

Diploma Group Limited

15:54 07 May 2014

Diploma Group clinches \$40M in new construction contracts

Diploma Group's (ASX: DGX) has won two more construction contracts valued at \$40 million, as the company continues to successfully convert its pipeline of business into confirmed orders.

This follows hot on the heels of a \$66 million contract win just last month.

Proactive Investors believes DGX has the potential to continue to rapidly build its construction book in the near-term, with more contract wins likely in coming weeks.

The new projects are with a long term client TRG Properties, and are to be constructed on Lots 229 and 230 in Perry Lakes, and will be named Empire Apartments - in recognition of the site's history.

Perry Lakes is located in the established leafy suburb of Floreat, and within Perth's blue chip Western Suburbs.

The location is well serviced and located near significant local amenities such as major shopping precincts, first class sporting facilities, established schools and local beaches.

Diploma CEO

Nick Di Latte, Diploma CEO commented, "The award of Empire East and West caps off a terrific month for the company having secured \$110 million in new contract work.

"The Empire contracts, to commence later in the year, extend Diploma's involvement in the Perry Lakes precinct to late 2016.

"The award of Empire follows the award of the \$18 million Podium contracts, also for TRG Properties and now under construction in Perry Lakes."

Empire East – Lot 229 - \$9 million

A Binding Heads of Agreement (HOA) has been executed with a subsidiary of TRG

Properties for the award of a contract to construct 27 apartments. The building will consist of 1, 2 & 3 bedroom apartments over 3 levels with basement car park.

The Binding HOA is subject to sufficient presales being secured in the development with construction anticipated to commence before end of January 2015.

Share Information

Code: DGX

Listing: ASX

Sector: Builders and building materials

Website: www.diploma.com.au

Company Synopsis:

Diploma Group Limited is a commercial construction and property development business, which offers a vertically integrated business by managing the entire design process of a project from initial conception through to final handover of the completed product. The Company operates in two segments: construction and property development.

action@proactiveinvestors.com.au

The contract duration is anticipated to extend for 60 weeks. Formal contract execution is expected within 6 months.

Empire West – Lot 230 - \$31 million

A Binding Heads of Agreement (HOA) has been executed with a subsidiary of TRG Properties for the award of a contract to construct 96 apartments.

The building will consist of 1, 2 & 3 bedroom apartments over 4 levels plus basement car park.

The Binding HOA is subject to sufficient presales being secured in the development with construction anticipated to commence before end of January 2015.

Formal contract execution is expected to occur simultaneous with Lot 229 Empire East.

Analysis

The new contract wins will be value accretive for Diploma, and have the potential to further build on the strong first half results for the six months ending December 2013.

These included EBIT of \$3.3 million on revenue of \$111.6 million - is up 34% on the previous period.

Proactive Investors retains its share price target of \$0.047 - \$0.054, and expects the contract wins to keep coming for Diploma in the near-term.

Proactive Investors Australia is the market leader in producing news, articles and research reports on ASX "Small and Mid-cap" stocks with distribution in Australia, UK, North America and Hong Kong / China.

Proactive Investors facilitate the largest global investor network across 4 continents in 4 languages. With a team of analysts, journalists & professional investors Proactive produce independent coverage on 1000's of companies across every sector for private investors, private client brokers, fund managers and international investor communities.

Contact us +61 (0)2 9280 0700 action@proactiveinvestors.com.au

No investment advice

The Company is a publisher. You understand and agree that no content published on the Site constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You understand that the Content on the Site is provided for information purposes only, and none of the information contained on the Site constitutes an offer, solicitation or recommendation to buy or sell a security. You understand that the Company receives either monetary or securities compensation for our services. We stand to benefit from any volume which any Content on the Site may generate.

You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential, advisability, value, suitability or profitability of any particular security, portfolio of securities, transaction, investment, investment strategy, or other matter.

You understand that the Site may contain opinions from time to time with regard to securities mentioned in other products, including Company-related products, and that those opinions may be different from those obtained by using another product related to the Company. You understand and agree that contributors may write about securities in which they or their firms have a position, and that they may trade such securities for their own account. In cases where the position is held at the time of publication and such position is known to the Company, appropriate disclosure is made. However, you understand and agree that at the time of any transaction that you make, one or more contributors may have a position in the securities written about. You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate.

From time to time, reference may be made in our marketing materials to prior articles and opinions we have published. These references may be selective, may reference only a portion of an article or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.

The Site does not, and is not intended to, provide investment, tax, accounting, legal or insurance advice, and is not and should not be construed as providing any of the foregoing. You should consult an attorney or other relevant professional regarding your specific legal, tax, investment or other needs as tailored to your specific situation.