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ASX Announcement

18 November 2014

ASX: DSB

Board of Directors

Gordon Galt – Chairman

Stephen Bizzaca – Managing
Director – CEO

Glyn Dawkins – Non Executive
Director

Geoff Garside – Executive Director

Company Secretary

Geoff Garside

Principal Contact

Stephen Bizzaca – Managing
Director – CEO

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Geoff Garside – Company Secretary

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To : Australian Securities Exchange
Company Announcement

2014 AGM Presentation

Attached Managing Director and Chief Executive Officer's
Presentation given at today's AGM.

Yours Faithfully

Geoff Garside
Company Secretary



2014 AGM Presentation

18th November 2014

Stephen Bizzaca, Managing Director & CEO





1. FY2014 Recap



FY2014 Highlights Recap



Maintained top quartile safety performance

- ❑ Leading zero harm indicators target 1 per 10 hour achieved
- ❑ Total recordable injury frequency rate improved by 29%
- ❑ Maintained OH&S and Environmental international accreditation

Sector downturn impacting financials

- ❑ Impairment \$39.6m (goodwill \$29.3m, equipment \$10.3m)
- ❑ Underlying NPAT -\$1.4m (-117%)
- ❑ Underlying EBITDA \$2.1m (-88%)
- ❑ Revenue \$69.4m (-52%)
- ❑ 2H improvement in all underlying measures
- ❑ Cash underlying profit after tax positive

Debt reduction achieved

- ❑ Net debt forecast 1QFY15 \$4.9m (-72%)
- ❑ Equipment debt 1QFY15 \$1.7m (-93%)

Competitiveness improved

- ❑ New national enterprise agreement
- ❑ Maintaining long term work – new contracts awarded
- ❑ New mines/clients obtained
- ❑ New type of work obtained

Continue to deliver operational excellence

- ❑ Client relationships extended and created
- ❑ Another eight longwall projects completed
- ❑ First international longwall project completed

Note: Cash Underlying Profit after tax is underlying NPAT adjusted for non cash items

FY2014 Financial Recap



	Change		FY2014	FY2013
NPAT (excluding impairment)	(146%)	↓	(\$3.3m)	\$7.1m
Underlying NPAT	(117%)	↓	(\$1.4m)	\$8.0m
Revenue	(52%)	↓	\$69.4m	\$145.1m
EBITDA	(100%)	↓	\$0.0m	\$16.6m
Underlying EBITDA	(88%)	↓	\$2.1m	\$18.0m
Intangible assets (goodwill)	(100%)	↓	\$0.1m	29.4m
Cash on hand	(82%)	↓	\$1.1m	\$5.9m
Net debt	(19%)	↓	\$14.1m	\$17.5m
Equipment debt	(53%)	↓	\$11.2m	\$24.0m
Earning per share	(121%)	↓	(3.8c)	17.8c
Net Tangible Assets per security	(47%)	↓	34c	64c

Note: Impairment - \$29.3m goodwill and \$10.3m assets (PPE). NPAT includes \$1.7m in restructuring costs

Industry Downturn Strategy Update Recap



Plan

Higher focus on sustainability of work

Improve value adding to our clients

Reduce cost base & improve competitiveness

Restructure organisation to reduce costs

Continue debt reduction program

Increase pipeline options, target all areas as no labour skills shortage

Achievements

No contract work lost, Replacement contracts awarded to DSB

New national enterprise agreement approved by FWC

Significantly lower costs and significantly lower prices to clients and improved competitiveness, resulting in new contracts awarded

New company based on new EA

Management reduced to match revenue

PPE \$24m debt reduced to \$1.7m

New conveyor contracts and new clients



2. FY2015 Update



FY2015 Update Sector



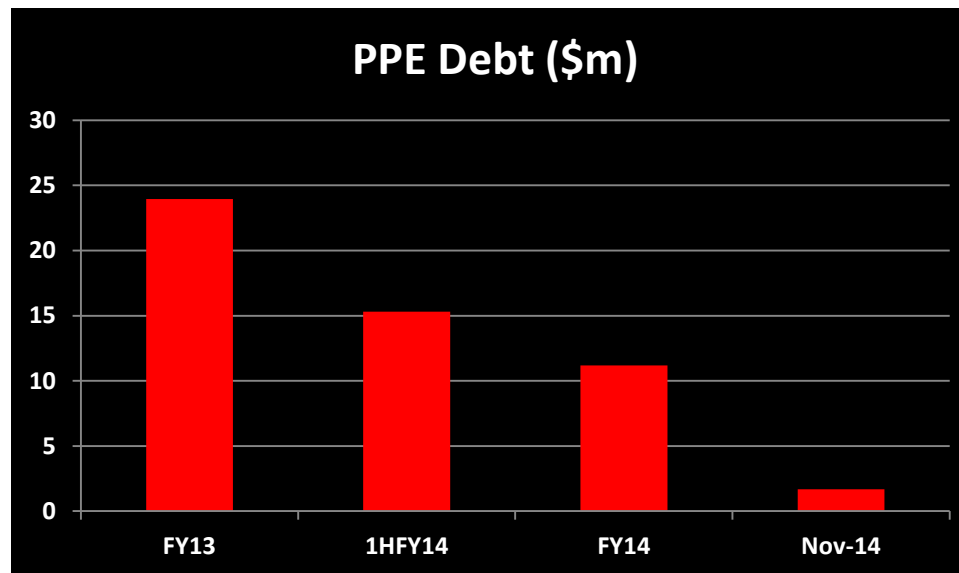
- ❑ Market conditions continue to be challenging
 - ❑ Continued pressure to further reduce prices to clients
 - ❑ Extremely competitive conditions
- ❑ Mine closures continue
 - ❑ Remnant mining opportunities
 - ❑ Potential opportunities for niche cost provider

FY2015 Update

Debt reduction



- ❑ Target achieved - \$500k per month positive cashflow impact



FY2015 Update

Our work



❑ Our Sustaining Work Continues:

- ❑ BHP Billiton's Appin mine (NSW) - Roadwork development (two units), secondary support, dyke drill and blast excavation and other mine services activities
- ❑ Peabody's Metropolitan mine (NSW) - Secondary support and other mine services activities
- ❑ Boral's Berrima mine (NSW) - Whole mine operations transition to care and maintenance

❑ New Contracts Commenced

- ❑ BHP Billiton's Appin mine (NSW) – Secondary support and mine services (2 year term)
- ❑ BHP Billiton's Appin and West Cliff mines (NSW) – Supplementary labour (2 year term)
- ❑ BMA's Crinum mine (Qld) – Conveyor salvages and installations (8 month term)

FY2015 Update

Our work



- ❑ Recurring Project Work Continues
 - ❑ Longwall projects
 - ❑ Whitehaven's Narrabri mine (NSW)
 - ❑ Peabody's Wambo mine (NSW)
 - ❑ Glencore's Blakefield mine (NSW)
 - ❑ Conveyor projects
 - ❑ BHP Billiton's Appin mine (NSW)

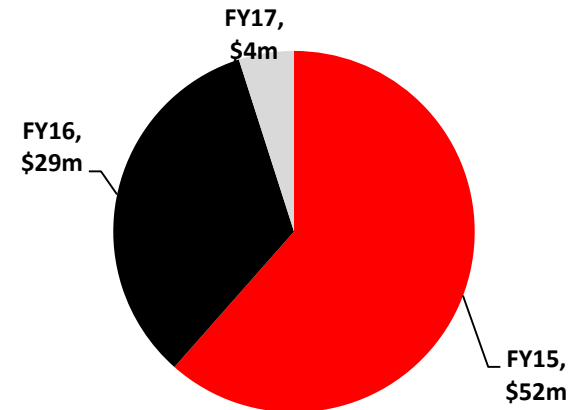


FY2015 Update Workbook and Pipeline

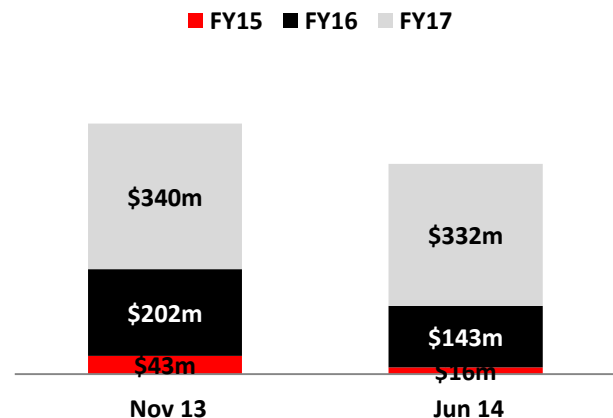


- Workbook remains stable with signs of improvement
- Targeted pipeline remains stable (~ \$1.4b)
- Activity pipeline has increased by 40% (to ~ \$430m)
- Potential short term revenue increased by over 35%

Workbook - \$85m



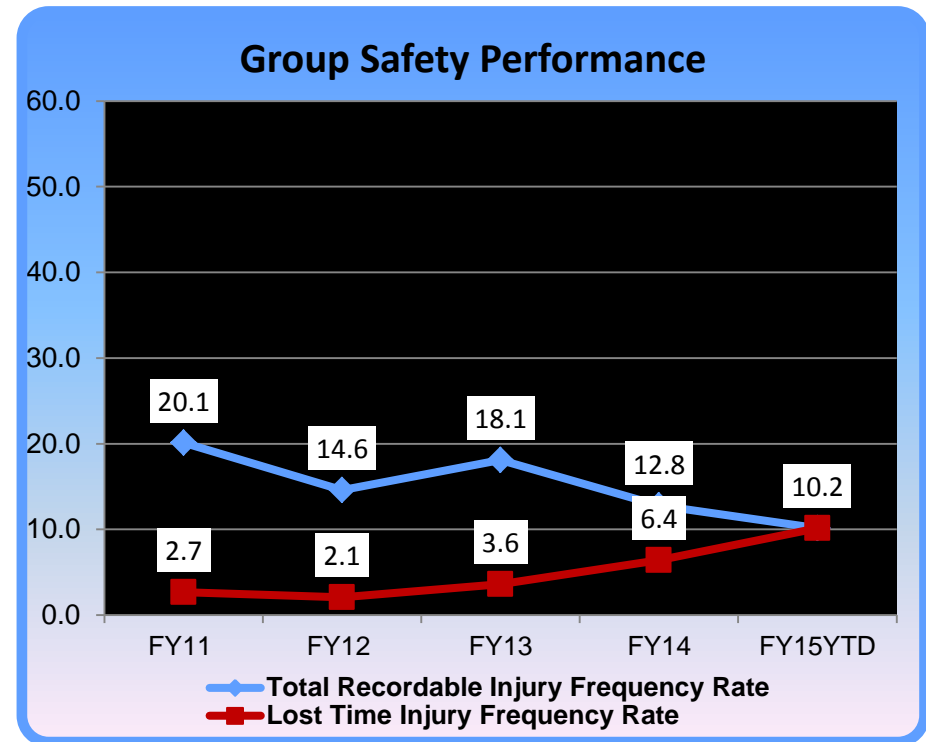
Target Pipeline: Potential Revenue by FY



FY2015 Update Safety



- ❑ Overall safety performance remains in top quartile of UG coal mine operators
- ❑ Safety performance continues to improve – total recordable injury frequency rate decreased by a further 20%.



Frequency rates based on 1,000,000 hours

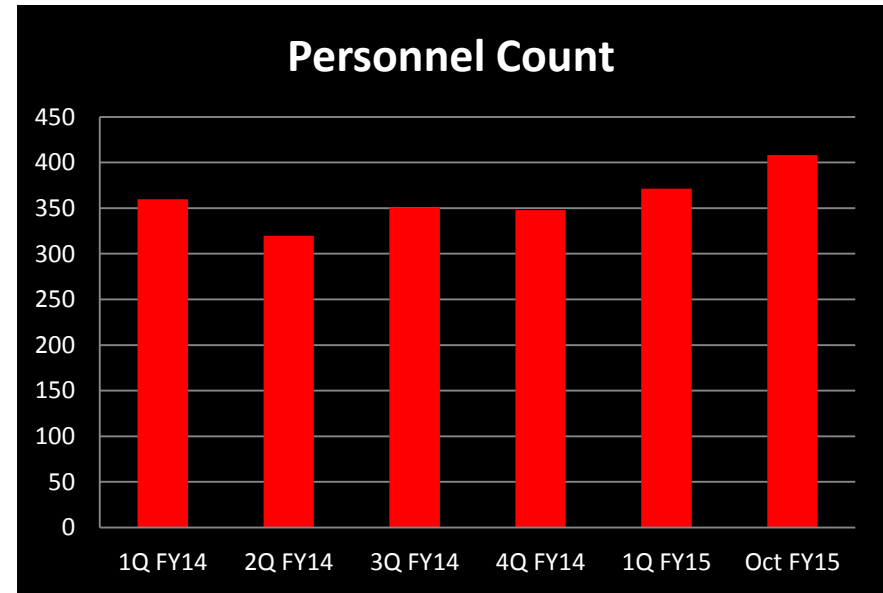
TRIFR FY13: Qld Industry Ave 24 & NSW Industry Ave 27

FY2015 Update

People



- ❑ Illawarra enterprise agreement (EA) variation (lower rates) approved by employees and FWC
- ❑ Full bench of FWC dismissed appeal by CMFEU on previously advised new national EA
- ❑ Personnel numbers at highest level in 18 months and growth expected to continue





3. Outlook



- ❑ Metallurgical coal (currently DSB main client base)
 - ❑ USD spot price of coking coal up 10% from the low point and the AUD has slightly depreciated
 - ❑ Australian production is actually growing and we expect pressure to further increase production from current mines
 - ❑ Australian long-term production is forecast to increase
- ❑ Steaming coal
 - ❑ Pricing remains subdued
 - ❑ Coal will continue to be major source of energy
 - ❑ Australian long-term production is forecast to increase

Outlook

Delta SBD



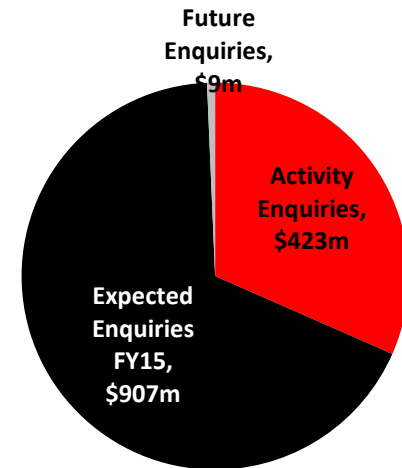
- ❑ Market conditions to remain challenging in medium term
- ❑ Opportunities for Delta SBD due to:
 - ❑ New flexible national EA and revised Illawarra EA
 - ❑ Improved competitiveness
 - ❑ Cheaper out sourcing option for clients
 - ❑ Our uniqueness
 - ❑ Mining innovation
 - ❑ Whole mine operation
 - ❑ Introduction of Gridmesh
- ❑ Ability and capacity to pursue appropriate growth opportunities

Outlook Pipeline



- ❑ Focus on whole mine operations and or production mining operations, utilising our innovative mining methods (patent pending)
- ❑ Target pipeline remains stable (~ \$1.4b)

Target Pipeline (\$1,400m)





4. Summary



Summary



Personnel	Lower cost base in all areas - improved competitiveness Numbers at highest level in 18 months
Sector	Increased metallurgical coal production Steaming coal production to remain subdued
Market	Maintain outsourcing competitiveness Increased contractor demand expected
Sustainability	Maintain our excellent client relationships Focus on improving adding valuing
Opportunities	Targeted all areas of pipeline Focus on innovative mining aspects
Profitability	Well positioned to return to positive profit and growth
Shareholders	Focus on improving returns and paying dividends



5. Questions





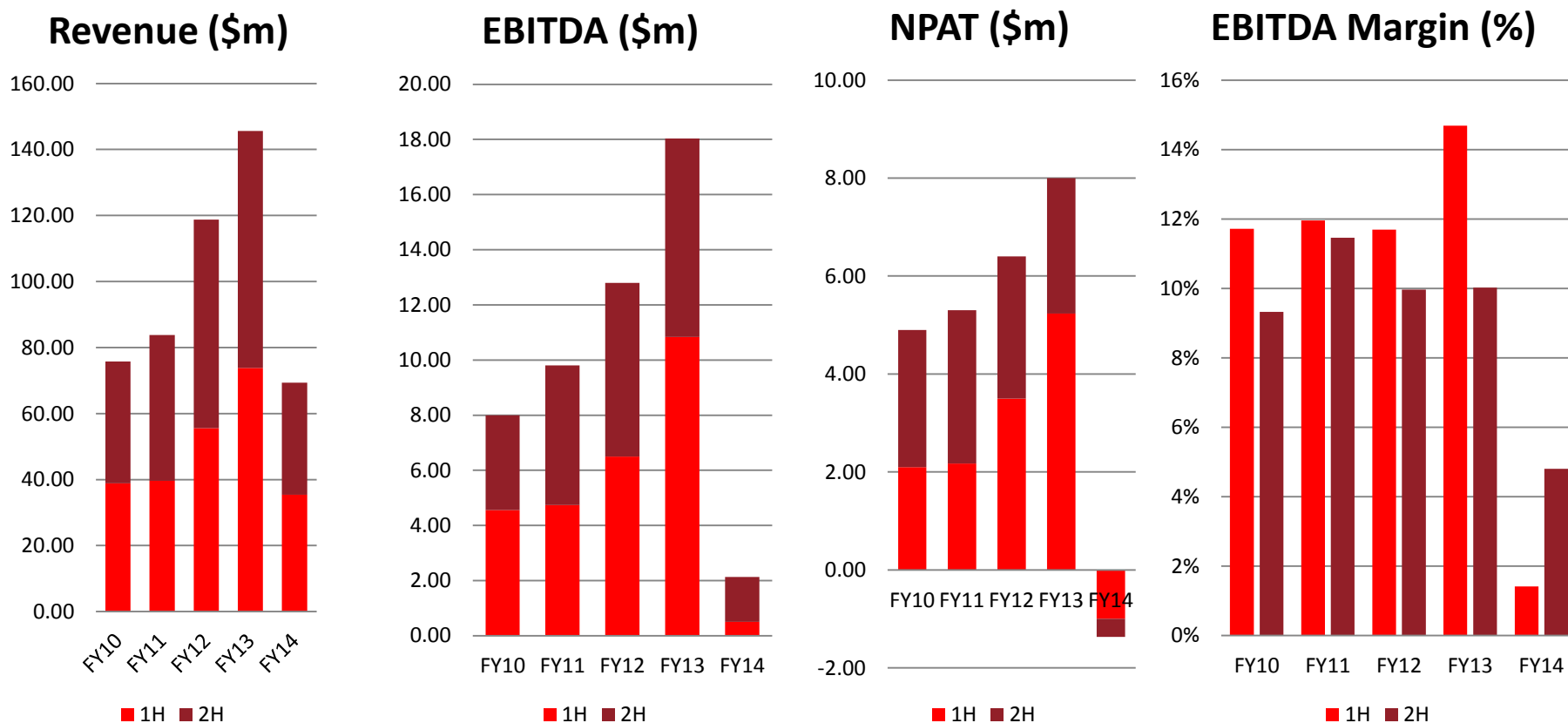
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Appendices

Financial Trends (underlying)

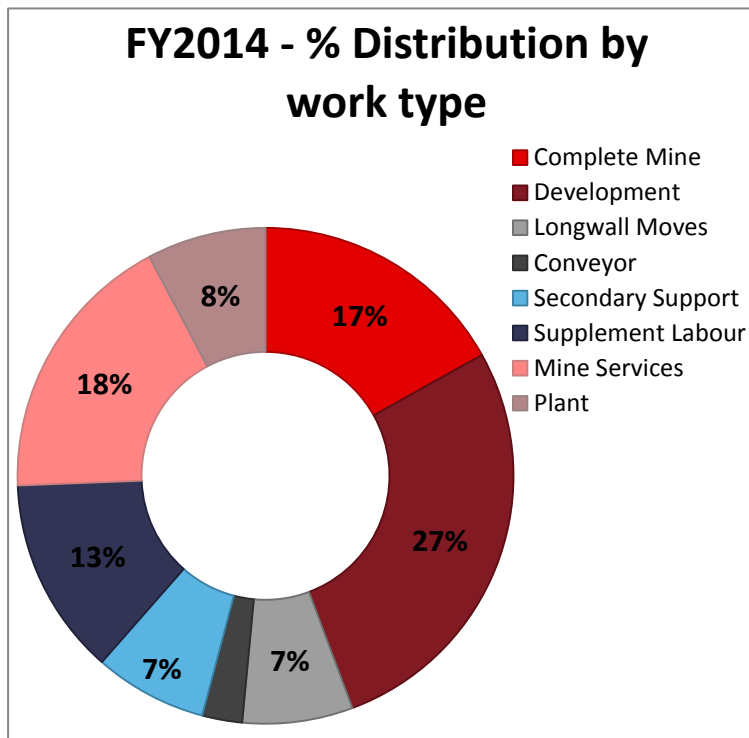


❑ Impacted by sector downturn – 2H improvement

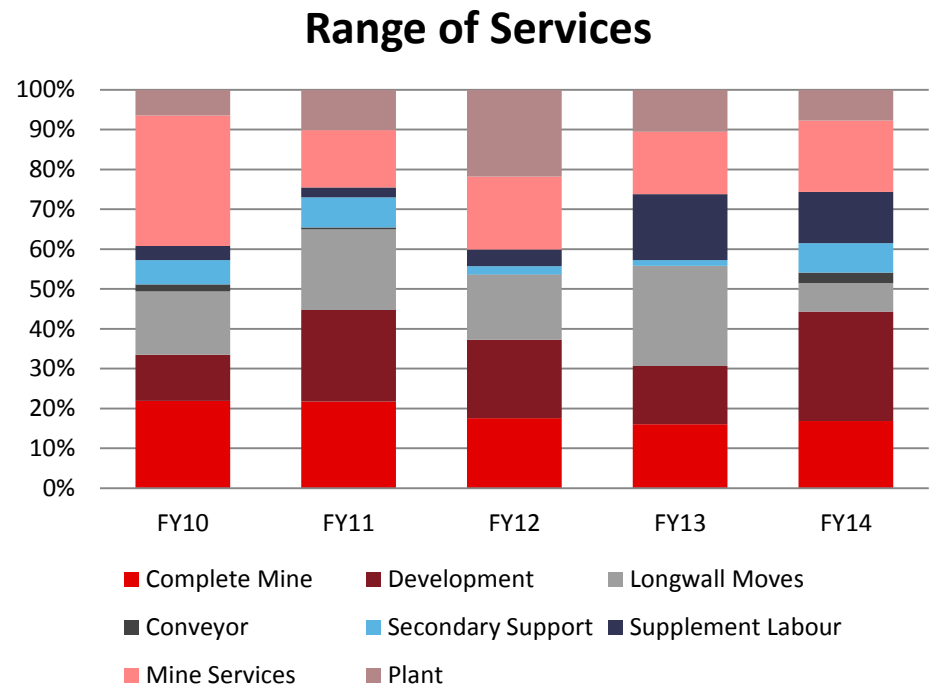


Diversity – Range of Services

- ❑ Large spread of services













- ❑ Consistency of services range



Sustainability & Diversification



Client	Mine	Location	Services	FY10	FY11	FY12	FY13	FY14	FY15	FY16
	Grasstree	Bowen Basin, Qld	Longwall Relocations							
	Berrima	Illawarra, NSW	Whole Mine Operations							
	Appin	Illawarra, NSW	Roadway Development							
		Illawarra, NSW	Mine Services							
		Illawarra, NSW	Supplementary Labour							
		Illawarra, NSW	Civils & Conveyors							
	Dendrobium	Illawarra, NSW	Equipment Hire							
	West Cliff	Illawarra, NSW	Supplementary Labour							
	Broadmeadow	Bowen Basin, Qld	Longwall Relocations							
		Bowen Basin, Qld	Equipment Hire							
	Crinum	Bowen Basin, Qld	Conveyor Installations							
	Narrabri	Western Coalfields, NSW	Longwall Installation							
	KME	Bowen Basin, Qld	Longwall Installation							
	Adriyala	Andhra Pradesh, India	Longwall Installation							
	Ulan #3	Upper Hunter Valley, NSW	Longwall Relocations							
	Ulan West	Upper Hunter Valley, NSW	Longwall Installation							
	Blakefield	Hunter Valley, NSW	Longwall Relocations							
	Tahmoor	Illawarra, NSW	Longwall Relocations							
	Metropolitan	Illawarra, NSW	Mine Services							
	Wambo	Hunter Valley, NSW	Longwall Relocations							
		Hunter Valley, NSW	Conveyor Installations							
	North Goonyella	Bowen Basin, Qld	Longwall Relocations							
	Integra	Hunter Valley, NSW	Longwall Relocations							
		Hunter Valley, NSW	Longwall Installation							
	Narrabri	Western Coalfields, NSW	Roadway Development							
			Longwall Relocations							
	Austar	Hunter Valley, NSW	Longwall Relocations							

Current Contract

Previous contract

Contract options

Likely Re-occurring work

About Delta SBD Limited



- ▲ Delta SBD is one of the largest contract companies servicing Australia's underground coal mining industry. The Group is geographically diverse, with operations across NSW at the Southern, Western, Hunter Valley and Narrabri coalfields and across the Bowen Basin in Queensland
- ▲ The Group's objective is to provide value-add services to clients by forging profitable long term partnerships. Delta SBD provides each project/mine with competent work teams, fit for purpose equipment and excellent site management backed by a supportive corporate management. The Group uses safe and efficient work methods enabling on-time completion of all works and services to client requirements

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