

29 August 2022

DECMIL RELEASES FY22 RESULTS, POSITIVE OUTLOOK MAINTAINED

- **FY2022 results in line with 27 July 2022 market update**
 - Revenue of \$378 million (FY21: \$304 million)
 - EBITDA of -\$44 million (FY21: -\$2 million)
 - Net loss after tax of \$103 million (FY21: \$12 million)
- **Balance sheet cleansed for FY23 following non-cash write-downs**
- **Cashflow from operations of \$6 million, first positive fiscal year net operating cashflow since FY19**
- **Strong cash position of \$39 million and zero net debt at 30 June 2022 (30 June 2021: \$8 million net debt)**
- **Highly-credentialled industry leader, Rod Heale, appointed as CEO in June, with positive operational progress already apparent**
- **Residual legacy issues being methodically dealt with, including closure of SCEE dispute post FY22**
- **FY23 secured work in hand of \$475 million from robust order book of \$600 million at 30 June 2022 (31 December 2021: \$520 million)**

Decmil Group Limited has released its financial results for the 12-month period ending 30 June 2022 (FY22). The results are in line with the updated market guidance released to the ASX on 27 July 2022. Decmil delivered revenue of \$378 million for FY22, compared to \$304 million for FY21.

The July 27 market update outlined that the Board and new management had undertaken a comprehensive review undertaken of current projects, Decmil's contracting terms, and legacy balance sheet valuations.

Following this review, the Board decided to proactively reset the values of several balance sheet items, many on legacy items, to reflect current values and the likelihood of being able to crystallise or utilise the value of those assets.

This subsequently resulted in adjustments to certain balance sheet items which impacted Decmil's FY22 financial results, predominately on a non-cash basis, with EBITDA of negative \$44 million (FY21: negative \$2 million) and a net loss after tax of \$103 million (FY21: \$12 million net loss).

However, the Company generated a net operating cash inflow of \$6 million for FY22 (FY21: net cash outflow of \$22 million).

This was underpinned by a strong net operating cash inflow of \$12 million for H2 FY22 in light of improving business conditions and a turnaround of Decmil's operations as FY22 progressed.

As a result, Decmil delivered its first positive net operating cashflow for a fiscal year since FY19 and the Company remains confident it can continue this positive cash flow generation in FY23.

ASX Announcement

Decmil holds a strong cash position of \$39 million and zero net debt at 30 June 2022 (30 June 2021: \$8 million net debt).

Decmil has an orderbook of \$600 million contracted at 30 June 2022 (FY21: \$570 million), with \$475 million of this contracted work in hand for FY23.

Decmil CEO Rod Heale said the balance sheet reset announced last month was necessary to put the Company in the best possible position to deliver on its strong order book.

“This financial result, which we flagged to the market last month, is disappointing but gives us the clean air we need to build on the positive momentum generated at the tail end of FY22,” Mr Heale said.

“Decmil has a healthy liquidity position to complement its growing order book, with a continued focus on adopting a highly-selective approach to contract tendering and resolving key legacy issues.

“Because we have such a strong order book, we are going to be selective about the additional projects we take on. In particular, they must meet our margin benchmarks and there must be a more equitable allocation of risk with the client.

“We are also making great progress on resolving legacy issues, including the successful closure of the dispute with Southern Cross Electrical Engineering earlier this month.

“Under the leadership of a renewed executive team and increased emphasis on risk mitigation, we expect to execute our pipeline of work safely, efficiently and profitably in the coming year.”

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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