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 **DECMIL**

FY17

Business Highlights



Vision and Values

Our Values

INTEGRITY

*We are honest in all aspects and treat people with **respect** and **dignity**.*

EXCELLENCE

*We strive to deliver results that **stretch our capabilities**.*

ACCOUNTABILITY

*We take **responsibility and accountability** for our actions and hold others to account.*

TEAMWORK

*We work together and **support each other** to achieve our goals.*

Our Vision

To be the market leader in project delivery, achieving sustainable growth through the quality of our people and the strength of our relationships.

Our Business

Leading national contractor to the Infrastructure, Resources & Renewables sectors

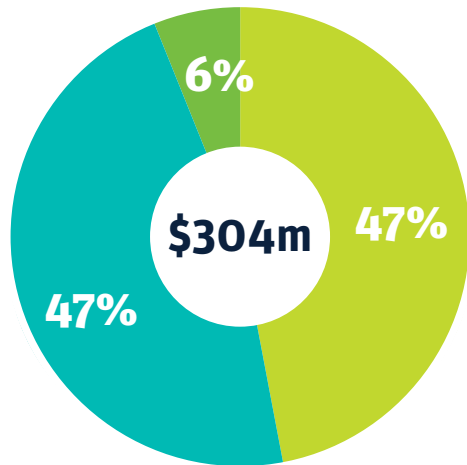
- ▲ Office Locations
- Resources
- Infrastructure
- Renewables



2017

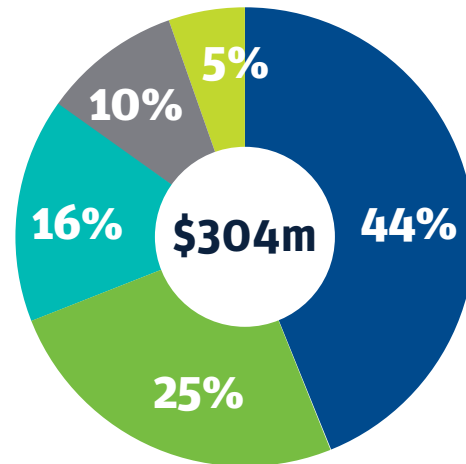
FY17 Highlights

We are active in growing markets



Revenue by Sector

Resources Infrastructure Renewables



Locations

WA QLD VIC NSW NZ



Strong Balance Sheet

\$17M

Net Cash

ZERO

Senior Debt

\$135M

NTA

\$185M

Available Facilities

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FY17 Highlights

New contracts, expanded capability, improving markets



NZ\$60m



BHP
South Flank
Pilbara, Iron Ore

Bonalbo
NSW, Health




NZ Corrections
NZ, Corrections

Rio Silvergrass
Pilbara, Iron Ore



\$40m

Rio Amrun
QLD, Bauxite



\$50m



Gullen
NSW, Renewables



VicRoads
Victoria, Transport

- Resources
- Infrastructure
- Renewables



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What matters to us

Health, safety and environment

The health and safety of every employee is foremost in everything we do. It is a key focus of our Group and is underpinned by our values system.

Key highlights for the 2017 financial year include:

- third party certification through DNV.GL with all registered business units under a single set of certificates
- no regulatory breaches or significant environmental impacts

Over the next 12 months, the Group is focussing on a range of key initiatives which include:

- the continued integration and alignment of all Group businesses under a single, common HSEQ Management System
- continued automation and enhancement of system processes
- implementation of specific systems and continued leadership training programs aimed at all staff and Senior Management of the business



What matters to us

Decmil in the community

Decmil is committed to being a good corporate citizen by taking responsibility for all our social, ethical and environmental actions.

Decmil is proud of the positive contributions it makes to the communities in which it operates. We have a number of corporate sponsorships that we support and we encourage our people to participate in organised charity events. These include:

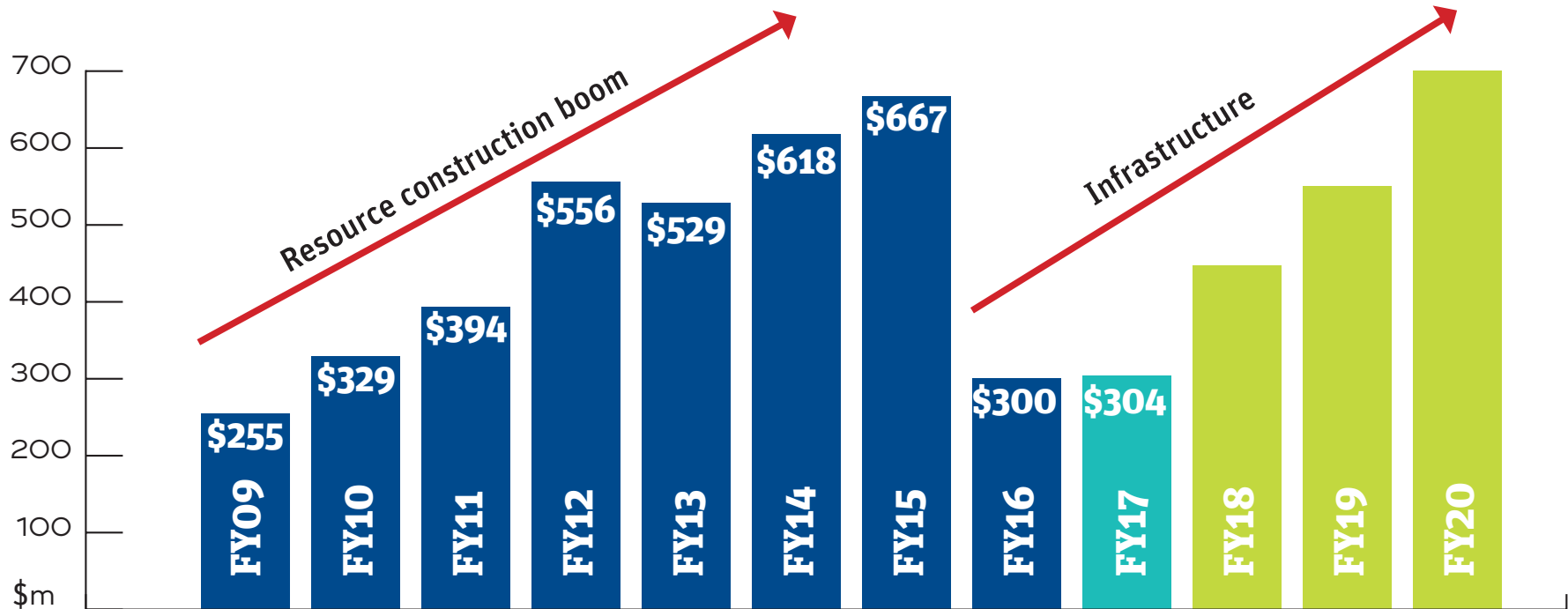
- Starlight Children's Foundation
- beyondblue
- Australia's Biggest Morning Tea
- Daffodil Day
- Pink Ribbon Morning Tea
- World's Greatest Shave
- CEO Sleepout
- Christmas collection for the Smith Family

Decmil also supports staff participation in the HBF Run for a Reason, the Bridge to Brisbane, the MS Walk and Fun Run and the Fidelity Life Corporate Run where employees are able to raise funds for their own nominated charities whilst getting active for the cause.



Our Business Plan

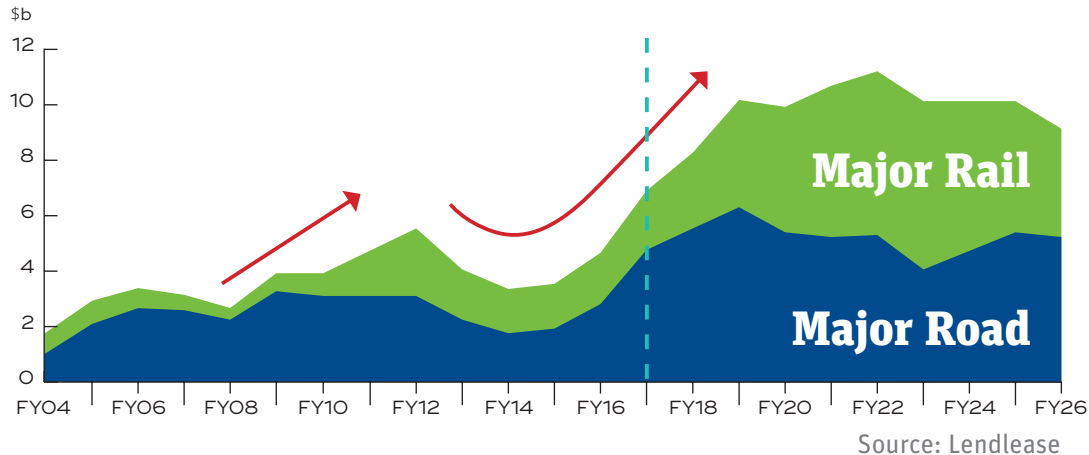
Drive growth from Resources, Infrastructure and Renewables sectors



- Growth in the business from FY10 to FY15 driven by the Iron Ore and LNG construction boom
- Business stabilisation and diversification in FY16 and FY17 – progressive movement into public infrastructure
- Revenue replacement strategy underway with expected revenue growth from FY18 to FY20 due to shift in construction and engineering cycle to public infrastructure
- The key sector growth drivers will be Resources (predominantly WA Iron Ore), Infrastructure (Transport, Defence, Corrections, Education) and Renewables (Solar and Wind)

Growth Sector: Infrastructure

Unprecedented pipeline of transport infrastructure projects on the eastern seaboard



Infrastructure Opportunities

> \$100M

- OSARS PPP with Lend Lease
- M80 Ring Road Upgrade
- Main River Crossing – New Link Road (Echuca/Moama)

> \$50M

- Princes Hwy West – Winchelsea to Colac
- Drysdale Bypass
- South Gippsland Hwy



Kings Road Bridge
Victoria



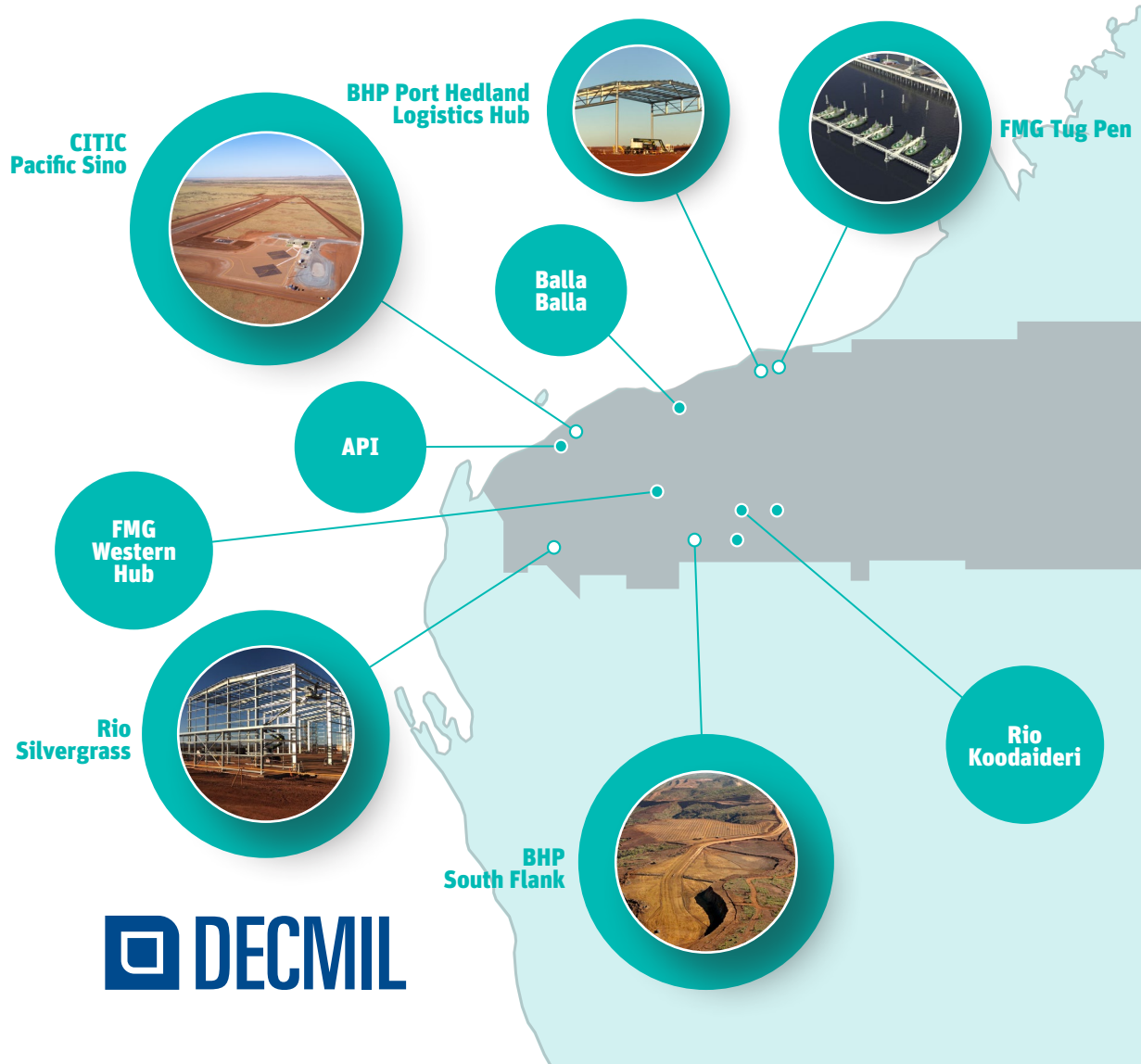
Sheepwash Creek
Victoria



2017

Growth Sector: Resources

WA Iron Ore replacement volume projects and sustaining capital works expected to provide **\$10b+** lift to WA resource construction activity from 2018



Resources
Capabilities

Non process infrastructure

Civil

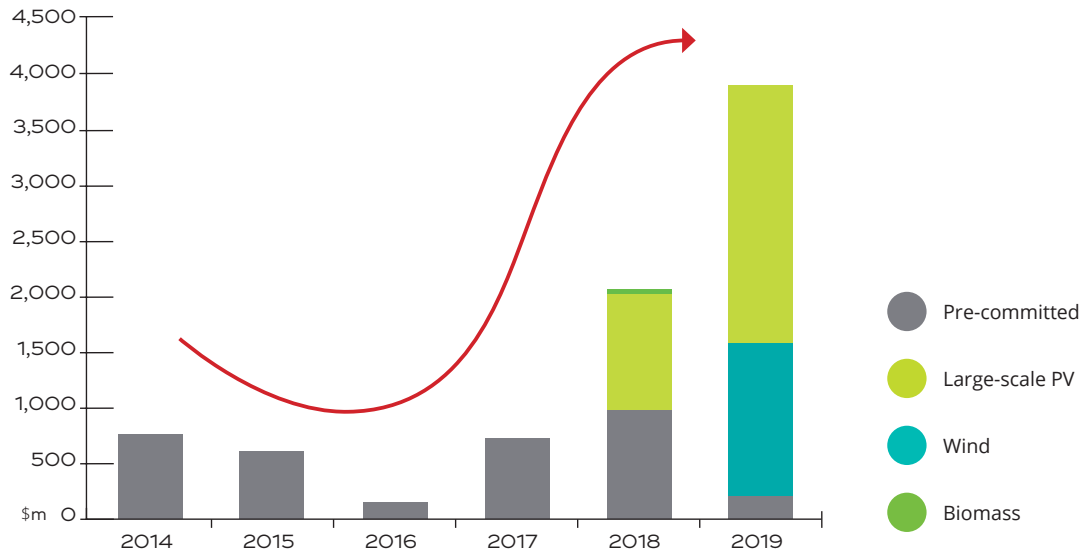
Structural and mechanical

Maintenance

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Growth Sector: Renewables

Decmil is well positioned for the significant capital spend in connection with large-scale solar forecast to occur



Source: Bloomberg New Energy Finance

Western Power Perenjori
WA, Renewables



Renewables Capabilities

State-based energy targets

- VIC: 25% by 2020 and 40% by 2025
- QLD: 50% by 2030
- SA: 50% by 2025
- NSW: 20% by 2020

State-based energy reverse auctions

- QLD: 400MW of projects
- VIC: 650MW of project

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New Markets

As market-leaders in complex, multi-disciplinary project delivery, we are continually delivering integrated construction and engineering solutions for clients across Australasia.

FMG Tug Pen Marine



NZ Corrections Corrections



Western Power Perenjori Renewable Storage



Bonalbo Health



QR Mayne Rail



As market-leaders in complex, multi-disciplinary project delivery, we are continually delivering integrated construction and engineering solutions for clients across Australasia.

Gullen Solar



NZ Schools Education



CITIC Pacific Sino Aviation



- Resources
- Infrastructure
- Renewables



2017

Operational Efficiency

We continue to become more efficient

- Simplified executive management structure
- Creation of uniform national construction and engineering business unit:
 - Cut & Fill integrating into Decmil in H1FY18 to create stronger and larger business unit
- Divestment of surplus or non-core assets:
 - Perth office building divested in FY17 for \$27.5m in a tough market
 - Continue to review performance of non-core assets and business units
- Sharp reduction in corporate administrative overhead level over FY16 and FY17 with full benefit to be realised by H2FY18:
 - On track to achieve sub \$25m Group cash overhead run rate by start of H2FY18 (\$44m in FY15)
- Various new technologies being rolled out across the business:
 - Greater use of technology and analytical tools as a business driver



Summary

Improvement in market conditions across a number of sectors

- Sustaining capital works and replacement volume projects starting to activate in the WA Iron Ore sector
- High levels of activity in the Transport sector in Victoria where the Group is actively pursuing new road and bridge projects as both head contractor and in joint ventures
- Larger project opportunities in the Defence sector
- Further opportunity in new sectors such as Corrections
- Actively bidding a number of solar PV projects as an EPC and wind projects as a balance of plant contractor
- Currently over \$300m of contracted and visible work in hand for FY18
- Either shortlisted or a preferred contractor on a number of larger design and construct contracts that will likely contribute to revenue from H2FY18



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