

**ASX / MEDIA ANNOUNCEMENT**  
28 February 2018

## **FY18 INTERIM RESULTS**

- **H1FY18 revenue steady at \$140.8 million**
- **Significant revenue growth expected in H2FY18 as new contracts awarded in late 2017 ramp up**
- **EBITDA from continuing operations of \$1.3m**
- **Operating cash flow of \$1.7m and strong balance sheet with NTA of \$130 million and \$19 million net cash position**
- **FY19 revenue expected to exceed \$500 million based on order book and strong tender pipeline**

Decmil Group Limited (ASX: DCG) (“Decmil” or “Company”) has today released its interim financial results for the six months ended 31 December 2017.

The Company has had a strong start to the 2018 financial year with a number of significant new contract wins and opportunities across its key sectors of Resources, Infrastructure and Renewables and is expecting this to translate to revenue growth in H2FY18 and into FY19.

### **Operations**

Operations in H1FY18 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, road and bridge projects for State road authorities and renewable energy.

Key highlights:

- Completion and commissioning of projects in the WA Iron Ore sector including a logistics hub for BHP at Port Hedland and non-process infrastructure for Rio Tinto at its Amrun and Silvergrass mines;
- Commencement of early works for BHP at its South Flank project and award of a \$75 million contract for the first phase of a \$105 million overall project to upgrade and expand the Mulla Mulla village;
- Expansion of the Decmil business in New Zealand including the award of a \$60 million new modular prisons Corrections project;
- The award to Decmil’s Victorian business unit of almost \$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 an MOU for a \$275 million EPC contract for the Sunraysia project;
- The exit of non-core operations in telecommunications and design consulting; 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.

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## Financial Position and Dividend

At 31 December 2017 the Group's balance sheet was sound and reflected an overall net cash position of \$19 million, no drawn core senior secured debt and net tangible assets of \$130 million. In H1FY18 the Group also expanded working capital and bonding capacity to over \$215m of facilities to fund expected growth in its operations going into FY19 and FY20.

To preserve working capital for the anticipated growth in the business, the Board has resolved to not declare an interim dividend for FY18. This will be re-assessed in FY19 based on working capital requirements.

## Board Changes

Decmil has experienced significant change over the past few years, transforming from a West Australian resources and oil and gas construction company to a truly Australasian construction and engineering specialist in the Infrastructure, Resources and Renewables sectors.

The Decmil Board renewal plan anticipates a very positive future, with strong prospects Australia wide. The Board structure and leadership is renewed to better reflect the future needs of the business. The following changes to the Board of Directors will occur in 2018:

- Effective 1 March 2018 Mr David Saxelby will replace Mr Bill Healy as Chairman of the Board. David is one of the most experienced leaders in the Australian construction and infrastructure industry and joined the Decmil Board in May 2016. He has held Managing Director and CEO roles for the past decade, most recently with Lendlease as CEO of Construction and Infrastructure in Australia. David holds a number of Board positions with both Government and Private industry. He holds a Bachelor of Civil Engineering from Sydney University and is a member of AICD;
- Mr Bill Healy will remain a Non-Executive Director and chairperson of the Audit & Risk and Remuneration Committees;
- Effective 1 March 2018 Mr Don Argent will join the Board. Don is also currently a Non-Executive Director of Ausdrill Limited and was previously the Director Finance and Administration for the Thiess Group, one of the largest integrated engineering and service providers in Australia and South East Asia; and
- Mr Denis Criddle, who founded the company in 1978 plans to retire from the Board of the Company at the next Annual General Meeting in November 2018.

## Strategy and Outlook

The business has consolidated its focus on the Infrastructure, Resources and Renewable Energy sectors across Australasia and is experiencing strong market conditions across these sectors and expects strong revenue growth in H2FY18 based on recent contract wins.

As at the date of this release the Group already has in excess of \$325 million of committed and visible work in hand for FY19. The Group expects FY19 revenue to exceed \$500 million and is either shortlisted or a preferred contractor on a number of larger design and construct contracts across all its core sectors and geographies. The current tender pipeline, which is the largest in recent years, also supports the Group's business plan for revenue growth to FY20.

In terms of profitability, overhead control together with increasing revenue levels are also expected to drive an improvement in EBITDA margins in H2FY18 and in FY19.

Managing Director and CEO, Scott Criddle, said:

“We have seen an improvement in all our key sectors and Decmil has had a strong start to the 2018 financial year with larger contract wins across Australia and New Zealand. In the last six months we have also consolidated the Group’s focus on the Infrastructure, Resources and Renewable Energy sectors and achieved greater operational consistency across business units.

We have also focussed on the commercial and operational performance of our key projects and overhead control to set the business up to improve margins going into FY19.

The Group has the benefit of a diversified business, strong balance sheet and a number of larger projects in the tender pipeline that should see Decmil continue to expand the business and grow in the 2019 financial year”.

## 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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