

ASX / MEDIA ANNOUNCEMENT  
26 July 2021

## DECMIL SECURES \$30M TO FUND GROWTH SPP TO RAISE A FURTHER \$2M

- Decmil's growth strategy on track with \$500m+ revenue expected in FY22 and \$570m work in hand (contracted and preferred), reflecting a larger group of awarded contracts and potential contract awards emerging in FY22
- Successful capital raising provides growth working capital and balance sheet capacity to fund the commencement of a number of new contracts
- Financing comprises a \$20m debt facility and a \$10m equity placement
- Share Purchase Plan will also be undertaken to raise a further \$2m
- Funding mix minimises equity dilution whilst maintaining healthy balance sheet

Decmil Group Limited (ASX: DCG) ("Decmil" or "Company") is pleased to announce that in response to a suite of awarded contracts and potential contract awards, it has agreed a \$20m debt financing and \$10m equity placement to fund its growth working capital requirements.

The funds raised will be used to successfully progress Decmil's growth strategy in FY22 and beyond, in tandem with reducing reliance on the National Australia Bank overdraft facility (recently extended to July 2023) and the Company's surety bonding facilities.

COVID-19 related delays have shifted the estimated award of several major tenders from FY21 into FY22. Contracts which were originally scheduled to be awarded in FY22, remain on track.

As the award and commencement of work on a significant number of contracts Decmil has tendered for may occur in the next 12 months, Decmil has sought to enhance its cash position to fund mobilisation and bonding. These contracts would add to Decmil's existing order book of \$570 million (contracted and preferred) into FY23. Some 70% of this work in hand is with Government clients.

Decmil CEO Dickie Dique said the hybrid raising will minimise equity dilution while ensuring a healthy balance sheet.

"Crucially, this injection of funds is to drive growth," Mr Dique said.

"The Board has decided that pursuing this hybrid financing strategy is the best option available to attract the necessary funds for this proactive initiative, on terms favourable to the Company. We are delighted with the support of the capital raising with several new Australian and offshore institutional investors introduced to the share register.

On behalf of the Board, I would like to thank our existing shareholders for their ongoing support with all eligible shareholders on the record date provided the opportunity to participate in the share purchase plan on the same terms as the placement".

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## Debt Facility

The debt facility comprises a \$20 million Subordinated Debt Facility with attaching warrants, with PURE Asset Management ("PURE") contributing \$15 million and Horley Pty Ltd ("Horley") (controlled by the Franco Group) the remaining \$5 million ("Debt Facility").

PURE specialises in providing 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.

The Debt Facility has a 3.5-year term, with the option of voluntary prepayment subject to early repayment premiums, and a coupon rate of 11%. The Debt Facility is a secured 2<sup>nd</sup> ranking secured general security charge over the Company's assets.

The Debt Facility terms include a lump sum payment at the end of the term, with attaching warrants for 30.8 million shares at an exercise price of \$0.65 (subject to adjustment should Decmil issue shares beyond its 15% placement capacity in any 12-month period), with a five-year term ("Warrants"). The issue of the Warrants will be subject to shareholder approval which will be sought at a general meeting expected to be held on or about 30 August 2021 ("EGM"). If shareholder approval is not obtained, the Company will be required to pay PURE and Horley the full economic value of the Warrants.

The Debt Facility is subject to customary conditions precedent including completion of first tranche of the \$10 million Placement with the second tranche of the Placement being a condition subsequent.

PURE Director Nick Berry said "We're very pleased to be supporting a Company, Board and Executive Team of the calibre of Decmil. The overhaul of contract management, targeted work type, key personnel and now, funding, positions Decmil well to capitalise on unprecedented infrastructure investment."

## Equity Raising

Decmil has received firm commitments from several high quality domestic and international professional and institutional investors, to raise approximately \$10 million ("Placement"). The Placement was strongly supported by Decmil's existing shareholders and comprises the issue of 25 million shares at an offer price of \$0.40 per new share. The offer price represents a 7.0% discount to Decmil's last closing price on 21 July 2021, and an 8.6% discount to the 5-day VWAP.

Participants in the Placement will also receive one option for every two shares subscribed for and issued ("Placement Option"), which will be issued subject to shareholder approval at the EGM. The Placement Options will be exercisable at \$0.48 each and have a two-year term.

The Placement will encompass two tranches. The first tranche of 19,310,639 shares is to be issued pursuant to the Company's 15% placement capacity under ASX Listing Rule 7.1 to raise approximately \$7.7 million. The second tranche of 5,689,361 shares to raise \$2.3 million is conditional upon shareholder approval at the EGM.

The second tranche will include the participation by Company Directors of \$750,000.

Settlement of the Placement is conditional on satisfaction of the Debt Facility conditions precedent (other than settlement of the Placement) and the Debt Facility otherwise remaining in good standing.

Euroz Hartleys Limited and Petra Capital are the joint lead managers and bookrunners for the Placement.



## Share Purchase Plan

Decmil is pleased to offer all existing eligible shareholders on the Company's share register at 7.00pm AEST on 23 July 2021, with registered addresses in Australia or New Zealand, the opportunity to apply for new shares by participating in a share purchase plan ("SPP") to raise up to \$2 million. Participation in the SPP is optional.

The SPP will provide each eligible shareholder with the opportunity to apply for up to \$30,000 worth of new shares at the same issue price as under the Placement, namely \$0.40 per new share. Subject to shareholder approval, eligible shareholders will also receive 1 free attaching option for every two shares subscribed for and issued under the SPP ("SPP Options"). The SPP Options will be issued on the same terms as the Placement Options. Shareholders will not pay brokerage or transaction costs under the SPP.

Decmil is targeting to raise up to \$2 million (before costs) through the SPP. The SPP may also be subject to a scale back of applications at the discretion of the Company. Any shortfall in take up of the SPP may be placed at the discretion of the Company in consultation with the joint lead managers.

The funds raised under the SPP will be used for the same purposes as under the Placement. The new shares issued under the SPP will rank equally with existing Decmil fully paid ordinary shares on issue.

The SPP offer document containing further details of the SPP offer will be released to ASX separately and is expected to be despatched on 3 August 2021, being the date on which the SPP offer will open.

The proposed timetable for the SPP offer is set out below however the company reserves the right to vary the dates and times without notice.

## Indicative Timetable

An indicative timetable for the Placement and the SPP is set out below.

Event	Date
SPP record date (7.00pm AEST)	23 Jul 2021
Announcement of SPP offer	26 July 2021
Settlement of Tranche 1 Placement	30 July 2021
Issue of new shares under the Tranche 1 Placement Lodgement of Appendix 2A with ASX	2 August 2021
Dispatch SPP offer documents and personalised application forms to shareholders Lodgement of Appendix 3B with ASX SPP Offer opens	3 August 2021
SPP closing date (5.00pm AEST)	30 August 2021
Announcement of SPP results	2 September 2021
General Meeting	30 August 2021
Settlement of Tranche 2 Placement Issue of new shares under the SPP Lodgement of Appendix 2A with ASX	3 September 2021 (before noon)
Issue of new shares under Tranche 2 Placement and Placement of Options Dispatch of holding statements and normal trading of new shares issued under Tranche 2 Placement and SPP Issue of Warrants, SPP Options and Placement Options Lodgement of Appendix 3G with ASX	6 September 2021

*\* The above dates are indicative only and may change without notice. The Company reserves the right to extend the Closing Date or close the SPP early without notice.*

*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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