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ASX Announcement
27 February 2015

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

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To : Australian Securities Exchange

27 February 2015

Australian Stock Exchange
Company Announcements

ASX/Media Release

December 2014 Half Year Results

Yours Faithfully

Geoff Garside
Company Secretary

DELTA SBD - IN FOR THE LONG HAUL

Overview

- Revenue of \$31.2m
- Underlying earnings before interest tax, depreciation and amortisation (EBITDA) of \$0.8m
- Underlying net loss after tax of \$0.2m
- Statutory net loss of \$0.2m (loss of \$30.7m in pcp)
- Pleasing momentum in new and recurring work awards, as well as contract extensions, with the hours worked at the highest level in 18 months
- Improved competitiveness and profitability program on track with momentum in new and recurring work and overhead reductions through the introduction of New Enterprise Agreement and a variation to the existing Enterprise Agreement
- Through the sale of equipment not identified as part of sustainable assets for continuing operations, debt decreased by 93%

Financial Results

	H1 FY2015 31 Dec 2014	H1 FY2014 31 Dec 2013	% change
Revenue \$m	31.2	35.4	(12%)
Underlying EBITDA \$m	0.8	1.0	(17%)
Underlying EBITDA margin, %	2.7	1.4	89%
Underlying net profit after tax \$m	(0.2)	(1.0)	357%
Non cash impairment, disposal and other costs \$m	--	(29.7)	--
NPAT from ordinary activities	(0.2)	(30.7)	>500%
Underlying Earnings per share (cents)	(0.5c)	(2.2c)	357%

Delta SBD recorded an underlying net loss of \$0.2m for the period, largely reflecting a 12% reduction in revenue as general weakness in the Australian coal industry continued throughout the period.

Underlying (EBITDA was \$0.8 million, while underlying EBITDA margins improved to 2.7%.

CEO Quote

Commenting on the results, DSB's Chief Executive Officer Steve Bizzaca said:

"This has been an extremely challenging period both for the entire mining services sector and for Delta SBD. The management team has successfully reduced our site labour and organisation costs and debt levels. The cost reductions achieved have ensured that the company is more competitive and viable, is providing a value added solution to our clients in this difficult environment and is positioned appropriately when market conditions ultimately begin to improve.

"Pleasingly we have been successful in a number of contract awards, for both new and recurring work, and contract extensions evidencing our ability to be competitive. Personnel hours are at their highest in 18 months and as new contracts will be undertaken in the second half, these numbers are expected to increase" he said.

Operational Review

Major new services undertaken/commenced in the first half include:

- Peabody Energy – Wambo mine (NSW) completed a longwall relocation and commenced a second longwall relocation.
- Whitehaven's Narrabri mine (NSW) – Completed a longwall relocation.
- BHP Billiton's Appin mine (NSW) – Completed conveyor installation and conveyor civils, commenced and completed drill and blast excavation for various Area 9 projects.
- BHP Billiton's Dendrobium (NSW) – Completed longwall relocation equipment hire.
- Glencore's Blakefield mine (NSW) – Completed longwall relocation
- Glencore's Ulan #3 mine (NSW) – Commenced mobilisation for longwall relocation
- BMA's Broadmeadow mine (QLD) – Mining equipment hire and completed longwall relocation equipment hire
- BMA's Crinum mine (QLD) – Commenced conveyor installations and salvages.

Ongoing works consisted of:

- Boral's Berrima mine (NSW) – Whole of mine operations transitioned to care and maintenance in October 2013 and is continuing, although Boral has advised its intention to close the mine.
- BHP Billiton's Appin mine (NSW) – Roadwork development (2 units- contract extended to March 2015 with a further 12 month extension for 1 unit expected), secondary support (new contract awarded until August 2016), drill and blast excavation and other mine services activities (new contract awarded until August 2016).
- Peabody's Metropolitan mine (NSW) – Secondary support and other mine services activities continued.

Recent new contract awards, with services commencing in the second half of 2015, include:

- Longwall relocations at Glencore's Ulan #3 (NSW) and Ulan West (NSW) mines.
- CH4 pipeline for BHP Billiton's Appin mine (NSW)
- Development assistance at Whitehaven's Narrabri mine (NSW)
- Recurring longwall relations (3 over the next 2 years) at Glencore's Blakefield mine (NSW)

Debt reduction initiatives

The majority of the longwall relocation equipment as well as some minor mining equipment, was successfully sold as part of the Group's debt reduction initiatives. Debt for plant and equipment reduced from \$10.530 million as at 30th of June 2014 to \$1.3 million. Some Equipment Held for Sale are currently in process of sale and further debt reduction will result.

Safety Performance

Maintaining the health and safety of the Delta SBD workforce and of our clients remains a core value of the group.

Overall the company is pleased to advise that in the very turbulent labour market the Total Recordable Injury Frequency Rate is stable at 14 and continues to be in the top quartile performance for underground mines. Leading safety measures remained on target over the reporting period at 1 per 9.4 hours worked.

Outlook

The company's expectations for the January to June 2015 period continue to be set against a framework of continuing general weakness in the coal industry in Australia.

The effect of the new Delta Coal Mining Enterprise Agreement and the varied Delta Mining Enterprise Agreement has made the Group significantly more competitive by offering our Clients' a more viable outsourcing solution, as well as reducing costs and improving the overall sustainability of the Group.

Notwithstanding the above, the Group forecasts improved performance for the 2015 fiscal year as the company will continue to provide value added services to Illawarra Coal as well as undertake numerous relocation projects including recurring work at Glencore's Blakefield, Ulan #3 and Ulan West mines, Peabody's Wambo mine and Whitehaven's Narrabri mine over the next 12 months.

For further information please contact:

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About Delta SBD Limited

Delta SBD is one of Australia's largest underground coal mining contractors servicing Australia's underground coal producers. The Group is geographically diverse, with operations across NSW at the Southern, Western, Hunter Valley and Narrabri coalfields and the Bowen Basin in Queensland.

The Group's objective is to provide value-added services to clients by forging profitable long term partnerships. Delta SBD provides each project/mine at which it works 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 works and services to client requirements.