

# FY2013 Half Year Results Presentation

March 2013

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Tony McFadden, CFO & Company Secretary

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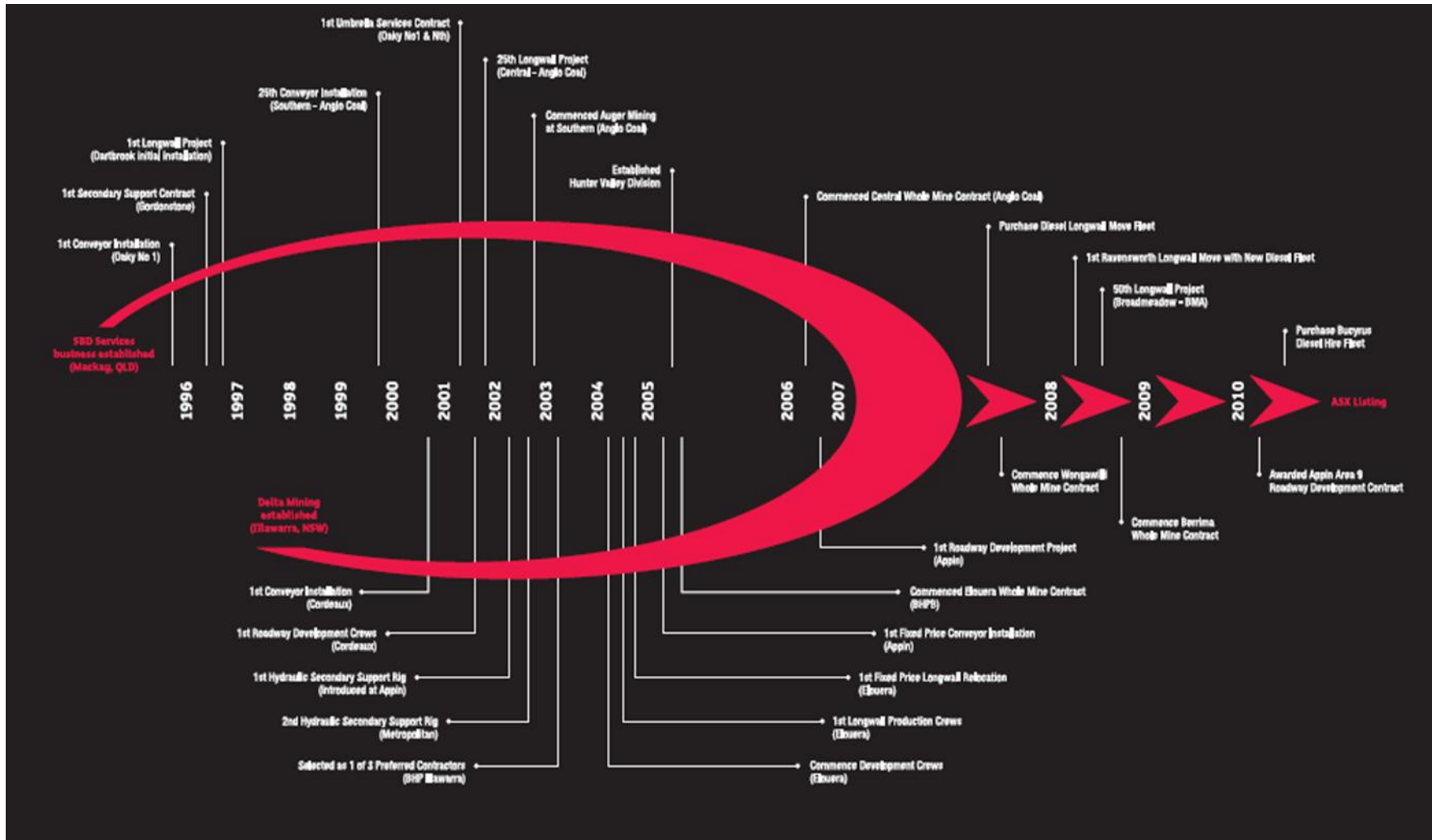
# Agenda



1. Background
2. 1HFY13 Highlights
3. Operational Review
4. Outlook
5. Summary



# 1. Background – History



# Background – History



Specialised support in extracting underground coal with over 600 skilled personnel and fit-for-purpose equipment.

A leading provider of:

- ▲ Whole of mine operations
- ▲ Longwall relocations and support
- ▲ Roadway development
- ▲ Conveyor Installations and maintenance
- ▲ Mine Services
  - ▲ Secondary roof support installation
  - ▲ Drill and blast excavation
  - ▲ Ventilation device installation
  - ▲ Services/utility installation/recovery
- ▲ Plant hire and maintenance
- ▲ Supplementary labour



# Background – Competitive Advantage & Uniqueness



- ▲ Whole of mine operations
- ▲ Short term projects represent >20% of work
- ▲ Longwall install/move projects – largest provider
- ▲ Full in house turn key longwall projects
- ▲ Fit for purpose equipment – safer, reliable and productive
- ▲ Pillar extraction capability
- ▲ Diversity

## 2. 1HFY13 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)
- ▲ Cash at bank of \$3.6m
- ▲ Underlying EBITDA margin of 14.6% (+24.8% on pcp)
- ▲ EPS 11.67 cents per share (+55% on pcp)
- ▲ Major new work at BMA Broadmeadow and Rio Tinto Kestrel
- ▲ Interim dividend 1.8 cents per share fully franked (+20% on pcp)
- ▲ DRP implemented
- ▲ Continued growth



# Growth via diversification whilst coal sector under pressure



<b>Range of Services</b>	
Whole Mine Operations	Roadway Development
Longwall Projects	Mine Service
Conveyor Projects	Equipment Hire

<b>Regional Spread</b>	
Illawarra, NSW	Hunter Valley, NSW
Bowen Basin, QLD	West, NSW

<b>Strong Customer Portfolio</b>		
		
		
		

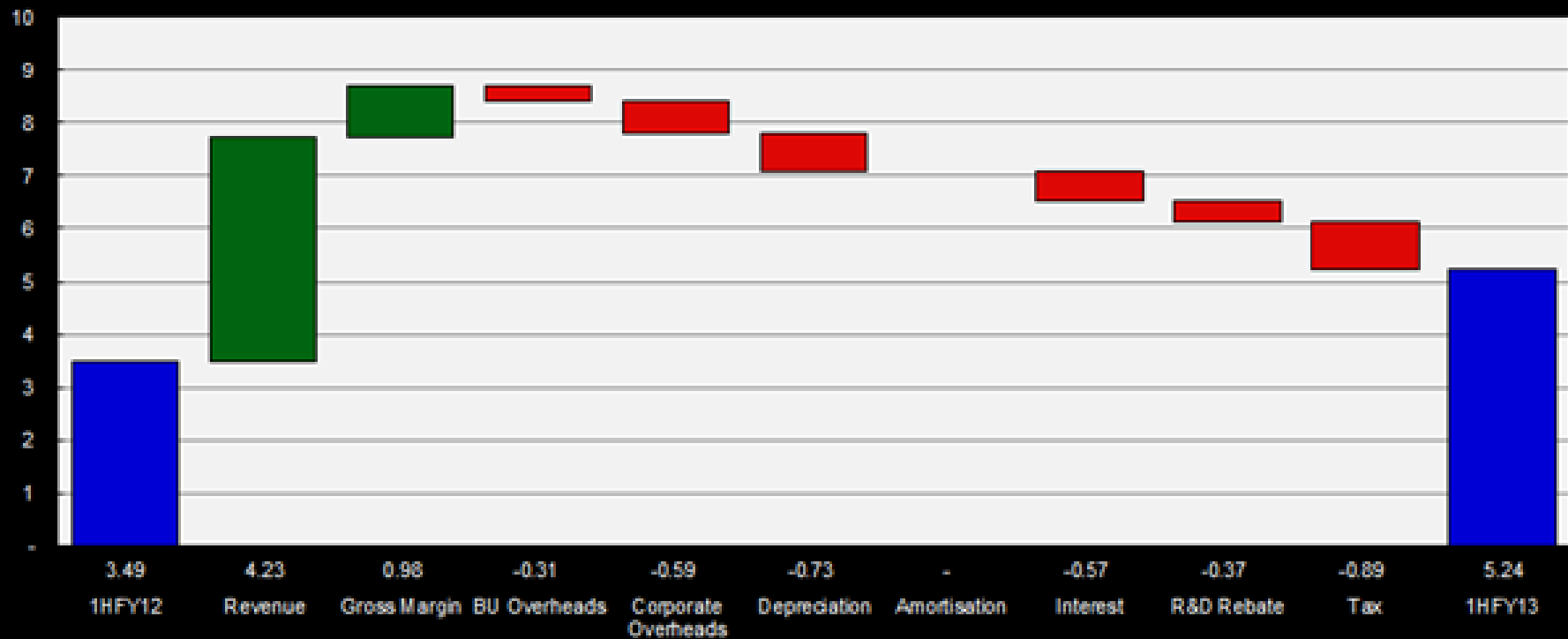
<b>Coal Type Diversity</b>	
Metallurgical	Coking

# 1HFY13 NPAT Waterfall



\$ 000,000's

### 1H FY12 to FY13 NPAT

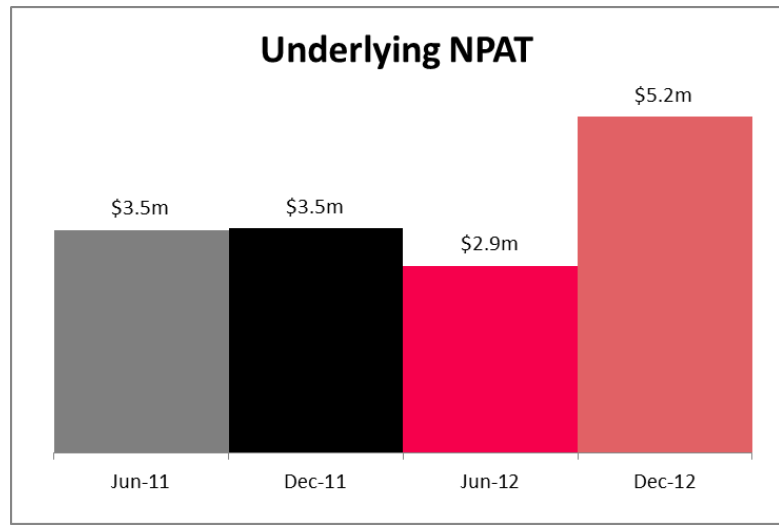
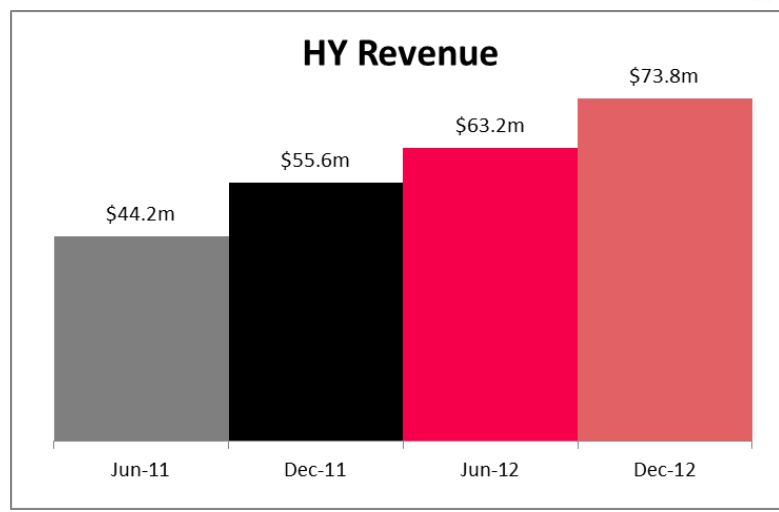






# 1HFY13 Highlights - Financial Review

	Actual Half-Year Jun-11 \$m	Actual Half-Year Dec-11 \$m	Actual Half-Year Jun-12 \$m	Actual Half-Year Dec-12 \$m
Revenue	44.2	55.6	63.2	73.8
EBITDA	5.3	6.5	6.2	10.8
Depreciation	-1.0	-1.5	-1.5	-2.2
EBIT	4.3	5.0	4.7	8.6
Net Finance Costs	-0.5	-0.5	-1.0	-1.1
NPBT	3.7	4.5	3.7	7.5
Underlying NPAT	3.47	3.49	2.91	5.23
EPS (cents)	8.4	7.5	7.0	11.7
EBITDA margins	11.9%	11.7%	9.9%	14.6%
EBIT margins	9.7%	9.1%	7.5%	11.7%



# Balance Sheet & Cashflow



<b>Balance Sheet</b>	<b>Dec12</b>	<b>Dec11</b>
Cash (\$m)	3.60	4.88
Total Assets (\$m)	112.41	96.14
Total Shareholder funds (\$m)	57.28	50.43
Net Debt (\$m)	24.52	21.60
Net Debt to Equity	43%	43%
<b>Cashflow</b>	<b>Dec12</b>	<b>Dec11</b>
Operating activities (\$m)	2.93	3.98
Investing activities (\$m)	(7.91)	(16.19)
Financing activities (\$m)	8.08	7.24
Net (decrease) increase in cash (\$m)	(1.49)	(4.96)
Cash at beginning of period (\$m)	5.10	9.85
Closing cash (\$m)	3.61	4.88

# Dividend and Dividend Reinvestment Plan (DRP)

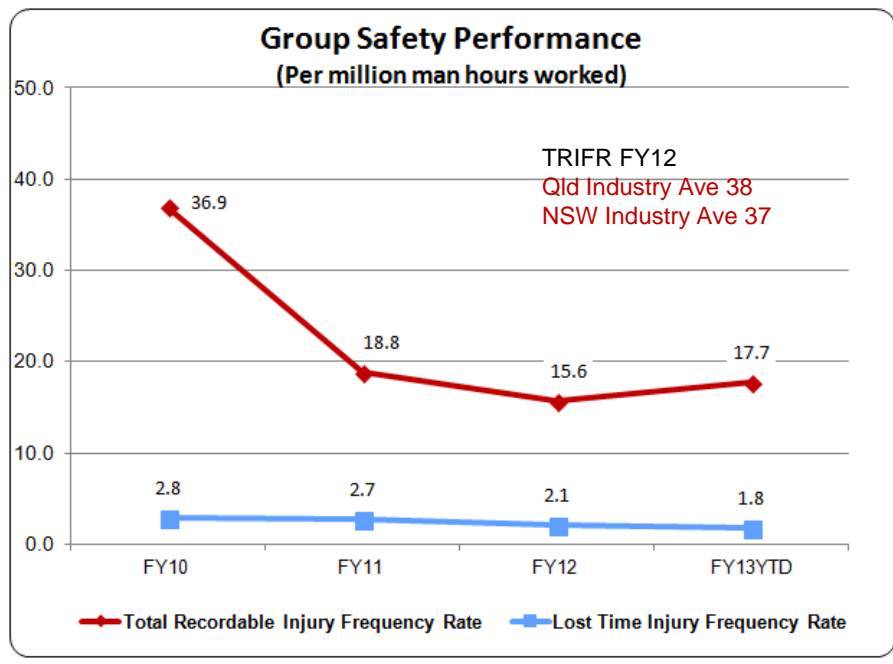
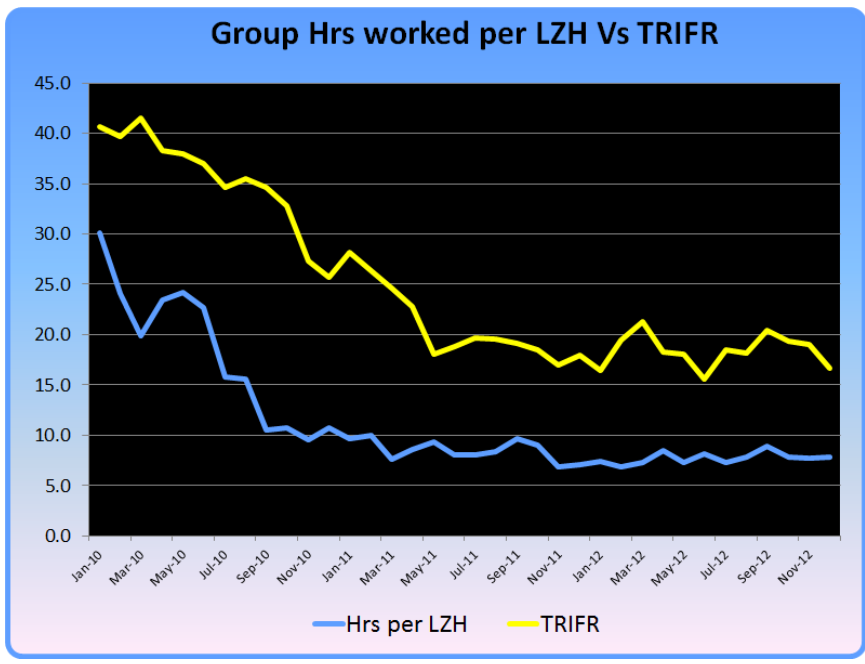


- ▲ Interim dividend fully franked of 1.8 cents per share
- ▲ Record Date 18 March 2013, payable 17 April 2013
- ▲ DRP Implemented
- ▲ Funds raised for debt reduction and/or purchase of new capital equipment
- ▲ Price - the daily volume weighted average market price on the ASX during the 10 day trading period starting on the second day following the record date of the dividend
- ▲ Discount 2.5%
- ▲ DSB proposes to have any DRP shortfall for the 31 December 2012 interim dividend underwritten

# 3. Operational Review – Safety



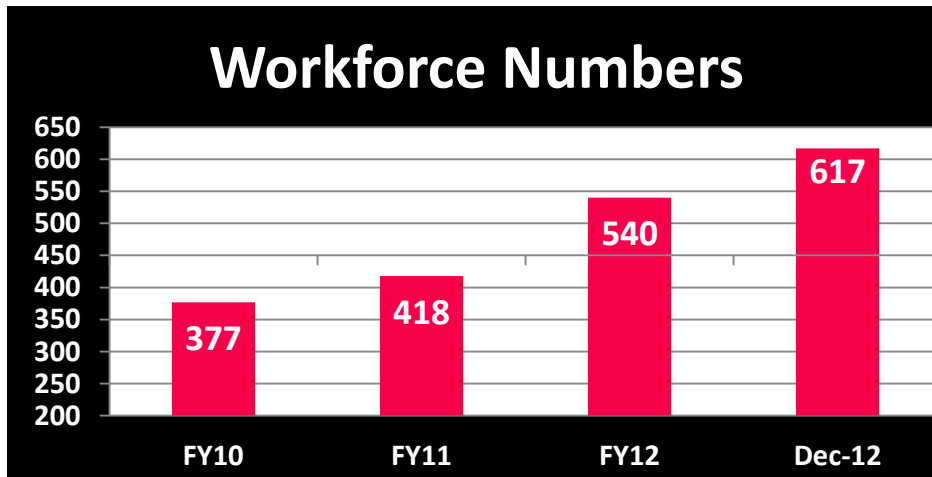
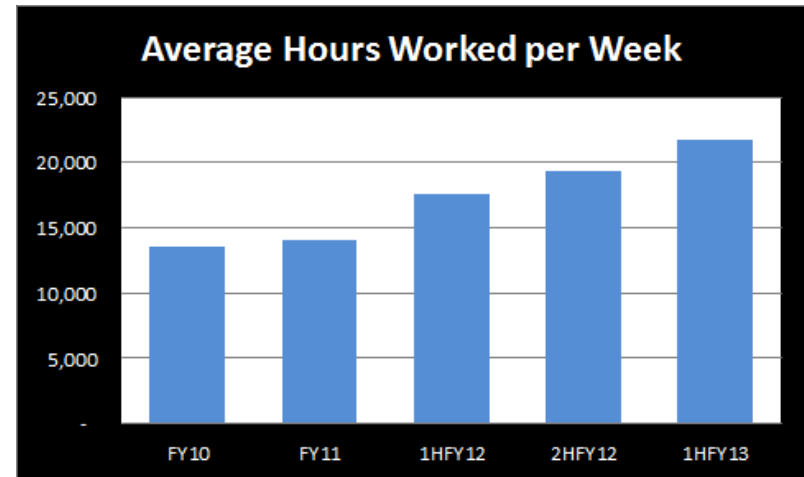
- ▲ 31% increase in Leading Zero Harm initiative
- ▲ Total Recordable Injury Frequency Rate remained constant
- ▲ 14% improvement in Lost Time Injury Frequency Rate
- ▲ Overall safety performance remains in top quartile of UG coal mine operators



# Operational Review - People



- ▲ Robust recruitment process with an increase in workforce of 14% to 617 as at 31 December 2012
- ▲ Proven training programs on site
- ▲ Off-site machinery operating training centre established in Mackay



# Major new work undertaken / commenced



- ▲ BMA's Broadmeadow mine (Qld) - Longwall top coal cave mini surface build and underground installation
- ▲ 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 (to end March 2013)
- ▲ Vale's Integra mine (NSW) - Longwall mini surface build and underground installation
- ▲ 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



- ▲ Boral's Berrima mine (NSW) - Whole of mine operations
- ▲ BHP Billiton's Appin mine (NSW) - Roadwork 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 until end March 2013)





# Innovation



Rack Bar Install Unit



Largest capacity Shearer Transporter 130t



Largest capacity and most flexible shield transport configuration – 57t 2m wide with power assist hydraulic trailer wheel



# 4. Outlook



- ▲ Expectations for the January to June 2013 period are set against a framework of current general weakness in the coal industry in Australia
- ▲ Solid second half forecast 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

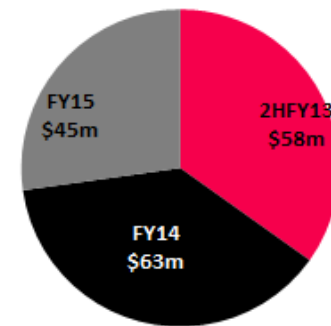


# Workbook and Pipeline



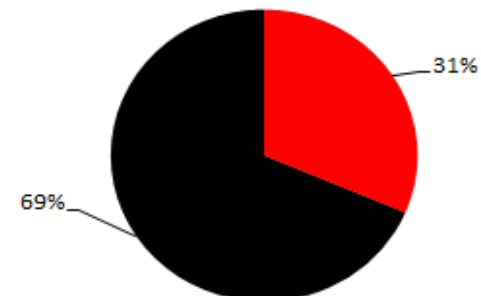
- ▲ Workbook remains positive
- ▲ Workbook excludes “Re-occurring Work” which also continues to be positive
  
- ▲ Targeted Pipeline has significantly increased
- ▲ Both short and long term opportunities have grown

Workbook - \$166m



Targeted Pipeline > \$1.0b

■ Activity Enquiries ■ Expected Enquiries CY13



# 5. Summary



<b>Safety</b>	Continue safety improvement, target Zero Harm
<b>Sector</b>	Strength in Diversity Services, equipment, clients, geographical regions, coal types
<b>Sustainability</b>	Maintain our excellent client relationships and work Focus on maintaining margins
<b>Growth Opportunities</b>	Targeted pipeline is increasing Continue deployment of newly acquired capital equipment
<b>People</b>	Continued recruitment programs Training of personnel
<b>Shareholders</b>	Continue to increase EPS Dividend Reinvestment Plan (DRP) introduced



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# Questions





# Contact us



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# Appendix



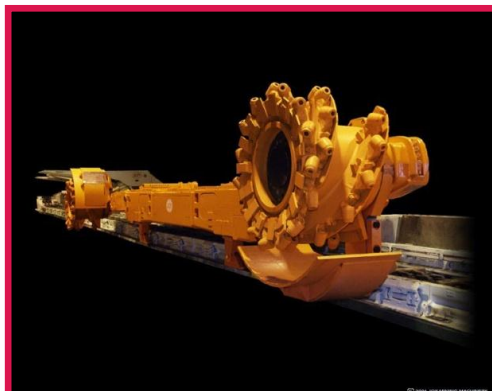
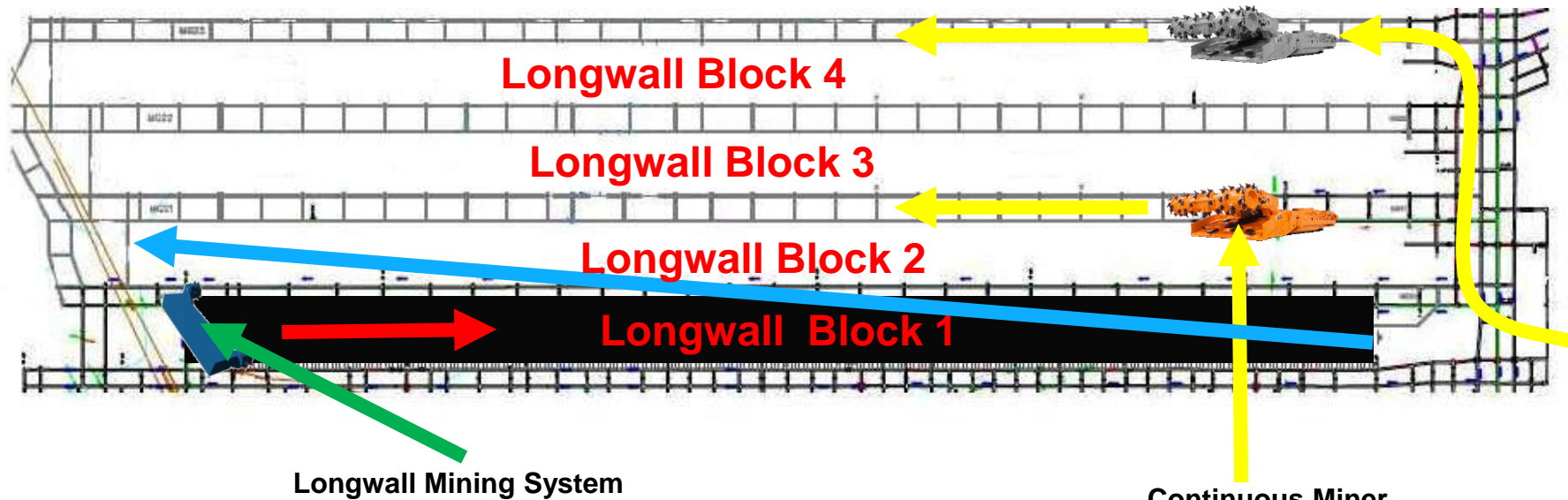


# About Delta SBD Limited



- ▲ 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-added 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

# Background – Underground Mine



On Completion of Longwall Block 1 full recovery and installation of longwall on Longwall Block 2

# Corporate Overview



## ▲ Capital structure

▲ Shares on issues	44,820,242
▲ Options	3,437,500

## ▲ Market capitalisation

\$36 million (assumes \$0.80 share price)  
\$31 million (assumes \$0.70 share price)

## ▲ Shareholders – Top five

▲ Stephen Bizzaca entities	33.2%
▲ Glyn Dawkins entities	25.3%
▲ Delta SBD Employee Trust	6.6%
▲ Gardner entities	2.8%
▲ Nehemine Pty Ltd	2.0%

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