

# Equity Raising Presentation

23 AUGUST 2018

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A PROVEN  
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# Equity Raising Overview



# Equity Raising Overview

## Placement and SPP to strengthen balance sheet and fund growth of business

<b>Offer Structure, Size and Price</b>	<ul style="list-style-type: none"> <li>Placement to Institutional and Sophisticated Investors to raise up to \$45 million (before costs) (<b>Placement</b>) by the issue of up to 56.25 million new fully paid ordinary shares (<b>Shares</b>) at the offer price of \$0.80 per Share (<b>Offer Price</b>)</li> <li>Decmil will also offer existing eligible shareholders in Australia and New Zealand the opportunity to purchase new Shares at the Offer Price via a Share Purchase Plan (<b>SPP</b>) to raise up to an additional \$5 million</li> </ul>
<b>Two Tranche Placement</b>	<ul style="list-style-type: none"> <li>The Placement will consist of two tranches, with the first tranche of \$20.9 million (~26.2 million Shares) to be issued under the Company's remaining 15% placement capacity pursuant to ASX Listing Rule 7.1 (<b>Tranche 1</b>)</li> <li>The balance of the Placement, up to \$24.1 million (~30.05 million Shares), will be issued subject to shareholder approval following a general meeting indicatively scheduled to take place in early October 2018 (<b>Tranche 2</b>). Decmil reserves the right to place any SPP shortfall</li> </ul>
<b>Offer Price</b>	<ul style="list-style-type: none"> <li>The Offer Price of \$0.80 represents a discount of 12.6% to Decmil's last close price of \$0.915/sh on 22 August 2018, and a discount of 11% to Decmil's 5 day VWAP of \$0.90</li> </ul>
<b>Ranking</b>	<ul style="list-style-type: none"> <li>Placement and SPP Shares will rank equally with existing Decmil shares</li> </ul>
<b>Use of Proceeds</b>	<ul style="list-style-type: none"> <li>The proceeds of the Placement and SPP (<b>Equity Raising</b>) will be used to bolster Decmil's general working capital position, maintain a strong net cash position, improve the current ratio for accreditations and to fund strategic opportunities and the strong pipeline of tenders</li> </ul>
<b>Director &amp; Major Shareholder Participation</b>	<ul style="list-style-type: none"> <li>Parts of the Board and management of Decmil intend participate in the Placement, including Decmil's major shareholder, Denis Criddle, who intends to subscribe for \$3.5 million in the Placement. Any allocation to a Company director will be made subject to shareholder approval in Tranche 2</li> </ul>
<b>Lead Manager</b>	<ul style="list-style-type: none"> <li>Hartleys Limited</li> </ul>



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# Equity Raising Timetable

## Two Tranche Placement plus a SPP for Existing Shareholders

Key Event	Indicative Date & Time (AWST)
SPP Record Date	Wednesday, 22 August 2018
Trading Halt, Equity Raising Presentation Released	Thursday, 23 August 2018
Bookbuild Opens	8am AWST Thursday, 23 August 2018
Bookbuild Closes	3pm AWST Thursday, 23 August 2018
Announcement of the Results of the Placement	Friday, 24 August 2018
Trading in Decmil Shares Recommences	Friday, 24 August 2018
Anticipated Settlement of Tranche 1 Placement Shares	Friday, 31 August 2018
Allotment and Trading of Tranche 1 Placement Shares	Monday, 3 September 2018
SPP Opens	Tuesday, 4 September 2018
SPP Closes	Monday, 24 September 2018
Anticipated Date for General Meeting to Approve Tranche 2	Tuesday, 2 October 2018
Anticipated Settlement of Tranche 2 Placement Shares	Tuesday, 9 October 2018
Anticipated Allotment and Trading of Tranche 2 Placement and SPP Shares	Wednesday, 10 October 2018

All dates and times are subject to change and are indicative only. Unless otherwise indicated, all times are Perth time. Decmil and the Lead Broker reserve the right to vary these dates and times without notice.

# Use of Proceeds

## The Equity Raising will strengthen Decmil's balance sheet to capitalise on a robust project pipeline

- The proceeds of the Placement and SPP will significantly strengthen Decmil's balance sheet to best position the Company to capitalise on the robust project pipeline in front of Decmil, which is underpinned by significant infrastructure, resource and renewable growth opportunities
- Decmil's project pipeline has improved following a significant increase in State and Federal infrastructure expenditure and also increased investment in the Natural Resources sector (Iron Ore in particular)
- A strong balance sheet is increasingly important for Decmil as it seeks to move up the value chain and participate in larger public sector tender processes including major Transport Projects, Public Private Partnerships (PPPs) and larger contracts in Defence and Corrections

### Proforma Balance Sheet as at 30 June 2018

\$m	30 June 2018	Equity Raising	30 June 2018 Proforma
Cash and cash equivalents	16.8	45.0	61.8
Other current assets	81.1	-	81.1
<b>Total current assets</b>	<b>97.9</b>	<b>45.0</b>	<b>142.9</b>
<b>Non current assets</b>	<b>205.8</b>	<b>-</b>	<b>205.8</b>
<b>Total assets</b>	<b>303.7</b>	<b>45.0</b>	<b>348.7</b>
<b>Total current liabilities</b>	<b>95.8</b>	<b>-</b>	<b>95.8</b>
<b>Non current liabilities</b>	<b>1.5</b>	<b>-</b>	<b>1.5</b>
<b>Total liabilities</b>	<b>97.3</b>	<b>-</b>	<b>97.3</b>
<b>Net assets</b>	<b>206.3</b>	<b>45.0</b>	<b>251.3</b>
Issued capital	165.8	45.0	210.8
Retained earnings	40.5	-	40.5
<b>Total equity</b>	<b>206.3</b>	<b>45.0</b>	<b>251.3</b>
<b>Notes:</b> - Equity Raising amounts above relate to Placement only and exclude Equity Raising costs - 30 June 2018 balances are per the Audited FY18 Financial Statements			
<b>Balance sheet ratios</b>			
Current Ratio	1.02x	↑ 46%	1.49x
Total Assets / Total Liabilities	3.12x	↑ 15%	3.58x

# Decmil Overview



# Decmil Overview

Established multi-disciplinary engineering contractor listed on the ASX



## 40 years

Established in 1978 to provide engineering construction services to the Infrastructure, Resources and Renewable sectors

## 3 core Industry Sectors

Specialist in design, engineering, construction, maintenance for Infrastructure, Resources and Renewable sectors

## National Footprint

Our depth of capability and our reach allows us to provide complex and diversified offerings across Australia and New Zealand

## ASX Listed

Listing on the Australia Stock Exchange in 2005 provided impetus for a period of considerable growth and development

## 544 employees & 901 sub-contractors

The Group currently (Aug18) employs 544 staff and manages 901 sub-contractors

## Vision

To be the market leader in project delivery, achieving sustainable growth through the quality of our people and the strength of our relationships



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# Corporate Overview

## Capital Structure

	Pre Placement	Post Placement
<b>Shares<sup>1</sup></b>	174.6m	230.8m
<b>Performance rights</b>	6.3m	6.3m
<b>Share price (22 August 2018)</b>	\$0.915/sh	\$0.915/sh
<b>Market Capitalisation</b>	\$159.7m	\$211.2m
<b>Cash (A\$m)<sup>2</sup></b>	\$16.8m	\$61.8m
<b>Debt (A\$m)<sup>3</sup></b>	\$0.0m	\$0.0m

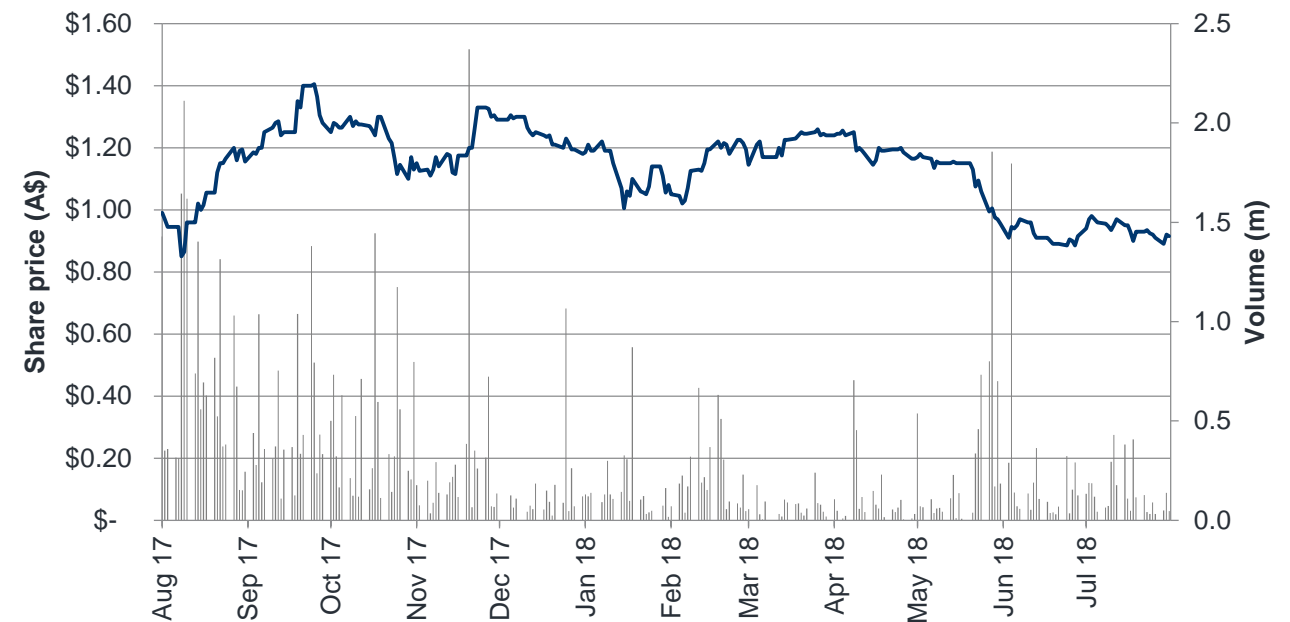
1. Assumes 56.25m Shares are issued under the Placement, doesn't factor SPP shares
2. The Pre Placement cash balance is at 30 June 2018 and the Placement proceeds of \$45m are before costs and exclude any SPP proceeds
3. Nil core drawn debt at 30 June 2018 and 23 August 2018. Working capital facilities in place per slide 15

## Board & Management

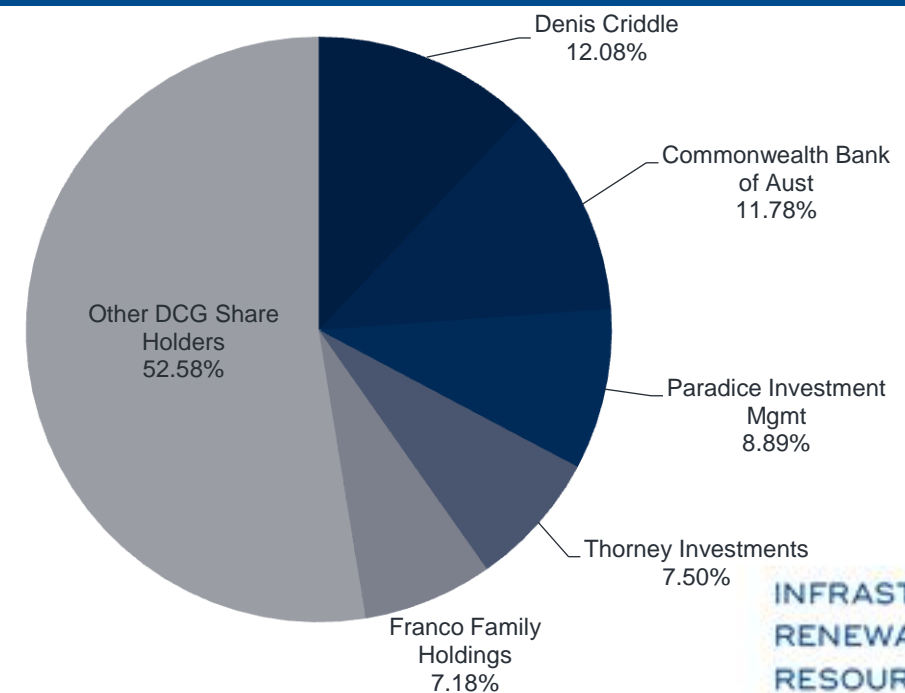
David Saxelby	Non-Executive Chairman
Scott Criddle	Managing Director & CEO
Denis Criddle	Non-Executive Director
Bill Healy	Non-Executive Director
Don Argent	Non-Executive Director
Craig Amos	Chief Financial Officer
Tony Radalj	Chief Operating Officer



## Share Price



## Substantial Shareholder Breakdown

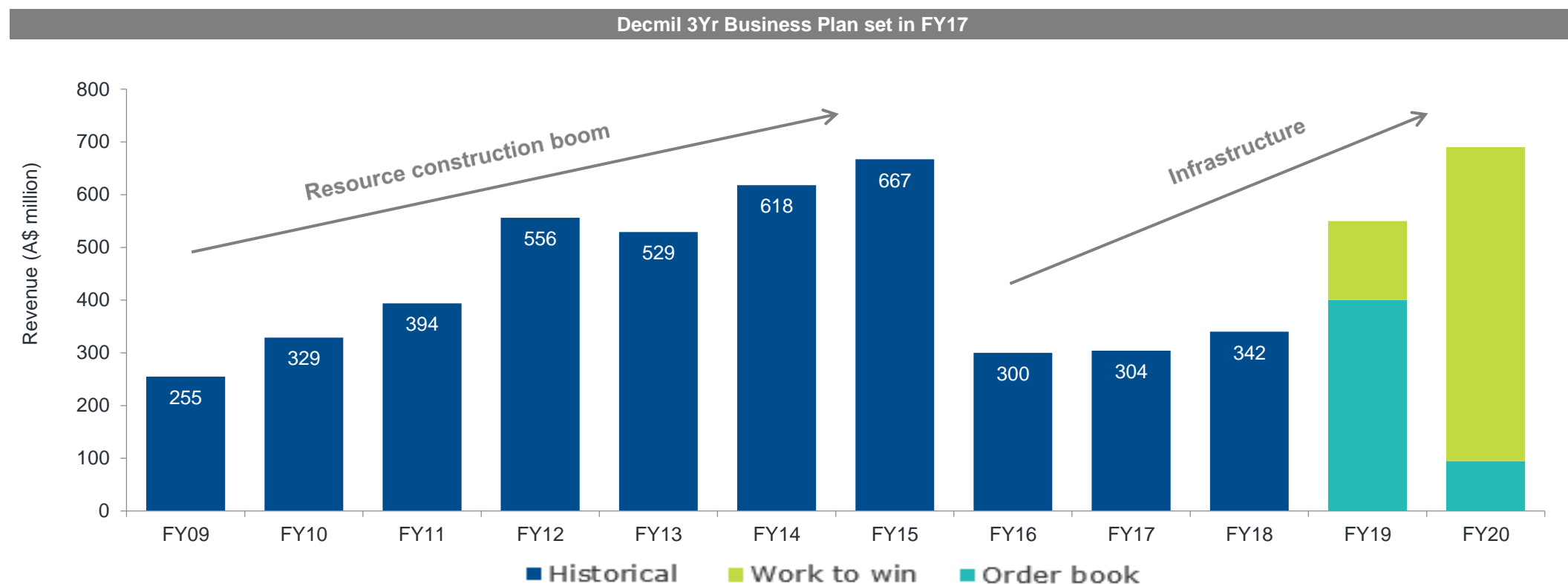


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# Our Business Plan

## Decmil has executed its strategy to increase exposure to Infrastructure – well positioned for growth in FY19 and beyond

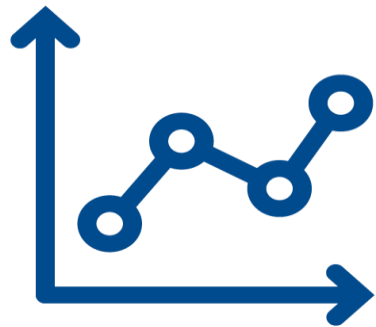
- Growth from FY10 to FY15 driven by the Iron Ore and LNG construction boom
- Business stabilisation and diversification achieved in FY16 and FY17 – progressive expansion in infrastructure and building geographic diversification
- Revenue growth from FY18 to FY20 anticipated due to construction and engineering cycle to public infrastructure
- Key growth drivers will be Resources (WA Iron Ore, QLD CSG), Infrastructure (Transport, Defence, Corrections, Education) and Renewables (Solar and Wind)



# FY18 Results

# FY18 Group Highlights

## FINANCIAL



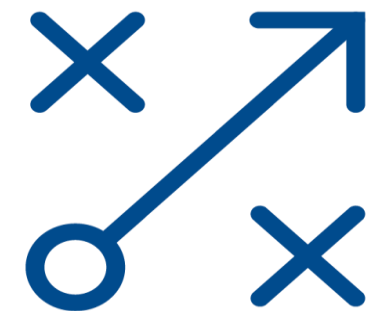
- Construction & Engineering (C&E) revenue up 28% year on year and 42% H1FY18 vs H2FY18
- C&E EBITDA of \$5.5 million and Group EBITDA of \$4.7 million
- Pre-tax operating cash flow of \$2.1 million
- \$17 million net cash position

## OPERATIONS



- Project for BHP at South Flank project and for Fortescue in relation to its Port Hedland tug harbor
- Expansion of the Decmil business in NZ 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
- Completion of the Gullen solar project and secured an MOU for Sunraysia Solar Farm project

## OUTLOOK



- Focus on the Resources, Infrastructure and Renewable Energy sectors
- Strong market conditions across these sectors
- FY19 revenue expected to exceed \$500 million based on order book and tender pipeline
- Work in hand for FY19 at ~\$400 million
- Cyclical trend in infrastructure supports growth beyond FY19

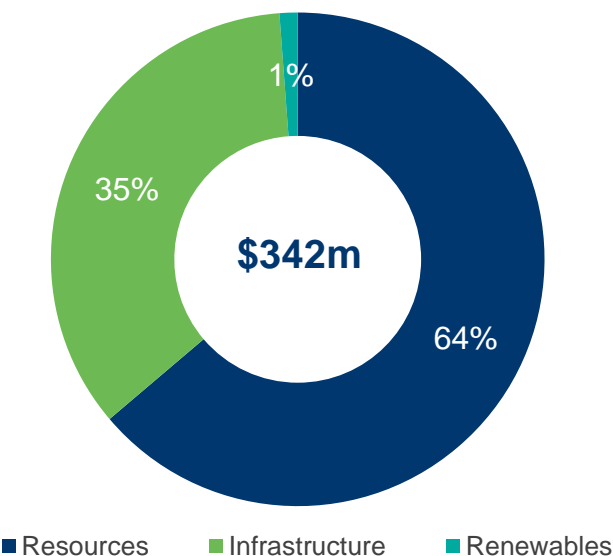


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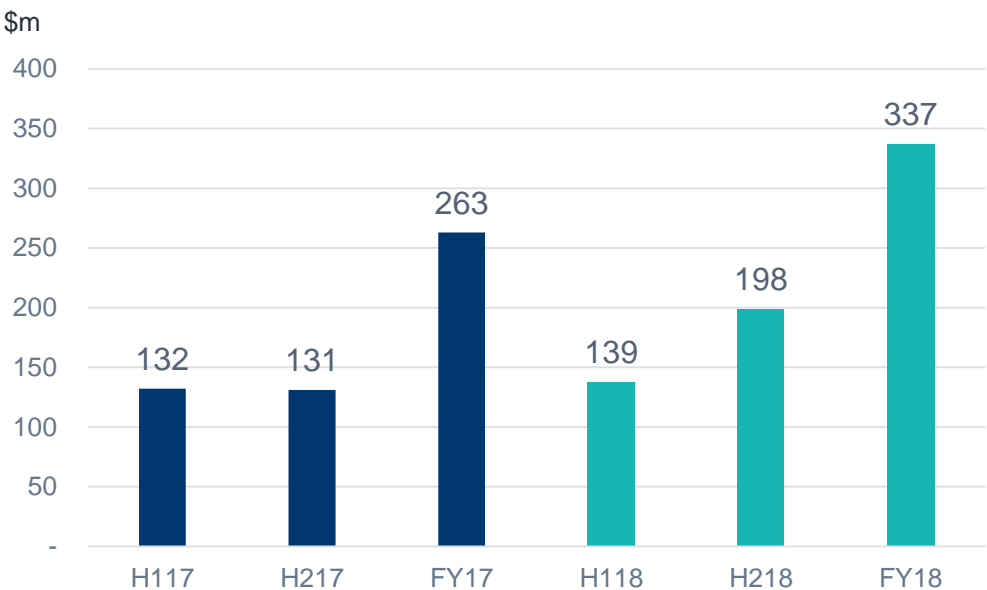


# FY18 Financial Highlights

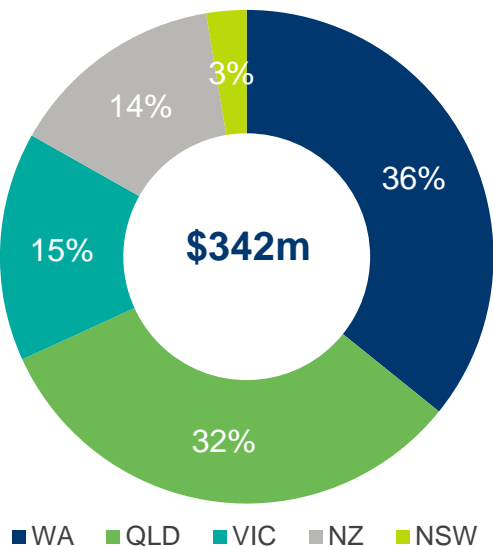
FY18 Revenue by Sector



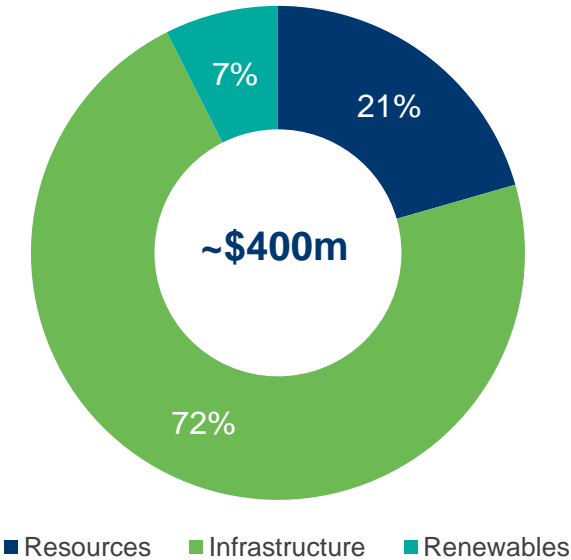
FY17 & FY18 C&E Half-on-Half Revenue



FY18 Revenue by Geography



FY19 Order Book<sup>1</sup> by Sector



*Note 1: order book includes contracted work in hand and visible revenue at 30 June 2018, but does not include amounts in connection with Sunraysia Solar Farm*

# FY18 Financial Highlights

## C&E revenue growth of 28% year on year

- C&E revenue from continuing operations up 28% year on year and 42% H1FY18 vs H2FY18
- FY18 gross margin percentage of 10.4%
- FY18 core overhead costs of \$28.0 million (FY17:\$26.3 million) – similar level expected in FY19 despite revenue growth anticipated
- FY18 C&E EBITDA of \$5.5 million
- FY18 Group EBITDA from continuing operations of \$4.7 million
- FY18 Pre-tax operating cash flow of \$2.1 million
- NTA of \$131 million and \$17 million net cash position – no core debt
- Positive market conditions in core sectors – bigger projects being bid and won
- Infrastructure increasingly a major focus for Decmil – dominates WIH for FY19
- Revenue growth and reset overheads set the platform for step change earnings growth in FY19 and beyond

# Group Balance Sheet

**The Equity Raising will further strengthen Decmil's balance sheet and best position the Company for significant infrastructure contract wins**

- As at 30 June 2018:
  - Net assets of \$206 million
  - Tangible net assets of \$131 million
  - Net cash of \$17 million
  - No core drawn debt

## Facilities Summary (\$m)

Type	Drawn	Available	Total
<i><u>Bonding</u></i>			
Surety	67.7	136.3	204.0
Bank Guarantees	1.3	13.7	15.0
<b>Total</b>	<b>69.0</b>	<b>150.0</b>	<b>219.0</b>
<i><u>Working Capital</u></i>			
Overdraft	-	25.0	25.0
Trade Finance	16.7	8.3	25.0
Corporate Markets	-	25.0	25.0



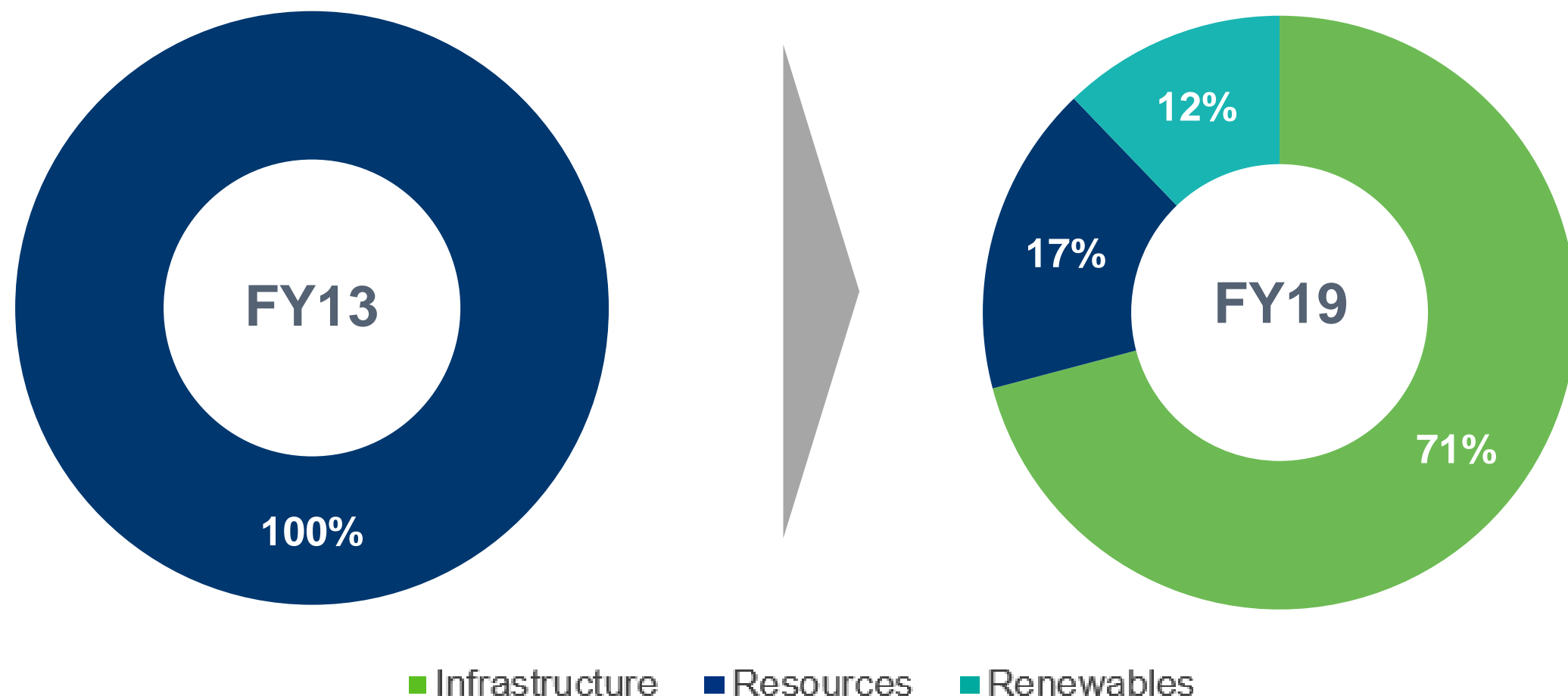
# Increased Exposure to Infrastructure



# Decmil's Transition to Public Infrastructure

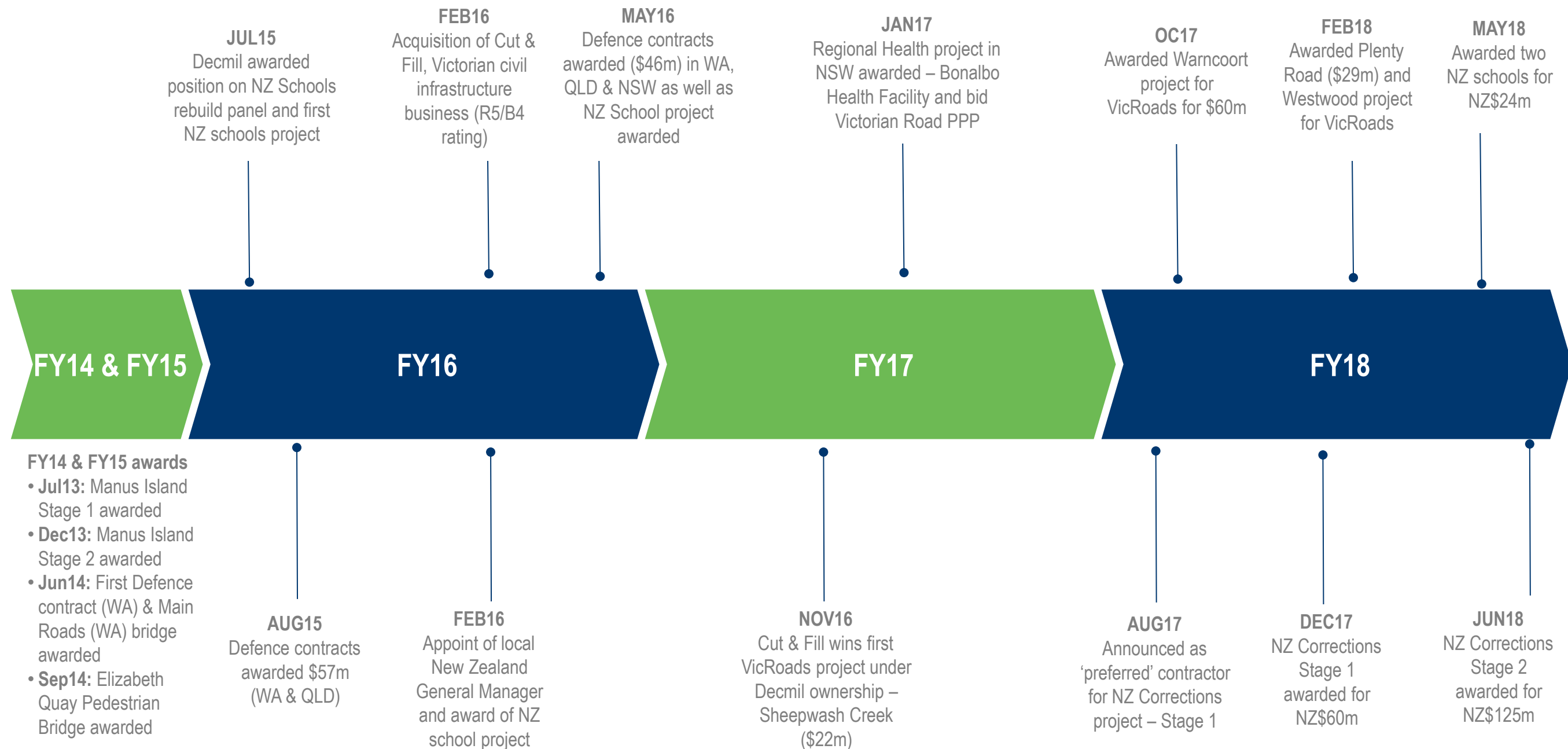
Decmil has transitioned from a resource-focussed contractor, to also be exposed to public sector infrastructure

Revenue by Sector



# Increasing Exposure to Public Infrastructure

Decmil has been growing its experience and exposure to public sector infrastructure while maintaining its Resources capability



# Public Sector Infrastructure Capability

**High accreditation & ratings and a strong balance sheet, will allow Decmil to pursue increasingly larger infrastructure tenders**

The National prequalification system considers key aspects of contractors separately:

- a) technical capacity
- b) financial capacity

Decmil now has the highest road, bridge and financial accreditations / ratings (proving technical capacity)

Augmenting these ratings with an even stronger balance sheet will position Decmil well to win further infrastructure contracts

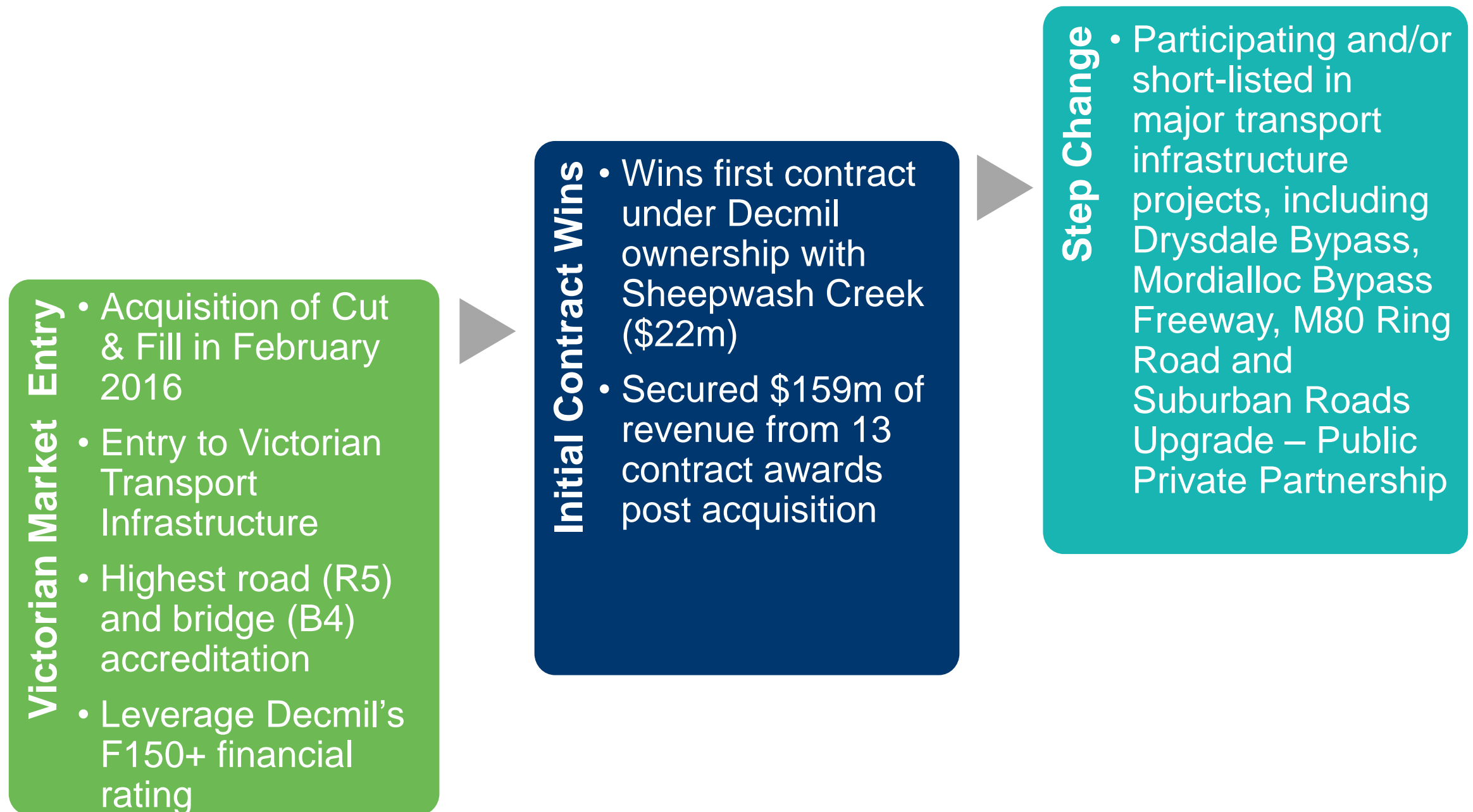
Reference: <http://www.austroads.com.au/road-construction/approved-contractors/categories-and-levels>

## Key Decmil Infrastructure Projects



# Moving up the Value Chain

Since the acquisition of Cut & Fill in February 2016, Decmil has moved up the value chain in Victorian Transport Infrastructure projects

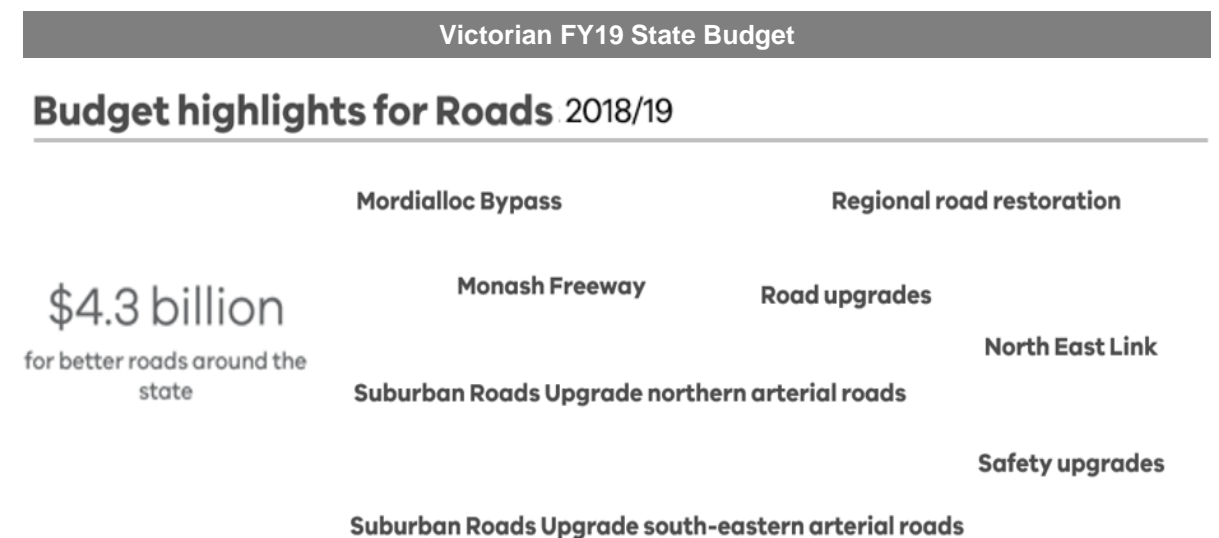
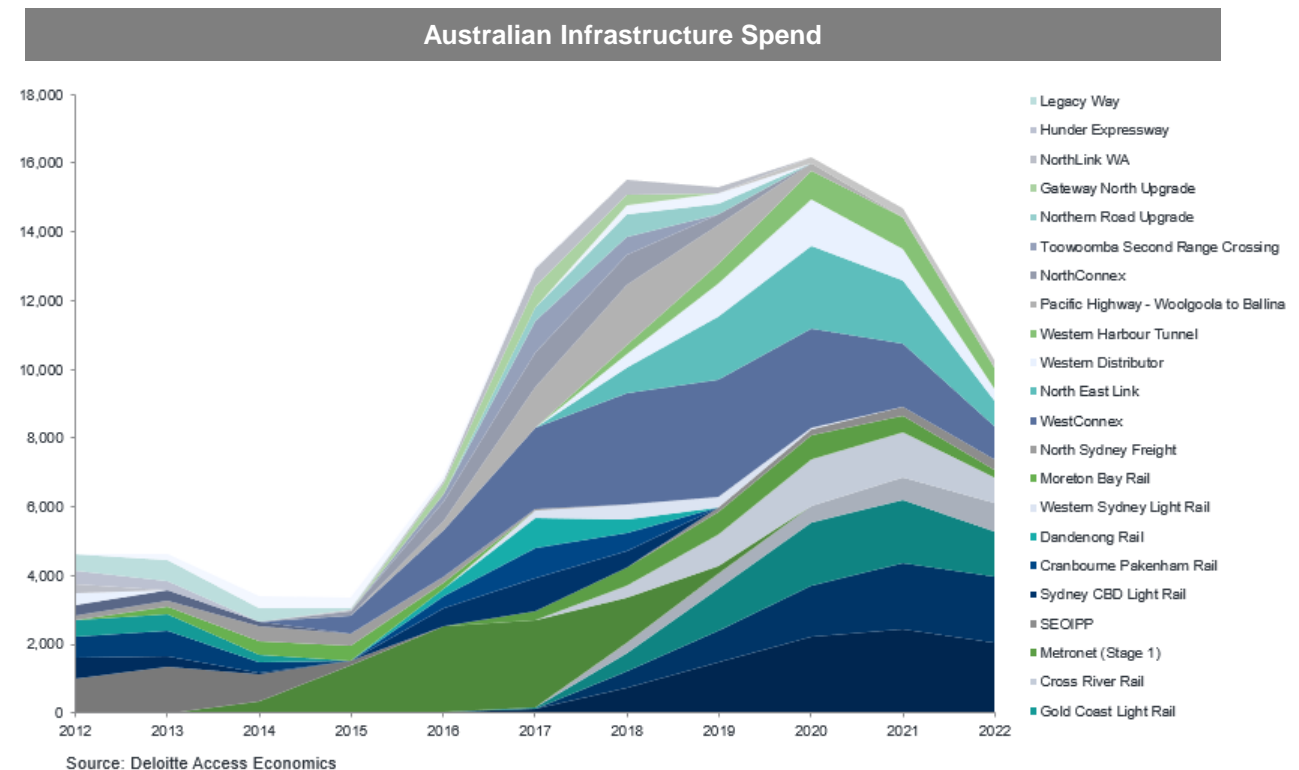




# Road & Rail Infrastructure

## Transport Infrastructure market presents significant opportunities for Decmil

- Future growth in road and rail infrastructure is predominantly driven by investments across Victoria and NSW
- Deloitte Access Economics forecasts +\$15bn spending on infrastructure projects nationally in 2019
- The Victorian State Budget announced in May 2018 for 2018/19 included significant spend in road infrastructure across the State
- Decmil currently shortlisted post EOI or RFT on a number of major Victorian transport projects including:
  - Drysdale Bypass
  - M80 Upgrade
  - Mordialloc Bypass
- Also in consortium for the upcoming Suburban Road Upgrade PPP packages for both the Northern and South Eastern Melbourne corridors



<https://www.budget.vic.gov.au/explore-our-priorities/roads-and-public-transport>

# Focus Infrastructure Projects

**Decmil is currently targeting a number of significant transport infrastructure projects in Victoria and New South Wales**

Project	Client	Location	Comment
<b>Drysdale Bypass</b> Design & Construct of a bypass to remove congestion through Drysdale, Bellarine Peninsula	VicRoads	Victoria, Australia	Preferred contractor
<b>Suburban Roads Upgrade</b> The second Suburban Road Upgrade PPP, following on from the Western Suburban Roads Upgrade PPP	Victorian State Government	Victoria, Australia	Two packages – Northern and South Eastern suburban corridors
<b>Oxley Highway</b> Design & Construct of a bridge over an existing rail line	RMS	NSW, Australia	Announced as a shortlisted contractor for the Oxley Highway project in Gunnedah, NSW
<b>M80 Ring Road</b> Design & Construct of the remaining northern sections of the M80 Ring Road	VicRoads	Victoria, Australia	Shortlisted to 1 of 2 bidders Joint Venture with BMD
<b>Mordialloc Freeway</b> Design & Construct of a 9km freeway linking the Mornington Peninsula Freeway to the Dingley Bypass	VicRoads	Victoria, Australia	Shortlisted to 1 of 2 bidders Joint Venture with McConnell Dowell

# Social Infrastructure

## Health

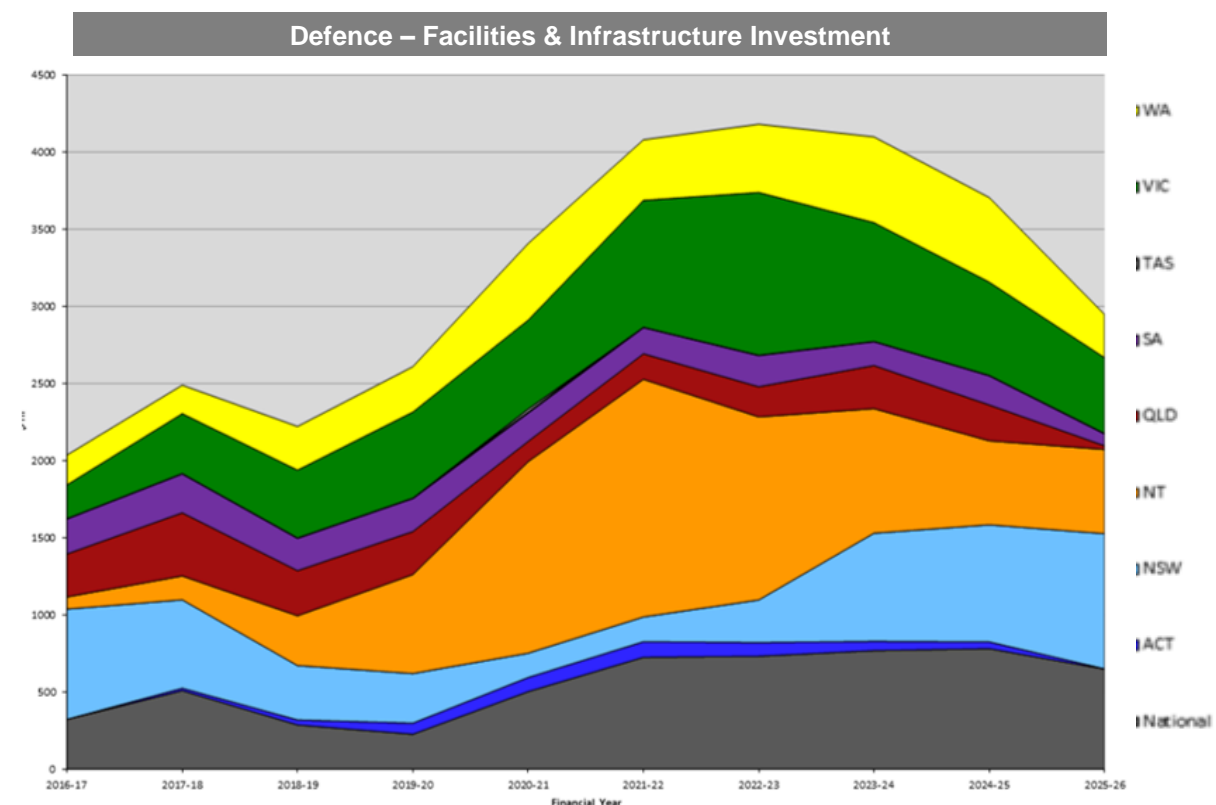
- The NSW Government is investing ~\$10bn in Health infrastructure for the period FY18 to FY21, relating to more than 70 Health projects taking place across NSW
- Projects will be both metropolitan and regional, in connection with hospital redevelopments and greenfield projects
- Decmil recently delivered the Bonalbo Health facility in northern NSW and will target further regional Health projects

## New Zealand

- Decmil is currently on the New Zealand Schools Panel and has delivered a number of school projects to-date
- Capital spend of \$334m in Education for the period ending June 2019
- Relates to investment in new schools, rebuilds, expansion work and delivering new classrooms throughout the country
- Decmil also active in the NZ Defence and Corrections sectors

## Defence

- The total investment in Defence on track to meet Government's target of 2% of GDP by 2021
- Increased spend on supporting/enabling infrastructure
- The below graphs presents the committed sustaining and new capital spend to FY26
- Per the FY19 Defence budget, spend categories relevant to Decmil are Capital Facilities Program, Minors Program and Estate & Infrastructure Group Sustainment



Source: ADM Estate and Base Services Summit September 2017

# Decmil Project Pipeline & Outlook



# Tender Pipeline

## Pipeline visibility extends into FY20 and FY21

- Focus on the Resources, Infrastructure and Renewable Energy sectors across Australia and New Zealand
- Strong market conditions across these sectors
- Tender pipeline extends revenue visibility to FY20 and FY21

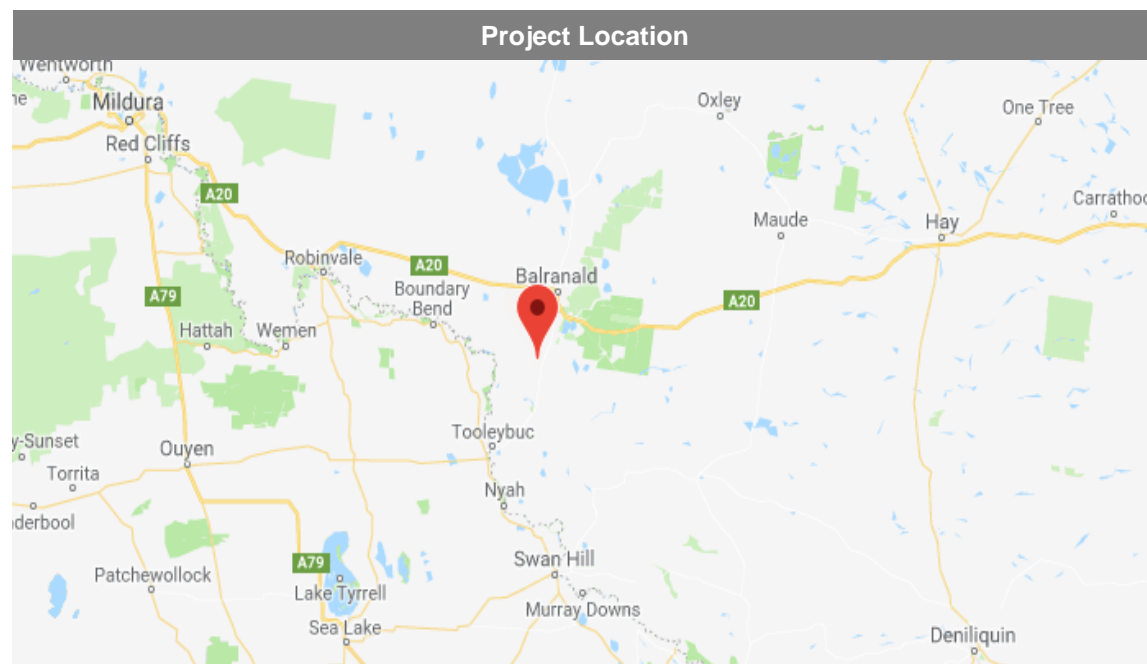
### Key Opportunities

Project	Region	Client	Award Timing	Sector	Scope
Drysdale Bypass	VIC	Vic Roads	FY19	Infrastructure	D&C Road Upgrade
M80 Road Upgrade	VIC	Vic Roads	FY19	Infrastructure	D&C Road Upgrade
Echucha Moama Project	VIC	Vic Roads	FY19	Infrastructure	D&C Structure over Murray River
Mordiallic Bypass	VIC	Vic Roads	FY19	Infrastructure	D&C Road Upgrade
Gunnedah	NSW	RMS	FY19	Infrastructure	Bridge over Rail
Aviation Refuelling Facilities	National	Defence	FY19	Infrastructure	D&C Enabling Infrastructure
Medical Centres (various)	NSW	NSW Health	FY19	Infrastructure	Medical Centre
Suburban Road for the North and South East Melbourne	VIC	Vic Roads	FY20	Infrastructure	D&C Road Upgrade
Brownfield Maintenance & Services	QLD	QGC/Shell	FY19	Resources	Schedule of Rates - Maintenance
Wellhead Development	QLD	Origin	FY19	Resources	Wellhead development
Koodaideri NPI	WA	Rio Tinto	FY19	Resources	D&C Non Process Infrastructure
Eliwana NPI	WA	Fortescue	FY19	Resources	D&C Non Process Infrastructure
Warradarge Wind Farm	WA	Turbine OEM	FY19	Renewables	Wind Farm Balance of Plant
Utility Scale Solar Projects	National	Renewable Developers	FY19 & 20	Renewables	Multiple Solar EPC Projects

# Sunraysia Solar Farm

## The Engineer, Procure and Construct (EPC) contract has been executed

- Preferred contractor to design and construct a 250MW solar PV project in Balranald, NSW
- This follows on from the successful delivery of the Gullen Solar Farm during FY18
- EPC contract value circa \$270 - \$280 million
- EPC contract has now been executed - Notice to Proceed (NTP) is still subject to the project sponsor achieving financial close on funding (expected in late-August/early-September 2018)
- Project has Power Purchase Agreements with AGL and University of New South Wales
- The project will increase Decmil's presence in the Renewable Energy sector



# Outlook

## FY19 revenue expected to exceed \$500 million

- Increased focus on the Infrastructure sector, while maintaining exposure to Resources and Renewable Energy sectors across Australia and New Zealand
- Strong market conditions across these sectors
- FY19 revenue expected to exceed \$500 million (excluding revenue from the Sunraysia project)
- Revenue growth and stable overhead set the platform for step change earnings growth in FY19 and beyond
- Work in hand for FY19 ~\$400 million with a very strong project pipeline
- Homeground – 2018 occupancy likely to remain subdued, but possibility for improvement in 2019 as major planned maintenance cycle commences for Gladstone LNG projects
- Group continues to see strong 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 also improved market conditions in the QLD Coal Seam Gas sector;
  - **Infrastructure:** Significant public sector infrastructure spend by State and Federal Government, in particular in the Transport sector in Victoria; and
  - **Renewable Energy:** Following on from the successful completion of the Gullen Solar Farm and award of Sunraysia, Decmil is actively bidding a number of solar PV and wind projects (balance of plant contractor)



# Investment Summary

**Decmil has successfully executed its strategy to increase exposure to public sector infrastructure, whilst maintaining its core resources capability**

- Latest contract wins are the product of our recent strategy:
  - **New Zealand Corrections:** Rapidly Deployable Prison Solution, Stages 1 & 2 (NZ\$185m)
  - **VicRoads:** Section 3 of the Princes Highway, Warncoort (\$60m)
  - **VicRoads:** Plenty Road, Stage 1 (\$29m)
  - **BHP Billiton Iron Ore:** Mulla Village expansion (\$75m)
- Strong pipeline of tenders across Infrastructure, Resources and Renewables
- Decmil has created an increasing exposure to public sector infrastructure
- Public sector Infrastructure spending is forecast to materially increase in coming years
- Decmil has maintained Resources capability and remains a key focus for future work
- Placement and SPP best position Decmil to capitalise on its project pipeline
- Experienced and very capable board and management
- Proven 40 year track record of project delivery



INFRASTRUCTURE  
RENEWABLES  
RESOURCES



# Risks & Selling Restrictions

# Specific and Operational Risks

Material risks that could adversely impact the business are summarised below

<b>Macro-Economic Factors</b>	<p>The Company is exposed to a number of macro-economic cycles, in particular capital expenditure by State and Federal government and in natural resources. These cycles are in turn impacted by a variety of factors inclusive of fiscal conditions in the economy, Government policy on capital expenditure and commodity prices.</p> <p>Any weakness in the broader construction and engineering sector and a reduction in growth capital expenditure across major new natural resource projects will impact the Company.</p>
<b>Construction Claims and Disputes</b>	<p>A portion of the Group's contracts are 'lump sum' in nature and to the extent costs exceed to contracted price, there is a risk these amounts may not be recovered. From time to time variations to the planned scope occurs or issues arise during the construction phase of a project, not anticipated at the time of bid. This may give rise to claims under the contract with the principal in the ordinary course of business. Where such claims are not resolved in the ordinary course of business they may enter formal dispute and the outcome upon resolution of these claims may be materially different to the position taken by Company.</p>
<b>Safety</b>	<p>In order for the Group to continue working on engineering construction projects, a robust safety methodology needs to be in place. A serious safety incident or fatality has the ability to create a substantial risk to Decmil's social licence to operate. Decmil mitigates this safety risk via its 'SHIELD' safety methodology, ensuring that all employees (including senior management) and sub-contractors are aligned and engaged with the approach to safety</p>
<b>Accreditations</b>	<p>The Company is dependant on various technical and financial accreditations to operate the business. These include safety accreditations, quality assurance standards, building licences, technical accreditations by State Main Roads agencies and various financial accreditations. Many of these accreditations are assessed and monitored by State and Federal Government Agencies.</p> <p>Any failure to maintain or comply with an accreditations can impact the eligibility of the Company to participate in certain projects and sectors</p>
<b>Engineering Design Risk</b>	<p>The Company operates as a "Design and Construct" or "Engineer, Procure and Construct" contractor in the engineering sector. Such projects and contracts place an obligation on the Company to design "Fit for Purpose" infrastructure and to give warranties to such effect. Any failure in design may the see the Company exposed to contractual claims for breach of "Fit for Purpose" or design obligations and, from time to time, to performance and liquidated damages.</p> <p>The Company manages this risk by maintaining Professional Indemnity insurance and also engaging appropriate third party design consultants for complex or specialist design expertise.</p>
<b>Homeground</b>	<p>Any abatement in economic activity in the Gladstone region will result in a short term diminution in the occupancy levels at the Homeground Village and significantly lower levels or revenue and profit than historically generated. Management expects that in the medium term new opportunities will arise for Homeground Gladstone as the LNG sector in Gladstone moves from the construction to the operational and maintenance stages; however the risk of volatility in the short term remains present.</p>
<b>Contingent Liabilities</b>	<p>The Group remains exposed to certain contingent liabilities as disclosed in Note 34 of the 2018 Audited Financial Report lodged on the ASX on 1<sup>st</sup> August 2018</p>
<b>Labour Costs and Availability</b>	<p>Decmil's ability to remain productive, profitable and competitive and to effect its planned growth initiatives, depends on its ability to attract and retain skilled labour. Tightening of the labour market in key regions due to a shortage of skilled labour, combined with a high industry turnover rate and growing number of competing employers for skilled labour, may inhibit Decmil's ability to hire and retain employees. Decmil is exposed to increased labour costs in markets where the demand for labour is strong. A shortage of skilled labour could limit Decmil's ability to grow its business or lead to a decline in productivity and an increase in training costs and adversely affect its safety record. Each of these factors could materially adversely impact its revenue and, if costs increase or productivity declines, its operating margins.</p>

# Specific and Operational Risks (cont.)

Material risks that could adversely impact the business are summarised below

<b>Margins and Operating Costs</b>	Cost overruns, unfavourable contract outcomes, serious or continued operational failures, disruption at key facilities, disruptions to communication systems or safety incidents have the potential to have an adverse financial impact on margins. Decmil is also exposed to input costs through its operations, such as the cost of fuel and energy sources, equipment and personnel. To the extent that these costs cannot be passed on to customers in a timely manner, at full cost, or at all, Decmil's financial performance could be adversely affected.
<b>Tender Processes</b>	Decmil's revenue is dependent on winning new contracts with acceptable terms and conditions. Decmil operates in increasingly competitive markets and it is difficult to predict whether and when Decmil will be awarded new contracts due to multiple factors influencing how clients evaluate potential service providers, such as maintenance and safety standards, experience, reputation, client relationships and financial strength. Consequently, Decmil is subject to the risk of losing new awards to competitors which will adversely impact its business, results of operations and financial condition. Decmil's results of operations and cash flows may fluctuate from quarter to quarter depending on the timing and size of new contract awards. Decmil is also at risk from materially underestimating the cost of providing services, equipment or plant.
<b>Earnings Guidance</b>	Decmil has provided earnings guidance on the basis of assumptions and forecasts which may subsequently prove to be incorrect, resulting in different actual results. Earnings guidance is not a guarantee of future performance, and involves known and unknown risks, many of which are beyond the control of Decmil. Key identified risks that may result in Decmil not meeting its earnings guidance include the other risk factors summarised in this section, termination of key contracts, variability in cost and productivity assumptions, and inability to recover claims and variations from clients.
<b>Future Financing Requirements</b>	Decmil may require further financing support in the future to support additional capital expenditure or to meet future objectives. Despite Decmil's capital raising track record, there is no certainty that Decmil will be successful in obtaining the financing required as and when needed, on favourable terms or at all. Failure to obtain future financing on a timely basis may compromise Decmil's ability to commence new contracts, perform existing contracts or may prevent Decmil from achieving other objectives.
<b>Competition &amp; New Technology</b>	<p>The industries in which Decmil's businesses are involved are highly competitive and are subject to increasing competition which is fast-paced and fast-changing. Decmil has a competitive advantage through experience and expertise gained through long-standing and successful relationships with clients in its business sectors.</p> <p>However, due to the intense competition faced, there is a risk Decmil may not compete as successfully in the future as it has in the past. While Decmil will undertake all reasonable due diligence in its business decisions and operations, it will have no influence or control over the activities or actions of its competitors, whose activities or actions may positively, or negatively affect the operating and financial performance of Decmil's projects and business.</p>
<b>Environment</b>	Environmental management and compliance is an important part of a number of the businesses of Decmil's clients. These clients' operations are subject to numerous laws, regulations and guidelines relating to the protection of the environment, including those governing the management, transportation and disposal of hazardous substances and other waste materials. These include laws relating to spills, releases, emissions and discharges of hazardous substances or other waste materials into the environment, requiring removal or remediation of pollutants or contaminants and imposing civil and criminal penalties for violations. Additionally, operations may be conducted in or near ecologically sensitive areas, such as wetlands, which are subject to special protective measures and which may expose Decmil to additional operating costs and liabilities for non-compliance with applicable laws. Onsite, Decmil works together with its clients to ensure that their equipment and maintenance services operate in alignment with their onsite policies, management systems and procedures. Decmil's actions or failure to act may result in the client, for which Decmil performs services, incurring environmental liability, regulatory penalties, or having licenses suspended, cancelled or subjected to additional conditions.

# General Risks

## Material risks that could adversely impact the business are summarised below

<b>Accounting Standards</b>	Australian accounting standards are set by the Australian Accounting Standards Board (AASB) and are outside Decmil's control. Changes to accounting standards issued by AASB could materially adversely affect the financial performance and position reported in Decmil's financial statements.
<b>Economic Risk</b>	General economic conditions may negatively affect Decmil's performance and the performance of Decmil's shares. Any protracted slow-down in economic conditions or factors such as movements in inflation or interest rates and industrial disruption may have a negative impact on Decmil's costs and revenue.
<b>Risks Associated with Investment in Equity Capital</b>	There are general risks associated with investments in equity capital. The trading price of Decmil shares may fluctuate with movements in equity capital markets in Australia and internationally, and may also be influenced by a number of factors, some of which are specific to Decmil and its operations and some of which may affect listed companies generally. Generally applicable factors which may affect the market price of shares include: general movements in Australian and international stock markets; investor sentiment; Australian and international economic conditions and outlook; changes in interest rates and the rate of inflation; changes in government regulation and policies; announcement of new technologies; and geo-political instability, including international hostilities and acts of terrorism.
<b>Liquidity Risk</b>	There can be no guarantee that there will always be an active market for Decmil's shares or that the price of Decmil shares will increase. There may be relatively few buyers or sellers of shares on ASX at any given time, and the demand for Decmil shares specifically is subject to various factors, many of which are beyond Decmil's control. This may affect the stability or volatility of the market price of Decmil shares, and may also affect the prevailing market price at which Decmil shareholders are able to sell their Decmil shares at any given time. This may result in Decmil shareholders receiving a market price for their Decmil shares that is less or more than the price paid under the Offer.
<b>Taxation Risks</b>	Changes to the rate of taxes imposed on Decmil (including in overseas jurisdictions in which Decmil operates now or in the future) or tax legislation generally may affect Decmil and its Shareholders. In addition, an interpretation of Australian tax laws by the Australian Taxation Office that differs to Decmil's interpretation may lead to an increase in Decmil's tax liabilities and a reduction in Shareholder returns. Personal tax liabilities are the responsibility of each individual investor. Decmil is not responsible either for tax or tax penalties incurred by investors.
<b>Counterparty Risk</b>	The financial performance of Decmil is exposed to potential failure to perform by counterparties to its contractual arrangements. This may also lead to adverse financial consequences for Decmil and there can be no guarantee that Decmil would be able to recover the full amount of any loss through legal action.
<b>Dependence on Key Personnel</b>	Decmil depends substantially on its directors, senior management and key personnel to oversee the day-to-day operations and the strategic management of Decmil. There can be no assurance given that there will be no detrimental impact on Decmil if directors or employees cease their employment.
<b>Force Majeure Risk</b>	Events may occur within or outside Decmil's key markets that could impact upon relevant economies and the operations of Decmil. The events include, but are not limited to, acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other natural or man-made events or occurrences that can have an adverse effect on the demand for Decmil's services and its ability to conduct business.



# Foreign Selling Restrictions

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