

DECMIL GROUP LIMITED

FULL YEAR RESULTS

2021

Together, we're the difference.

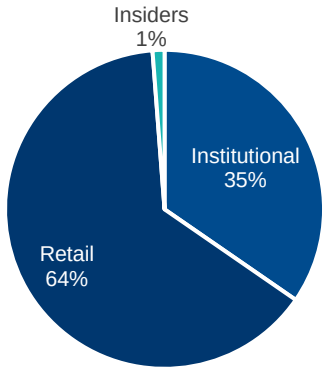
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Corporate Snapshot

Capital structure		
Shares[1]	M	148
Performance rights and options[1, 2]	M	6.5
Share price[1]	A$	0.355
Market capitalisation[1]	A$M	52.6
Cash[3]	A$M	9.7
Debt[3]	A$M	17.8

Board & Management	
Andrew Barclay	Chairman (July 2020)
Dickie Dique	Managing Director & CEO (May 2020)
Peter Thomas	Director (July 2020)
Vin Vassallo	Non-Executive Director (June 2021)
David Steele	Non-Executive Director (June 2021)
Alex Hall	Chief Financial Officer
Damian Kelliher	Chief Commercial Officer
Lance van Drunick	General Manager
Ian Hobson	Company Secretary

Shareholder Distribution[3]



Substantial Shareholders[3]

Thorney	18.3%
Franco	7.4%
IFM	6.2%

Historical Share Price



[1] *As at 18 August 2021, before Tranche 2 and Share Purchase Plan of August 2021 capital raise*
[2] *Excludes options (12.5 million) and warrants (30.8 million) which form part of the August 2021 capital raise or subordinated debt subject to shareholder approval at a general meeting to be held on 30 August 2021*
[3] *As at 30 June 2021*

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Board of Directors



Andrew Barclay – Chairman

Andrew was appointed as Chairman of Decmil in July 2020. Andrew is a former partner of the Perth office of Mallesons Stephen Jacques (now King and Wood Mallesons) with over 30 years experience in major projects, mining, banking and finance and insolvency matters. In private practice Andrew was involved in significant Western Australian infrastructure and mining projects, and major Western Australian corporate insolvencies. More recently Andrew has acted as in-house counsel of Fortescue Metals Group Ltd and Roy Hill Holdings Ltd.



Dickie Dique – MD and CEO

Dickie was appointed as Managing Director and Chief Executive Officer in May 2020. Prior to this, Dickie held the position of Executive General Manager, overseeing our Western and Northern Regions. Dickie has 25 years' experience in senior executive and management roles in construction businesses and is a respected leader in the Western Australian construction industry. A registered builder in a number of states in Australia, Dickie's experience covers the commercial, civil, residential, mining and modular sectors.



Peter Thomas – Director

Peter was appointed as a Director in July 2020. and previously held the position of Chief Financial Officer between February 2020 and April 2021. He is an experienced executive in the construction and resources industry with a proven track record in delivering large construction projects, and leading commercial, financial and corporate affairs. Peter's experience in the last decade includes CFO, CEO and Project Director roles with Fortescue Metals Group, Adani and Balla Balla Infrastructure (part of the New Zealand Todd Group).



Vin Vassallo – NED

Vin was appointed as a Non-Executive Director in June 2021. Vin has over 25 years of experience in the Australian infrastructure sector, including 14 years at Transurban. Vin has previously been Executive Regional Manager for Abigroup Contractors, an Australian infrastructure contractor. Most recently, Vin had the role of Group Executive of Development at Transurban. Vin is also an Executive Director at Olla Advisory and holds a Bachelor of Engineering, specialising in civil engineering.



David Steele – NED

David was appointed as a Non-Executive Director in June 2021. David has over 35 years experience in the resources, energy and infrastructure sectors globally, having been with Worley for 17 years. David has worked in Queensland, WA and overseas. He has served as the Regional Managing Director of Asia and the Middle East, and then as Group Managing Director based in Houston, USA. He holds a Bachelor of Engineering, specialising in electrical engineering.

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Summary of Results and Outlook



Financial	▪ Normalised revenue of $313 million[1] ▪ Normalised EBITDA of $7.6 million[1] ▪ Net cash flow from operations $2.7 million, before repaying $24 million to surety bond providers ▪ $20 million subordinated debt financing + $10 million[2] equity raise in July 2021 to bolster balance sheet
Operations	▪ Exceptional safety performance with no lost time injuries for the period and a total recordable injury frequency rate of 0.9 ▪ Awarded $350 million of new contracts during the year increasing our order book to ~$570 million[3], extending into FY24 ▪ Approved by Major Road Projects Victoria as P3 Panelist ($25 to $150 million projects) under the new Program Delivery Approach (PDA) model recognising Decmil's capability, capacity, past performance and ability to deliver value-for-money solutions
Outlook	▪ Focus on core business, project delivery and maintaining strong client relationships ▪ Secured work for FY22 of ~$400 million[3] ▪ Continued significant public sector infrastructure spend by State and Federal Government ▪ Buoyant commodity prices creating opportunity within the resources market ▪ Strong pipeline of project opportunities in core competency areas

1. *Before a $9.7 million write-down of a contract position from a legacy dispute*
2. *Subject to shareholder approval at a general meeting to be held on 30 August 2021*
3. *As at 30 June 2021, contracted and preferred*

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Operational Overview

We continue to focus on expanding our business within the four core market sectors that we operate in.



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New Project Awards



Gippsland Line Upgrade
Client: Rail Projects Victoria
Location: Gippsland, VIC
Value: $300 million
(Decmil share $120 million)



Albany Ring Road Phase 1
Client: Main Roads WA
Location: Albany, WA
Value: $55 million



Great Eastern Highway Wooroloo Realignment
Client: Main Roads WA
Location: Wooroloo, WA
Value: $8 million



Crookwell Wind Farm
Client: GPG
Location: NSW
Value: $21 million



Mesa A and Mesa J NPI Works
Client: Rio Tinto
Location: Pilbara, WA
Value: $39 million



Ryan Corner Wind Farm
Client: GPG
Location: VIC
Value: $51 million



Bruce Highway Gin Gin to Benaraby
Client: Department of Transport and Main Roads
Location: Gin Gin, QLD
Value: $25 million

QGC Accommodation
Client: QGC
Location: QLD

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Project Completions



Yandin and Warradarge Wind Farms – Balance of Plant	Client: Location: Value:	Vestas WA $151 million
Warrego Highway Upgrade	Client: Location: Value:	Queensland Department of Transport and Main Roads (DTMR) QLD $20 million
Bruce Highway – Calliope to Mt Alma Safety Works	Client: Location: Value:	Queensland Department of Transport and Main Roads (DTMR) QLD $13 million
QR Mayne Brisbane Depot	Client: Location: Value:	Queensland Rail QLD $5 million
Carmichael Rail Network	Client: Location: Value:	Carmichael Rail Network QLD $41 million
Reid Highway Widening	Client: Location: Value:	Main Roads WA WA $47 million
SRB014 Crossings	Client: Location: Value:	Department of Environment, Land, Water and Planning (DELWP) VIC $8 million



Yandin Wind Farm, WA



Reid Highway Widening, WA

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Financial Overview



Building Australia's future, together.

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Revenue & Earnings

$ in millions	Reported FY21	Adjustment[1] FY21	Normalised FY21	Reported FY20
Continuing Operations				
Revenue	303.7	9.7	**313.4**	451.3
Gross profit	24.3	9.7	**34.0**	(1.1)
Overheads	(26.4)	-	**(26.4)**	(41.2)
EBITDA	(2.1)	9.7	**7.6**	(42.3)
Depreciation	(5.0)	-	**(5.0)**	(5.7)
Impairment	-	-	**-**	(35.8)
EBIT	(7.1)	9.7	**2.6**	(83.8)
Interest	(4.4)	-	**(4.4)**	(3.4)
Profit before tax	(11.5)	9.7	**(1.8)**	(87.2)
Net profit after tax	(11.5)	9.7	**(1.8)**	(95.7)

- Normalised revenue down $138 million or 31% compared to pcp due to reduced order book at the commencement of the reporting period
- Improved normalised gross margin of 10.8%
- Positive normalised EBITDA generation of $7.6m despite reduced level of activity
- Overheads of $26.4 million reduced from $41.2 million in the prior year due to successful restructure in early 2020

1. Adjustment relates to a write-down of a contract position from a legacy dispute

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Balance Sheet

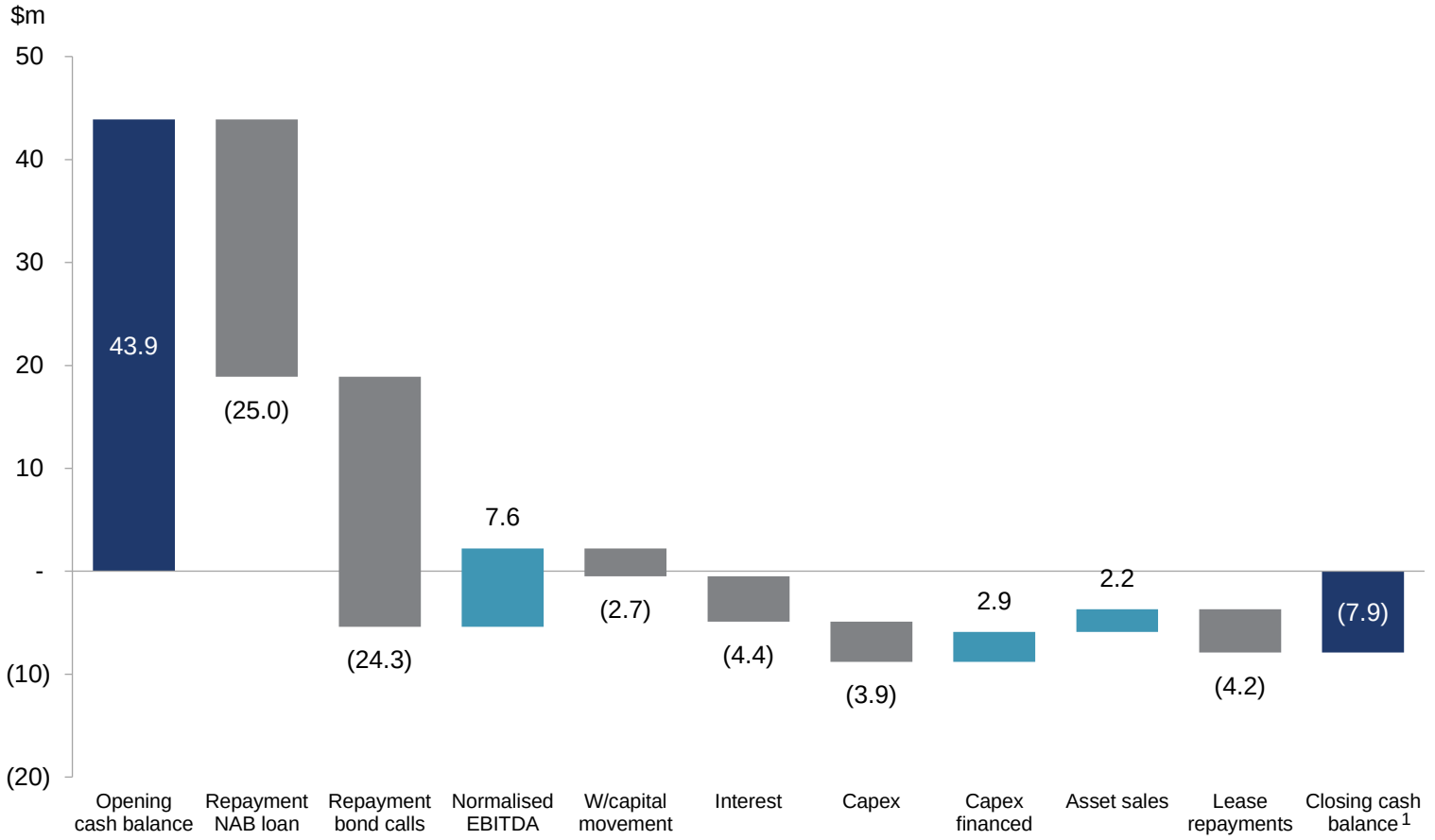
$ in millions	Jun'20 Actual	Jun'21 Actual	Jun'21 Pro-forma
Cash	43.9	9.7	22.1
Receivables	36.8	24.9	24.9
Contract assets	18.8	27.4	27.4
Asset held for sale	56.6	56.7	56.7
Other	4.5	3.3	3.3
Current Assets	**160.6**	**122.0**	**134.4**
PPE	8.9	8.6	8.6
Right-of-use assets	16.1	13.7	13.7
Deferred tax assets	22.6	22.2	22.2
Goodwill	75.5	75.5	75.5
Non-Current Assets	**123.1**	**120.0**	**120.0**
Total Assets	**283.7**	**242.0**	**254.4**
Payables	54.0	50.5	50.5
Contract liabilities	18.8	14.8	14.8
Borrowings	25.2	0.2	0.2
Lease liabilities	3.5	4.4	4.4
Provisions	23.5	4.8	4.8
Current Liabilities	**125.0**	**74.7**	**74.7**
Non-current payables	-	4.7	4.7
Borrowings	-	17.6	20.0
Lease liabilities	17.7	15.7	15.7
Provisions	0.2	0.2	0.2
Non-Current Liabilities	**17.9**	**38.2**	**40.6**
Total Liabilities	**142.9**	**112.9**	**115.3**
Net Assets	**140.8**	**129.1**	**139.1**

- 30 June 2021 Cash at bank of $9.7m[1]; NAB overdraft drawn to $17.6m
- NAB $40 million multi-option facility recently extended to 31 July 2023
- Pro-forma 30 June 2021 balance sheet comprises subordinated debt funding and capital raise as announced in the "Update and Capital Raising" presentation on 19 August 2021:
  - $20 million subordinated debt[2]
  - $10 million equity raising[3]
- Tax shield of ~$40 million (c. $135 million available tax losses)
- Franking credit balance $55 million
- Sale process continuing for Homeground Gladstone accommodation village

1. Includes $4.2m restricted cash held by joint ventures or in trust accounts and $5.1m held in term deposit
2. Excludes lender, broker and legal fees
3. Excludes costs of the equity raise

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Cash Flows



1. Net of bank overdraft of $17.6 million

- NAB term loan of $25 million repaid in December 2020
- $24.3 million of called surety bond repayments for the Sunraysia and RDP projects
  - $3.1 million bond calls outstanding at 30 June 2021, repaid in August 2021
- Working capital movement relates to costs paid of resolving the RDP contract dispute
  - aided by $13 million of advanced contract payments received for projects commenced in FY21 – expected to unwind in FY22
- Interest costs paid for use of NAB overdraft, leases and refinancing costs with the bank and the surety providers

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Outlook

We seek and value strategic alliances, both internally and externally.



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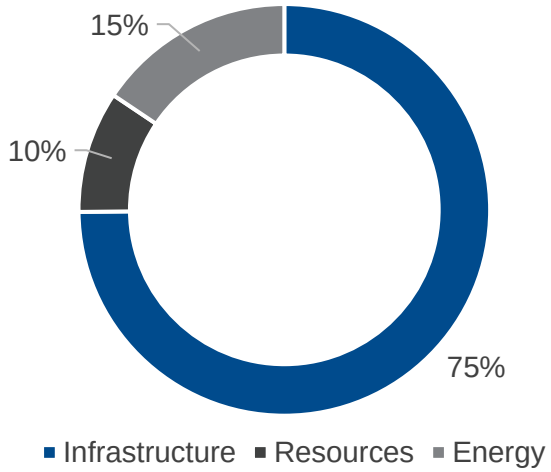
Work In Hand & Pipeline

Revenue driven by government infrastructure spend, a strong mining cycle and structural growth.

Work In Hand by Sector

- ~$570[1] million work in hand contracted and preferred to FY24
- $315 million contracted and $85 million preferred for FY22
- 70% of work in hand with Governments

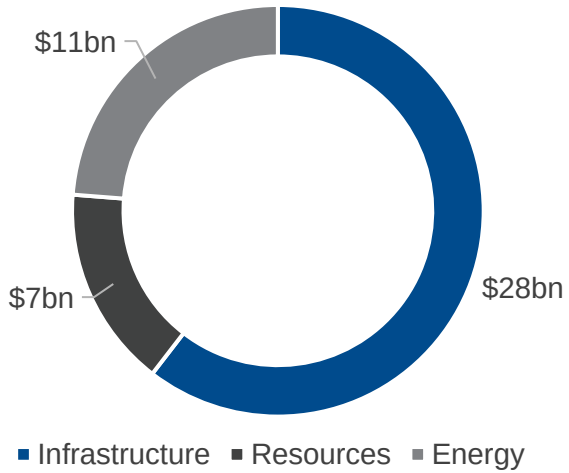
Activity mix by Decmil target sectors FY22:



Pipeline by Sector

- Infrastructure spend underpinned by government stimulus for the post-COVID recovery
- Significant energy projects announced as the country moves towards a decarbonised economy
- Resources opex and capex supported by high commodity prices

Announced project pipeline in WA, QLD & VIC by sector[2]:



1. *As at 30 June 2021*

2. *Source: Infrastructure Partnerships Australia, 2021 & GlobalData, 2021. Total project values presented – not all projects will be tendered by Decmil.*

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Update On Sunraysia

Decmil has isolated and quantified problem contracts – these are now within formal processes.

Sunraysia Solar Farm – Head Contract	▪ R1 connection registration granted in December 2020; Solar farm is in commissioning phase (currently Hold point 3 stage testing – being the final stage) ▪ Dispute concerns claims for extensions of time, variations, payment of liquidated damages, return and reinstatement of security and claims concerning alleged defects; Decmil claims the deduction of liquidated damages, recourse to security and set-off is wrongful ▪ Arbitration proceedings progressed, with a current stay of proceedings, pending substantial completion of works by 30-Nov-21 ▪ FY21 statutory earnings effected by a reduction to the accounting contract position by $9.7 million
Sunraysia Solar Farm – Supply Contract	▪ Decmil appointed Schneider under a Supply Contract to supply invertors necessary for the performance of the works under the Head Contract ▪ Insofar it is determined that the invertors supplied are defective (and therefore a concurrent delay) then Decmil will claim the loss suffered, as a result of loss attributable to Schneider, under the Supply Contract ▪ Arbitration proceedings underway ▪ Range of outcomes depends on head contract dispute but is incorporated into ranges above

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Accreditations and Strategic Partnerships

Maximising opportunities to secure future works.

R5 / B4 / F150+ accreditation maintained which allows Decmil to bid on all significant Australian Government road and bridge contracts



Approved by Major Road Projects Victoria as P3 Panelist ($25 to $150 million projects) under the new Program Delivery Approach model recognising Decmil's capability, capacity, past performance and ability to deliver value-for-money solutions

Approved by Main Roads Western Australia (MRWA) to be a member of the State-Wide Construction Road Panel allowing Decmil to participate into MRWA's ongoing maintenance and upgrade programs

Prequalification received under the Western Australian Department of Finance's Prequalification Scheme for Level 5 complex structures up to $50 million



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