure works for the State Road Authorities in Victoria, the ACT and NSW
- The State Roads Authorities are the principle source of work for C&F. These include Vic Roads, Roads & Maritime (NSW), the Department of Environment, Land, Water & Planning (DELWP, Victoria) as well as local government authorities
- C&F holds the highest available road and bridge pre-qualification accreditation (R5/B4) in these States as well as a financial rating of 'F25' in Victoria and 'F10' in NSW. C&F has a long history of successful delivery of various road, rail, bridge and related infrastructure projects (metro and regional)
- C&F employs 55 staff and is headquartered in the Melbourne suburb of Kew, has a plant yard located in Coolaroo (20km north of Melbourne) and a storage facility in Craigieburn (30km north of Melbourne)
- For the year ended 30 June 2015, C&F generated \$56m of revenue, to deliver an EBITDA of \$1.8m



Victoria and NSW Markets



Cut & Fill ("C&F") is an established civil contractor that has been in operation for >35 years

Victoria

- The Level Crossing Removal Authority ('LXRA') has identified 50 dangerous and congested level crossings across Melbourne
- The Victorian Government allocated ~\$3bn in its 2015-16 budget to remove at least 20 level crossings by 2018. These sites form the basis of a long-term strategic plan being developed to remove all 50 level crossings
- The removal of the level crossings is via road over rail or rail over road, known as a 'grade separation' (to-date have largely been rail lowered under road)
- Construction has already commenced on several sites and planning is underway for the delivery of the entire project
- Removing the crossings will:
 - Deliver significant safety improvements for drivers and pedestrians
 - Improve travel around Melbourne for trains, pedestrian, cyclist or driver
 - Get people home safer and faster
 - Improve reliability of roads
 - Benefit many areas from station rebuilds
 - Enable more trains to run more often and on time

NSW

- In June 2014, the Government announced its new infrastructure strategy, 'Rebuilding NSW', signaling its intentions to invest \$20bn into transport and social projects
- The funding is underpinned by the recent and pending privatisation of the State's electricity assets
- Rebuilding NSW will ensure that as the state's population grows towards 6 million people in Sydney and 9 million people in NSW, it will be supported by quality transport, water, education, health and sports infrastructure
- Rebuilding NSW has reserved \$4.1bn to upgrade regional freight corridors, build new infrastructure in growth areas, enhance and expand existing road and bridge programs and improve regional rail
- Regional road and rail upgrades are a prominent theme in the Rebuilding NSW strategy, with \$3.7bn relating to road and \$0.4bn relating to rail
- NSW views the investment in better roads will deliver an economic dividend to regional communities as they become better connected. Individuals will have greater access to employment opportunities and be closer to essential services

Cut & Fill Projects



VicRoads - Stockmans Bridge



VicRoads - Geelong Ring Road Bridge



VicRoads - Sneydes Road Interchange

Homeground Gladstone



- 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 (13% average across H1FY16), effective cost management saw the business break-even at the EBITDA level
- Following an independent external valuation, Homeground Gladstone revalued to \$110.8m as at 31 December 2015
- On 29 January announced exclusive contract with ConocoPhillips for all shutdown maintenance accommodation for the APLNG project on Curtis island
- Homeground also currently provides shutdown accommodation requirements to Rio Tinto's Yarwun Bauxite refinery in the region
- Will target shutdown accommodation arrangements with the other major project operators in Gladstone

SC Services Overview



SC Services is a telecommunications solutions provider offering a suite of services to network owners, Tier 1 and Tier 2 providers across Australia

SCS	Competency	Details
	Technical	• Install, integrate or commission new telecommunications infrastructure across fibre, copper, microwave or wireless networks
	Fibre	• Turnkey solutions for both major and minor fibre optics • Cabling, splicing, testing and commissioning
	Wireless	• Services for all facets of the deployment program in the wireless core network, in-building coverage and site based • Includes commissioning and maintenance services
	Civil	• Installation, trenching, directional boring, site clearing, earthworks for tower construction, tower strengthening and footing strengthening
	Operation, Maintenance & Design	• Inspection and routine maintenance for telecommunications infrastructure and 24/7 support for reactive maintenance

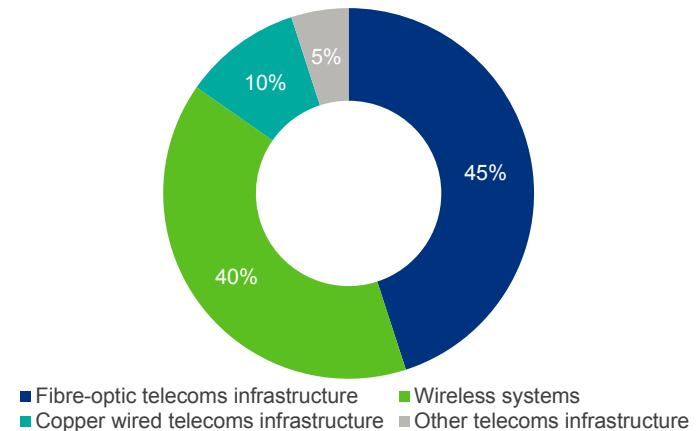
Telecoms Market Overview

SCS is well positioned in the Telecoms market growth areas of wireless and fibre optic

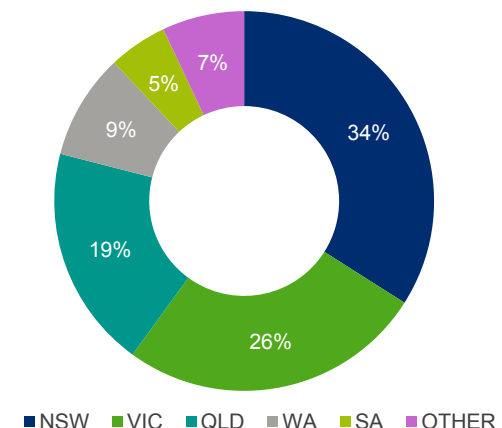
Telecoms market trends

- Public spending on telecommunications infrastructure construction has increased by an annualised 39% over the five years through 2014-15, with an estimated annual spend in 2014-15 of ~\$6.6bn
- This growth has been underpinned by the rollout of new technologies in the downstream wireless tower construction industry and fibre optic cable installation industry
- Further growth of 19% is projected in 2015-16 and 11% in 2016-17. This largely reflects the final stages of the rollout of the 4G network infrastructure by the three major carriers and the escalation of construction of the fibre-optic network under the revised fibre-to-the-node (FTTN) NBN plan
- SCS has historically operated predominantly in WA, which represents c.9% of the national market. As such a key strategic focus will be to increase exposure to other States
- SCS is well positioned with Tier 1 providers in both wireless tower construction and NBN service offerings which augurs well to gain market share in other States

Telecoms market by product



Telecoms market by region

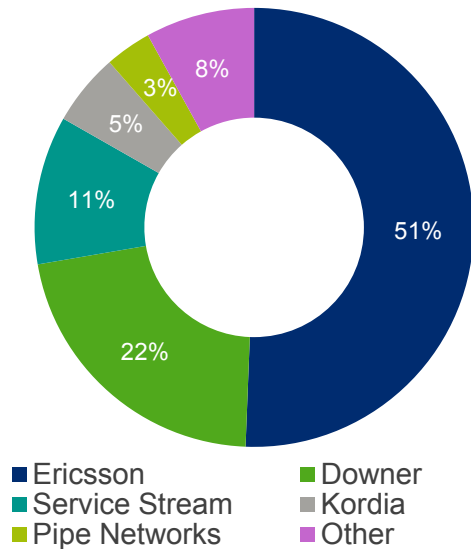


SC Services Revenue Summary

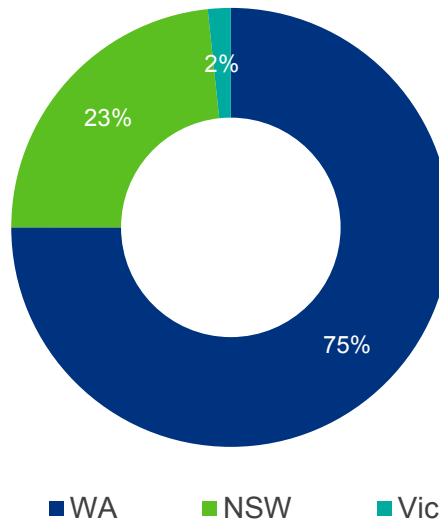
FY16F revenue by customer, region and service



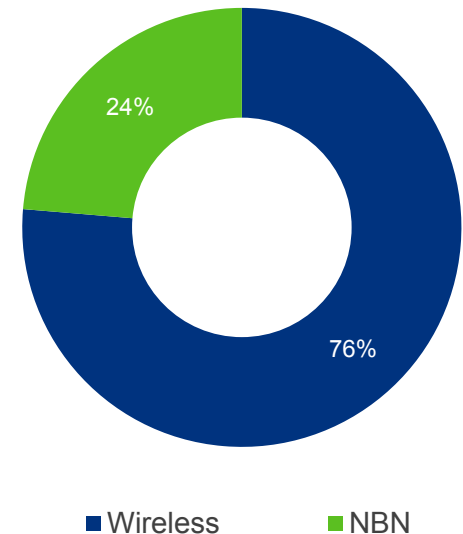
Customer



Region



Service



Strategy & Outlook



- C&E revenue for FY16 expected in the range of \$300m-\$325m inclusive of 5 month contribution from Cut & Fill (~\$275m¹ contracted or in advanced discussions)
- Telecoms division expected to contribute in the range of \$20m-\$30m² to FY16 revenue with good growth potential in FY17
- H2FY16 occupancy for Homeground expected at similar levels to H1FY16 – improving in FY17 as Curtis Island LNG shutdown cycle commences
- Full 12 month contribution from SC Services and Cut & Fill acquisitions and recently established New Zealand office to come through in FY17 adding ~\$50m–\$100m in revenue to existing business
- Strategic priorities:
 - Expansion of SC Service capacity and market share in NSW, VIC and QLD
 - Cut & Fill to tender bigger projects and move back into NSW and ACT civil transport infrastructure markets
 - Expand Decmil New Zealand business beyond the Christchurch Schools project
 - Continue to progress market share and project size in Defence
 - Building an EPC capability within Decmil to deliver turnkey infrastructure projects
 - Look at new markets in the renewable energy sector



Thank You

2016