

29 June 2022

DECMIL WINS \$98 MILLION CONTRACT AWARD AND IMPROVED LOAN TERMS

- **\$98 million Albany Ring Road contract Stage 2 converted to ‘contracted’**
- **\$600 million order book at healthiest level since 2019**
- **Debt facility agreements with PURE Asset Management and Horley amended**
 - **Coupon rate reduced from 11.0% to 10.0% and loan term extended 6 months to July 2025**
- **Revised loan agreements to facilitate continued long-term order book growth and efficient completion of current projects**

Decmil Group Limited is pleased to advise that following the successful progress and completion of most parts of Stage 1 of the Albany Ring Road Project, the Company has been awarded the second phase of the Albany Ring Road project by Main Roads Western Australia (MRWA).

The contract value of the second phase is \$98 million. This contract adds to the previously awarded Stage 1 contract value of \$55 million. The second phase has previously been included in Decmil’s work in hand number as “preferred” but has now become “contracted”. The total value of the Albany Ring Road project is now \$154 million.

The works package consists of an 11.5 km freight route which will extend south from the Menang Drive and Albany Highway intersection, running parallel to Link Road and connecting to Princess Royal Drive. The new road will be constructed around the City of Albany, linking to existing roads and improving access to the Mirambeena Strategic Industrial Area. The project is being delivered in two stages:

- **Stage 1:** Construction of a new interchange at Albany Highway and extension of the Ring Road south to Lancaster Road.
- **Stage 2:** Final section of the Ring Road from Lancaster Road to Princess Royal Drive.

Decmil has been on site in Albany constructing Stage 1 since October 2020. The total contract is expected to be completed in late 2024.

Decmil CEO Rod Heale said the Albany Ring Road Project has been a fantastic success to date.

“In addition to delivering quality work within budget and on schedule, the Project has also generated significant training and indigenous participation. Indigenous participation in the project to date is 10.5%. Aboriginal Business spend to date totalled 5.7% of total contract spend” Mr Heale said.

Revisions to mezzanine debt finance

Decmil has revised its debt arrangements with PURE Asset Management and the Franco Group-controlled Horley Pty Ltd to reduce the coupon rate and extend the loan maturity. These lenders provided approximately \$20 million of mezzanine debt finance to Decmil (see ASX announcement 26 July 2021).

Mr Heale said the modified loan terms reflect Decmil’s strong long-term outlook and enhances its funding certainty, as Decmil builds its order book with new, high-quality contract awards.

ASX Announcement

“These new terms will allow Decmil to progress its positive trajectory, as we grow our revenue base and efficiently complete our current suite of projects,” he said.

“As highlighted earlier this month, our orderbook stands at \$600 million, which is our strongest position since 2019, and importantly we are winning high-quality work with blue chip clients.

“The modified facility will immediately improve cashflow, ensures the continuity of funding during Decmil’s growth phase and more closely aligns the lenders to the success of the business overall.”

Key Terms of the New Agreement

The modified debt facility arrangements with PURE and Horley will reduce the coupon rate of the debt facilities from 11.0% to 10.0%. The terms of the loans have been extended by six months to July 2025.

As part of the modified facility Decmil requested the waiving of certain covenants over the next 12 months as a financially conservative approach to ensure the business has optimal headroom to successfully execute on its growing and higher margin order book. The Lenders agreed to these waivers.

In addition, as part of the new arrangement, Decmil will issue PURE and Horley combined, 20 million attaching warrants at an exercise price of the lower of \$0.23 per share or at a discount based on a valuation in certain events. The warrants will have an expiry date of 30 August 2026 and will be issued within the Company’s 15% placement capacity in accordance with ASX LR 7.1. An Appendix 3B follows. This means Decmil will not have to reprice the existing PURE and Horley 30.8 million warrants from July 2021, which have an exercise price of \$0.65 and more closely aligns the Lenders with the overall success of the business.

PURE Asset Management specialises in providing flexible funding by way of secured convertible debt funding to ASX-listed companies with high growth potential, whilst the Franco Group is one of Decmil’s major long-standing shareholders.

This ASX release was authorised by the Decmil Group Limited Board.

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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