

# Financial Results

For the year ended  
30 June 2019



# 2019



INFRASTRUCTURE | RENEWABLES | RESOURCES



# Decmil Overview

Established multi-disciplinary engineering contractor listed on the ASX



## Over 40 years

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

## 3 core Industry Sectors

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

## National Footprint

Our depth of capability and our reach allows us to provide complex and diversified engineering construction projects 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

## People

The Group currently employs 542 staff and manages 1,765 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



INFRASTRUCTURE  
RENEWABLES  
RESOURCES

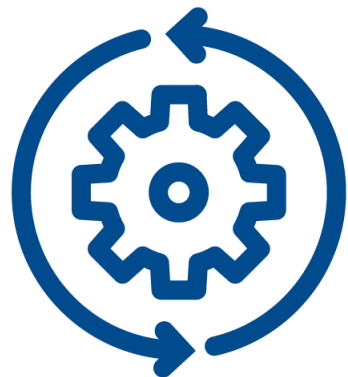
# FY19 Group Highlights

## FINANCIAL



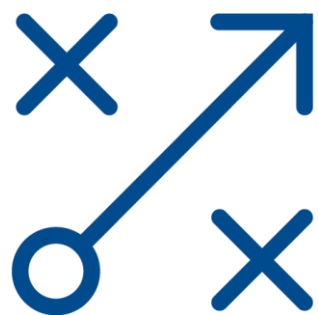
- Record Construction & Engineering (C&E) revenue of \$659.1 million (up 96% on pcp)
- C&E EBITDA of \$26.5 million (4.0% EBITDA margin)
- Group EBITDA of \$24.1 million
- Operating cash flow of \$29.1 million before interest and tax
- \$83.5 million net cash position at 30 June 2019
- 2 cent final dividend

## OPERATIONS



- \$316 million of new transport infrastructure work won in past 18 months
- Growth in New Zealand including a NZ\$185 million Corrections project
- Extension of project for BHP at South Flank to ~\$150 million
- \$150 million framework agreement with QGC for upstream maintenance works
- Award and construction of \$277 million Sunraysia solar PV project
- Balance of plant projects worth \$151 million at the Warradarge and Yandin wind farms in WA with leading Danish wind company Vestas

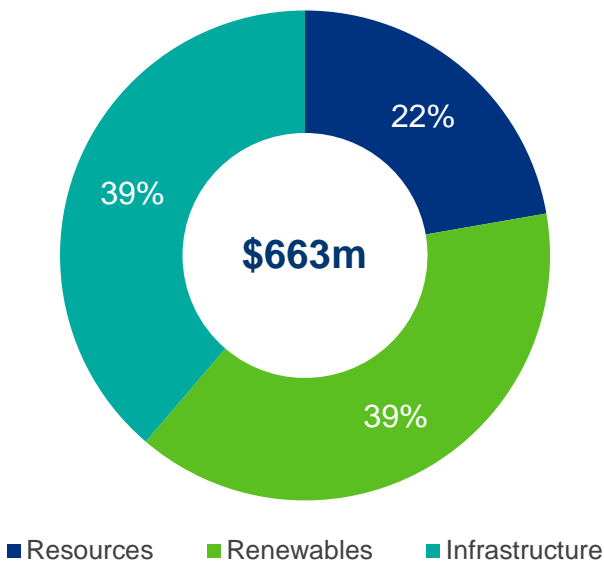
## OUTLOOK



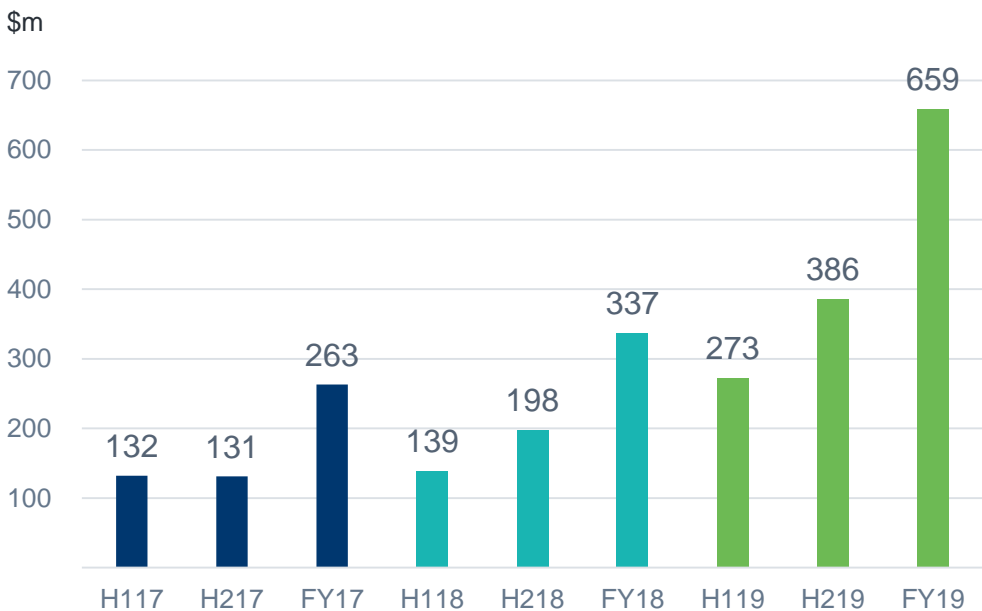
- Order book (contracted and preferred) at record level of ~\$900 million to FY22
- Continued significant public sector infrastructure spend by State and Federal Government
- West Australian Iron Ore and LNG project pipeline significantly improved
- Homeground occupancy currently ~25% for Q1FY20

# FY19 Financial Highlights

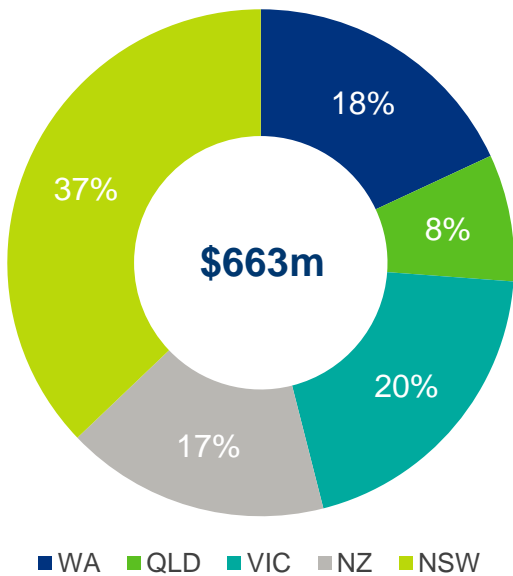
FY19 revenue by sector



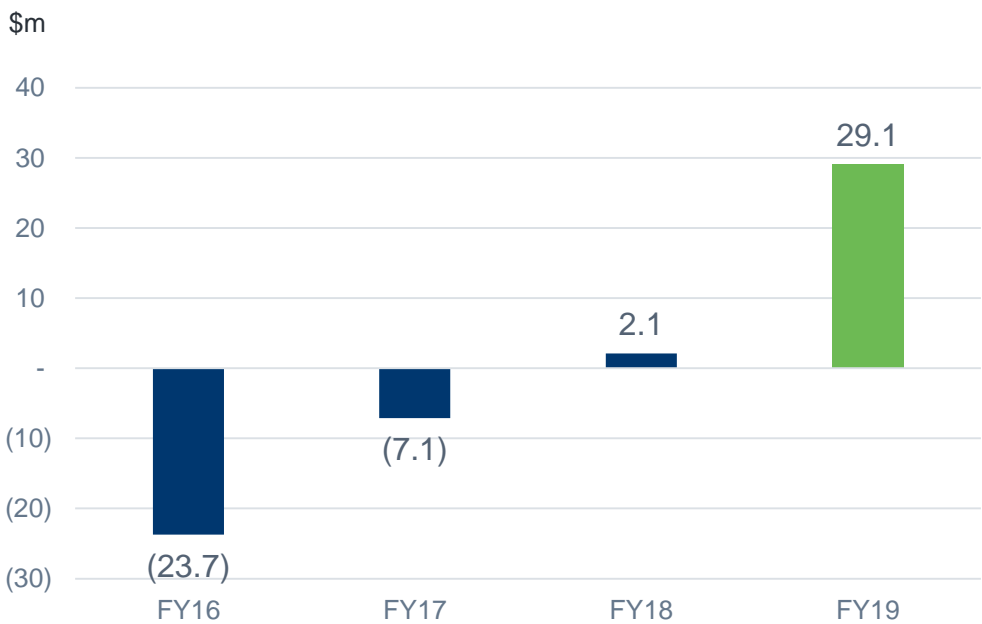
FY17-FY19 C&E revenue half-on-half



FY19 revenue by geography



Operating cash flow (pre tax and finance costs)



# FY19 Financial Highlights

**C&E revenue growth of 96% on prior comparative period (pcp)**

- C&E revenue up 96% on pcp to \$659.1 million
- C&E EBITDA of \$26.5 million (FY18: \$5.5 million)
- C&E EBITDA margin of 4.0% for FY19
- Group consolidated EBITDA of \$24.1 million
- Pre-tax operating cash flow of \$29.1 million (>100% EBITDA conversion)
- Net cash of \$83.5 million – no core debt
- 2 cent final dividend (1 cent interim dividend)
- Public infrastructure projects increasingly a major focus – Decmil holds highest possible Commonwealth technical (R5/B4) and financial rating (F150+)
- West Australian Iron Ore and LNG project pipeline improving
- Homeground average occupancy low in FY19 (less than 10%), but has improved to ~25% in Q1FY20 due to GLNG Train 1 shutdown. Asset remains surplus and available for sale.

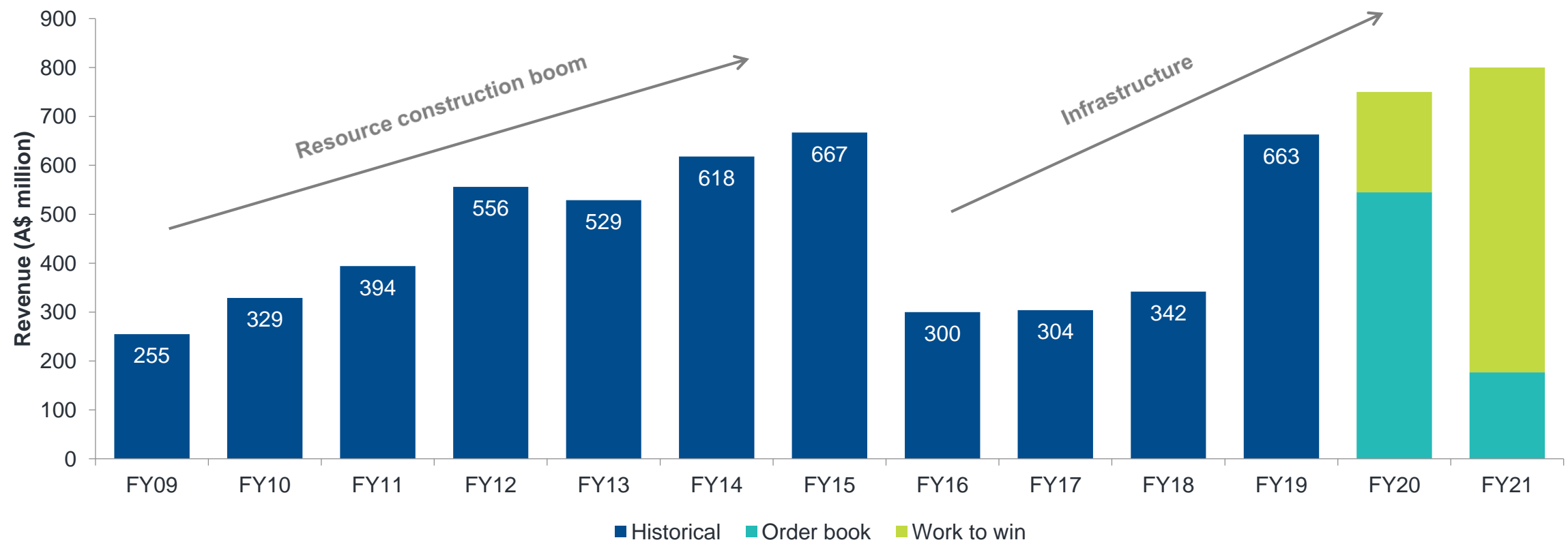


# Our Business Plan

**Diverse capability has led to significant growth being achieved in FY19**

- Growth from FY10 to FY15 driven by the WA Iron Ore and LNG construction boom
- Business stabilisation and diversification from FY16 to FY18 to setup long term success and sustainability of the Group
- Significant growth achieved in FY19
- Drivers of growth in FY20 and FY21 include Infrastructure (Transport, Defence, Corrections), Resources (Iron Ore, LNG, CSG) and Renewables (Solar & Wind)

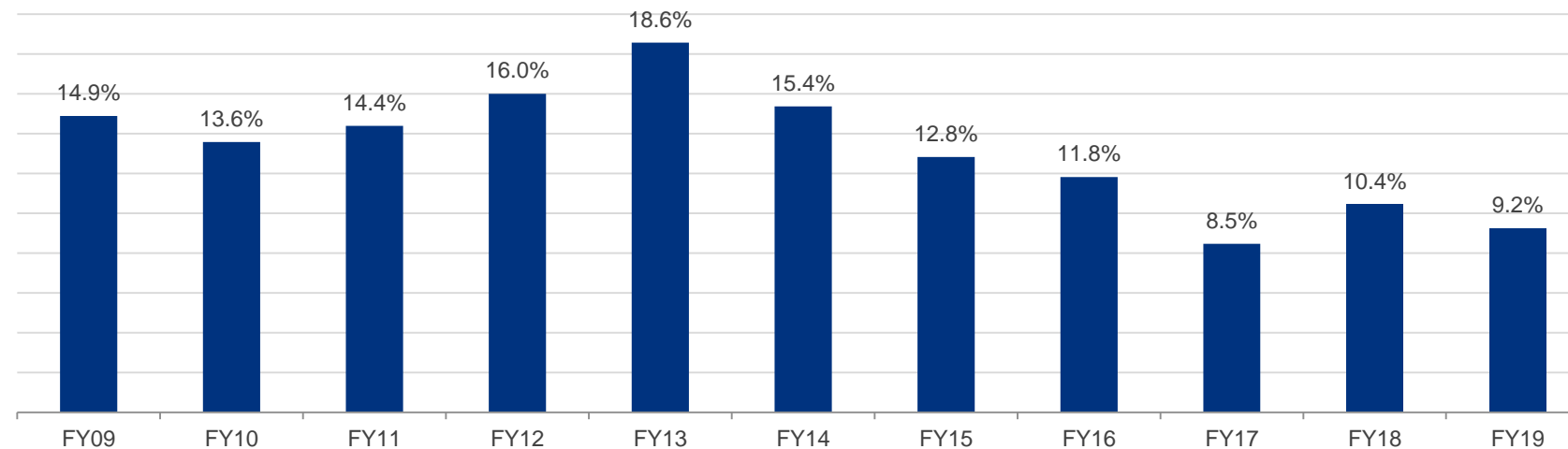
## Decmil Business Plan



# Focus on Margins and Risk

Robust project pipeline in both Resources and Infrastructure – requires selection of projects that optimise margin and risk

## C&E Historical Gross Margin Trend Shows Bid Margin Opportunity



### Margins

- Engineering construction margins are at an inflection point
- Major project pipeline in both Natural Resources and Infrastructure sectors has been rising
- At the same time – industry consolidation is occurring creating constraint on contractor capacity to deliver major projects



### Risk Management

- Increasing awareness by both Government and private sector for more balanced risk allocation framework on major capital projects
- Collaborative contracting and project development models emerging
- Investment in risk management and project controls integral to achievement of bid margins

# Balance Sheet Remains Sound

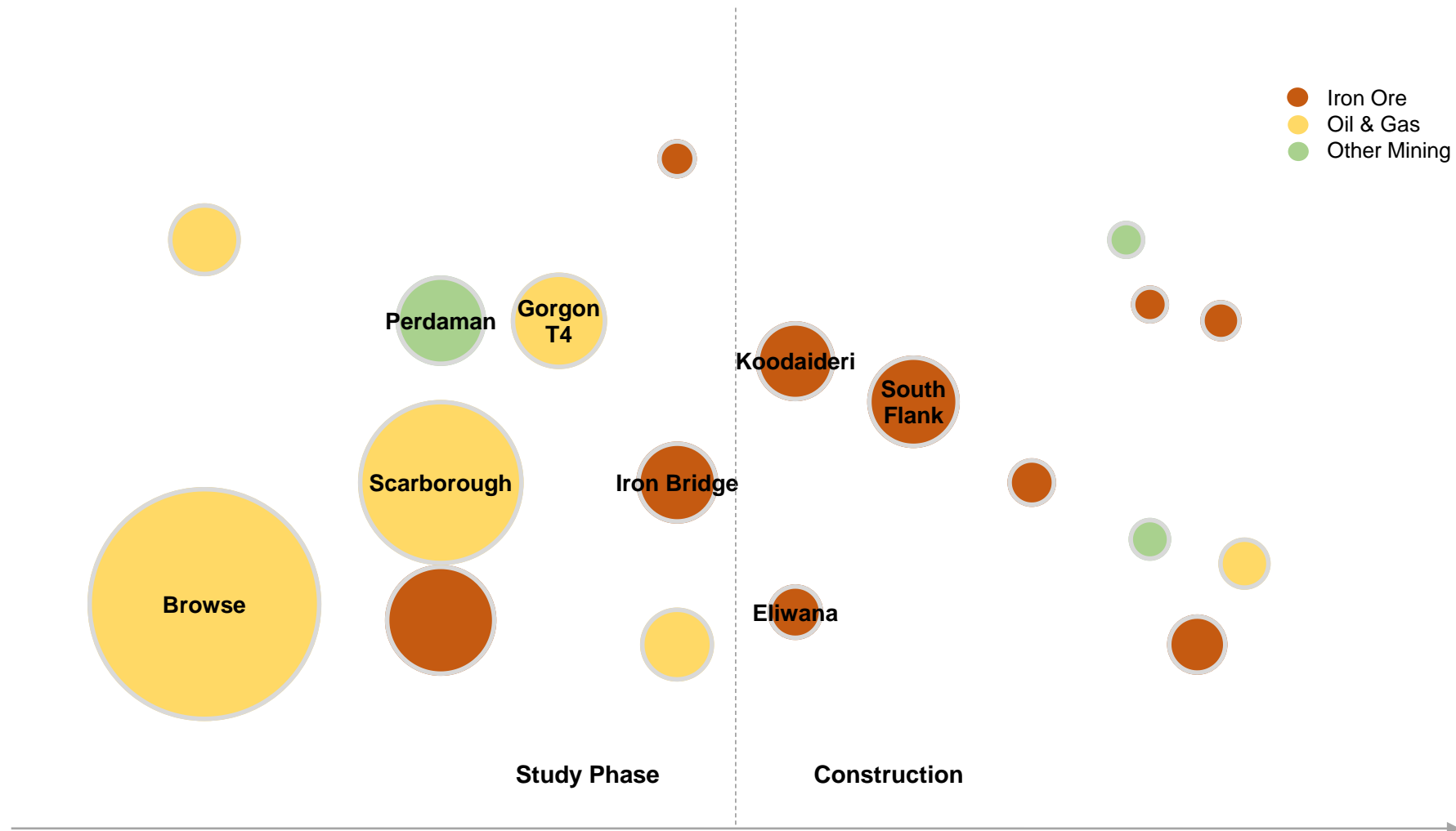
**\$83.5m net cash at 30 June 2019**

- Net assets of \$235.1m
- \$83.5m net cash at 30 June 2019
- \$29.1m pre-tax operating cashflow
- Net current assets of \$29.9m
- Adjusted net current assets of \$71.5m after excluding accounting provisions and deferred revenue/advance payments
- Undrawn but available working capital facilities of \$65.0m with NAB
- The Group retains the highest possible Commonwealth Main Roads financial rating (F150+)
- C&E business capital intensity remains low with minimal capital expenditure (\$5.1m in FY19)



# WA Resource Project Pipeline

## WA Natural Resource project pipeline increasing in size as new Iron Ore and LNG projects progress to construction





# Infrastructure

Decmil has secured over \$316 million of new transport infrastructure work in Australia in the last 18 months

Plenty Road Upgrade



Drysdale Bypass





# Renewable Energy

Decmil capability extends across solar and wind balance of plant works



- Sunraysia project at 90% overall completion
- Physical construction of core plant complete – commissioning and R1 testing underway
- Warradarge and Yandin wind BOP projects mobilised to site and progress on track

# Forward Work Pipeline

**Work in hand (contracted and preferred) at record level of ~\$900m to FY22**

- Diverse sector exposure and tier 1 client base providing longer forward revenue visibility
- Major project opportunities in Infrastructure across Australia and New Zealand
- West Australian Natural Resources pipeline significantly improved

## Key Project Opportunities

Project	Region	Client	Award Timing	Sector	Scope
M80	VIC	MRPV	FY20	Infrastructure	D&C Road Upgrade
GSB Alliance	VIC	RPV	FY20	Infrastructure	Rail Alliance
Suburban Road Upgrades Melbourne	VIC	MRPV	FY20	Infrastructure	D&C Road Upgrade
Coal – various	QLD	Various	FY20	Resources	D&C Infrastructure
Confidential	WA	Woodside	FY20		EPC
Koodaideri NPI	WA	Rio Tinto	FY20	Resources	D&C Non-Process Infrastructure
Eliwana NPI	WA	Fortescue	FY20	Resources	D&C Non-Process Infrastructure
Ironbridge	WA	Fortescue	FY20	Resources	D&C Non-Process Infrastructure
Waddi Waddi Wind Farm	WA	Vestas	FY20	Renewables	Wind BOP
Blackrock	Pacific	ADF	FY20	Infrastructure	Enabling Infrastructure
Social Housing Program	NZ	Housing NZ	FY20	Infrastructure	Social Infrastructure



# Strategy & Outlook

**FY20 revenue expected to be ~\$700 million**

- Work in hand (contracted and preferred) at record level of ~\$900 million extending to FY22
- Australia and New Zealand experiencing continued significant public sector infrastructure spend by State and Federal Government
- A number of significant West Australian Iron Ore and LNG projects progressing to construction
- Continue to selectively target appropriate wind and solar renewable energy projects
- Diverse capability and tier 1 client base providing longer forward revenue visibility and greater quality of earnings than in prior years
- Executive leadership team strengthened with a number of new senior appointments in FY19
- Homeground occupancy has improved to ~25% in Q1FY20 due to GLNG Train 1 shutdown.  
Asset remains surplus and available for sale with various options being analysed

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**Thank you.**

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