



ASX Announcement
26 February 2013

ASX: DSB

Board of Directors

Gordon Galt – Chairman

Stephen Bizzaca – Managing
Director – CEO

Glyn Dawkins – Non Executive
Director

Geoffrey Garside – Non Executive
Director

Company Secretary

Tony McFadden

Principal Contact

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Director – CEO

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To : Australian Securities Exchange
Company Announcement

ASX/Media Release

December 2012 Half Year Results.

Delta SBD delivers +50% increase in profit

Yours Faithfully

Tony McFadden
Chief Financial Officer and Company Secretary

December 2012 Half Year Results

DELTA SBD DELIVERS +50% INCREASE IN NPAT

Highlights

- Strong safety performance continues
- Statutory net profit after tax of \$5.2m (+58% on pcp)
- Underlying net profit after tax of \$5.2m (+50% on pcp)
- Revenue of \$73.8m (+33% on pcp)
- Major new work at BMA Broadmeadow and Rio Tinto Kestrel
- Interim dividend declared of 1.8 cents per share fully franked

Delta SBD Limited (DSB), one of Australia's largest underground coal mining contractors, announces results for the half year ending 31 December 2012.

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

"I am delighted to deliver a very strong set of results for the half year to 31 December 2012. These included further improvement in our safety performance and excellent growth in net profit after tax, driven by higher revenue and improved margins, despite the general weakness reported across the coal sector. Revenue and margin improvements were both beneficiaries of the growth strategy implemented within the group over the past two years, based on targeted capital expenditure to acquire a significant fleet of "fit for purpose" equipment. Capital acquisitions made over the last 18 months exceeded \$30m.

"The expanded fleet is enabling the group to win new project work and better service our customer base. I am also pleased to report that during the period we won major new work at BMA Broadmeadow and Rio Tinto Kestrel.

Safety Performance

Maintaining the health and safety of the Delta SBD workforce and our clients is a core value of the group, and management is pleased to advise that the company's safety performance continued to improve during the period. The lost time injury frequency rate improved by 14% with the total recordable frequency rate remaining constant at 16.6. The pleasing aspect of these results is that they were achieved during a period of significant growth in workforce numbers and operating hours within the group. We believe that this performance reflects the commitment of our entire workforce and the effectiveness of the group safety management process. This belief is supported by the fact that our Leading Zero Harm initiative index (risk mitigation) rose by 31%.

Financial Results

\$m	H1 2013	H1 2012	% change
Revenue	73.8	55.6	33%
EBITDA	10.9	6.5	68%
EBITDA margin, %	14.6	11.7	25%
Underlying net profit after tax	5.2	3.5	50%
NPAT from ordinary activities	5.2	3.3	58%
Earnings per share (cents)	11.67	7.52	55%

The underlying net profit after tax for the half year period increased by 50% on the previous corresponding period, and was based on strong growth in revenue to \$73.8 million (+33%) and margin improvement. Earnings before Interest Tax and Depreciation (EBITDA) was \$10.9 million (+68%). The underlying EBITDA margin improved from 11.7% to 14.6%. Earnings per share increased to 11.67 cents per share from 7.52 cents per share in the previous corresponding period.

For the six months ended 31 December 2012 there were no differences in the recognition of profit between Statutory and Underlying financial results.

Operational Review

During the period Delta SBD continued to focus on providing value added services to our client base with the successful undertaking of ongoing and new works.

Major new work undertaken/commenced included:

- BMA's Broadmeadow mine (Qld) – Longwall top coal cave mini surface build and underground installation (the latter expected to be completed in February 2013)
- Rio Tinto's Kestrel Mine Expansion (Qld) - Longwall surface build with underground installation to commence in March 2013
- Whitehaven's Narrabri mine (NSW) - Deployment of the new Joy 12CM30 continuous miner as part of the existing development services work being undertaken
- Vale's Integra mine (NSW) - Longwall mini surface build and underground installation, with the latter expected to be completed in February 2013
- Xstrata's Ravensworth (NSW) and Ulan (NSW) mines, Peabody's Wambo mine (NSW) and Anglocoal's Grasstree mine (Qld) - Completed longwall moves
- BHP Billiton's Appin mine (NSW) - Commenced conveyor civil works, including drill and blast excavation

Ongoing works consisted of:

- Boral's Berrima mine (NSW) - Whole mine operations with 107,300 tonnes produced
- BHP Billiton's Appin mine (NSW) - Roadway development (two units, reduced from three units due to completion of one contract), secondary support, dyke drill and blast excavation and other mine services activities

- Peabody's Metropolitan mine (NSW) - Secondary support and other mine services activities continued
- Whitehaven's Narrabri mine (NSW) - Roadway development (two units)

Dividend and Dividend Reinvestment Plan (DRP)

The Directors have declared an interim dividend of 1.8 cents per share fully franked, payable on 17 April, 2013. The record date is 18 March, 2013. Based on issued shares of 44.8 million this dividend will total \$807,000.

As part of the company's capital management strategy the Directors have decided to introduce a DRP, with funds raised to be used for debt reduction and/or purchase of new capital equipment. The DRP will be open to future dividends until further notice and is applicable for the interim dividend for the six months to 31 December, 2012.

The price for Delta SBD shares allocated under the DRP will be the "price" determined under the DRP rules (being the daily volume weighted average market price of all ordinary shares sold in the ordinary course of trading on the ASX during the 10 day trading period starting on the second day following the record date of the dividend) less any applicable discount determined by the Delta SBD board. For the forthcoming interim dividend for the six months to 31 December, 2013, ordinary shares will be issued at a 2.5% discount to the relevant "price". Delta SBD may determine a different discount for subsequent dividends.

Subject to agreeing acceptable terms, Delta SBD proposes to have any DRP shortfall for the 31 December 2012 interim dividend underwritten.

Outlook

The company's expectations for the January to June 2013 period are set against a framework of current general weakness in the coal industry in Australia. Notwithstanding, the company forecasts a solid half year with revenue similar to the corresponding period last year. Margins may be pressured downwards compared to the margin achieved in the first half of the financial year.

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.