

ASX / MEDIA ANNOUNCEMENT
14 May 2020

DECMIL UPDATE ON BANK FACILITIES

Decmil Group Limited (ASX: DCG) (“Decmil” or “Company”) is pleased to announce it has confirmed facilities with its long-term banker National Australia Bank (NAB).

NAB will maintain its current facilities and ongoing support for Decmil through to the end of January 2021, at which point Decmil expects to negotiate a fresh debt facility, preferably also with NAB.

In addition to the NAB facility, Decmil has also confirmed an agreement with the Company’s four surety bond providers that no cash call will be made on the bonds before 31 January 2021.

The effect of the combined agreements is to give Decmil operational certainty to continue moving the business back to strong profitability and to aggressively pursue new business opportunities, as well as enhanced optionality over capital opportunities.

Under the arrangement with NAB, Decmil will continue to draw upon its \$65 million multi-option facility. The active components of the facility are a \$25 million corporate loan (fully drawn) and a \$25 million overdraft facility (currently drawn to approximately \$5 million). The facility also includes a contingent instruments facility and an accounts receivable financing facility.

Under the arrangement, Decmil has committed to reduce the overdraft sub-component of the facility to \$10 million from 31 January 2021. The \$65m overall facility limit remains in place for the period to 31 January 2021.

Decmil and its advisers continue to explore a range of capital options to strengthen the Company’s balance sheet and to best position the Company for anticipated strong growth in the business.

While COVID-19 has impacted on Decmil and many other contracting businesses, the Company expects a strong FY21 on the back of major infrastructure spend by Federal and State governments as they seek to re-ignite economic activity.

Decmil is strongly positioned to gain from this spend, with current projects underway for the state governments of Victoria, Queensland and Western Australia.

The latest project started last week, a \$3.5 million contract to relocate a diesel shed for Queensland Rail. This follows Decmil’s recent announcement that the Company had been awarded preferred tenderer status for an \$11.5 million contract for roadworks on the Bruce Highway by the Department of Transport and Main Roads Queensland. Decmil also recently announced it had been confirmed as a contractor on the Bayswater Station Metronet project in Western Australia by lead contractor Coleman Rail, with a minimum work program worth \$25 million.

Based on current contracts and expectations, Decmil expects a return to operating profit and positive operating cashflow in FY2021.

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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 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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