



2015



FY15 Annual Results Presentation

August 2015

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Group Summary



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FY15 Group Highlights



Financial

- Revenue up 7.9% to \$666.2m
- EBITDA¹ down 19.8% to \$62.7m
- NPAT¹ down 18.9% to \$40.3m
- Earnings per share¹ at 23.91 cents (FY14: 29.50cps)
- Cash on hand of \$59.5m (no core senior debt – net cash position)



Operations

- Solid performance on key contracts with the Department of Immigration and Border Protection, Department of Defence, Roy Hill, QGC and Rio Tinto
- Better than expected occupancy levels at Homeground Gladstone (average of 69% over the period)
- Establishment of a telecoms infrastructure capability through the acquisition of SAS Telecom



Strategy + Outlook

- Challenging market conditions to continue into FY16
- Diversification of Construction & Engineering revenue remains a key focus – greater scale and penetration into new sectors required to return to profit growth in FY17
- Grow market share in Government infrastructure and upstream coal seam gas – pursue opportunities offshore (NZ and SE Asia)
- Homeground occupancy levels will be volatile as major LNG and port projects in Gladstone transition to operations

Group Financial Snapshot



| \$m | FY12 | FY13 | FY14 | FY15 | 14-15 Mvmt (%) |
|----------------------------------|--------|-------|--------|-------|----------------|
| Revenue | 550.3 | 526.5 | 617.7 | 666.2 | 7.9% |
| EBITDA ¹ | 55.7 | 71.0 | 78.2 | 62.7 | (19.8%) |
| NPAT ¹ | 39.1 | 45.2 | 49.7 | 40.3 | (18.9%) |
| NPAT margin % | 7.1% | 8.6% | 8.0% | 6.0% | (2.0pp) |
| Operating cash flow ² | 89.4 | 56.7 | 85.4 | 54.6 | (36.1%) |
| Cash conversion | 160.5% | 79.9% | 109.2% | 87.1% | (22.1pp) |
| Earnings per share (cps) | 26.51 | 26.94 | 29.50 | 23.91 | (5.59cps) |
| Final dividend (cps) | 7.5 | 8.0 | 8.5 | 8.5 | 0.0cps |
| Full year dividend (cps) | 10.0 | 12.0 | 13.0 | 13.0 | 0.0cps |
| Dividend payout ratio | 38% | 45% | 44% | 54% | 10pp |

Note:

1 - Excludes gains arising from business combinations from FY13 and FY14 reporting periods

2 - Represents statutory operating cash flow, excluding tax and net interest

Group Financial Position

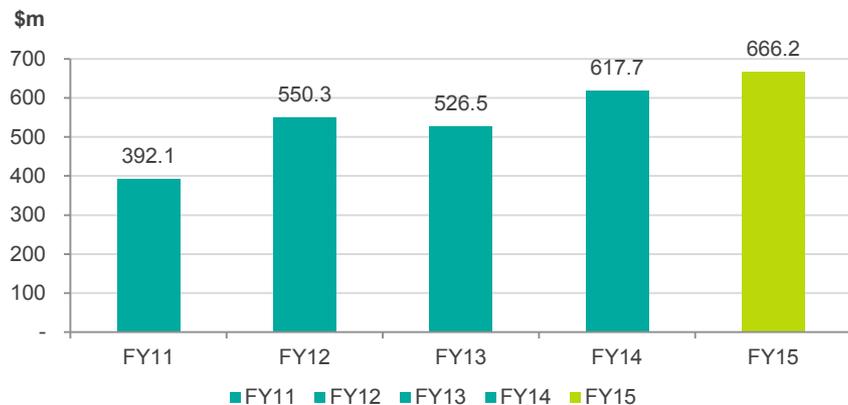


| \$m | Jun12 | Jun13 | Jun14 | Jun15 | 14-15 Mvmt (%) |
|---------------------------------|-------|-------|-------|-------|----------------------|
| Gross cash | 141.4 | 43.7 | 59.3 | 59.5 | 0.3% |
| Debt | 15.9 | 22.7 | 2.0 | 0.8 | (60.0%) |
| Book equity | 225.5 | 271.2 | 302.8 | 319.4 | 5.5% |
| Gearing ratio | 7% | 8% | 1% | 0% | (1pp) |
| Net cash position | 125.5 | 21.0 | 57.3 | 58.7 | 2.4% |
| Bank guarantees & surety bonds: | | | | | |
| - Utilised | 86.8 | 88.7 | 103.4 | 57.1 | (44.8%) |
| - Available | 78.2 | 116.3 | 121.6 | 132.5 | 9.0% |
| Capex | 6.3 | 67.1 | 7.5 | 5.6 | (25.3%) |

Group Five Year Trend



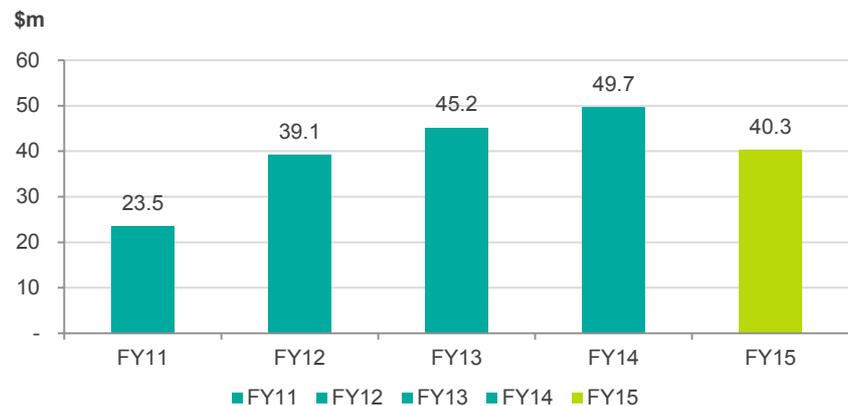
Revenue (\$m)



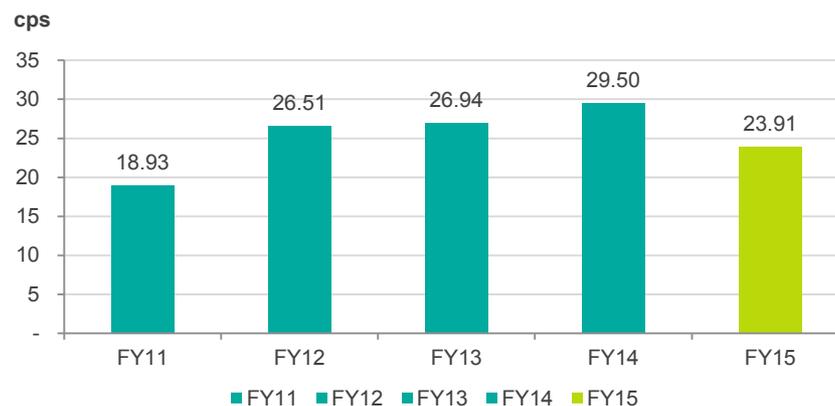
EBITDA¹ (\$m)



NPAT¹ (\$m)



EPS¹ (cps)



Construction & Engineering



Construction & Engineering Highlights



Financial



Operations



Strategy + Outlook

- Revenue grew by 8.9% to \$610.4m driven by increased exposure to Government contracts
- Challenging conditions in natural resources and a greater contribution from Government work drove a decline in margins, with gross profit and EBITDA of \$78.6m (↓8.7%) and \$40.6m (↓16.1%) respectively
- Ongoing progress on key contracts with the DIBP, Department of Defence, Roy Hill, Samsung, QGC and Rio Tinto
- Improving engineering capability by undertaking more complex structural mechanical piping work
- Expansion of the engineering services and client base that the Group offers to upstream CSG
- Challenging conditions will extend into FY16 due to weak environment for natural resource construction and fiscal challenges for Government
- Pursuing further opportunities for Australian and New Zealand Governments – principally in education, health, defence and immigration as well as roads and bridges

Constr. & Eng. Financial Snapshot

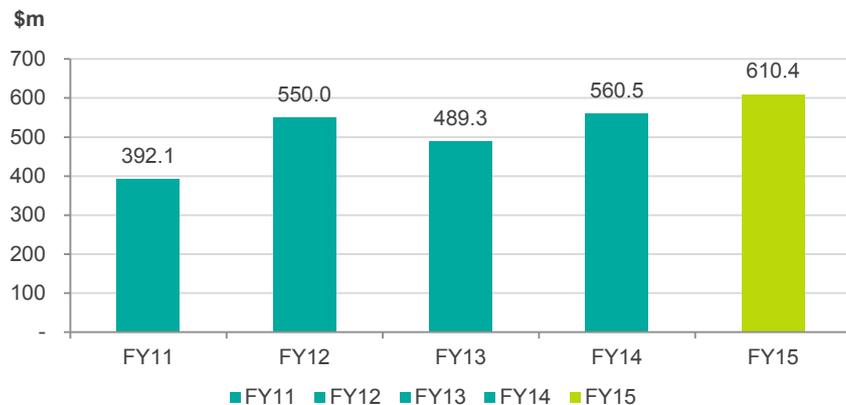


| \$m | FY12 | FY13 | FY14 | FY15 | 14-15 Mvmt (%) |
|-----------------|-------|-------|-------|-------|----------------------|
| Revenue | 550.0 | 489.3 | 560.5 | 610.4 | 8.9% |
| Gross profit | 83.7 | 92.7 | 86.1 | 78.6 | (8.7%) |
| EBITDA | 56.5 | 56.4 | 48.4 | 40.6 | (16.1%) |
| <u>Margins</u> | | | | | |
| Gross margin % | 15.2% | 18.9% | 15.4% | 12.9% | (2.5pp) |
| EBITDA margin % | 10.3% | 11.5% | 8.6% | 6.7% | (1.9pp) |

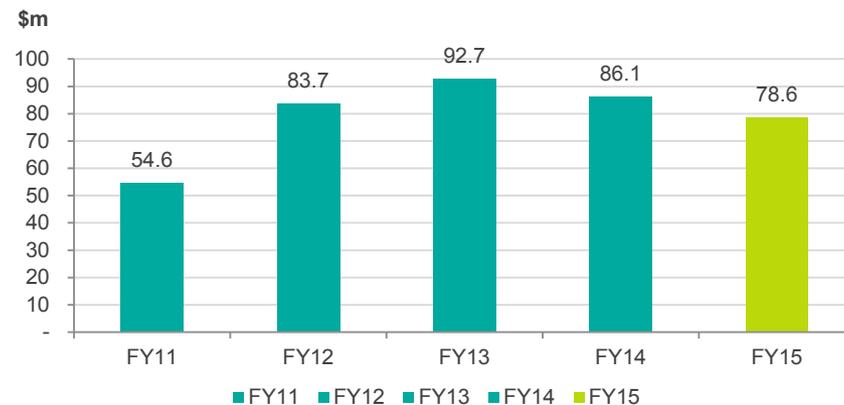
Constr. & Eng. Five Year Trend



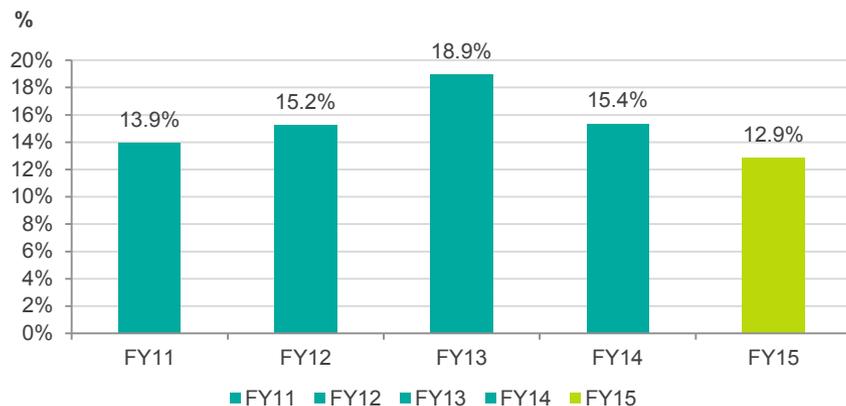
Revenue (\$m)



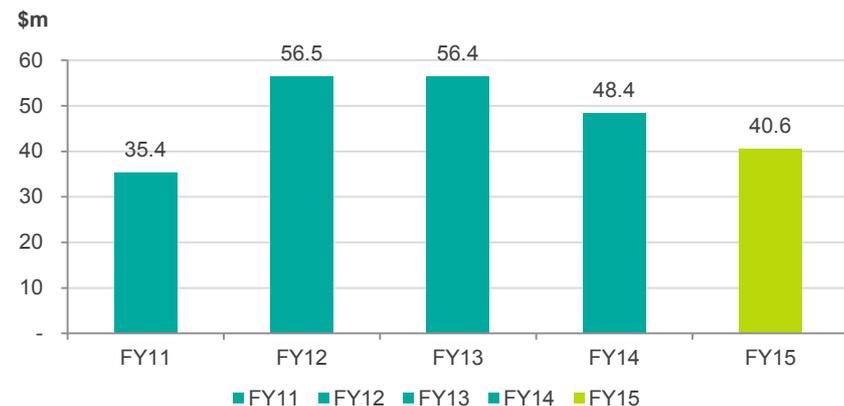
Gross profit (\$m)



Gross margin (%)



EBITDA (\$m)

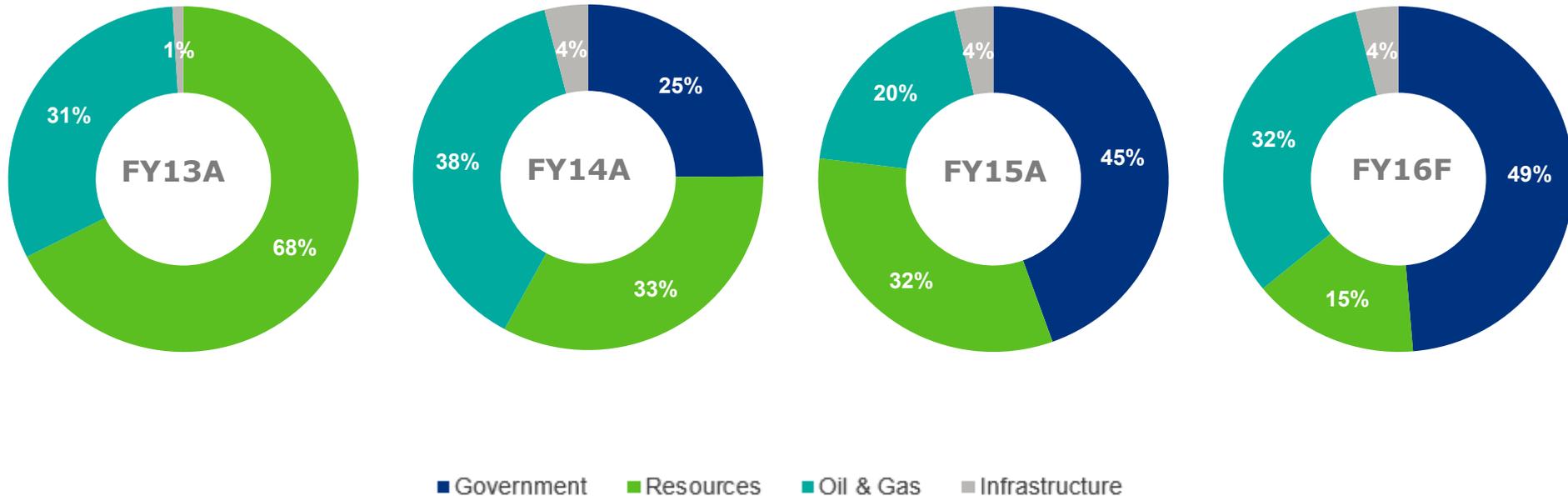


Construction & Engineering Diversity



The Construction & Engineering division has continued to diversify its revenue with an increasing exposure to Government

Revenue by sector
(FY13A to FY16F)



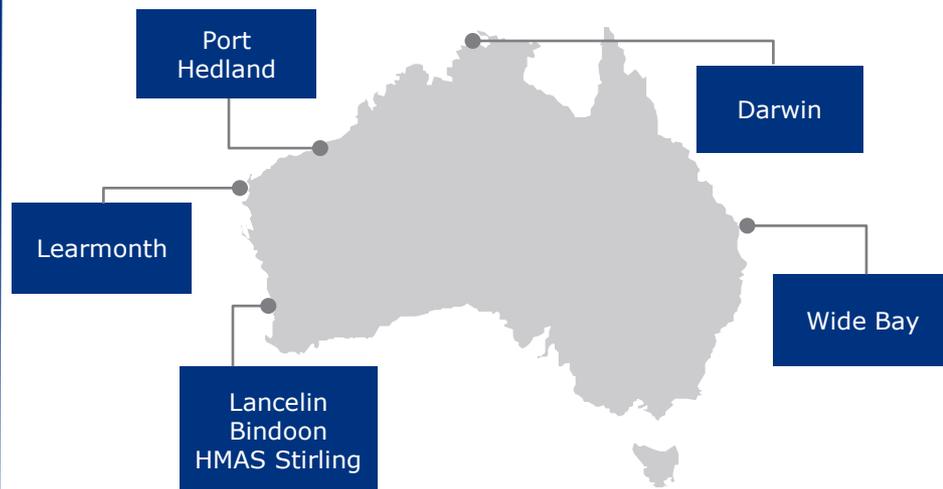
Growing Exposure to Government



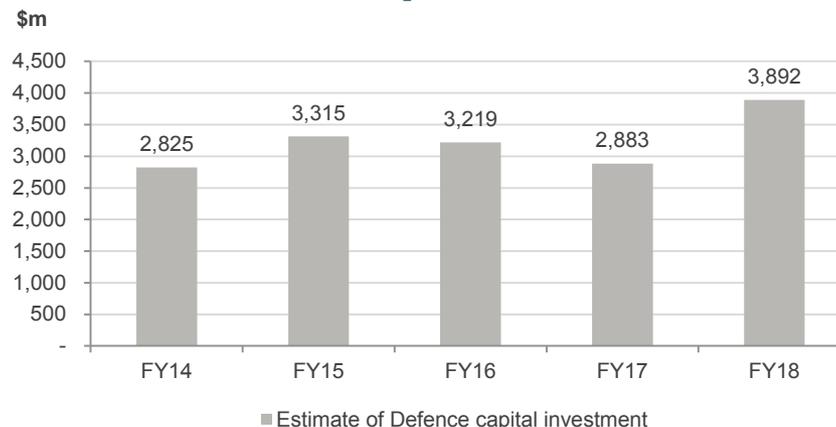
Key Government projects

| Client | Location | Project components |
|------------------------------------|---------------|--|
| DIBP | Manus Island | Construction of offshore immigration centre |
| Defence | Darwin | Design & remediation of fuel infrastructure covering Civil, structural, electrical and mechanical |
| Defence | Port Hedland | Installation of modular facilities covering civil, electrical, comms and services |
| Defence | Lancelin | Accom replacement including fire, electrical and services |
| Defence | Learmonth | Accom replacement including fire, electrical and services Fuel infrastructure replacement of existing fuel farm with new 2.1MI farm |
| Defence | Bindoon | Construction & refurbishment of facilities |
| Defence | Wide Bay | Construction of training facility and explosives hazard training area |
| Defence | HMAS Stirling | Design & fuel Infrastructure remediation covering civil, electrical, piping and tank remediation |
| Main Roads | Seventh Ave | Deconstruction and removal of bridge, construction of new bridge |
| Main Roads | WA & QLD | A number of minor road and bridge projects |
| Ministry of Education: New Zealand | Christchurch | Construction / refurbishment of schools |

Defence – Decmil project locations



Defence – net capital investment



Source: http://www.budget.gov.au/2014-15/content/bp1/html/bp1_bst6-01.htm

Construction & Engineering Strategy



Re-positioning for a more sustainable earnings profile

- Continue to grow footprint in public sector infrastructure, namely immigration, defence, health and education
- Continue to diversify upstream CSG client base and service offering
- Establish a presence in downstream oil and gas
- Seek larger construction and engineering opportunities overseas, particularly in New Zealand and South East Asia
- Grow market share in fuel related infrastructure for the oil and gas majors
- Larger and more complex civil construction projects such as bridges due to recent projects completed (i.e. Elizabeth Quay)
- Undertake larger and more complex mechanical projects whilst also self-performing some electrical work

Accommodation Services



Accommodation Services Highlights



Financial

- Solid year of occupancy underpinning a sound result for FY15
- Revenue down 5.1% to \$53.8m
- EBITDA down 18.2% to \$24.8m



Operations

- Average occupancy of 69% for FY15 (FY14: 79%)
- Average room rate of \$153/night for FY15 (FY14: \$145/night)
- Guest satisfaction rating of 85%



Strategy + Outlook

- Volatile short term occupancy levels likely as the Curtis Island LNG projects commission
- Still well positioned over the medium term to capture operational tenancy from the operations and maintenance phases of LNG in Gladstone
- Many key LNG maintenance service providers already customers of the village
- Looking at opportunities to monetise or unlock capital invested in Gladstone village. CBRE appointed to advise on monetisation options, including potential sale and leaseback

Accom. Services Financial Snapshot



| \$m | FY13 | FY14 | FY15 | 14-15 Mvmt (%) |
|-------------------------|-------|-------|-------|----------------|
| Revenue | 37.3 | 56.7 | 53.8 | (5.1%) |
| EBITDA | 16.0 | 30.3 | 24.8 | (18.2%) |
| Maintenance opex | 0.1 | 0.3 | 0.3 | 0.0% |
| Capex ¹ | 69.6 | 4.3 | 0.2 | (95.3%) |
| <u>Margins</u> | | | | |
| EBITDA margin % | 42.9% | 53.4% | 46.1% | (7.3pp) |
| Occupancy % | 92% | 79% | 69% | (10pp) |
| Avg room rate per night | \$131 | \$145 | \$153 | 5.5% |



Outlook

BRIDGE
SPEED
30

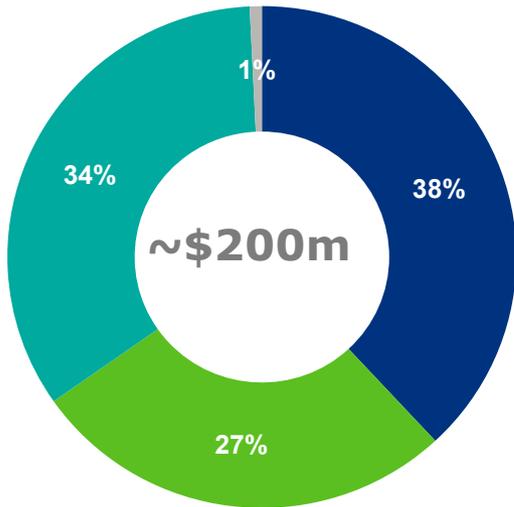


Work-in-Hand and Tender Pipeline



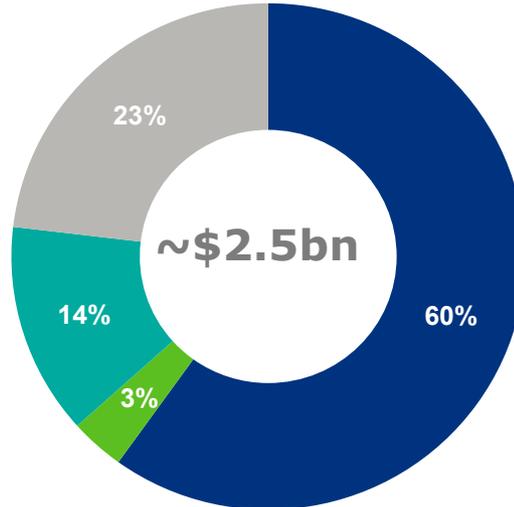
Tender pipeline dominated by Government opportunities – award dates support stronger H2FY16 and FY17

Work-in-hand
(at Jun15)



■ Government ■ Resources ■ Oil & Gas ■ Infrastructure

Tender pipeline
(at Jun15)



Key tenders submitted

| Project | Est. value |
|----------------------------------|------------|
| Defence – construction (WA)* | >\$100m |
| Defence - infrastructure (WA)* | ~\$50m |
| Health - regional hospital (NZ)* | >\$50m |
| Transport - infrastructure (WA) | ~\$50m |
| Fuel infrastructure (QLD) | >\$50m |
| Oil & Gas - civil work (WA) | <\$50m |
| NPI (QLD)* | >\$100m |
| NPI (QLD) | >\$50m |
| NPI (WA)* | <\$50m |
| NPI (QLD) | <\$50m |

* Shortlisted

Outlook C&E



Short Term

- Focus on public infrastructure work, including defence, education, health and transport. Recent successes have been smaller <\$20 million projects – now targeting >\$50m projects and getting shortlisted
- Weak H1 FY16 expected due to a number of large historical resource projects reaching completion in September 2015 – better H2 FY16 expected based on the award timing of Government opportunities in current tender pipeline
- FY16 revenue expected in the \$450m to \$550m range
- The rate of margin compression for construction projects has slowed, but competition and a lack of major new projects may create further pressure
- **Group retains substantial balance sheet strength – no core senior debt, \$59.5m in cash and quality real assets**

Outlook C&E (cont.)



Medium Term

- Medium term outlook promising – focussed on expanded public infrastructure market share and broader services the Group offers to the oil and gas sector
- Geographically build on existing footprint in New Zealand (public infrastructure construction), PNG (move into oil and gas) and LNG projects in South East Asia
- Pursuing opportunities to convert Government construction capability into ongoing facilities management and operational maintenance works
- Building alliances and relationships with global construction and engineering companies to partner as domestic partner on bigger and more complex opportunities
- Grow scale of existing mechanical and electrical capability in the Group to offer fully integrated services to clients
- Grow telecom and operational technology capabilities – use SAS Telecom to gain entry into ongoing NBN work

LNG Train Shutdown Maintenance Profile

The six LNG trains on Curtis Island should commence major shutdown maintenance programs 12 months post commissioning

- First LNG maintenance shutdown expected in the second or third quarter of calendar year 2016
- The typical labour requirement per major shut down is summarised below (indicative numbers per train):
 - 50 staff for one month pre-shut
 - 400 staff for one month during the shut
 - 50 staff for one month post-shut
- Shutdown staffing requirements are largely based on FIFO/DIDO workforce
- Estimate Homeground is capturing ~70% of the landside Gladstone blue-collar FIFO worker accommodation market share



Woodside comparison – Pluto and North West Shelf

Woodside as an operator of North West Shelf and Pluto employees ~1,000 personnel in Karratha – approx. one third is FIFO

During major shutdowns, the workforce peaks at between 1,000 to 2,000 personnel

FIFO personnel are predominantly experienced and specialise maintenance services

Average daily demand for FIFO beds during shutdown period is around 400

The peak daily demand for FIFO beds is around 1,000 for up to three months per year

Workforce numbers are projected to continue for the next ten years based on a regular cycle of LNG train shutdowns

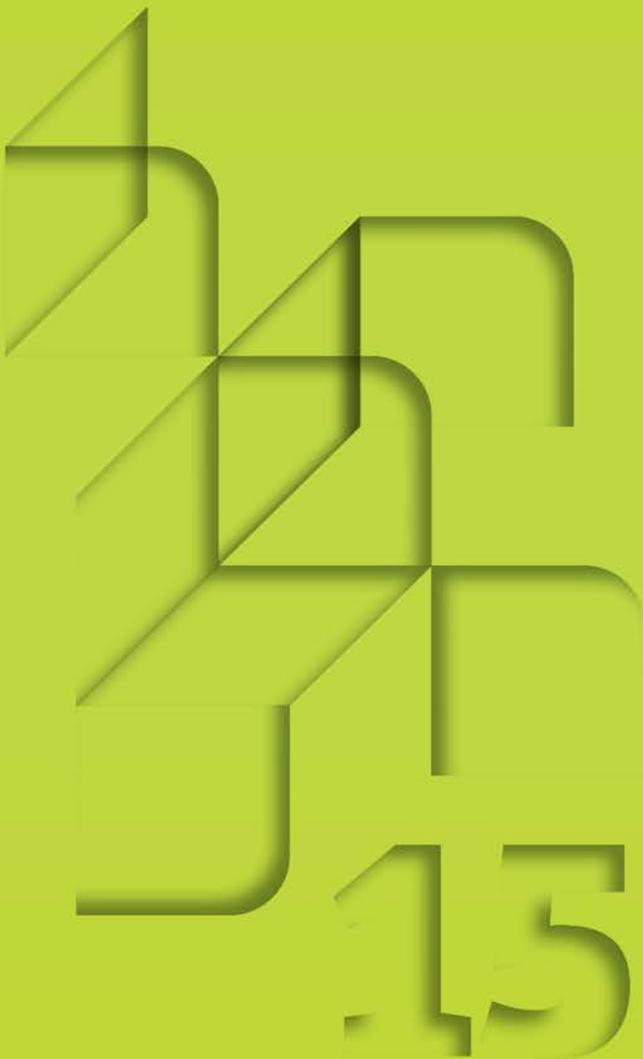
Source: Woodside FIFO submission to Western Australian State Government

Outlook Homeground



Homeground Gladstone

- Weak H1 FY16 expected due to commissioning activity on Curtis Island – better H2 FY16 expected when existing accommodation on Curtis Island is demobilised
- Expect greater consistency in occupancy at Homeground Gladstone in FY17 and beyond once maintenance cycles of the 6 LNG trains on Curtis Island are established
- Restructure of fixed cost base and FM costs should realise ongoing savings of \$1 - 2 m per annum
- Asset remains ungeared with very low break-even occupancy level
- Actively pursuing opportunities to monetise or unlock capital invested in Gladstone village. CBRE appointed to advise on monetisation options, including potential sale and leaseback



Thank You