Decmil Group Limited

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Company Announcement Office
Australian Stock Exchange
Level 10, 20 Bond Street
SYDNEY NSW 2000

By ASX Online

2013 FULL YEAR RESULTS PRESENTATION

Please find attached a copy of the 2013 Annual Results Presentation to be issued today by Decmil Group Limited as part of the company's full year 2013 results release.

Yours sincerely

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Decmil Group Limited

2013 FULL YEAR RESULTS

Diversified growth

FY 13 HIGHLIGHTS

Financial

- Sales revenue $528.8m**
- EBITDA up 28% to $71.0m*
- Record normalised net profit of $45.2m*, up 16%
- Normalised earnings per share 26.94cps*
- Cash on hand $43.7m

Corporate and Operations

- $360m in new contracts / extensions
- Total committed revenue of approx. $420m (at 1 July 2013)
- Deepening relationships with existing clients
- Extending service offering into new areas
- Completion of Homeground Gladstone Northern Precinct 1,392 rooms

Strategy

- Group diversification now tangible and growing
- Acquisition of Eastcoast Development Engineering (EDE)
- Further development of Build Own Operate accommodation offering
- Year of 1sts with Commonwealth Government, Shell and Northern Territory contracts

* Excludes gain arising from business combination net of tax and amortisation of intangible assets
** Total revenue of $600m before eliminations

FINANCIAL PERFORMANCE

FINANCIAL HIGHLIGHTS

		FY 13*	FY 12	Change
Revenue	$m	528.8[1]	555.6	-4.8%
EBITDA	$m	71.0[2]	55.7	+27.5%
Net Profit after tax	$m	45.2	39.1	+15.6%
NPAT margin	%	8.5	7.0	+21%
Operating cash flow	$m	32.5	80.0	-59.4%
Earnings per share	cps	26.94	26.51	+1.6%
Full year dividend	cps	12.0	10.0	+20%

*Excludes gain arising from business combination net of tax and amortisation of intangible assets

1. Total revenue of $600m before eliminations
2. EBITDA reconciliation located on page 30

STRONG CASH POSITION

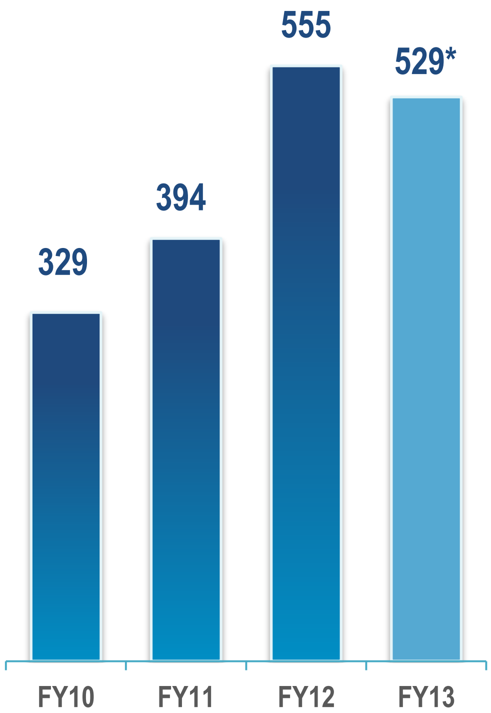
			FY 13	FY 12	Change
Gross Cash		$m	43.7[1]	141.4	-69%
Debt		$m	22.7	15.9	+43%
Net Cash Position		$m	21.0	125.5	-83%
Bank Guarantees & Performance Bonds	Utilised	$m	88.7	86.8	+2%
	Available	$m	116.3	78.2	+49%
CAPEX		$m	67.1[2]	6.3	+965%

- Balance sheet robust with net cash position
- Debt levels reducing with low gearing model maintained
- Sufficient bonding facilities to support business
- Capex returning to historical levels

1. Total cash on hand of $62.3m including $18.6m received 2 July 2013
2. CAPEX is predominantly capital expenditure on the now completed Homeground Gladstone Village

CONSISTENT REVENUE

Sales Revenue $m

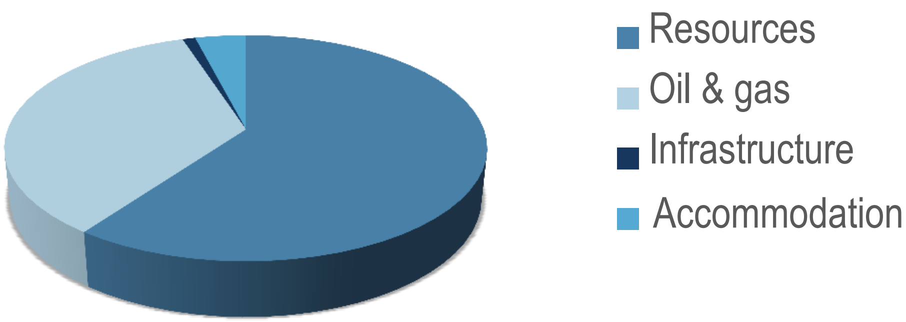


*Total revenue of $600m before eliminations

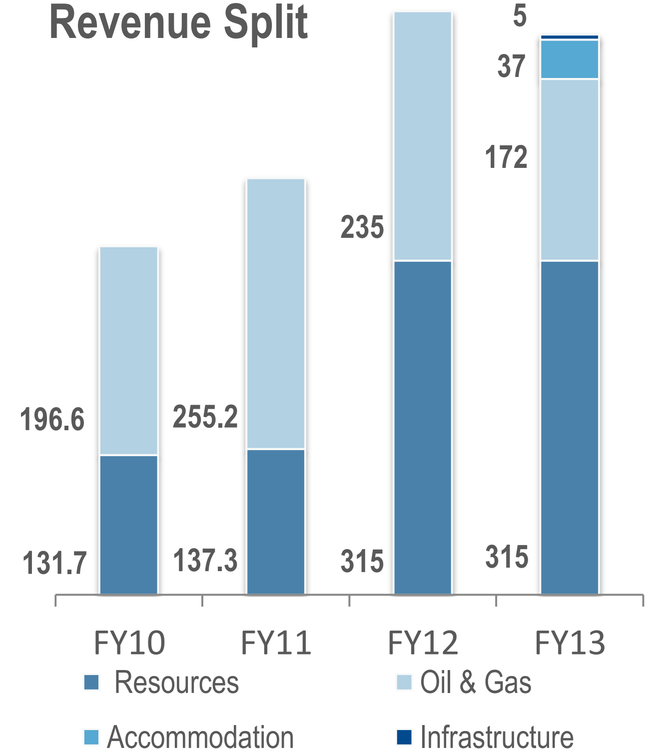
- Strong revenues of $529 million
- Total revenue of $600m before eliminations
- Recurring revenue from Homeground Gladstone
- $360 million in new contracts and contract extensions
- Positive pipeline at advanced stages

DIVERSIFIED REVENUE STREAMS

Industry



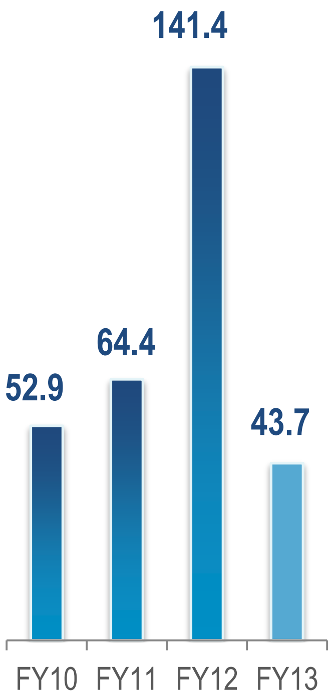
Revenue Split



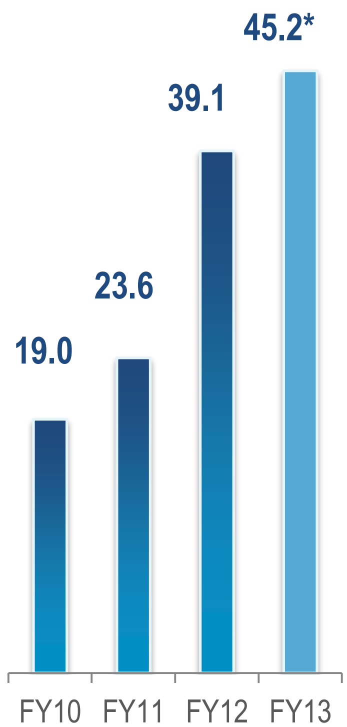
- 2013 distinguished by diversification
  - **Tangible and growing**
- Expanding the depth of our service offering
- New geographic markets

CONSISTENT STRONG PERFORMANCE

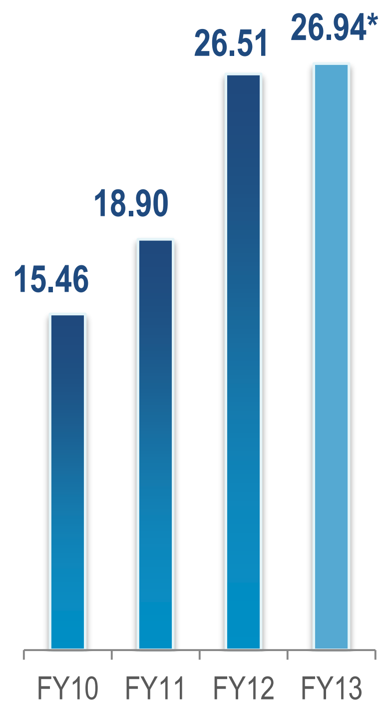
Cash on Hand $m



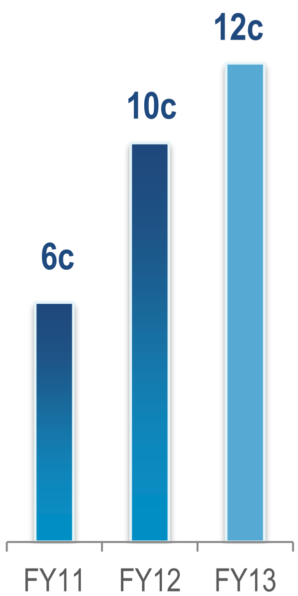
NPAT $m



EPS cents per share



Dividends



*excludes gain arising from business combination net of tax and amortisation of intangible assets

2013 OPERATING HIGHLIGHTS

WHERE WE OPERATE

CONSTRUCTION & ENGINEERING

DECMIL AUSTRALIA

- Secured major new projects for range of clients including:
  - Rio Tinto
  - Shell Development Australia
  - Roy Hill Iron Ore Project
  - Commonwealth Government

EDE

- Acquisition of specialist engineering business finalised April 2013
- Expands Decmil Group's service offering within oil & gas industry
- High pressure piping and tanking
- Further expands the Group's presence in Queensland

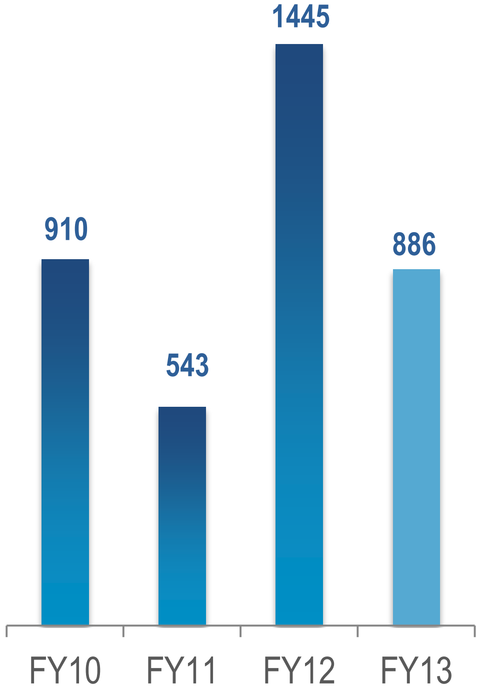
VILLAGE ACCOMMODATION

home ground GLADSTONE

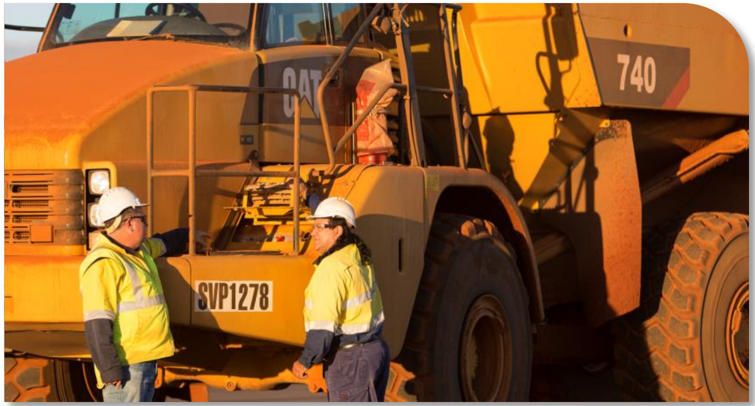
- Continued strong demand for accommodation in Gladstone
- Village completed to 1,392 rooms
- Setting the standard in workforce accommodation
- Facilities management expertise is now realising operating efficiencies and cost minimisation

PEOPLE

Decmil Employee Numbers

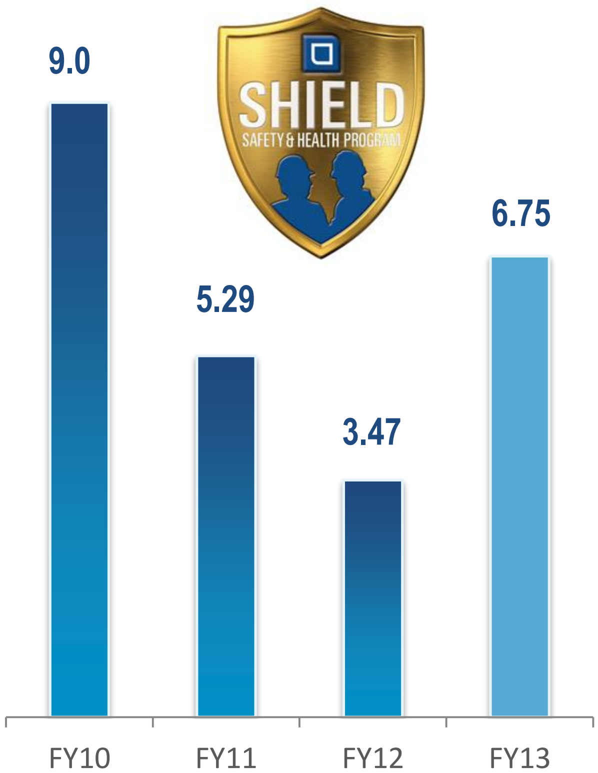


- Peak staffing in FY13 of 1,623 people, highest on record
- Increased talent throughout the business, through ‘right fit’ selection and retention strategies
- Brand and culture program continued to harness competitive advantage
- Leadership initiatives commenced throughout the Group



HEALTH, SAFETY & ENVIRONMENT

Total Recordable Incident Frequency Rate (TRIFR)



Objective is continuous improvement in safety

- Decline in safety performance due to significant increase in working hours + change in method of project delivery
- Positive HSE leadership is driving improvements and reducing the TRIFR result

Achievements

- Federal safety accreditation (OFSC)

Range of initiative to support and improve safety performance

- Greater subcontractor engagement and alignment
- Focus on training and alignment for project management personnel
- Increased focus on project start up and mobilisation

CORPORATE ENTERPRISE

- **Installation of enterprise grade IT Infrastructure** into Eastcoast Development Engineering to provide a stable and efficient platform for future business systems
- **Investment in enhancements to project controls software** to allow mobile functionality in remote environments with limited communications networks
- **Continued focus on business continuity** for business critical applications
- **Update and relaunch of Client Relationship Management software** to better manage future opportunity pipeline of work
- **Enhancements to HR software** including talent and succession modules and implementation of safety management software across the Group

Decmil Group services

MAJOR PROJECTS

CURRENT PROJECTS

Manus Island

Client Department of Immigration & Citizenship

Value **$137 million**

Details Design and construction of a 600 person accommodation facility, 200 room staff facility, heath, welfare, recreational and operational facilities and associated engineering facilities and services

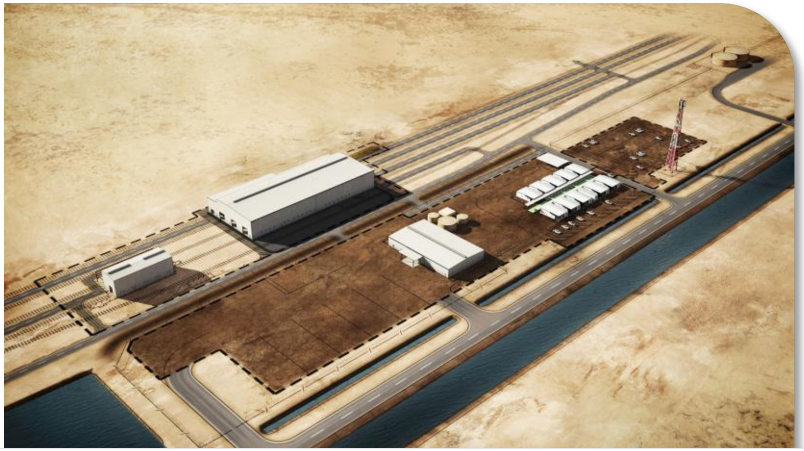
Shell Prelude Onshore Supply Base

Client **Shell**

Value **$25 million**

Details Design and construction of the Prelude Onshore Supply Base including detailed engineering, contracting, procurement, fabrication, transportation and all statutory and regulatory approvals

CURRENT PROJECTS



Roy Hill Rail Terminal Buildings

Client **Roy Hill**

Value **$56.5 million**

Details Design and construction of rail terminal, associated facilities and services

Roy Hill Port Buildings

Client **Roy Hill**

Value **$14.5 million**

Details Design and construction of port landside facilities and associated facilities

CURRENT PROJECTS

Gorgon Construction Village

Client **Chevron Australia Pty Ltd**

Value **$835 million** (Decmil $280 million)

Details Design and construct 4,006 person accommodation village on Barrow Island

Buffel Park Construction Village

Client **BHP Billiton Mitsubishi Alliance (BMA)**

Value **$107 million**

Details Construction and installation of infrastructure and 1,500 person accommodation facilities for the Caval Ridge Coal Project located in the Bowen Basin

CURRENT PROJECTS

Western Turner Infrastructure

Client **Hamersley Iron (Rio Tinto)**

Value **$30 million**

Details Design and construction of heavy vehicle / fixed plant workshop + associated facilities, first aid building, security gatehouse and communications facilities

QGC Well Head Installation

Client **QGC**

Value **$98 million**

Details Mechanical, pipe spool and E&Q installation for QGC Well Heads

Mt Webber

Client **Atlas Iron**

Value **$14.5 million**

Details Design and construction of a 200 person operations village including 51 modules and associated facilities

Wheatstone LNG Project Fly Camp

Client **Chevron**

Value **$158 million**

Details Design, procurement and construction of a 1,056 person Fly Camp and central facilities including kitchen and offices, installation of utilities and waste water treatment plant

Warrawandu Village

Client **BHP Billiton**

Value **$145 million**

Details Design and construct 1,320 room village and EPCM facilities

COMPLETED PROJECTS

Thomas Yard & Locomotive Facility

Client **Fortescue Metals Group**

Value **$47 million**

Details Construction of the new Rail Car Workshop at Rowley Yard, FMG's service hub for rail operations and modifications to the existing Workshop along with the construction of a new Administration Building at Kanyirri

Marandoo Mine Infrastructure

Client **Hamersley Iron (Rio Tinto)**

Value **$30 million**

Details Construction of heavy mobile equipment workshop infrastructure and associated facilities for the mine expansion

STRENGTHENING OUR BUSINESS

DIVERSIFICATION STRATEGY

Geographic

- Continue to build on strong, long-term relationships with Tier 1 clients with core competencies
- Leverage experience to capture additional opportunities in Queensland and Northern Territory

Business

- Potential to extend Build-Own-Operate model
- Capture more recurring revenues – reduce reliance on one-off projects
- Seek further diversification
  - Opportunities around infrastructure, maintenance, asset management
- Technology based solutions providing operational efficiencies to clients

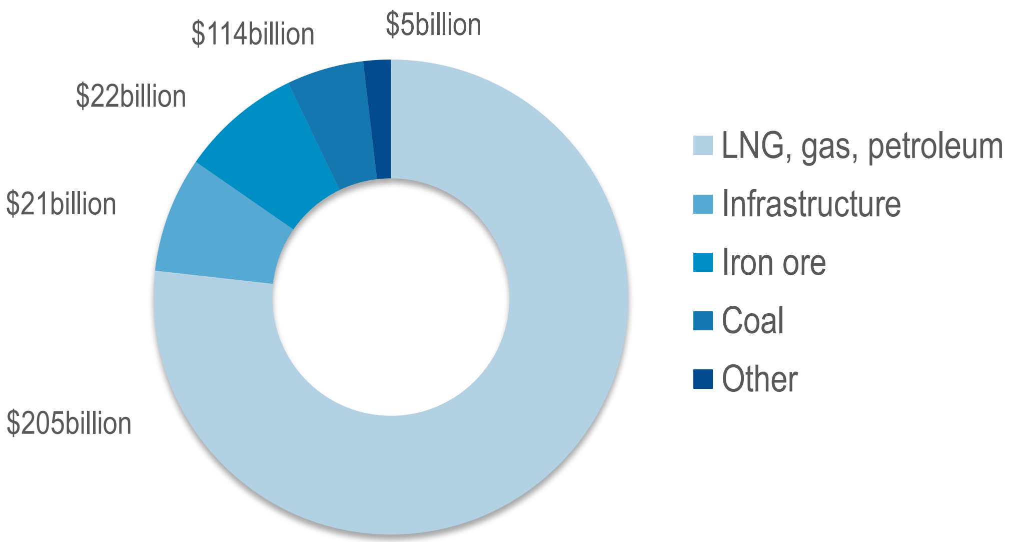
GROUP CAPABILITIES

	CIVIL CONSTRUCTION	BUILDING CONSTRUCTION	VILLAGE OWNERSHIP	SPECIALIST ENGINEERING SERVICES	GROWTH HORIZONS
EXISTING CAPABILITIES	Small & large-scale brownfield greenfield civil works	**Non-Process & Accommodation** Industrial, fly camps, villages, defence, regional and sustaining development	**Build-Own-Operate** accommodation villages	High Pressure piping and tanking **Oil & Gas**	
GROWTH & DIVERSIFICATION STRATEGY	Civil infrastructure services **Resources, Oil & Gas, Government Utility Providers**	Government Infrastructure **Water, Rail & Power**	**Buy-Own-Operate** Assisting resource companies with balance sheet and operating efficiencies	Electrical & Instrumentation (oil & gas) Mine Infrastructure maintenance Asset based recurring revenue businesses	**Recurring revenue** Technology based Cost saving approach




OUTLOOK

Committed projects, by commodity



- Continued strong opportunities within DGL key sectors
- Infrastructure growth a future focus

SOURCE: Bureau of Resources and Energy Economics, Resources and Energy Major Projects – April 2013

POSITIONED FOR CONTINUED GROWTH

- Market conditions within the mining and oil & gas sectors remain challenging
- A platform of growing and diversified earnings underpins our growth strategy
  - ➢ **Committed revenue of $420 million** across the group, with a positive pipeline at advanced stages
  - ➢ Diversified revenues and margin mix lays foundation for **further EPS growth in FY14**
  - ➢ Cash flow leads to **complete deleveraging in FY14**, providing capacity for further investment in growth
- Recurring revenue is the focus of our growth strategy
  - ➢ **Construction & Engineering**:
    - adjacent, niche services that achieve operating efficiencies for customers
    - an eye to technology as a foundation for recurring revenues
  - ➢ **Village Accommodation**
    - capital efficiency and partnering models
    - growth in assets and capabilities
- Looking into our next horizons
  - ➢ Utilise our platform of excellence in project management and delivery, customer relationships and cash generation / capital efficiency
  - ➢ Further diversification of risk and a focus on macroeconomic drivers
  - ➢ Attention being given to opportunities in food, water and energy efficiency

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Decmil Group Limited results are reported under International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. The Company discloses certain non-IFRS measures that are not prepared in accordance with IFRS and therefore are considered non-IFRS financial measures. The non-IFRS measures should only be considered in addition to and not as a substitute for, other measures of financial performance prepared in accordance with IFRS.

EBITDA is a non-IFRS earnings measure which does not have any standardised meaning prescribed by IFRS and therefore may not be comparable to EBITDA presented by other companies. EBITDA represents earnings before interest, income taxes, depreciation and amortisation. This measure is important to management when used as an additional means to evaluate the Company's performance.

Normalised EBITDA Reconciliation	FY 13 $000	FY 12 $000
Net profit after tax	64,367	39,056
Less: One-off gain on acquisition	(29,752)	-
Add: Income tax expense	27,839	16,907
Add: Interest expense	2,625	704
Less: Interest received	(2,251)	(5,247)
Add: Depreciation expense	6,632	4,271
Add: Amortisation expense	1,500	-
EBITDA	**70,960**	**55,691**

DGL
Decmil Group Limited

THANK YOU