



DECMIL GROUP LIMITED

HALF YEAR RESULTS

31 December 2021

Together, we're the difference.

Corporate Snapshot



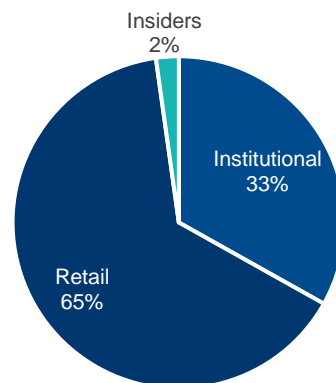
Capital structure

Shares ¹	M	155
Performance rights, options and warrants ^{1,2}	M	50.2
Share price ¹	A\$	0.295
Market capitalisation ¹	A\$M	45.8
Cash ³	A\$M	12.9
Debt ³	A\$M	22.7

Board & Management

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

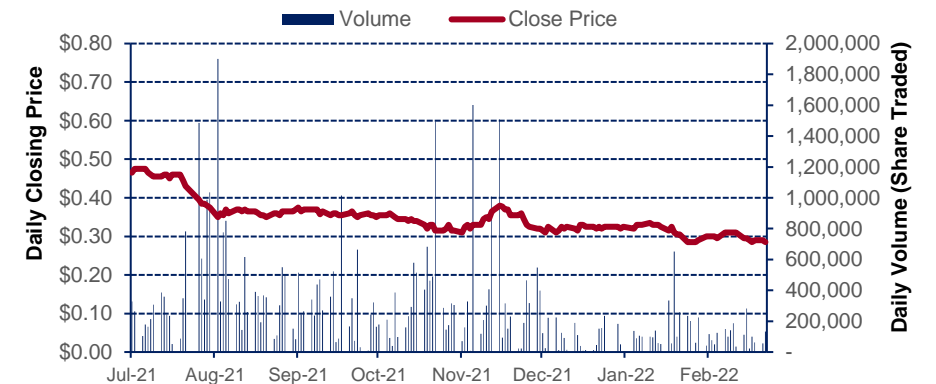
Shareholder Distribution³



Substantial Shareholders³

TIGA Trading	19.9%
Franco	7.7%
Mitsubishi UFJ	3.4%

Historical Share Price



¹ As at 23 February 2022

² Warrants shown as converted amount

³ As at 31 December 2021

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 – NED

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.

Summary of Results and Outlook



Financial

- Revenue of \$226.5 million
- EBITDA of \$1.5 million
 - Margins impacted by several factors related to COVID-19 restrictions and the decision to incur a provision of \$3.4 million with respect to a legal contractual dispute
- Cash on hand of \$12.9 million
- Net cash outflow from operations \$6.1 million, including \$3.1 million payment to surety bond providers
- \$20 million subordinated debt financing + \$10 million equity raise in July/Aug 2021 bolstered balance sheet

Operations

- Strong safety performance with one lost time injury for the period resulting in a lost time injury frequency rate of 0.8 and a total recordable injury frequency rate of 3.3
- Awarded \$215 million of new contracts during the half year increasing our order book to ~\$520 million¹, extending into FY24

Outlook

- Focus on core business, project delivery and maintaining strong client relationships
- COVID-related logistics impacts to largely ameliorate in 2H FY22
- Secured work for FY22 of ~\$460 million¹, with a FY forecast revenue of ~\$470 million
- Continued significant public sector infrastructure spend by State and Federal Government
- Buoyant commodity prices creating opportunity within the resources sector
- Strong pipeline of project opportunities in core competency areas

1. As at 31 December 2021, contracted and preferred

Operational Overview

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



New Project Awards To Underpin Growth

Decmil is increasingly focused on winning work across its core expertise areas which provide a clear pathway to deliver a robust revenue base, strong margins and long-term growth for the Company.

Government Infrastructure Panels



Barwon Heads (\$88.7m)



Albany Ring Road (\$25m, with \$70m more preferred)



Repeat revenue streams

Regional Construction



Port Hedland Community Centre (\$18.1m)



Favourable competitive environment

New Resources & Energy Markets



Christmas Creek Hydrogen Refuelling Station (\$7m)



Building exposure to high growth industries

Project Completions



Sunraysia Solar Farm

Client: Maoneng
Location: NSW
Value: \$277 million



Mordialloc Freeway Upgrade Joint Venture

Client: Major Road Projects Victoria
Location: VIC
Value: \$400 million
(Decmil share \$160 million)



Plenty Road Upgrade Stage 2

Client: Major Road Projects Victoria
Location: VIC
Value: \$110 million



Surface Water Management Cloud Break

Client: FMG
Location: WA
Value: \$4 million



Financial Overview

Building
Australia's future,
together.



Revenue & Earnings



\$ in millions	1H FY22	1H FY21
Revenue	226.5	165.1
Gross profit	14.5	18.9
Overheads	(13.0)	(13.4)
EBITDA	1.5	5.6
Depreciation	(2.8)	(2.5)
EBIT	(1.3)	3.1
Interest	(2.7)	(2.5)
Profit/(loss) before tax	(4.0)	0.6
Net profit/(loss) after tax	(4.0)	0.6

- Revenue up \$61 million or 37% compared to pcp due to increased order book at the commencement of the reporting period
- Positive EBITDA generation of \$1.5m
- Margins affected by COVID, including induced restrictions on key personnel movements and supply chains
- Result impacted by \$3.4 million provision on legal contractual dispute
- Consequently anticipate improvement in margins during 2H FY22
- Overheads of \$13.0 million reduced from \$13.4 million in the prior year due to ongoing savings

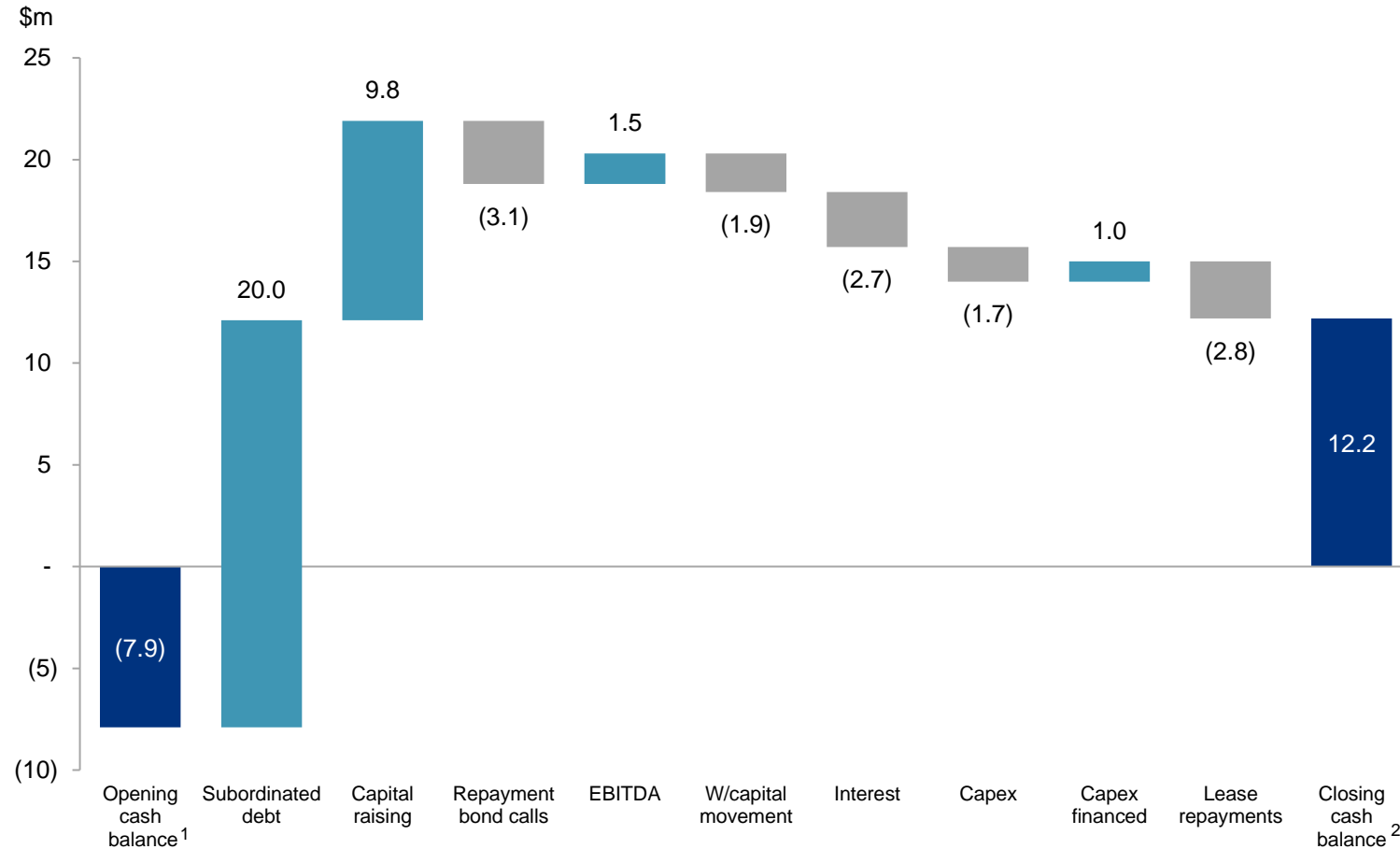
Balance Sheet



\$ in millions	Dec'21	Jun'21
Cash	12.9	9.7
Receivables	37.2	24.9
Contract assets	40.4	27.4
Asset held for sale	56.8	56.7
Other	6.0	3.3
Current Assets	153.3	122.0
PPE	8.7	8.6
Right-of-use assets	12.3	13.7
Deferred tax assets	22.5	22.2
Goodwill	75.5	75.5
Non-Current Assets	119.0	120.0
Total Assets	272.3	242.0
Payables	58.4	50.5
Contract liabilities	28.5	14.8
Borrowings	2.1	0.2
Lease liabilities	4.3	4.4
Provisions	5.6	4.8
Current Liabilities	98.9	74.7
Non-current payables	3.2	4.7
Borrowings	20.7	17.6
Lease liabilities	14.0	15.7
Provisions	0.3	0.2
Non-Current Liabilities	38.2	38.2
Total Liabilities	137.1	112.9
Net Assets	135.2	129.1

- Cash at bank of \$12.9 million with \$0.7 million in overdraft with NAB
- NAB \$40 million multi-option facility with a review date of 31 July 2023
- \$20 million subordinated debt facility repayable by January 2025
- Decmil received \$6.1 million final milestone payment from Sunraysia in February 2022 following substantial completion attained on 31 January 2022
- Homeground remains available for sale
 - After a prolonged period of subdued activity at Homeground, occupancy has been steadily rising
 - The operation is expected to return to profitability during FY22 with a strong long-term outlook

Cash Flows



- \$20 million subordinated debt drawn in the period and \$9.8 million capital raising (net of costs) in July/August 2021
- \$3.1 million of called surety bond repayments for the Sunraysia and RDP projects, now fully repaid
- Working capital movement relates to unwinding of advanced contract payments received for projects in FY21 and investment in growth working capital
- Interest costs paid for use of subordinated debt, NAB overdraft and leases

1. Net of bank overdraft of \$17.6 million

2. Net of bank overdraft of \$0.7 million

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



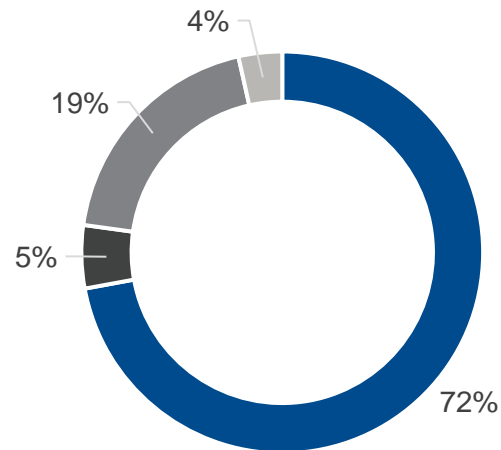
Work In Hand & Pipeline

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

Work In Hand by Sector

- ~\$520¹ million work in hand contracted and preferred to FY24
- ~\$460¹ million contracted and preferred for FY22
- 76% of work in hand with Governments

Activity mix by Decmil target sectors FY22:



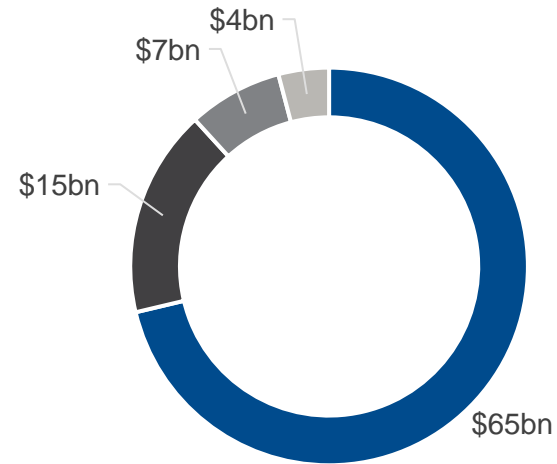
■ Infrastructure ■ Resources ■ Energy ■ Construction

1. As at 31 December 2021

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 sector²:



■ Infrastructure ■ Resources ■ Energy ■ Construction³

2. Source: Infrastructure Partnerships Australia, 2022, GlobalData, 2022 & Australian Construction Industry Forum, 2021.
Total project values presented – not all projects will be tendered by Decmil.

3. WA only.

Business Strategy

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

Last calendar year's strategic focus

- Increasing revenue growth within the business
- Repay legacy bank and surety debts
- Increasing repeat work with our existing clients – including Panel Contracts with MRWA and MRPV

Current calendar year's strategic focus

- Improving project gross margins
- Ensuring corporate overheads remain close to current levels
- Sale of the Homeground asset
- Increase exposure to emerging hydrogen and lithium sectors

Focus on core business and successful entry into construction market

- Continue to focus on our core business sector strengths: Infrastructure, Energy, Resources, Construction
- Focus on the regional construction market in WA with reputable clients
- Re-enter recurring revenue forms of contract

Focus on People

- Retention, recruitment and development strategy – high quality people
- Increased number of apprentices / trainees within the business
- Ensure we achieve our RAP outcomes with an emphasis on Aboriginal participation

Update On Sunraysia

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

Sunraysia Solar Farm – Head Contract

- Substantial Completion achieved 31 January 2022, with the Operation and Maintenance phase of the project commencing
- Dispute concerning 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 commenced although currently “on-hold” with commercial discussions ongoing

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 commenced and underway, with concurrent commercial discussions ongoing

Diversity & Inclusion



- We remain focused on attracting, developing and retaining the right people in the business by driving an inclusive and diverse employment profile.
- A commitment to these initiatives is the right thing to do. It also enhances our community engagement and social license to operate, enabling Decmil to progress its strategic initiatives, such as regional construction work.

>14% of Decmil's new hires identify as Aboriginal and/or Torres Strait Islander, which is a 100% increase from FY21



45% of our Graduates and Trainees identify as Aboriginal and/or Torres Strait Islander



29% of our graduates and trainees are female, a significant increase from FY21



14% of the managers in the business are female, a significant increase from FY21



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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