

A photograph of a large bridge under construction, with concrete pillars and steel frameworks visible. A tall crane stands in the background. The image is overlaid with a blue tint and the company name and event title in white text.

Decmil Group Investor Roadshow

June 2021

Corporate Snapshot



Capital Structure

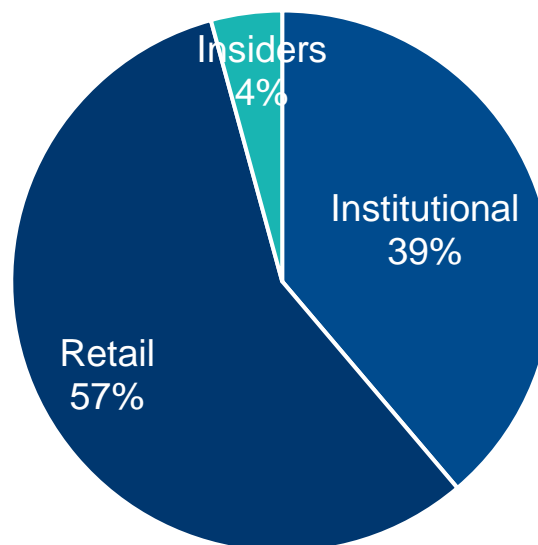
Shares	M	128.7
Performance rights	M	4.9
Options	M	1.8
Share price ¹	A\$	0.465
Market Capitalisation ¹	A\$M	60
Cash ²	A\$M	30
Debt ^{2,3}	A\$M	2.0
Enterprise Value	A\$M	32

Substantial shareholders

Thorney	18.3%
Franco	7.7%
IFM	5.8%

1. As at 11 June 2021
2. As at 31 December 2020
3. Excludes amounts owing to sureties (\$6.1m as at 14 June 2021) and deferred amounts payable to ATO / OSR as part of COVID-19 relief. (\$8.5m as at 14 June 2021)

Shareholder Distribution²



Board & Management

Andrew Barclay	Chairman [July 2020]
Dickie Dique	Managing Director & CEO [May 2020]
Peter Thomas	Executive Director [July 2020]
Vince Vassallo	Non-Executive Director [14 June 2021]
David Steele	Non-Executive Director [14 June 2021]
Alex Hall	Chief Financial Officer
Damian Kelliher	Chief Commercial Officer
Lance van Drunick	General Manager
Ian Hobson	Company Secretary

Historical Share Price



Board of Directors



Andrew Barclay - Chairman

Andrew was appointed as Chairman of Decmil in July 2020. Andrew is a former partner of the Perth office of Mallesons Stephen Jacques (now King and Wood Mallesons) with over 30 years experience in major projects, mining, banking and finance and insolvency matters. In private practice Andrew was involved in significant Western Australian infrastructure and mining projects, and major Western Australian corporate insolvencies. More recently Andrew has acted as in-hour counsel of Fortescue Metals Group Ltd and Roy Hill Holdings Ltd.



Dickie Dique - MD and CEO

Dickie was appointed as Managing Director and Chief Executive Officer in May 2020. Prior to this, Dickie held the position of Executive General Manager, overseeing our Western and Northern Regions. Dickie has 25 years' experience in senior executive and management roles in construction businesses and is a respected leader in the Western Australian construction industry. A registered builder in a number of states in Australia, Dickie's experience covers the commercial, civil, residential, mining and modular sectors.



Peter Thomas - ED

Peter was appointed as a Director in July 2020. Peter was appointed as Chief Financial Officer to Decmil in February 2020. He is an experienced executive in the construction and resources industry with a proven track record in delivering large construction projects, and leading commercial, financial and corporate affairs. Peter's experience in the last decade includes CFO, CEO and Project Director roles with Fortescue Metals Group, Adani and Balla Balla Infrastructure (part of the New Zealand Todd Group).



Vin Vassallo - NED

Vin was appointed as a Non-Executive Director in June 2021. Vin has over 25 years of experience in the Australian infrastructure sector, including 14 years at Transurban. Vin has previously been Executive Regional Manager for Abigroup Contractors, an Australian infrastructure contractor. Most recently, Vin had the role of Group Executive of Development at Transurban. Vin is also an Executive Director at Olla Advisory and holds a Bachelor of Engineering, specialising in civil engineering.



David Steele - NED

David was appointed as a Non-Executive Director in June 2021. David has over 35 years experience in the resources, energy and infrastructure sectors globally, having been with Worley for 17 years. David has worked in Queensland, WA and overseas. He has served as the Regional Managing Director of Asia and the Middle East, and then as Group Managing Director based in Houston, USA. He holds a Bachelor of Engineering, specialising in electrical engineering.

FY21 Consolidation

- Emerging from distress
- Recap and restore Balance Sheet
- Progress and close out of legacy disputes
- New Board
- Refocus on core capabilities in civil and build
- COVID had pluses and minuses
- Agreements reached with NAB and surety bond providers to continue working capital and bonding support
- Pay down debt
- Return to profitability
- Likely revenue of \$300-320m and EBITDA of \$6 – 10m

FY22 Growth

- Rebuild order book
- Continue shift to lower risk contracts
- Organise working capital to grow business
- Buoyant iron ore price (and other commodity prices) stimulating investment in several large projects in resource sector
- Significant government infrastructure investment announced in recent state and federal budgets
- Committed revenue for FY22 of ~\$300 million (contracted)(plus a further \$100m preferred) and ~\$590 million of work in hand (contracted and preferred) into FY23
- Tax shield of ~\$35 million (c. \$120 million available tax losses)

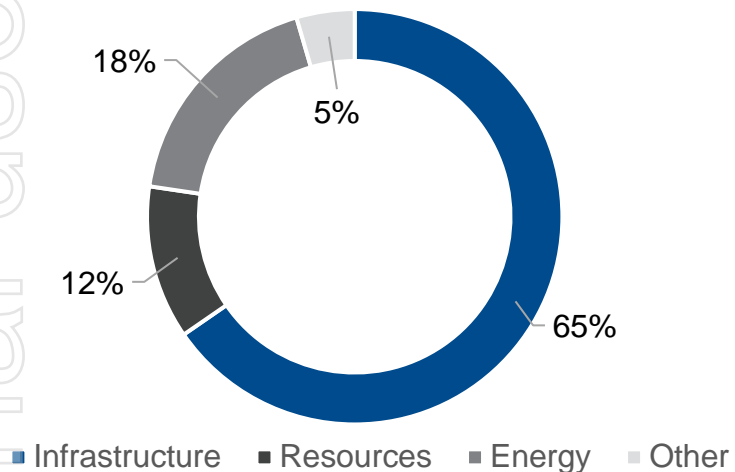
Revenue Breakdown



Revenue driven by Government Infrastructure spend, Mining Super Cycle and Structural Growth

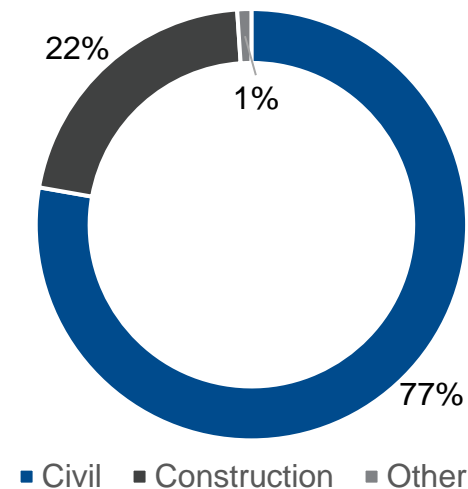
Significant Infrastructure exposure

Highly focused on Infrastructure, Resources and Energy
Infrastructure is the strongest segment, representing 65% of sales (+19% yoy)
Resources only accounts for 12% but given strong market conditions, positioned to grow significantly



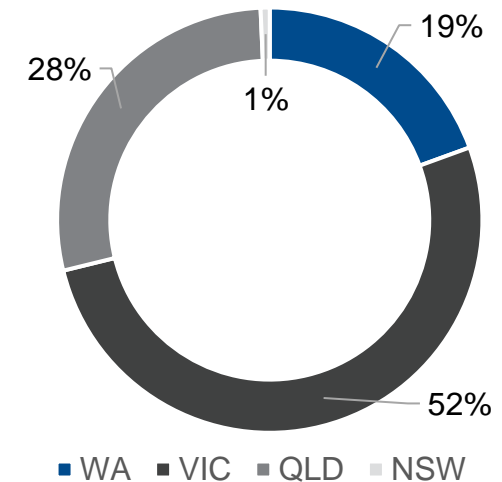
Expertise in Road and Bridges

Significant expertise within Civil (Roads and Bridges)
Driven by highest industry prequalification (R5,B4, F150+) to bid on all significant Government contracts.



Strong exposure to Eastern States

Strong market penetration in VIC and QLD



1H21 Showed Return To Profitability



- New strategy delivering profitability and cash generation ahead of expectations
- 1H21 EBITDA of \$5.6 million due gross margin improvement and cost control
 - an increase in average profit gross margin to 11.5% (from 0.2%); and
 - a reduction in overheads to \$13.4 million (from \$19.6 million)
- Positive outlook, with secured revenue for FY21 of \$300-\$320 million and ~\$590 million of work in hand (contracted and preferred) of which ~\$400 million to be delivered in FY22.
- FY21 EBITDA guidance of \$6-10 million
- Strong pipeline of project opportunities in core competency areas of >\$7 billion

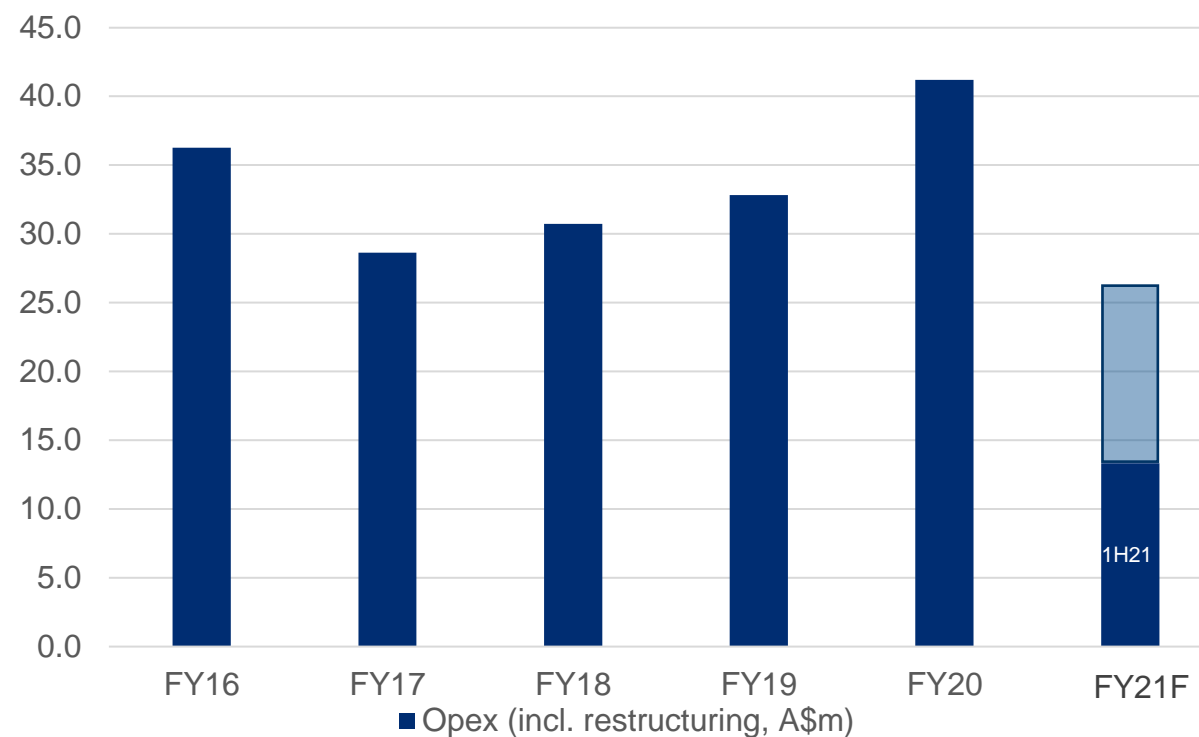
Continuing Operations \$ in millions	1H21	1H20
Revenue	165.1	236.9
Gross profit	18.9	0.4
EBITDA	5.6	(19.9)
EBIT	3.1	(22.8)
NPAT	0.6	(31.5)
Gross margin %	11.5%	0.2%
EBITDA %	3.4%	(8.4%)

Gross Margin & Overhead Costs Discipline



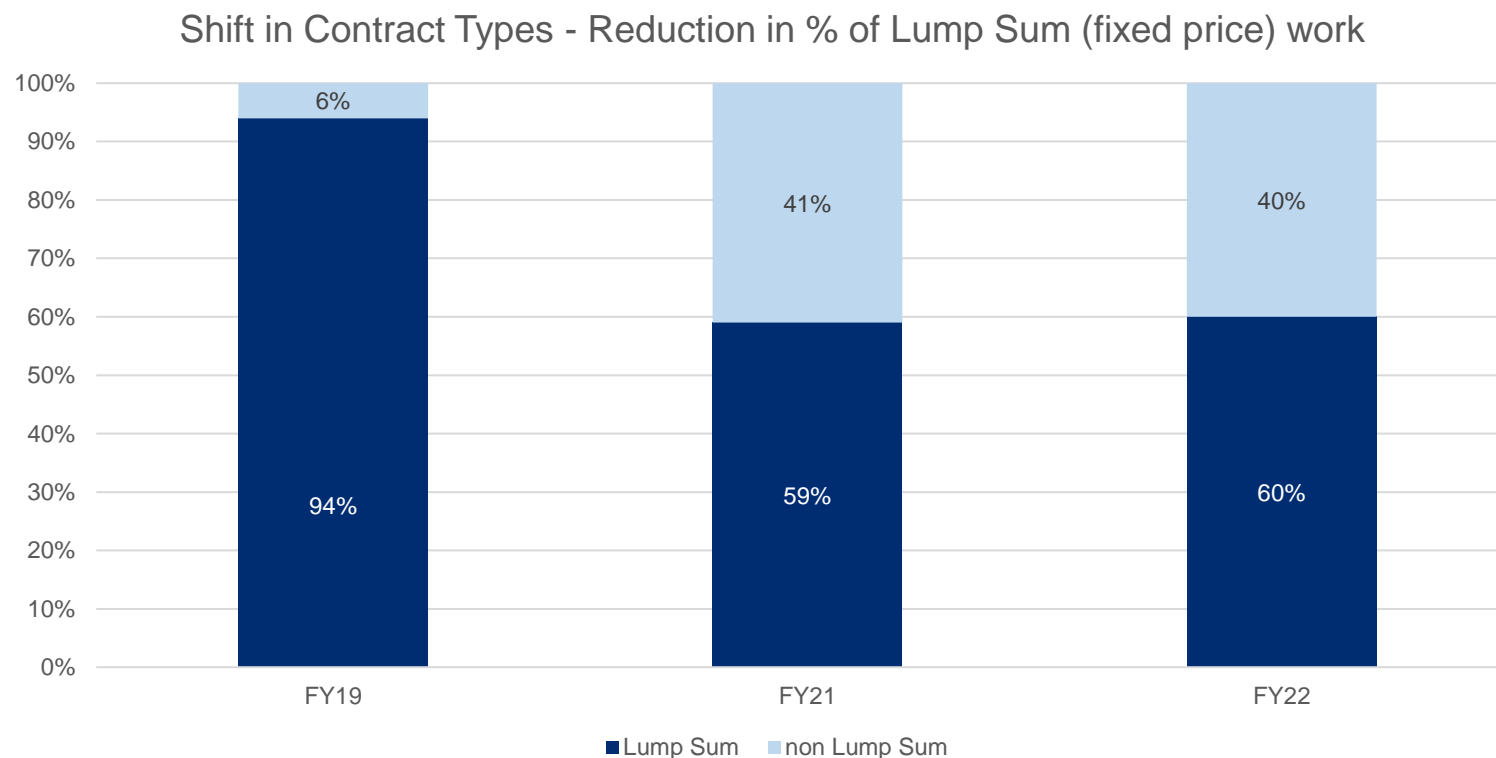
Return to profitability, with positive momentum expected to continue

- Gross Margin discipline restored, all projects at or above tendered margin, expected range of 8-9% going forward
- More favourable contract risk profiles across targeted projects
- Head office and overhead restructure complete, regional reporting lines removed, significant ability to scale
- Overheads expected to be in the range of A\$27-28m on a full year basis going forward



Reduction in Contract Risk

Marked Shift away from higher risk hard money lump sum contracts



FY22 Revenue based on current work in hand and preferred (\$400m).

Balance Sheet



\$ in millions	Jun'20 Actual	Dec'20 Actual
Cash	43.9	29.7
Receivables	36.8	20.9
Contract assets	18.8	16.8
Asset held for sale	56.6	56.6
Other	4.5	4.9
Current Assets	160.6	129.0
Investment property	-	-
PPE	8.9	6.5
Right-of-use assets	16.1	14.9
Deferred tax assets	22.6	22.6
Goodwill	75.5	75.5
Non-Current Assets	123.1	119.4
Total Assets	283.7	248.4
Payables	54.0	60.1
Contract liabilities	18.8	18.3
Borrowings	25.2	2.0
Lease liabilities	3.5	3.8
Provisions	23.5	7.6
Current Liabilities	125.0	91.8
Deferred tax liabilities	-	0.1
Lease liabilities	17.7	15.1
Provisions	0.2	0.3
Non-Current Liabilities	17.9	15.5
Total Liabilities	142.9	107.3
Net Assets	140.8	141.1

- Majority of outstanding amounts due to surety providers for called bonds have been repaid during 2H21 (only \$6.1m left to repay as at 14 June 2021)
- Very low level of unapproved revenue, <\$1 million at 31 December 2020 and expected to be low at 30 June 2021
- Current debt facilities comprise:
 - Debt facilities include \$40 million multi-option facility agreed with NAB which includes bank guarantees, overdraft and receivables funding – drawn to \$19 million at 31 December 2020
 - Surety bonding facilities available
- Sale process continuing for Homeground Gladstone accommodation village

Strategy and Outlook



~\$590m Work in hand – 70% with Government

Decmil currently has 15 contracts in hand across Australia

~\$590m of work in hand (contracted and preferred) as at 4 June 2021

~70% of this work is with Australian government customers

Customer	Project Name	State	Sector	Capability	Revised Contract Value ¹ (A\$m)	Completion timing
Major Road Projects Victoria	Mordialloc Bypass	VIC	Infrastructure	Road/Bridge	>50	Dec-21
Major Road Projects Victoria	Plenty Road Stage 2	VIC	Infrastructure	Road/Bridge	>50	Sep-21
Carmichael Rail	CRN Rail Construction Camp	QLD	Resources	Building - Accommodation	<50	Jun-22
Sunraysia Solar Farm	Sunraysia ²	NSW	Energy	Solar Farm	>50	Nov-21
Main Roads Western Australia	Albany Ring Road (including preferred component)	WA	Infrastructure	Road/Bridge	>50	Dec-23
Queensland Rail	Mayne Yard DLP	QLD	Infrastructure	Building	<50	Jun-21
Coleman Rail	Bayswater Station Metronet ³	WA	Infrastructure	Rail/Road	<50	Jan-23
Department of Transport and Main Roads (Qld Gvt)	Bruce Highway – Gin Gin	QLD	Infrastructure	Road/Bridge	<50	Jun-22
QGC	Camp	Qld	Energy	Building - NPI	<50	Nov-21
Rio Tinto	Mesa A Laboratory	WA	Resources	Building - NPI	<50	Dec-21
Rio Tinto	Mesa J Workshops	WA	Resources	Building - NPI	<50	Dec-21
GPG	Ryan Corner Wind Farm	VIC	Energy	Wind Farm	>50	Aug-22
Department of Environment, Land, Water & Planning	SRB019	VIC	Infrastructure	Road/Bridge	<50	Apr-21
Rail Projects Victoria	Gippsland Line Upgrade	VIC	Infrastructure	Rail	>50	Dec-22

1. All figures as at 4 June 2021

2. The operation and maintenance part of the contract continues for 5 years post practical completion

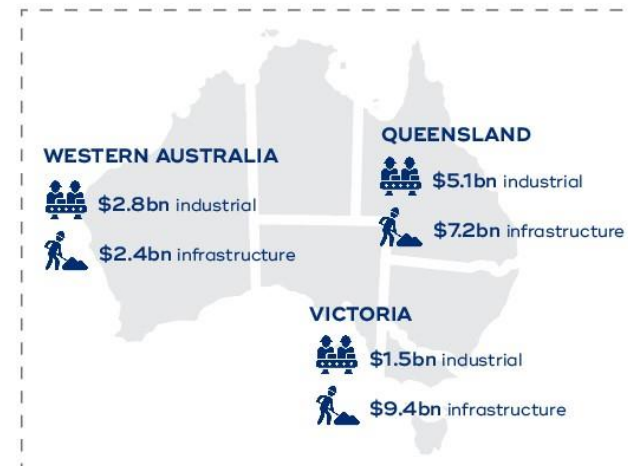
3. Preferred status

Strong Pipeline And Market Conditions



Average annual construction output 2021-24 (Nominal AUD Billion)¹

Project	Region	Client	Sector	Value (A\$m)
Barwon Heads - Settlement Rd to Barwarre Road	VIC	Main Roads Projects Victoria Panel	Infrastructure	>50
North East Link Project (SPARK Sub-Alliance)	VIC	Main Roads Projects Victoria	Infrastructure	>50
Alternative Quarantine Accommodation	VIC	Victoria State Government	Construction	>50
Newell Highway Upgrade; Parkes Bypass	NSW	RMS (Transport for NSW)	Infrastructure	>100
RAAF Tindal Fuel Farm	NT	Department of Defence	Construction	>50
Darwin Joint US/AUS Bulk Fuel Facility	NT	Department of Defence	Construction	>100
Crookwell III Wind Farm (BOP)	ACT	Global Power Generation	Energy	<50
QAL Gladstone Refinery Redevelopment	QLD	Rio Tinto	Resources	<50
Rockhampton-Yeppoon Road Upgrade	QLD	Dept of Transport and Main Roads Qld	Infrastructure	>50
Shoalwater Bay Training Area Camp	QLD	Department of Defence	Construction	<50
Rockhampton Ring Road – Stage 1	QLD	Dept of Transport and Main Roads Qld	Infrastructure	>100
Perdaman - Permanent Buildings	WA	Perdaman Group	Resources	>50
Perdaman - Civil and Underground Services	WA	Perdaman Group	Resources	>50
Great Northern Highway – Road Widening	WA	Main Roads, WA	Infrastructure	<50
Roy Hill Munjini Road Over Rail	WA	Roy Hill	Infrastructure	<50
Tonkin Highway – Grade Separations	WA	Main Roads, WA	Infrastructure	>100
Pedestrian Causeway Project – SRG JV	WA	Main Roads Western Australia	Infrastructure	>50
Kwinana Fertilizer Project	WA	CBH Group	Construction	>50
Winu Camp and Civil Early Works	WA	Rio Tinto	Resources	>100



¹. Global Data, Construction in Australia, Key Trends and Opportunities by State and Territory to 2024, Construction Output Value (Nominal, AUD Million)

Attractive End Markets



Significant Government investment in infrastructure, a booming mining sector and structural growth in Renewable Energy

Infrastructure

- Federal Government to invest ~\$100bn over 10 years
- States to invest ~\$225bn over the next four years.
- Key markets will be NSW (\$93bn) and Victoria (\$54bn).
- Pipeline expected to last for the next 5-10 years
- Decmil has the highest prequalification to bid on Government road and bridge projects

Public infrastructure activity – road and rail¹



Resources

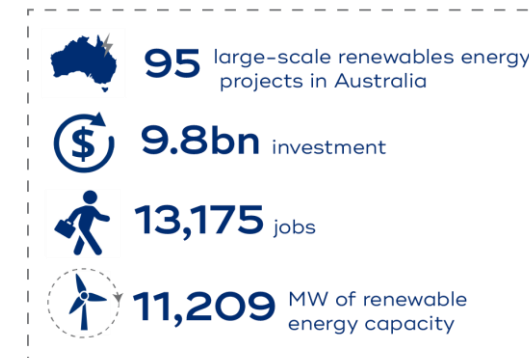
- Value of planned or possible projects is \$110.5bn, \$91.1bn in March 2020
- Development pipeline of an estimated \$129bn from \$118bn in March
- Value of projects under construction or committed of \$28.4bn
- \$19bn invested in WA mining and petroleum sector (+11.8% yoy)

1. Infrastructure Partnerships Australia 2021 (Australian Infrastructure Budget Monitor 2020-1)

2. Budgets taken from 2019-20 state budget papers representing the total infrastructure budget over the next four years. NSW from state budget paper 2, QLD from state capital statement, VIC from state budget, SA from state budget paper 3, TAS from state Budget paper 1, WA from state budget paper 3, NT 4 year forecasts not available

Renewable Energy

- Renewable energy was responsible for 21% of total electricity generation in Australia in 2019
- Expected to increase to 83% by 2040 as capacity rises to 125GW from 51GW
- 95 large-scale renewable energy projects of new generation were under construction or financially committed at the beginning of 2020, including 26 wind farms



Summary and Outlook



- New management team in place and Board renewal complete
- Extremely positive outlook across all market segments
- Homeground occupancy to recover from difficult year in FY21 due to Covid lockdowns
- Expects sustainable Revenue of A+\$500m from FY22 and over the medium term
- Gross Margins to be maintained at 8-9%
- Head office and overhead costs anticipated to be A\$27-28m

Appendix



Update On RDP And Sunraysia



Decmil has isolated and quantified problem contracts – now within formal processes

RDP – Decmil NZ (in Liquidation)

- Dispute concerns claims for extensions of time, variations, payment of liquidated damages, return and reinstatement of security and contract “reset”. Dispute also regarding enforceability of Parent Company Guarantee (PCG)
- Decmil NZ in liquidation /liquidator has assigned all claims against Corrections and all insurance claims to Decmil Australia. Any liability for Decmil Group Limited arises only through the PCG
- Decmil in arbitration with Corrections. Decmil and Corrections propose 3 day mediation in June/July 2021

Expected range of outcome for Decmil Group is additional \$0 to \$+30m incremental to earnings and cash forecast

Sunraysia Solar Farm – Head Contract

- R1 connection registration granted in December 2020; Solar farm is in commissioning phase (currently Hold point 2 – which is 60 to 120MW)
- Dispute concerns claims for extensions of time, variations, payment of liquidated damages, return and reinstatement of security and claims concerning alleged defects; Decmil claims the deduction of liquidated damages, recourse to security and set-off is wrongful
- Arbitration proceedings underway

Possible range of outcomes is an incremental contract loss of \$0 to \$29m and a corresponding additional cash inflow of \$0 to +\$29m cash incremental to current cash forecast

Sunraysia Solar Farm – Supply Contract

- Decmil appointed Schneider under a Supply Contract to supply invertors necessary for the performance of the works under the Head Contract
- Insofar it is determined that the invertors supplied are defective (and therefore a concurrent delay) then Decmil will claim the loss suffered, as a result of loss attributable to Schneider, under the Supply Contract
- Arbitration proceedings underway
- Range of outcomes depends on head contract dispute but is incorporated into ranges above

Turnaround Plan Progress



Restore market confidence

- ✓ Refresh Board
- ✓ Establish stable Executive team with right people in key roles
- ✓ Complete existing projects with strong operating metrics (safety, time, budget etc)
- ✓ Win Target A projects

Strengthen balance sheet

- ✓ Equity raise completed
- ✓ Plan for orderly transition out of Standstill agreements
- ✓ Execute new facility agreements with NAB and sureties


Sustainable growth

- ✓ Instil commercial, legal and financial discipline across all projects
- ✓ Mulla Mulla, SBS settled
 - Settle RDP, Sunraysia and SCEE
 - Continued conversion of pipeline of tender opportunities to new contract awards
 - Ongoing working capital management

Accreditations and Strategic Partnerships



Maximising opportunities to secure future works

- R5 / B4 / F150+ accreditation maintained which allows Decmil to bid on all significant Australian Government road and bridge contracts
 - Approved by Major Road Projects Victoria as P3 Panelist (\$25 to \$150 million projects) under the new Program Delivery Approach model recognising Decmil's capability, capacity, past performance and ability to deliver value-for-money solutions
- 
- Approved by Main Roads Western Australia (MRWA) to be a member of the State-Wide Construction Road Panel allowing Decmil to participate into MRWA's ongoing maintenance and upgrade programs
 - Prequalification received under the Western Australian Department of Finance's Prequalification Scheme for Level 5 complex structures up to \$50 million

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Together we're the difference.