

ASX / MEDIA ANNOUNCEMENT
1 August 2018

FY18 FINANCIAL RESULTS

- **Construction & Engineering (C&E) revenue from continuing operations up 28% year on year and 42% H1FY18 vs H2FY18**
- **C&E EBITDA from continuing operations of \$5.5 million**
- **Group EBITDA from continuing operations of \$4.7 million**
- **\$17 million net cash position – no core debt**
- **FY19 revenue expected to exceed \$500 million – WIH for FY19 at ~\$400 million**

Decmil Group Limited (ASX: DCG) (“Decmil” or “Company”) has today released its financial results for 2018 financial year.

Operations

Operations in FY18 reflected the diversity of the Group, with project activity spanning a number of sectors including WA Iron Ore works, Queensland Coal Seam Gas upstream maintenance, various public-sector infrastructure projects in Australia and New Zealand, road and bridge projects for State road authorities and renewable energy.

Key highlights:

- A project for BHP at its South Flank project in relation to the upgrade and expansion of the Mulla Mulla village and for Fortescue in relation to its Port Hedland tug harbor;
- Expansion of the Decmil business in New Zealand including the award of a combined NZ\$185+ million Corrections project;
- The award to Decmil’s Victorian business unit of ~\$100 million of new transport infrastructure construction work and a significant increase in tendering activity in this region;
- Completion of the Gullen solar project near Goulburn in New South Wales and secured a Memorandum of Understanding for an EPC contract with Maoneng Australia in relation to its Sunraysia project; and
- The consolidation of the Group’s focus on the Infrastructure, Resources and Renewable Energy sectors and achieving greater operational consistency across regional business units in Australia and New Zealand.

Financial Performance & Position

Construction & Engineering (C&E) revenue from continuing operations for the twelve months ended 30 June 2018 grew by 28% year on year as the Company secured a number of new and larger contracts in the later part of the 2017 calendar year.

Gross margin percentage for the twelve months ended 30 June 2018 was 10.4% and core administration costs amounted to \$28.0 million.

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As part of the Group's focus on the Infrastructure, Resources and Renewable Energy sectors, in FY18 it permanently exited non-core operations in the telecommunications and design consulting sectors.

At 30 June 2018 the Group's balance sheet reflected an overall net cash position of \$16.8 million, no drawn core senior secured debt and net tangible assets of \$131 million.

Strategy and Outlook

In FY18 the business consolidated its focus on the Infrastructure, Resources and Renewable Energy sectors across Australia and New Zealand and is experiencing strong market conditions across these sectors.

Based on the Company's current tender pipeline and work in hand, and as at the date of this report, Decmil still expects FY19 revenue to exceed \$500 million. Work in hand (comprised of contracted and preferred projects) for FY19 stands at ~\$400 million.

Revenue growth and a lower overhead base sets the platform for step change earnings growth in FY19.

The Group continues to see good market conditions across a number of its key sectors including:

- **Resources:** FMG's Eliwana and Rio Tinto's Koodaideri projects coming to the contractor market in FY19 and improved market conditions in the Queensland Coal Seam Gas sector;
- **Infrastructure:** Significant public-sector infrastructure spend by State and Federal Government, in the Transport sector in Victoria; and
- **Renewable Energy:** Actively bidding a number of solar PV and wind projects as a balance of plant contractor.

Decmil's strategy remains to build a diverse and strong construction and engineering business across Australasia.

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 civil engineering and construction; accommodation services and maintenance. 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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