



DECMIL GROUP LIMITED

# BUSINESS UPDATE

10 November 2022

**Together, we're the difference.**  
Delivering integrated construction and engineering solutions



# Board of Directors and CEO



**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.

# Executive Leadership Team



**Rod Heale**  
Chief Executive Officer



**Peter Thomas**  
Chief Financial Officer



**Simon Barnes**  
Executive General  
Manager Eastern



**Deon Baddock**  
Executive General  
Manager Western



**Rob Currie**  
Group Manager People &  
Culture



**Victoria Strong**  
Group General Counsel

\$ in millions	Jun'22
Cash	39.3
Receivables	37.2
Contract assets	16.2
Asset held for sale	56.9
Other	5.8
<b>Current Assets</b>	<b>155.4</b>
PPE	8.0
Right-of-use assets	11.0
Goodwill	50.0
<b>Non-Current Assets</b>	<b>69.0</b>
<b>Total Assets</b>	<b>224.4</b>
Payables	73.3
Contract liabilities	42.0
Borrowings	19.4
Lease liabilities	4.2
Provisions	5.0
<b>Current Liabilities</b>	<b>143.9</b>
Non-current payables	10.9
Borrowings	20.0
Lease liabilities	13.1
Provisions	0.3
<b>Non-Current Liabilities</b>	<b>44.3</b>
<b>Total Liabilities</b>	<b>188.2</b>
<b>Net Assets</b>	<b>36.2</b>

## P&L to 30 Sept 2022 (management accounts)

- YTD Revenue of \$118m
- YTD EBITDA of \$1m

## 30 June 2022 Balance Sheet (audited)

- Cash at bank of \$39 million with \$19 million in overdraft 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 by July 2025
- Homeground remains available for sale – sale process with Colliers



## Company well positioned after difficult last 12 months

- Zero net debt at 30 June 2022
- Renegotiated debt terms with PURE/Horley
- Working through challenging construction environment following pandemic including certain Qld and WA roads projects
- Strong book of submitted tenders
- Excellent safety performance with TRIFR of 3.6

## Management Changes since March 2022

- New CEO – Rod Heale
- New CFO – Peter Thomas
- New EGM East – Simon Barnes
- New EGM West – Deon Baddock
- New GC – Victoria Strong
- Quicker and better claims resolution (SCEE, Schneider)
- More judicious tender bid reviews – market shifted to sellers market
- Increased focus on revenue collection, claims administration and project controls

## Financials

- Bow wave of difficult projects (Munjina, Bruce) nearly complete
- Homeground in sale process
  - Colliers engaged
  - Homeground occupancy is increasing
  - FY22 strongest year since FY17
- Opportunity rich tender pipeline especially in resources, government infrastructure and wind farms

## How will Decmil win its share of market?

Well positioned with major clients

- Current work with 3 of 4 major iron ore players with the 4<sup>th</sup> inviting Decmil to bid
- Panel positioning and repeat work for roads in Western Australia, Victoria, Qld
- Track record of successful civil work on wind farm projects
- Strong reputation for non process infrastructure
- Fully accredited with highest technical roads accreditation (R5/B4) and Level 5 complex structures in building in WA

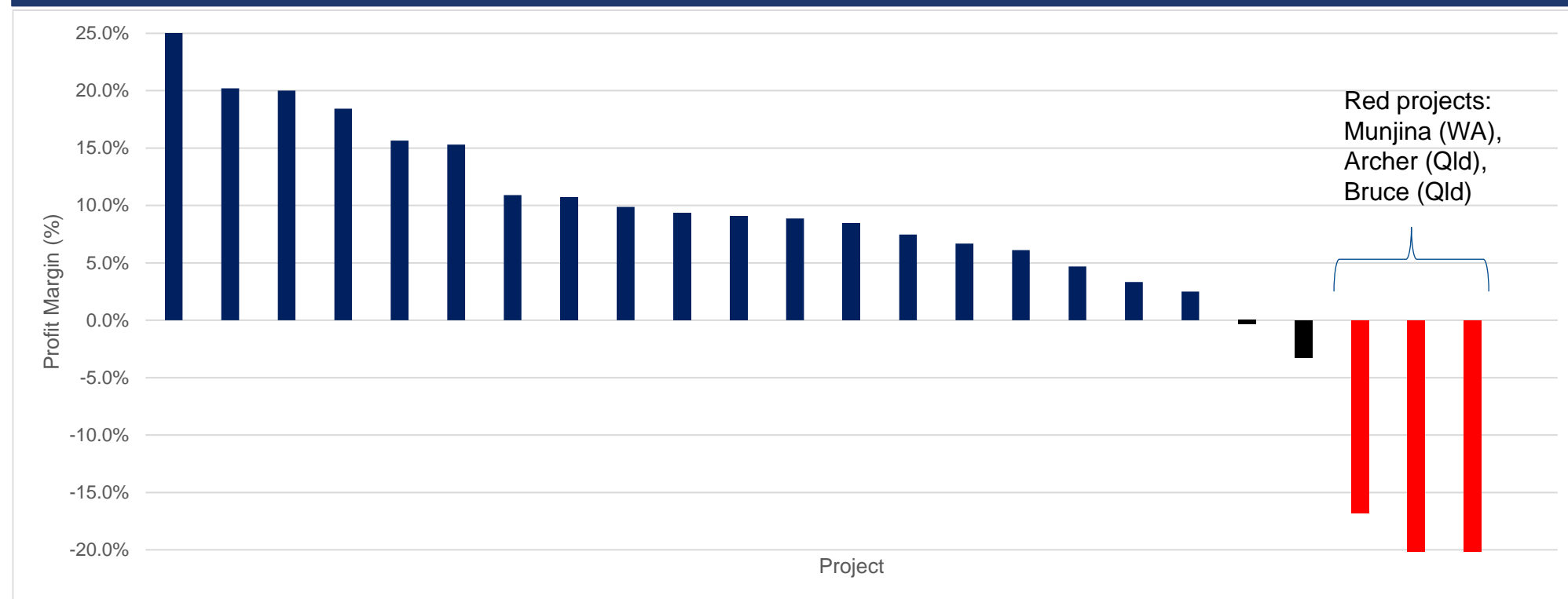
## How will Decmil avoid mistakes of past?

- Starting point is much stronger than 2020
  - Good client relationships
  - Stronger order book
  - Stronger tender flow
- No team/no contract sign/no mobilise
- Engage with client early
- Stronger commercial assessment of tender bids

# Project profit margins

Vast majority of projects are profitable

Decmil Forecast Project Margins (%) at 30 September 2022



# Diverse projects across Australia

- 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 NDA Camps | QLD
- 8 Carmichael Rail Camp | QLD | \$40M
- 9 Bruce Highway Gin Gin | QLD | \$25M
- 10 Archer River Road | QLD | \$8M
- 11 Capricorn Highway | QLD | \$4.5M
- 12 Pundulmurra TAFE | WA | \$38M
- 13 Florin Parkside | WA | \$37M
- 14 Covalent Kwinana Refinery NPI Buildings | WA | \$21M
- 15 Talison MSA Project – Technical Services Building | WA | \$13M
- 16 Mitchell Freeway Principal Shared Path | WA | \$23M
- 17 Snowy District Crossings | VIC | \$7M
- 18 Karratha Senior High School | WA | \$26M
- 19 Waddi Wind Farm | WA
- 20 Roy Hill Rolling Stock Maintenance Workshop Upgrade ECI | WA





# 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 | **Value:** \$38M



## ALBANY RING ROAD STAGE 1

**Client:** Main Roads Western Australia

**Location:** WA | **Value:** \$55M



## CHRISTMAS CREEK HYDROGEN REFUELING STATION

**Client:** FMG

**Location:** WA | **Value:** \$7M



## GREAT EASTERN REALIGNMENT WOOROLOO

**Client:** Main Roads Western Australia

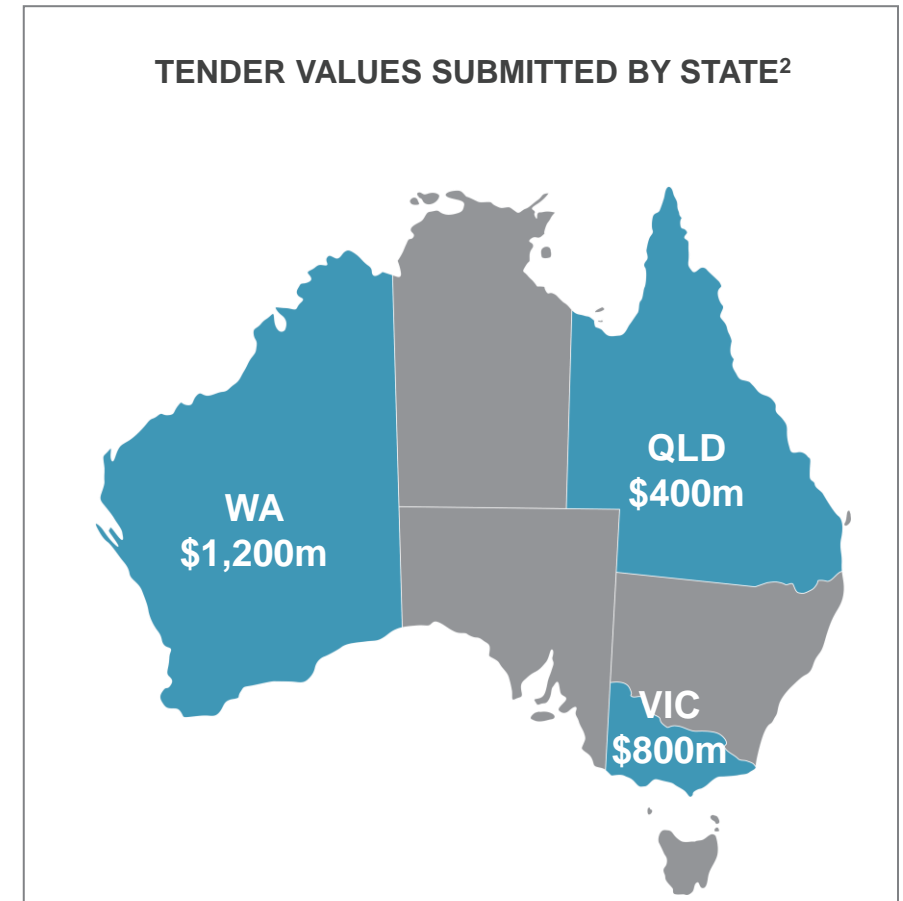
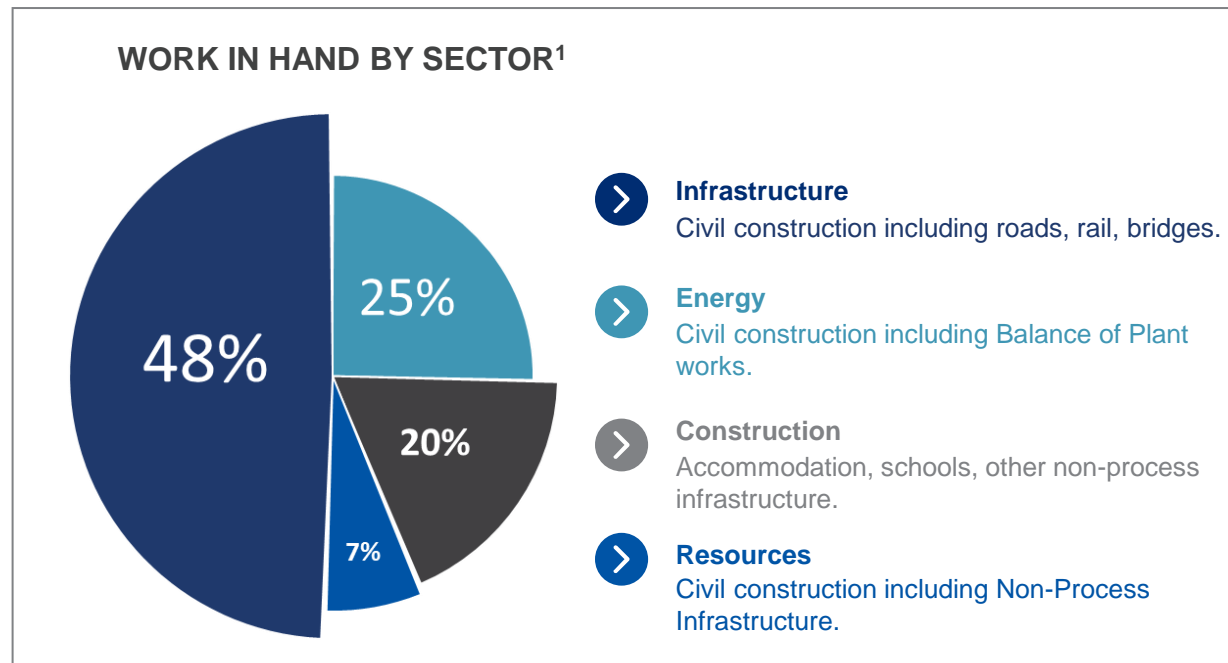
**Location:** WA | **Value:** \$8M



# \$525m work already in hand

(at 30 September 2022) – 61% with Government

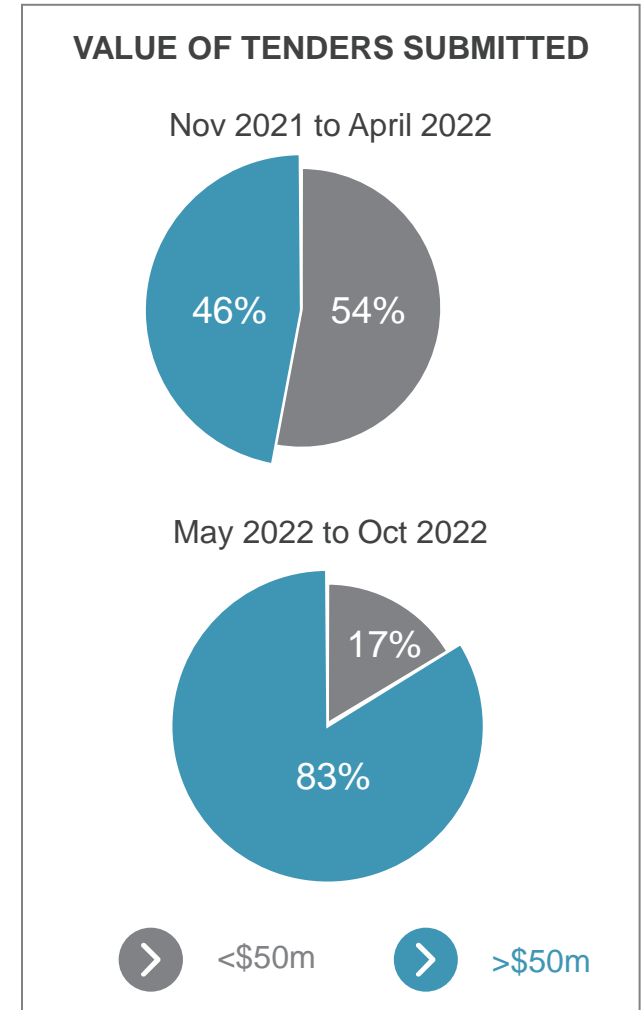
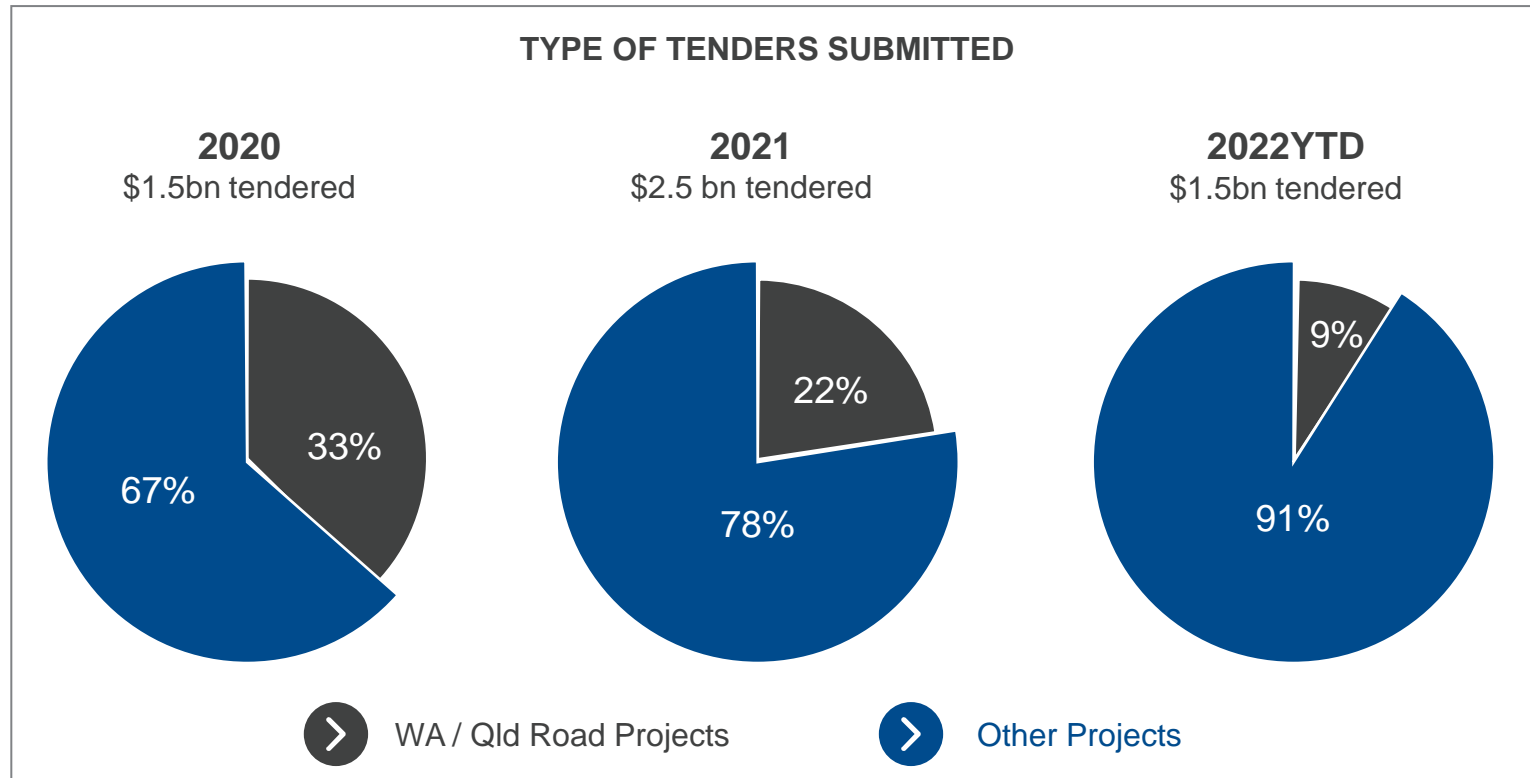
- \$525<sup>1</sup> million work in hand contracted to FY26
- \$475<sup>1</sup> million contracted for FY23 (including revenue recognised YTD<sup>1</sup>)
- 61% of work in hand with Government



1. As at 30 September 2022  
2. 12 months to 31 October 2022

# Tender mix shifting to sweet spot

- Size of average tender increasing
- Shift to Decmil sweet spot (\$50-150m)
- Reducing focus on smaller infrastructure road projects in Queensland and Western Australia.



# Outlook





# Resources - WA (~\$100bn in next 4 years)



Projects under construction or committed - **\$57bn**



Host of significant projects under development or at FID:

- Pluto LNG expansion and Scarborough gas
- Jansz-io compression (Chevron)
- Crux gas (Shell)
- Onslow Iron ore (Min Res)
- Western Range Iron ore (Rio)
- Mt Holland Lithium (Covalent (Wesfarmers/SQM))
- Enneaba rare earths (Iluka)
- Mardie Salt and Potash (BCI)
- Mt Weld rare earths (Lynas)
- Super pit expansion (Northern Star)
- Kathleen Valley Lithium (Liontown)
- Greenbushes expansion (Talisson – Tianqi/Albermarle)

A further **\$87bn** of projects in feasibility/pre-feasibility study

Exploration spending at record levels (\$2.5bn)

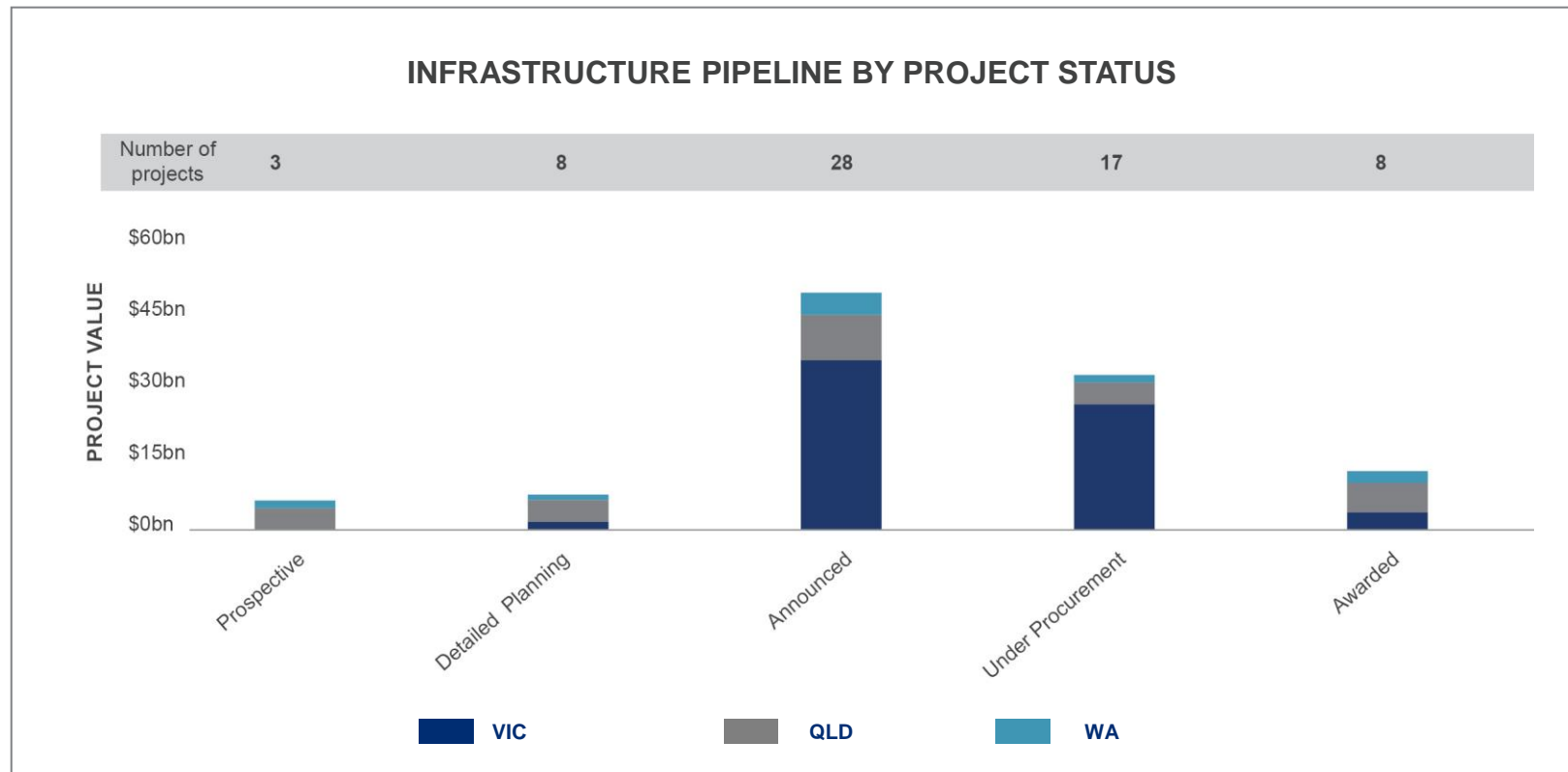
Fraser Institute has nominated Western Australia as #1 mining investment jurisdiction

Source: DMIRS – Mineral and petroleum industry activity review 2021-22

# Infrastructure spend (\$75bn in next 4 years)



\$75bn of projects announced or under procurement in Victoria, Western Australia, Queensland in transport projects (road, rail) – Decmil’s core regions of infrastructure activity (2022-2026).

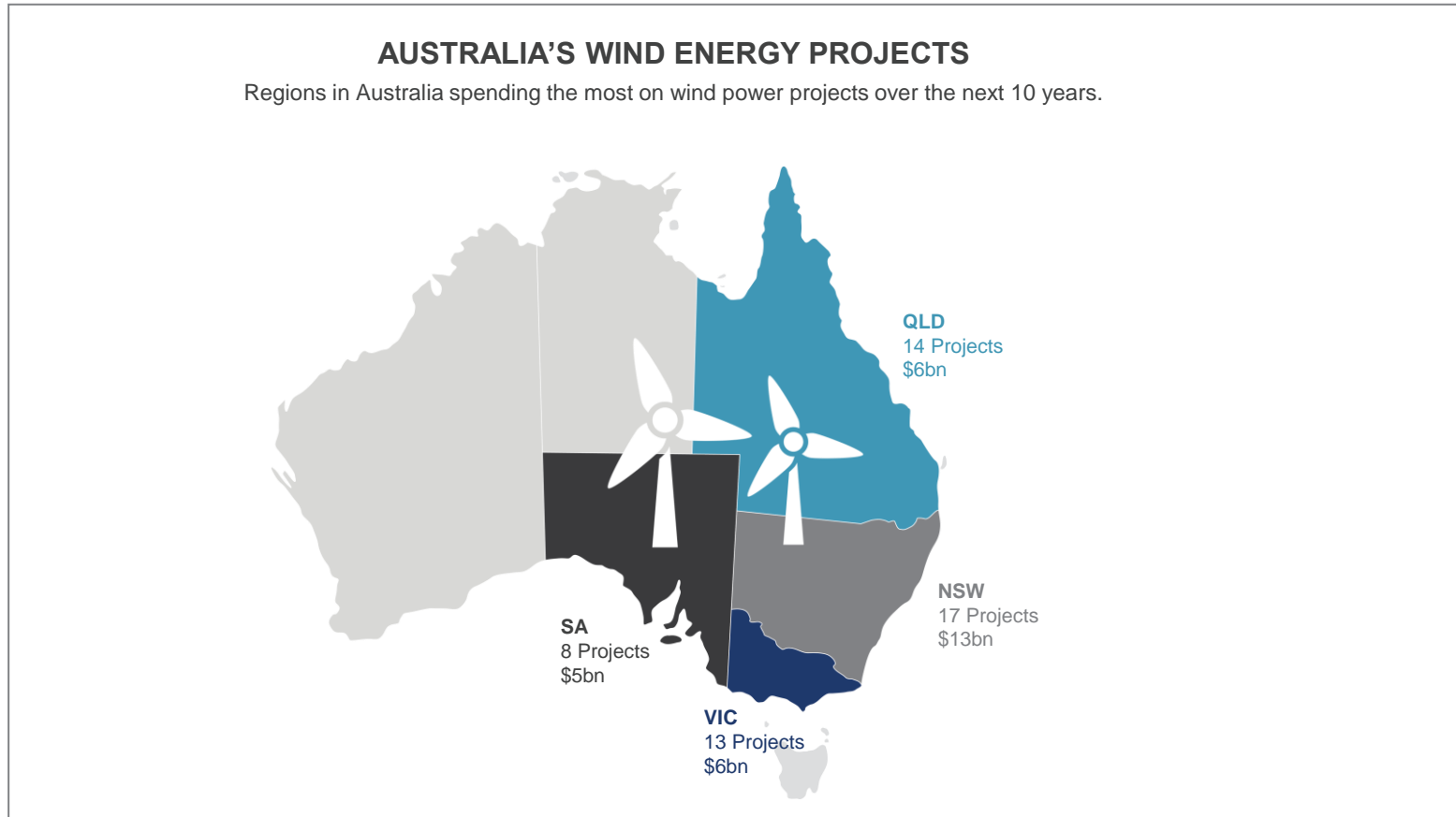


Source: Infrastructure Partnerships Australia 2022

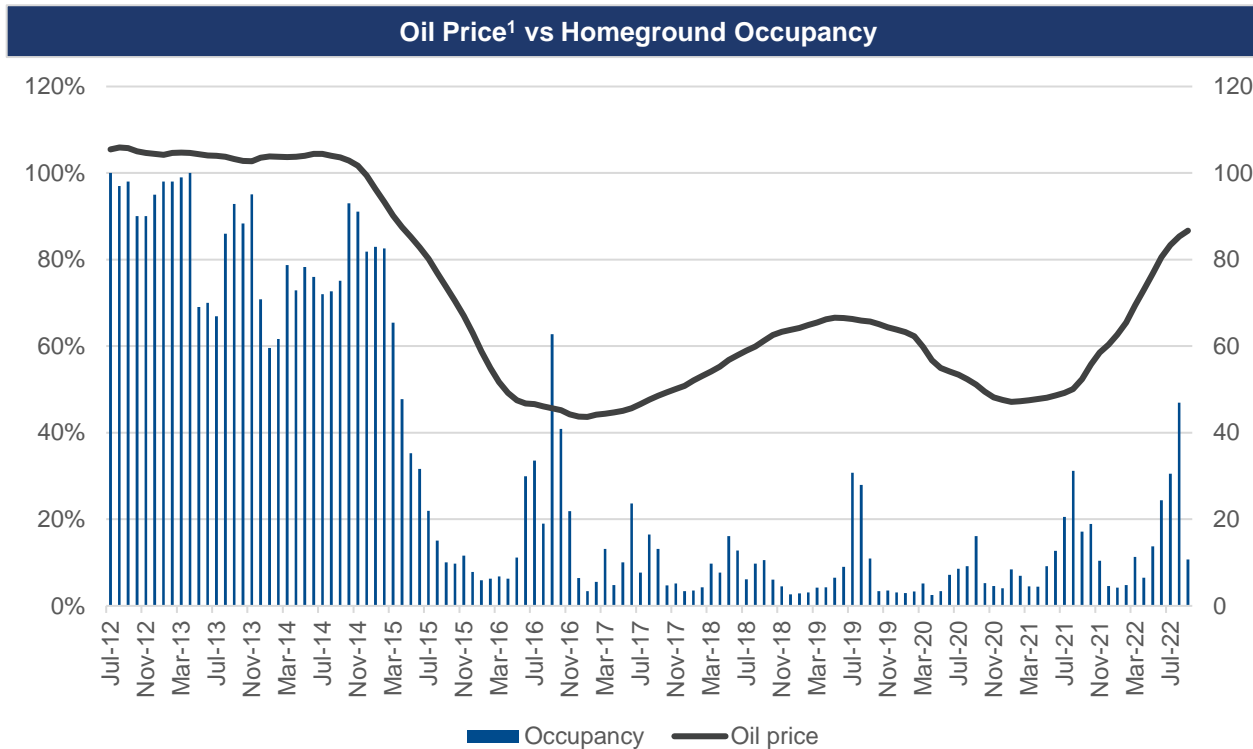


# Wind farms (\$33bn in next 5 years)

- 60 wind farm projects planned for next 5 years with a total value of \$33bn\*



\* Source: Airswift 2022



- Homeground has 1,392 beds – only large scale worker accommodation in Gladstone region
- Homeground occupancy follows energy prices
- Homeground generated 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)

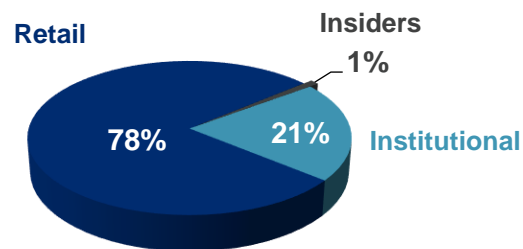
# Corporate snapshot



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\$	0.17
Market capitalisation <sup>1</sup>	A\$M	26.5
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	Non-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 1 November 2022

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

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

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**Thank You**

Any  
Questions?