

ASX / MEDIA ANNOUNCEMENT
23 February 2012

DECMIL DELIVERS SOLID HY 2012 RESULT

KEY POINTS

- **Net profit after tax of \$13.0 million**
- **Strong revenue of \$210.9 million**
- **Improved NPAT margin of 6.2%**
- **Strong operating cash flow of \$29.6 million, up 29.1%**
- **Secured contract awards and extensions of \$280 million**
- **Maiden interim dividend of 2.5 cents per share (fully franked)**
- **Record order book of \$500 million at February 2012**
- **Successful completion of 50% acquisition of accommodation village in QLD delivering ongoing earnings stream**
- **Successful completion of \$85 million equity raising strongly supported by new and existing shareholders**

Leading civil engineering and construction company Decmil Group Limited (ASX: DCG) (**DGL** or **the Company**) today reported a net profit after tax for the half-year ended 31 December 2011 of \$13.0 million, on revenue of \$210.9 million.

Despite reporting revenue that was slightly lower (9.8%) than the previous corresponding period due to the delay of contract awards, Decmil Group Board of Directors has declared a maiden fully franked interim dividend as a result of an improved NPAT margin driven by continued improvements in contract execution and delivery.

The strong operational performance and a continued focus on people and productivity increased cash flow from operations by 29.1% to \$29.6 million and resulted in a cash balance on hand of \$107.7 million, up from \$62.9 million in the prior period.

Decmil Group Limited Chief Executive Officer Scott Criddle said: "This result was underpinned by the continued strong performance of the Group's key wholly-owned asset, Decmil Australia. DGL has also delivered on its strategic diversification plan to deliver ongoing earnings growth by executing its first build-own-operate contract through the successful acquisition of a 50% interest in the Calliope Accommodation Village in Gladstone, Queensland. This project will provide recurring revenue into the future."

The Company expects that on current business activity and forward workload levels, sales revenue and earnings in 2H 2012 will be stronger than those achieved in the first half of the current financial year.

20 Parkland Road
Osborne Park, Western Australia 6017

T: +61 8 9368 8877
F: +61 8 9368 8878

ASX DCG
ABN 35 111 210 390

Financial highlights for year ending 31 December 2011 include:

	HY 2012	HY 2011	change
Revenue ¹	\$210.9M	\$233.7 M	-9.8%
EBITDA	\$19.5M	\$21.2M	-7.9%
Net Profit after Tax	\$13.0M	\$14.2M	-7.9%
NPAT Margin	6.2%	6.0%	+3.3%
Earnings per share ²	10.17cps	11.43cps	-11.0%
Operating Cash Flow	\$29.6M	\$22.9M	+29.1%
Cash on Hand ³	\$107.7M	\$62.9M	+71.2%

1 Revenue lower for HY 2011 compared with previous corresponding period due to the delay in contract awards

2 EPS calculation reflects weighted average number of shares on issue increase as a result of additional 41.4M shares issued during the rights issue to fund the MDJV transaction

3 Includes balance of capital raising proceeds of \$30M yet to be employed in the continued construction of the MDJV accommodation village

The Company was awarded approximately \$280 million in new contracts and contract extensions during the period, further reinforcing Decmil's strong market position and long-term relationships with high quality clients.

A key milestone during the first half was DGL's acquisition, in November 2011, of a 50% interest in an accommodation village in Calliope, near Gladstone to build-own-operate up to 2,265 rooms servicing the accommodation requirements of the north Queensland regional accommodation market. The acquisition was consistent with the Group's stated strategic growth plans. This transaction provides an immediate and low risk ramp up of Decmil Australia's Queensland operations into the eastern Australian regional construction market, particularly the Gladstone region, via ongoing project management and construction work.

Continued construction of the village is expected to deliver approximately \$150 million of additional construction contract revenues to Decmil Australia. The operation and ongoing nightly room revenues generated by village occupancy will also create a recurring earnings stream for DGL and the Company expects this will deliver strengthened ongoing margins for DGL and generate strong earnings per share accretion in future years.

The acquisition of the 50% interest in the accommodation village was financed via an \$85 million entitlement offer which was completed in December 2011 and was strongly supported by existing and new institutional shareholders.

In February 2012, and subsequent to the reporting period, DGL announced Decmil Australia had been awarded a contract valued at approximately \$90 million by BHP Billiton Mitsubishi Alliance (BMA) to construct an accommodation village south east of Moranbah, Queensland.

The combined project construction values of the Calliope Accommodation Village and BMA contracts is approximately \$240 million and provides a strong platform to expand both DGL and Decmil Australia's east coast operations.

In addition, in early February 2012, DGL announced a five year preferred contractor agreement for civil works with Rio Tinto which represents a continuation of the Group's strategy to secure recurring revenue streams with key clients in key sectors.

Following the contract award by BMA, DGL has a record level of contracted work-in-hand of approximately \$500 million. The company will continue to pursue new opportunities and expects to grow the order book significantly during the second half of FY12.

Net assets and cash position

Decmil maintains a very strong financial position which will facilitate its continued growth. During the period Decmil's net assets increased to \$202.2 million.

Strong cash flow management continued to be a key feature of the Group with operating cash flow of \$29.6 million. The strong cash position reflects the continuation of efficient working capital management with cash on hand of \$107.7 million at the end of the period. The Group has continued to maintain minimal debt.

Dividend

The Board of Directors has announced that DGL will pay shareholders a maiden interim fully franked dividend of 2.5 cents per share. The dividend will be paid on 14 March 2012, with a record date of 29 February 2012.

Corporate

In September 2011, S&P Indices announced that DGL had been added to the S&P/ASX 300 Index which was a significant milestone in the Company's history. This index is designed to address investment managers' needs to benchmark against a portfolio characterised by sufficient size and liquidity.

On 1 December 2011 Mr Giles Everist assumed the role of Chairman of the Company following the announced retirement of Mr Denis Criddle from the role. Mr Criddle remains on the Board as a Non-Executive Director.

Mr Geoff Allen also retired as Non-Executive Director at the Company's AGM after serving on the Board since April 2009. During the period, DGL instigated a comprehensive search for suitably qualified and dedicated directors with construction management, mentoring and governance skills. This effort remains ongoing.

Outlook

With the resources sector strengthening and the outlook for energy and infrastructure markets remaining positive, the company is in a strong position to continue to capitalise on a healthy pipeline of project opportunities.

The Board is confident that based on current and forward order book that the Group will achieve our stated growth objective which will result in excess of \$500 million revenue for FY12.

"We are continuing to benefit from the strength of the resources sector, most notably in Western Australia and Queensland. We believe our growth strategy will yield further benefits during the remainder of the current financial year and beyond," Mr Criddle said.



Decmil Group Limited

About Decmil Group Limited

Decmil Group Limited (DGL) is a leading design, civil engineering and construction company, focussed on delivering integrated solutions to blue-chip clients in Australia's oil and gas, resources and infrastructure sectors.

Listed on the Australian Securities Exchange (ASX Code: DCG), DGL's goal is to maximise returns from our operations to deliver value to our shareholders, clients and other stakeholders.

For further information please contact:

Analysts/Investors

Ms Justine Campbell
CFO, Decmil Group Limited
Ph 08 9368 8877

Media

Mr David Ikin
Professional Public Relations
Ph 08 9388 0944 / 0408 438 772