



Delta SBD FY17 Half Year Results Presentation

February 2017



Neville McAlary – Managing Director and CEO

First Half FY 2017 Summary



- Strong safe performance: Best practice Safety Result Achieved
- Revenue of \$31.1 million (vs \$35.7 million for 1H FY 2016)
- Loss after tax of \$1.74 million (vs \$0.5 million profit for 1H FY 2016)
- 1H performance impacts
 - Slow production ramp-up at Wongawilli mine
 - Industrial action at Illawarra mine

Both issues now resolved and reset for positive 2H FY 2017
- 2H FY 2017 significantly enhanced workbook, combined with increased activity in the sector driving confidence
- Continuing to diversify client base and include Blue Chip Mining Houses

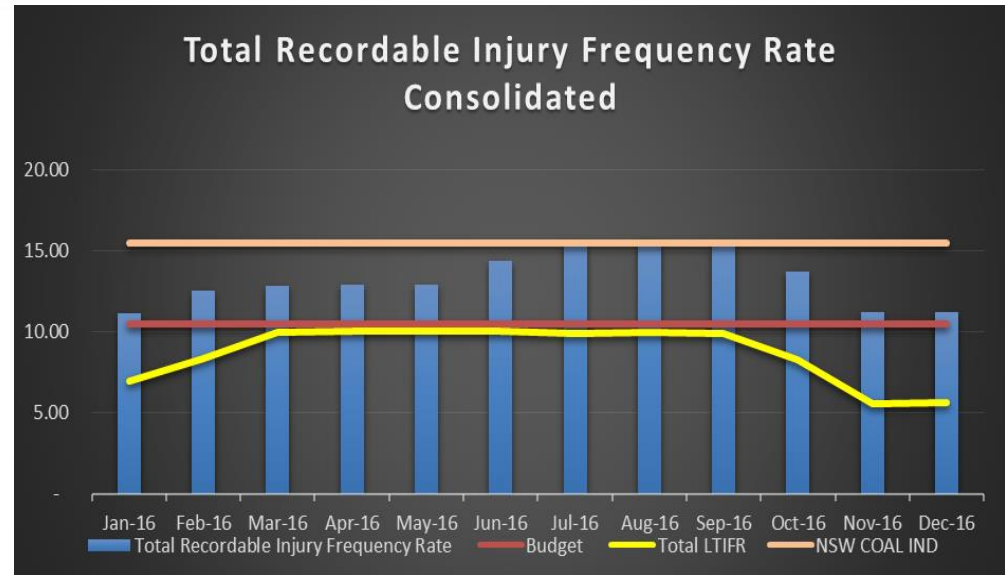
Safety Performance



Best Practise Safety Results

- 110 Days Recordable Incident Free at end reporting period
- Several Targeted Audits at Wongawilli mine with no major or significant incidents noted
- On track to achieving FY TRIFR 10.5*
- Maintaining focus on use of proactive risk management tools
- Risk Safety Committee involved in UG inspection at Wongawilli mine

* Based on 1,000,000 hours



1H FY2017 Financial Summary



	December 2016 \$'000	December 2015 \$'000	Up/down	Movement %
Statutory				
Revenue from ordinary activities	31,136	35,708	Down	(13%)
EBITDA	(1,874)	1,751	Down	(207%)
Profit/(loss) from ordinary activities after tax (including significant items)	(1,743)	506	Down	(444%)
Underlying				
Revenue from ordinary activities	31,136	35,574	Down	(12%)
EBITDA	(1,874)	2,392	Down	(178%)
Underlying profit/(loss) from ordinary activities after tax (including significant items)	(1,743)	1,147	Down	(252%)

- Operational issues that resulted in Loss and Lower Revenue for the 1H FY2017 are now resolved
- Positioned for strong 2H FY 2017

Balance Sheet & Cashflow



Balance Sheet	1H FY17	1H FY16
Cash (\$m)	0.69	1.58
Total Assets (\$m) (excluding intangible assets)	30.46	34.86
Total Shareholder funds (\$m) (excluding intangible assets)	17.17	17.62
Net Debt (\$m)	4.46*	4.56
Net Debt to Equity	30%	26%

Cashflow	1H FY17	1H FY16
Operating activities (\$m)	(2.82)	(1.39)
Investing activities (\$m)	(0.58)	(0.90)
Financing activities (\$m)	1.08	0.76
Net (decrease)/increase in cash (\$m)	(2.32)	(1.54)
Cash at beginning of year (\$m)	3.02	3.12
Closing cash (\$m)	0.70	1.58

* Interest bearing debt and includes \$3.5 associated with invoice debt facilities

Current Works – As at Dec 2017



- **South32's Appin mine**
 - o Roadway development
 - o Secondary support and out-bye services
 - o Longwall support services
 - o Project works for conveyor belt installations and ventilation
 - o Provision of supplementary mine labour
- **Wollongong Coal**
 - o Whole of Mine Operations - Production of Premium Hard Coking Coal
- **Glencore's Integra mine**
 - o Supply of production and maintenance workforce for underground mine operational readiness
- **Peabody's Metropolitan mine**
 - o Secondary support and mine services
 - o Coal mine waste backfill plant operation
 - o Longwall relocation support
- **Peabody's North Goonyella mine**
 - o Longwall relocation support services
 - o Secondary support installation
- **Longwall relocations support and services**
 - o Glencore - Ulan West, Ulan #3 and South Blakefield mines
 - o Whitehaven - Narrabri mine
 - o Peabody - Wambo and Metropolitan mines
- **Development assistance at Whitehaven's Narrabri mine**
- **Mine sealing and care and maintenance activities continued at Boral's Berrima Mine**
- **Supply of underground approved diesel equipment continues within the above works**

2H FY2017 Outlook



Forward Looking Statement



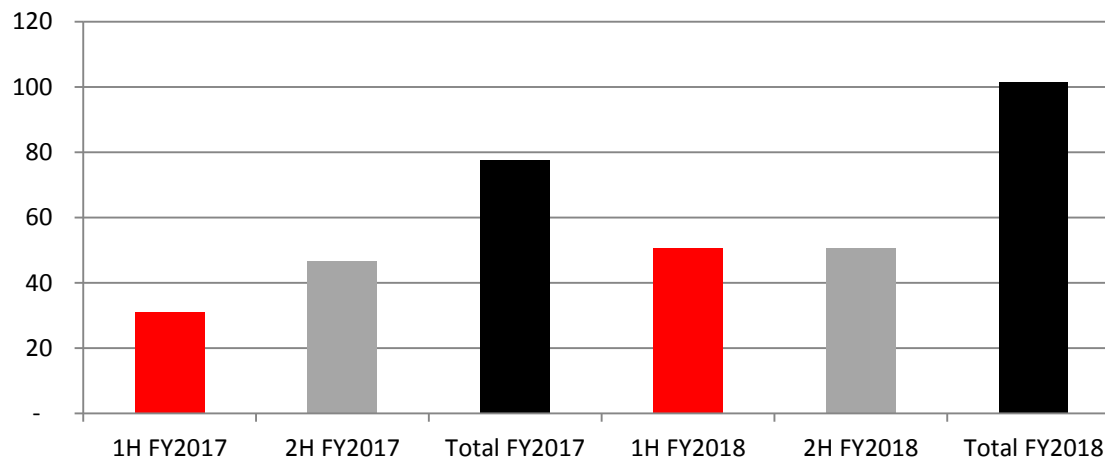
Momentum building for strong second half performance

- Workbook set to increase over the next two years underpinned by contracts secured with major mining organisations. Combined with improved production rates at the Wongawilli Mine and a more buoyant outlook in the coal sector, this positions the Group well for the future.
- Delta SBD has successfully secured a number of new contracts that significantly increase the Group's workbook, including:
 1. Contract at Glencore's Integra mine in the Hunter Valley that will increase the Group's workbook by \$21 million per annum for a two year period;
 2. New works in the Bowen Basin in Queensland, and is investigating options for increased project scope at the Wongawilli Mine;
 3. The Company has also retained a number of significant contracts at Illawarra mines.

The current and new works under contract will result in a work force of 550 FTE which is a reflection of the strengthening order book of \$46 million for 2H FY2017 and a further \$102 million for FY2018.

“The Directors are confident that this improved order book position, combined with increased activity in the sector, will result in a return to profitability for the six month period ending 30 June 2017”.

DSB Revenue Outlook A\$ million



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