



ASX/Media Release

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December 2011 Half Year Results

DELTA SBD DELIVERS 61% INCREASE IN PROFIT, 40% INCREASE IN REVENUE

Highlights

- Continuing strong safety performance
- Underlying net profit after tax \$3.5m (+61%)
- Statutory NPAT of \$3.3m (+94%)
- Revenue of \$55.6m (+40%)
- Interim dividend declared of 1.5 cents per share fully franked

Leading coal mining services company Delta SBD Limited (DSB) is pleased to announce its results for the half year period ending 31 December 2011. The Directors are extremely pleased with the results, which significantly exceed guidance provided to the market at the time of DSB's IPO in December 2010. The Directors have declared a maiden interim dividend of 1.5 cents per share, fully franked, payable on 15 March 2012.

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

"I am delighted to deliver shareholders a set of results that include a significant improvement in safety performance as well as a strong uplift in our profit, revenue and with solid margin improvement across the board. We have been awarded a number of new contracts during the past half year and now have an excellent pipeline of projects which have significantly expanded our geographical footprint for the future.

"It is particularly pleasing to have achieved increased fleet utilisation. This demonstrates the continuing need for Delta SBD's equipment and confirms the company's strategy of providing fit-for-purpose equipment as well as labour. During the period we announced substantial new investment in our fleet to position Delta SBD to capitalise on the continued growth of the sector.

"Our long term confidence in the sector remains, with strong growth forecast across the coal industry. Our internal forecasts show Australia's underground coal sector could triple in size by 2020 with most new projects involving longwall mining. This is promising for Delta SBD as we are Australia's most experienced longwall move service provider. In the next six months we expect to bring the total number of longwall move projects undertaken by Delta SBD to 93," he said.

Safety Performance

DSB's emphasis on safety in all operations was demonstrated by continuing improvement in its safety record. During the period there was a 15% improvement in Lost Time Injury Frequency Rate (LTIFR) and a 15% improvement in Total Recordable Injury Frequency Rate (TRIFR). The improvements result from the active participation of all employees in DSB's safety management program.

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Financial Results

\$m	H1 2011	H1 2010	% change
Revenue	55.6	39.7	40%
EBITDA	6.5	4.5	44%
EBITDA Margin, %	11.7	11.4	2%
Underlying net profit after tax	3.5	2.2	61%
NPAT from ordinary activities after tax	3.3	1.7	94%
Earnings per Share	7.52	4.64	62%

The underlying net profit after tax for the half year period increased by 61% on the previous corresponding period, and was based on strong growth in revenue to \$55.6 million (+ 40%) and Earnings Before Interest Tax and Depreciation (EBITDA) of \$6.5 million (+44%). The underlying EBITDA margin improved from 11.4% to 11.7%. Basic earnings per share increased to 7.52 cents per share from 4.64 cents per share in the previous period.

DSB allowed for underlying profits adjustments including the cost of options related to the IPO (\$91k) and a non-recurring item (\$80k).

Operational Review

DSB successfully completed six longwall move projects during the period, including:

- Xstrata Coal's Ulan and Ravensworth mines (both in NSW)
- Vale Australia's Integra mine (NSW)
- Peabody Energy's Wambo mine (NSW)
- Anglo Amercian's Grasstree mine (Queensland)
- Whitehaven's Narrabri mine (NSW)

DSB further enhanced its relationship with Whitehaven Coal during the period, securing two new contracts at the company's Narrabri Mine. These comprised a longwall project surface build and subsequent underground build (on behalf of Caterpillar Global Products), and a development drivage contract for which DSB successfully employed 60 new staff in tight market conditions. The company was also awarded a further contract at Xstrata's Ulan Mine in the upper Hunter Valley, NSW, marking DSB's third consecutive longwall project at Ulan.

DSB's fit-for-purpose equipment fleet hire business performed strongly during the half year, with demand for equipment increasing and hire utilisation up from 50% to 62%. To support future growth, DSB acquired new coal drivage development equipment during the period, demonstrating the company's focus on continually expanding its fleet. The new equipment ensures DSB is in a strong position to respond to demand as new mines come online and existing clients look to increase production.

The expanding workload was supported by the growth in the company's staffing levels from 418 to 489 during the period.

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About Delta SBD Limited

Delta SBD is one of the largest contracting companies servicing Australia's underground coal mining industry. The Group is geographically diverse, with operations across NSW at the Southern coalfields, Western coalfields and Hunter Valley; and 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 group. The Group uses safe and efficient work methods enabling on-time completion of all works and services to client requirements.

With improving demand and stable prices, the coal industry forecast looks positive. Structural changes in global coal markets and the cyclical rebound in global growth are driving increasing demand for thermal and metallurgical coal. For Australia this bodes well in terms of increasing production and expansion projects which should provide continuing business opportunities for Delta SBD.