



DECMIL GROUP LIMITED

# FULL YEAR RESULTS

2022

**Together, we're  
the difference.**

Delivering integrated  
construction and  
engineering solutions



# Business Update



## Company well positioned after difficult last 12 months

- Zero net debt at 30 June 2022
- Renegotiated debt terms with PURE/Horley
- Sufficient headroom in cash/liquidity facilities to continue growing the business
- Strong emerging operating momentum
- Strong order book entering FY23
- Excellent safety performance with TRIFR of 3.6

## Management Changes since March 2022

- New CEO – Rod Heale
- Significant cash generation since March 22 (+\$35m)
- Tighter project controls
- More judicious tender bid reviews – market has shifted to sellers market
- Increased focus on revenue collection, claims administration and project controls

## Homeground sale process reactivated

- Colliers engaged
- Homeground occupancy is up
- FY22 strongest year since FY17
- High energy prices and decarbonisation driving greater activity levels in Gladstone region



# Operational Overview

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

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

# New Project Awards To Underpin Growth

- 1 Barwon Heads Road Upgrade | VIC | \$89M
- 2 Albany Ring Road Stage 2 | WA | \$98M
- 3 Port Hedland Community Centre | WA | \$18M
- 4 Christmas Creek Hydrogen Refuelling Station | WA | \$7M
- 5 Structures Rehabilitation Project, North & South East | VIC | \$30M
- 6 Crossings in the Otway, Murrindindi, Ovens & Upper Murray Districts | VIC | \$3M
- 7 Pundulmurra TAFE | WA | \$38M
- 8 Florin Parkside | WA | \$37M
- 9 Covalent Kwinana Refinery NPI Buildings | WA | \$21M
- 10 Talison MSA Project – Technical Services Building | WA | \$13M
- 11 Mitchell Freeway Principal Shared Path | WA | \$23M
- 12 Snowy District Crossings | VIC | \$7M
- 13 Karratha Senior High School | WA | \$26M





# Project Completions



## SUNRAYSIA SOLAR FARM

**Client:** Maoneng

**Location:** NSW | **Value:** \$277M



## MORDIALLOC FREEWAY JV

**Client:** Major Road Projects Victoria

**Location:** VIC | **Value:** \$400M (Decmil share \$160M)



## NORTHERN DEVELOPMENT AREA ACCOMMODATION & FACILITIES

**Client:** QGC

**Location:** QLD



## PENTY ROAD UPGRADE STAGE 2

**Client:** Major Road Projects Victoria

**Location:** VIC | **Value:** \$110M



## SURFACE WATER MANAGEMENT CLOUD BREAK

**Client:** FMG

**Location:** WA | **Value:** \$4M



## GREAT EASTERN REALIGNMENT WOOROLOO

**Client:** Main Roads Western Australia

**Location:** WA | **Value:** \$8M



Building  
Australia's future,  
together.

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# Revenue & Earnings



\$ in millions	Construction & Engineering Segment	Accomm'tion Segment	Other Unallocated	Consolidated
Revenue	368.3	9.3	-	<b>377.6</b>
Gross profit	(17.4)	1.6	-	<b>(15.8)</b>
Admin expenses	(26.7)	(0.3)	(0.5)	<b>(27.5)</b>
Equity based pmts	(0.4)	-	-	<b>(0.4)</b>
EBITDA	(44.5)	1.3	(0.5)	<b>(43.7)</b>
Depreciation	(5.6)	-	-	<b>(5.7)</b>
EBIT	(50.1)	1.3	(0.5)	<b>(49.4)</b>
Interest	(5.9)	-	-	<b>(5.9)</b>
Impairment	(25.5)	-	-	<b>(25.5)</b>
Loss before tax	(81.5)	1.3	(0.5)	<b>(80.7)</b>
Income tax expense	-	-	(22.5)	<b>(22.5)</b>
Net loss after tax	(81.5)	1.3	(23.0)	<b>(103.2)</b>

- Revenue up \$74 million or 24% compared to FY21
- FY22 performance adversely impacted by:
  - Direct and indirect impacts of COVID
  - Supply chain constraints
  - Labour market constraints
  - Availability of subcontractors due to market activity
  - Revised positions taken on legacy items
- Homeground profitable in FY22
- Goodwill impairment of \$25.5m
- Deferred tax asset derecognition \$22.5m

# Balance Sheet

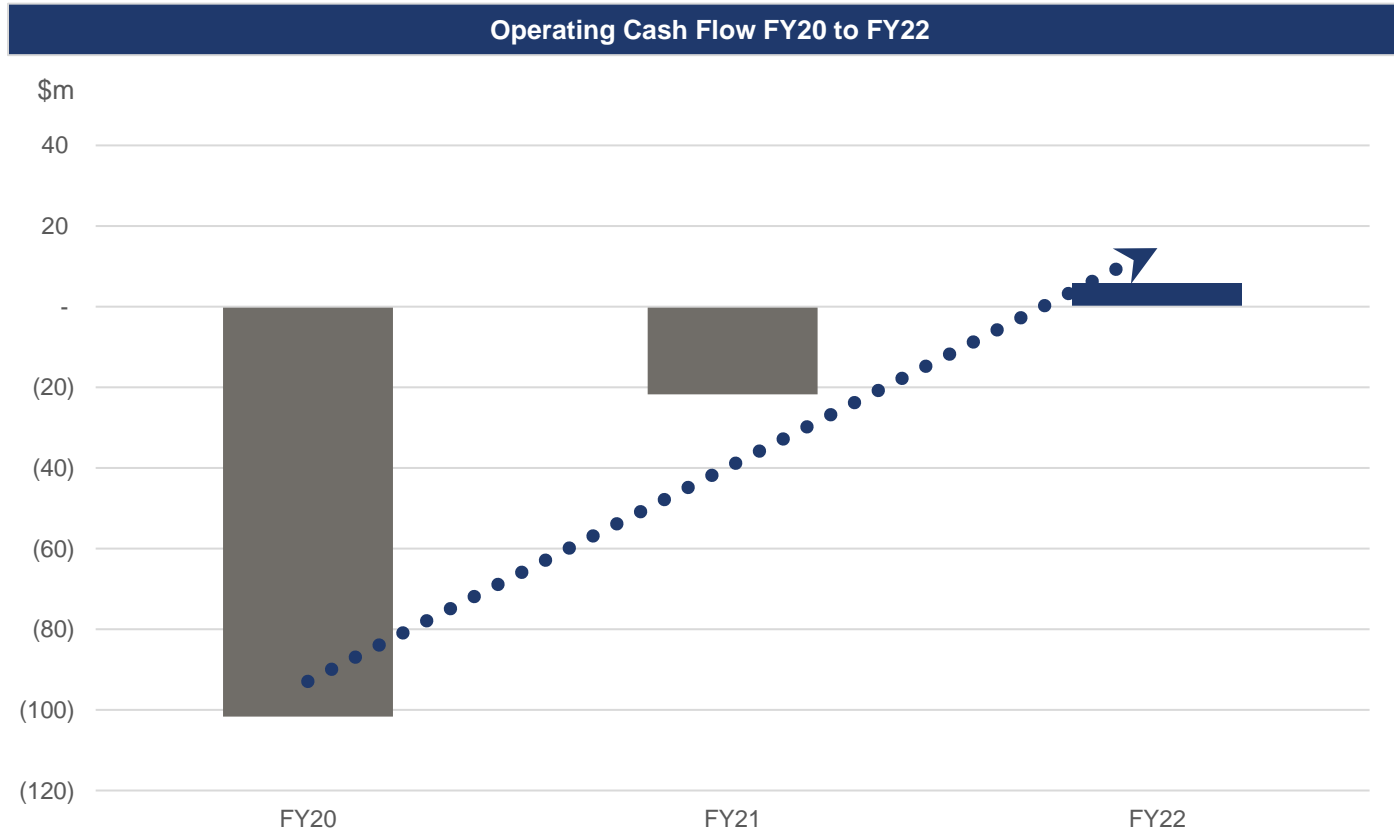


\$ in millions	Jun'22	Jun'21
Cash	39.3	9.7
Receivables	37.2	24.9
Contract assets	16.2	27.4
Asset held for sale	56.9	56.7
Other	5.8	3.3
<b>Current Assets</b>	<b>155.4</b>	<b>122.0</b>
PPE	8.0	8.6
Right-of-use assets	11.0	13.7
Deferred tax assets	-	22.2
Goodwill	50.0	75.5
<b>Non-Current Assets</b>	<b>69.0</b>	<b>120.0</b>
<b>Total Assets</b>	<b>224.4</b>	<b>242.0</b>
Payables	73.3	50.5
Contract liabilities	42.0	14.8
Borrowings	19.4	0.2
Lease liabilities	4.2	4.4
Provisions	5.0	4.8
<b>Current Liabilities</b>	<b>143.9</b>	<b>74.7</b>
Non-current payables	10.9	4.7
Borrowings	17.9	17.6
Lease liabilities	13.1	15.7
Provisions	0.3	0.2
<b>Non-Current Liabilities</b>	<b>42.2</b>	<b>38.2</b>
<b>Total Liabilities</b>	<b>186.1</b>	<b>112.9</b>
<b>Net Assets</b>	<b>38.3</b>	<b>129.1</b>

- Cash at bank of \$39.3 million with \$19.2 million of working capital facility utilised with NAB
- Zero net debt
- NAB \$40 million multi-option facility with a review date of 31 July 2023
- \$20 million subordinated debt facility repayable in July 2025
- Homeground remains available for sale – sale process reinvigorated with Colliers
- Goodwill impairment of \$25.5m to \$50m
- Deferred tax asset fully derecognised



# Operating Cash Flow



- Net cash flows from operations positive
- Net cash flows from operations improving
- +\$6m operating cash flow in FY22

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

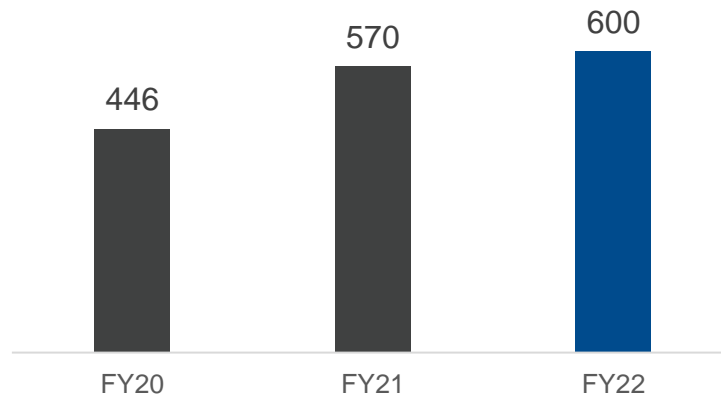


We deliver integrated construction and engineering solutions across the infrastructure, resources, energy and construction sectors.

## \$600m Work in Hand (at 30 June 2022) – 66% with Government

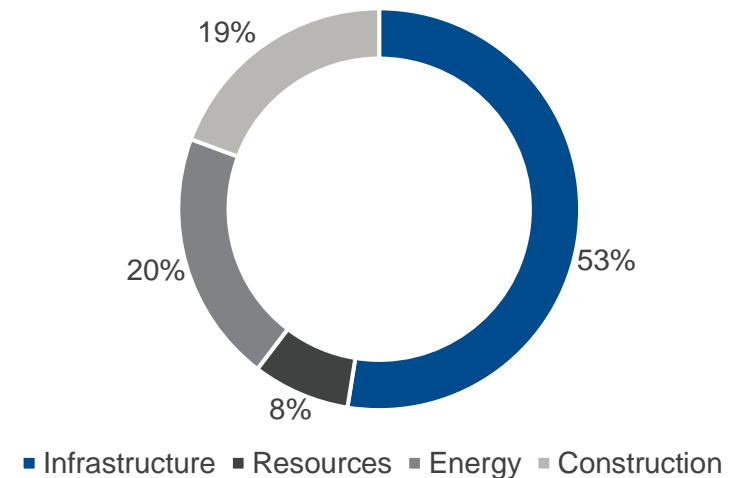
- \$600<sup>1</sup> million work in hand contracted to FY26
- \$475<sup>1</sup> million contracted for FY23
- 66% of work in hand with Government
- Focus in FY23 to efficiently deliver this robust orderbook to the highest standards and generate tendered margins
- Well positioned to take a highly-selective approach in targeting new contracts in the next year

### Work In Hand at 30 June Year-on-Year



1. As at 30 June 2022

### Work In Hand by Sector<sup>1</sup>

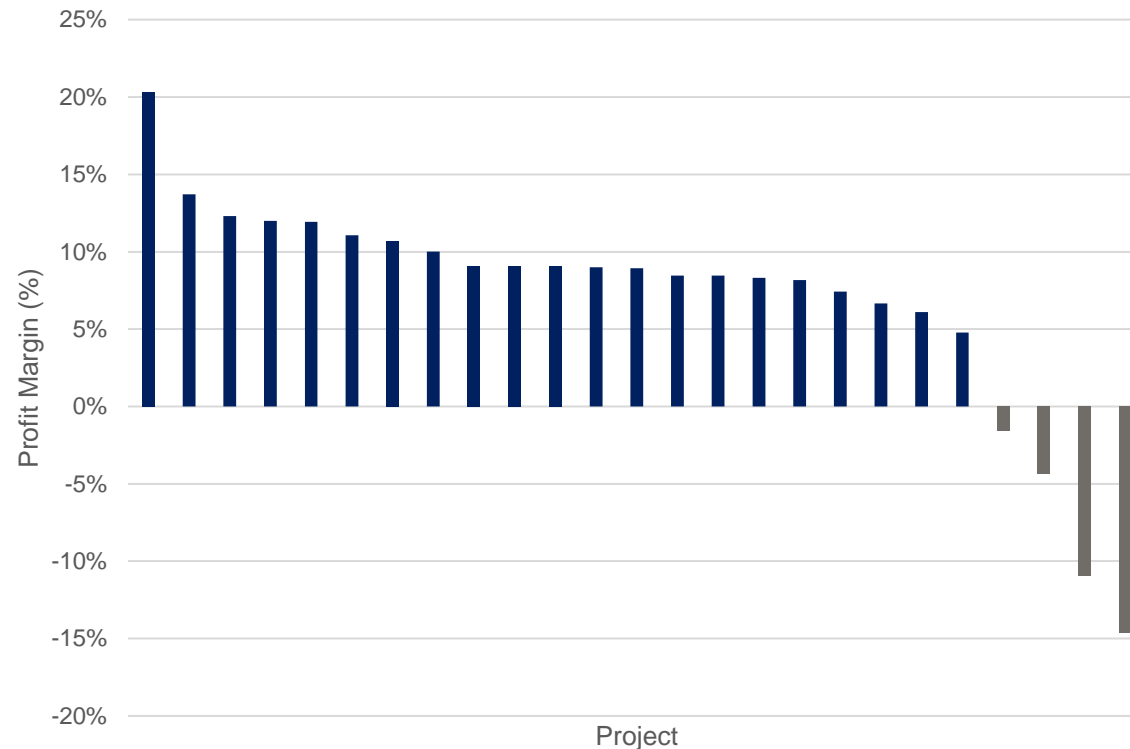




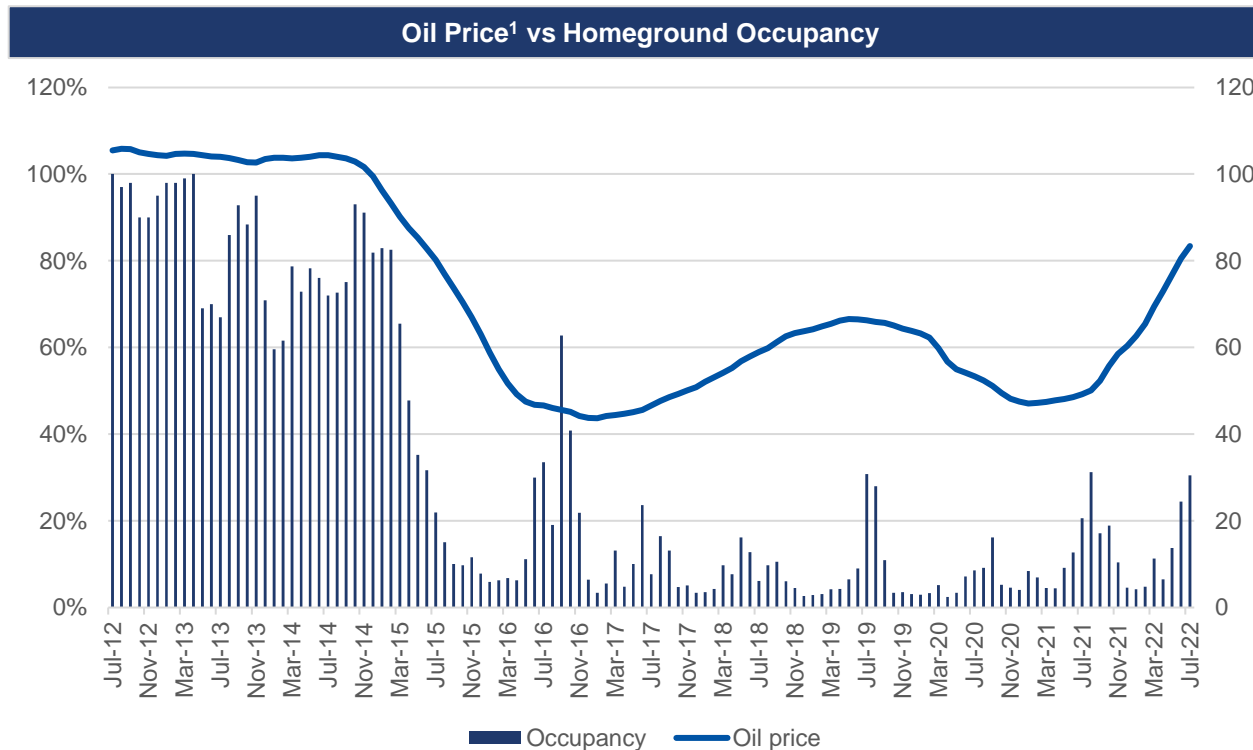
# Projects Generally Doing Well



Decmil Forecast Project Margins (%) at 30 June 2022



- 18 of 25 projects are at or above tendered margin
- 21 of 25 projects are at or above 0% margin
- Underlying project portfolio after removing outlier loss-makers continues to perform well considering the recent current market conditions
- FY22 performance adversely impacted by:
  - Direct and indirect impacts of COVID
  - Supply chain constraints
  - Labour market constraints
  - Availability of subcontractors due to market activity
- New tenders and contracts have improved mitigation of cost risks with escalation clauses
- Order book includes lower risk alliance style contract revenue
- Order book includes lower risk balance of plant contracts for renewable energy with no interconnect risk
- Repeat work with clients like MRWA (WA), DTMR (QLD), MRPV (VIC)
- History of quality project delivery to customer base spanning four decades



- Homeground has 1,392 beds – only large scale worker accommodation in Gladstone region
- Homeground occupancy follows energy prices
- Homeground made significant revenue in 2012-2015
  - FY13 – \$21m EBITDA
  - FY14 – \$34m EBITDA
  - FY15 – \$29m EBITDA
- From FY16 – FY21, it has generated EBITDA of ~\$2m in total
- FY22 it generated \$1.3m of EBITDA
- With energy price cycle turning and high energy prices being driven by energy transition (decarbonisation) and global geopolitical challenges, project activity in Gladstone is increasing

1. Oil price is average of WTI, Brent, Dubai calculated as 18 month rolling average  
(project investment decisions tend to lag a period of higher energy prices)

# Homeground – Gladstone Project Pipeline



Project	Proponent	Value (A\$M)	Employment		Status	Commencement	Completion
			Construction	Operations			
Gladstone Energy and Ammonia project	Australian Future Energy Pty Ltd	\$1,000	800	200	EIS in progress	2022	2024
Alpha HPA Precursor Production Facility – Stage 1	Alpha HPA	\$30	N/A	N/A	Under Construction	2022	3 <sup>rd</sup> Qtr 2023
Alpha HPA Facility – Stage 2	Alpha HPA	~\$300	300	120	To be determined based on demand for PPF	N/A	N/A
H2-Hub Gladstone	The Hydrogen Utility Pty Ltd	\$4,700	550	140	Draft terms of reference for EIS being prepared	N/A	2025
Green Energy Manufacturing Centre – Stage 1	Fortescue Future Industries and Plug Power Inc	\$114	100	50	Under Construction	2022	2023
RG Tanna Coal Terminal Shiploader	Gladstone Ports Corporation	\$60	200	N/A	In design phase	2022 (Design)	2024
Central Queensland Renewable Hydrogen Project & liquefaction plant at the Port	Stanwell Corporation Limited, Iwatani Corporation, Kawasaki Heavy Industries, Marubeni Corporation, Kansai Electric Power Company, APA Group	N/A	N/A	N/A	Feasibility study completed in March 2022 (\$10.4 million study)	N/A	2026
Fitzroy to Gladstone Pipeline (Water)	Gladstone Area Water Board	\$660	N/A	N/A	Construction ECI phase	2022	2025
Port of Gladstone Gatcombe and Golding Cutting Channel Duplication Project	Gladstone Ports Corporation Limited	\$760	386	23	EIS Approved with conditions	2023	N/A
Raglan Solar (300MW), Hydrogen (200MW) & Battery Storage (100MW)	Eco Energy Group	\$500	N/A	N/A	Approved Development	2022	2024
Aldoga Solar Farm 600MW	ACCIONA Energy	\$550	350	10	Approved Development	2023	2024
Rodds Bay Solar Farm	Renew Estate Pty Ltd	\$350	300	N/A	Approved Development	N/A	N/A
Queensland Curtis LNG Upstream Field Development (Sustaining)	QGC & Shell	\$1,375	N/A	N/A	Under Construction	2021-22	2022-23
Gladstone LNG Upstream Field Development (Sustaining)	Santos & Petronas	\$990	N/A	N/A	Under Construction	2021-22	2022-23
Biorefinery	Oceania Biofuels	\$500	60		N/A	2023	N/A
Hummock Island Resort	Eaton Place Pty Ltd	\$1,200	190 a year	N/A	EIA Approved with Conditions	N/A	17-year construction
Gladstone Nickel	Gladstone Pacific Nickel Ltd	\$3,650	2,600	1,130	EIS Approved with Conditions	N/A	N/A
Inland Rail to Gladstone	TBA	~\$3,300 (~\$200 in Gladstone)	N/A	N/A	Feasibility	N/A	N/A



# Update on Sunraysia and SCEE

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

## Sunraysia Solar Farm – Head Contract

- Substantial completion achieved in January 2022
- 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
- Commercial discussion continuing
- Arbitration proceeding
- Pinsent Masons completed full legal review (June 2022)

## 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
- Mediation of 27 June did not reach agreement but progress achieved
- Commercial discussion continuing
- Arbitration proceeding
- Pinsent Masons completed full legal review (June 2022)

## SCEE

- Dispute settled by agreement / deed signed on 3 August 2022

# Environmental Social Governance



## ENVIRONMENT AWARD

2022 Excellence in Environmental Outcomes awarded by Infrastructure Sustainability Council



## CONTRACTING AWARD

2022 Contractor Excellence Award awarded by Infrastructure Partnerships Australia - National Infrastructure Awards



## SUSTAINABILITY ACHIEVEMENTS

### Mordialloc Freeway Project

**10 kilometres** of 75% recycled plastic noise walls using 600 tonnes of waste plastic

Over **270,000 tonnes** of pavement material incorporating the maximum allowable recycled content resulting in **100% recycled subbase** pavement materials and an average of **44% recycled content** in asphalt pavements

**30 tonnes** of 100% recycled plastic concrete reinforcing mesh

**4.6 kilometres** of 100% recycled plastic stormwater drainage pipe using 75 tonnes of waste plastic



## ABORIGINAL PARTICIPATION

### Albany Ring Road Project

**6%** of total contract spend is Aboriginal Business spend

**23%** of total worked hours is Aboriginal Business Employee Hours

**10%** of the Total Work Hours undertaken by Aboriginal People (Boots on ground)

### Mordialloc Freeway Project

**\$4.3M** Aboriginal business spend

**>45,000** hours employment for Aboriginal workers



## DIVERSITY

**20%** of our total workforce is female

**22%** of salary workforce is female

**22%** of wages workforce identify as Aboriginal and/or Torres Strait Islander



# Accreditations

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





# Board of Directors and CEO

Decmil's Board of Directors is a dedicated group of exceptional professionals who drive the overall direction and strategy of the business.



**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 & Wood Mallesons) with over 30 years experience in major projects, mining, banking and finance and insolvency matters.

In private practice Andrew has been involved in significant Western Australian infrastructure and mining projects, and major Western Australian corporate insolvencies. More recently Andrew has acted as in-house counsel at Fortescue Metals Group and Roy Hill Holdings.

Andrew holds a Bachelor of Laws (Hons) and Bachelor of Economics.



**Rod Heale – CEO**

Rod brings more than 30 years' experience in the building, construction and infrastructure industry across Australia.

Prior to joining Decmil Rod was Chief Operating Officer for John Holland's Australia and Asia business. Prior to this, Rod served as a Regional Executive for Thiess, John Holland and CPB Contractors.

Rod holds a Bachelor of Engineering (Civil) from Monash University and a Master of Construction Law from The University of Melbourne. Rod is also a Fellow of Engineers Australia, a Fellow of the Australian Institute of Company Directors, and a Registered Builder in Victoria and Western Australia.



**Peter Thomas**

Peter was appointed as a Director in July 2020 and currently holds the position of Chief Financial Officer. 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).

Peter holds an MBA (Harvard), Bachelor of Economics (Macquarie) and Bachelor of Science (Macquarie), AIAA and GAICD.



**Vin Vassallo**

Vin was appointed as a Non-Executive Director in June 2021 and held the position of interim Chief Executive Officer during the period April 2022 to June 2022. 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**

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.

# Corporate Snapshot



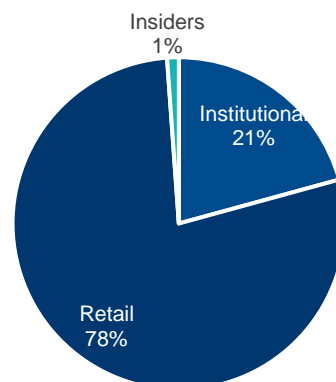
## Capital structure

Shares <sup>1</sup>	M	155
Performance rights, options and warrants <sup>1,2</sup>	M	69.8
Share price <sup>1</sup>	A\$	0.225
Market capitalisation <sup>1</sup>	A\$M	35.0
Cash <sup>3</sup>	A\$M	39.3
Debt <sup>3</sup>	A\$M	37.3

## Board & Management

Andrew Barclay	Chairman
Rod Heale	Chief Executive Officer
Peter Thomas	Executive Director / Chief Financial Officer
Vin Vassallo	Executive Director
David Steele	Non-Executive Director
Ian Hobson	Company Secretary

## Shareholder Distribution<sup>3</sup>



## Substantial Shareholders<sup>3</sup>

TIGA Trading	19.9%
Franco	7.7%

## Historical Share Price



<sup>1</sup> As at 26 August 2022

<sup>2</sup> Warrants shown as converted amount

<sup>3</sup> As at 30 June 2022

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