

ASX / MEDIA ANNOUNCEMENT
26 August 2016

FY16 FINANCIAL RESULTS

- **Revenue of \$300.3m for year ended 30 June 2016**
- **Adjusted EBITDA¹ of \$17.5m and adjusted NPAT¹ of \$10.3m**
- **~30% reduction in core overhead**
- **Final dividend of 2.0c per share**
- **Order book of ~\$300m (~\$200m 30 June 2015)**
- **Revenue for 2017 financial year expected to exceed \$400m**

Decmil Group Limited (ASX: DCG) ("Decmil") has today released its financial results for the financial year ended 30 June 2016.

Decmil has been diversifying its geographic reach and capability for the past three years. The sharp downturn in the resources sector in FY16 saw the Group accelerate into sectors of the construction and engineering markets that offer sustainable opportunities; and through this diversification create a stronger business.

Operations

Key highlights:

- Defence work secured across Australia including fuel infrastructure works, building refurbishment projects and the construction of new infrastructure such as training facilities and explosives hazard areas;
- In the iron ore sector Decmil's project at Roy Hill for Samsung C&T progressed safely and productively towards commissioning, with ongoing maintenance work secured;
- Strong performance on QGC's wellhead installation programme, securing new brownfield maintenance work and new work for Origin Energy in the gas sector;
- Established a presence in New Zealand with public infrastructure projects underway on both the North and South islands;
- Preferred contractor on 2 renewables projects (solar); and
- Exposure to the mineral sector EPC market through the acquisition of Scope Australia with a number of opportunities present in the gold and lithium sectors.

During FY16 the Group made a number of strategic acquisitions which have positioned it to expand its service offerings within growing industry sectors.

1 – Excludes investment property fair value adjustment and other one-off items



On 1 December 2015 the Company announced it had acquired SC Services Pty Ltd. SC Services is a leading national telecommunications services provider which has capabilities in design, installation, commissioning and maintenance of wireless and fixed line infrastructure. The business will provide Decmil with scale and a national presence in the growing telecommunications services market.

On 1 February 2016 the Group acquired 100% of the issued capital of Cut and Fill Pty Ltd, gaining entry into the Victorian and New South Wales transport infrastructure market with the acquisition of an established local contractor.

In the 2016 financial year the construction activity experienced in the Gladstone region abated as current major LNG and port construction projects neared completion and commissioning. This resulted in reduced occupancy levels at Decmil's Homeground Gladstone Accommodation Village during the 2016 financial year and lower levels of revenue and profit than generated in previous financial years.

However, new opportunities have arisen for Homeground Gladstone as the LNG sector in Gladstone moves from the construction to operational and maintenance stages and it is already working with key clients such as ConocoPhillips Australia and Rio Tinto on their long term requirements.

Financial Performance and Position

The 2016 financial year presented a number of challenges to the Group. A number of restructuring activities and one-off costs were incurred in the year including:

- The downward revaluation of the Homeground Gladstone village by a non-cash amount of \$78.1 million;
- Restructuring costs of \$4.0 million arising from redundancy and termination payments;
- The discontinuance of unprofitable parts of the SAS Telecom business;
- \$0.4 million in cost to establish the New Zealand office; and
- A project loss of \$8.0 million on the Hastings project in Victoria, predominantly due to industrial relations and weather-related issues.

The Group financial position remained strong and whilst the Group has access to substantial debt and bonding facilities, it ended the year in a net cash position and with gearing of less than 10%.

Dividend

The Company will pay shareholders a final dividend of 2.0 cents per share, fully franked. The dividend will be paid on 23 September 2016, with a record date of 2 September 2016.



Strategy and Outlook

Decmil's strategy is built on a drive to be an adaptable and diverse construction and engineering business active in a range of markets including defence, public infrastructure, telecommunications and natural resources.

The following are particular areas of focus:

- Continue growing footprint in public sector infrastructure particularly in defence, health and education;
- Continue diversifying the client base of our upstream coal seam gas (CSG) business and achieve the number one position in the market for CSG brownfield work;
- Develop a balanced building and civil business in New Zealand that can deliver greater than \$100m in revenue;
- Grow the Cut & Fill business in Victoria and diversify into the NSW transport infrastructure markets in the 2017 financial year; and
- Through Scope Australia, establish a recognised minerals processing EPC brand in the market.

The positive trends in Federal and State Government infrastructure spending through to 2019 and beyond represent a good opportunity for growth in many parts of the business.

Positive trends in the minerals sector including the key commodities of gold, lithium and potash are also presenting new EPC opportunities for the business.

Decmil Managing Director and Group CEO, Scott Criddle, commented:

"2016 was a year of transformation at Decmil, including a number of "beachhead" acquisitions in new markets that the Group can build and grow. There were also other changes including revised management structures, reducing costs and developing a true national presence across the Australasian region. The business enters the 2017 financial year with a far stronger pipeline of work than we have seen in recent times and established businesses in some of the most buoyant markets in the economy."

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 design, civil engineering and construction; accommodation services; maintenance; and telecommunications. 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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