

NRW HOLDINGS HALF YEAR RESULTS

17 FEBRUARY 2022



FY22 HALF YEAR RESULTS - OVERVIEW

FINANCIAL

- Revenue \$1,160.0M and EBITDA of \$133.6M **in line with guidance**.
- Earnings (Operating EBIT) up 26% to \$74.6M **high end of guidance**.
- Significant improvement in Capital management.
 - Cash balance at 31 December \$195.9M.
 - Statutory cashflow from operations of \$145.1M.
 - **Cash conversion circa 113%**.
 - Net debt reduced to \$40.0M compared to \$171.3M at 30 June (or \$88.7M proforma post Boggabri sale).
 - Gearing at 7%.
 - Dividend payments in the half of \$22.5M.
- Interim dividend declared at 5.5 cents per share fully franked, up 37% on pcp.

OPERATIONAL

- Safety – improvement in TRIFR from 6.11 to 4.70.
- Karara mining services contract executed (\$702M) - on schedule to commence March 2022.
- Expanded contract signed with Coronado Curragh Pty Ltd as well as renewals with CS Energy, Southern Cross Fertilisers and SIMEC.
- Primero secured circa \$450M of new work including \$290M for Covalent Lithium.



COVID-19 IMPACTS

WORKFORCE

- Headcount currently lower, mostly in Civil where activity is also lower – issues experienced in FY21 not impacting current projects.
- Border closures as a result of the COVID-19 pandemic continue to impact available workforce. Omicron variant likely to have impact on absenteeism rates in the short term.
 - Current experience on Queensland projects (Dec/Jan).
 - Staff numbers impacted circa 5% - 15% (5% level not unusual during flu seasons) – current trends support improvement.
 - Operations mitigated through actions including site optimisation, overtime and bringing staff in from alternate shift rosters.
 - **Our experience is that project performance has not been materially impacted.**
- Current Pilbara Civil projects recognise revised labour rates and are currently fully manned mostly from core NRW long term crews.
- Recruiting and retaining workforce (WA) in Mining contracts is expected to remain a challenge. Some pressure on specific trades (particularly fitters) – labour cost rates generally mitigated through rise and fall clauses.
- NRW Operator Training Centre at capacity to support WA Mining business.
- Primero core teams in place for Strandline and Covalent - sourcing electricians remains challenging.

SUPPLY CHAIN

- Key procurement risks included in contract commercial terms.
- Some shipping delays on capital equipment – mitigating actions in place.
- Some shipping delays on overseas supplied items being mitigated through project schedules.



WORKFORCE AND SAFETY

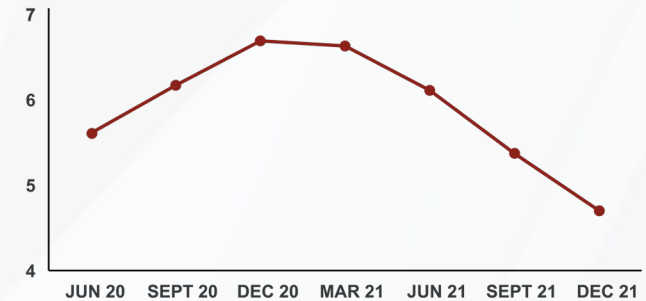
SAFETY

- Safety – improvement in TRIFR (Total Recordable Injury Frequency Rate) from 6.11 (Jun 21) to 4.70 (Dec 21).

PEOPLE

- Continued focus on the retention, training and development of our workforce of 6,200 (Dec 21).
 - 98 apprentices employed.
 - Development and training of 79 graduates and undergraduates.
 - Leadership and development courses completed by 332 staff.
 - In excess of 6,000 Learning Management System courses completed.
- NRW Operator Training Centre providing training to new recruits and upskilling current employees.
 - Fully operational training facility – fleet of equipment up to 90 tonne dump truck.
 - Working at heights, confined space, 4WD, lighting tower training and simulators.
 - Verification of Competency (VOC) training and assessment undertaken by NRW trainers.
 - 60% of training centre graduates to date are female.
 - Indigenous trainee engagement.
 - Recent graduates already mobilised to projects including Mt Webber, Dalgaranga and Iron Bridge.

TRIFR



Recent graduates with trainer Dianne Pearce.



Equipment training underway at NRW Operations Training Centre.



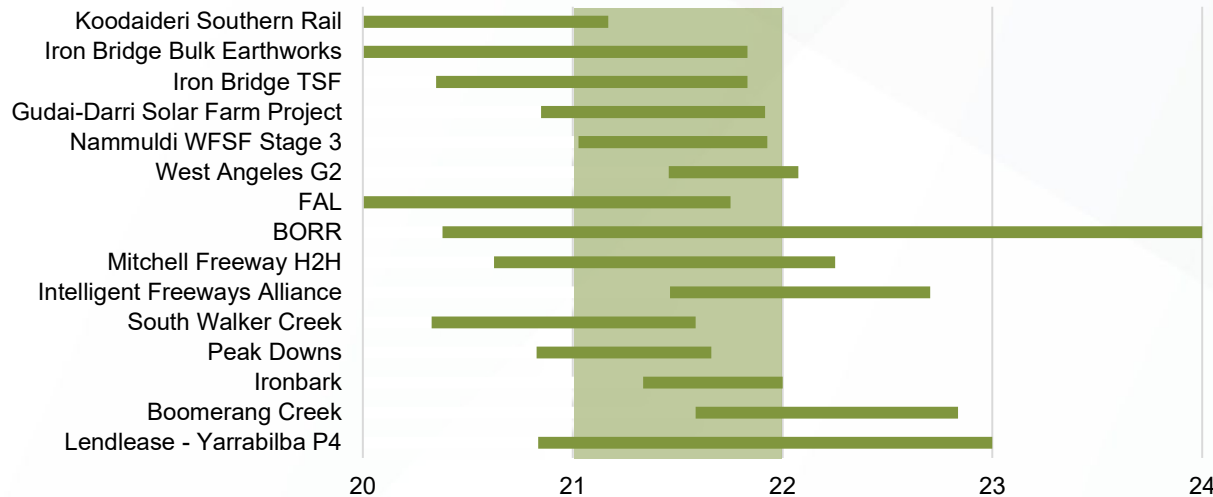
Training room at NRW Operations Training Centre.

CIVIL

- Volumes down as major Pilbara projects complete in FY21 – reducing pressure on labour market which impacted margins last year.
- Project margins recovering although residual impact of lower volumes on business cost base will continue to impact overall margin until volumes increase as anticipated in FY23.
- New work secured in resources includes projects for Rio Tinto at Nammuldi and West Angelas (circa \$50M) and for BMA at Boomerang Creek, and Ironbark coal mine (combined value of circa \$45M).
- Work secured in infrastructure includes the smart freeways program for Main Roads in JV (NRW share circa \$25M) and work for the University of Queensland (\$14M).
- Urban business in South East Queensland – remains very busy.
- Next phase of iron ore projects expected second half calendar 2022 (will increase iron ore commodity mix in future years).
- Currently bidding several major infrastructure projects in WA and QLD with calendar 2023 commencement.

| | FH FY22 | FH FY21 |
|---------------|---------|---------|
| Revenue (\$M) | 226.9 | 474.7 |
| EBIT (\$M) | 9.9 | 16.3 |
| Margin (%) | 4.4% | 3.4% |

PROJECT TIMELINE



MINING

- Most of FY22 expected revenue now secured following extensions at Curragh, Phosphate Hill, Baralaba, Kogan Creek and South Middleback Ranges.
- Coal market very strong – additional seventh fleet to be deployed at Curragh and new Broadlea contract will increment second half revenues.
- Karara Iron Ore – \$702M, on track to start March 2022 utilising new Mining fleet.
- Growth sector Green Tech (copper, lithium, nickel).
- A number of new opportunities to deploy fleet currently operating at Isaac Plains.
- Currently bidding several iron ore prospects.

| | FH FY22 | | FH FY21 | |
|--------------|---------|-------|---------|-------|
| | \$M | % | \$M | % |
| Revenue | 611.3 | | 585.4 | |
| EBITDA | 98.6 | 16.1% | 104.5 | 17.9% |
| Depreciation | (49.1) | | (64.6) | |
| EBIT | 49.5 | 8.1% | 39.9 | 6.8% |

PROJECT TIMELINE

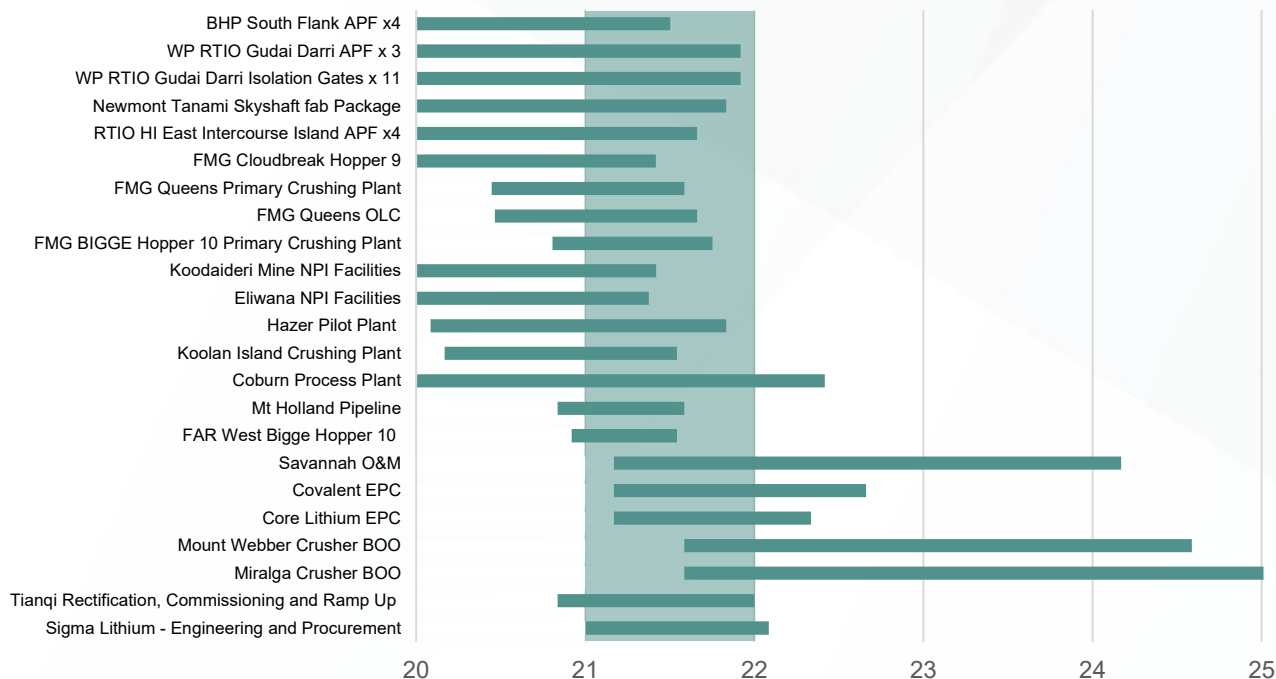


MINERALS, ENERGY & TECHNOLOGIES (MET)

- Growth is addition of Primero acquired February 2021 – First half margins reflect expected effect of business combination.
- Major projects (Strandline, Covalent and Core Lithium) progressing well.
- Build Own Operate projects – two Primero designed, RCRMT built crushing plants, one operating the other being commissioned for commencement in Q1 calendar 2022.
- Joint capability providing leverage – Primero, RCRMT, DIAB, NRW Civil.
- Commodity mix – medium term opportunities across commodities which strongly align with MET capabilities.
- Early client involvement working – \$6.4M value created through Green Technology Metals Limited investment – Primero cornerstone investor, current value \$10.6M (16 February 2022).

| | FH FY22 | FH FY21 |
|---------------|---------|---------|
| Revenue (\$M) | 359.2 | 118.3 |
| EBIT (\$M) | 24.6 | 11.8 |
| Margin % | 6.9% | 10.0% |

PROJECT TIMELINE



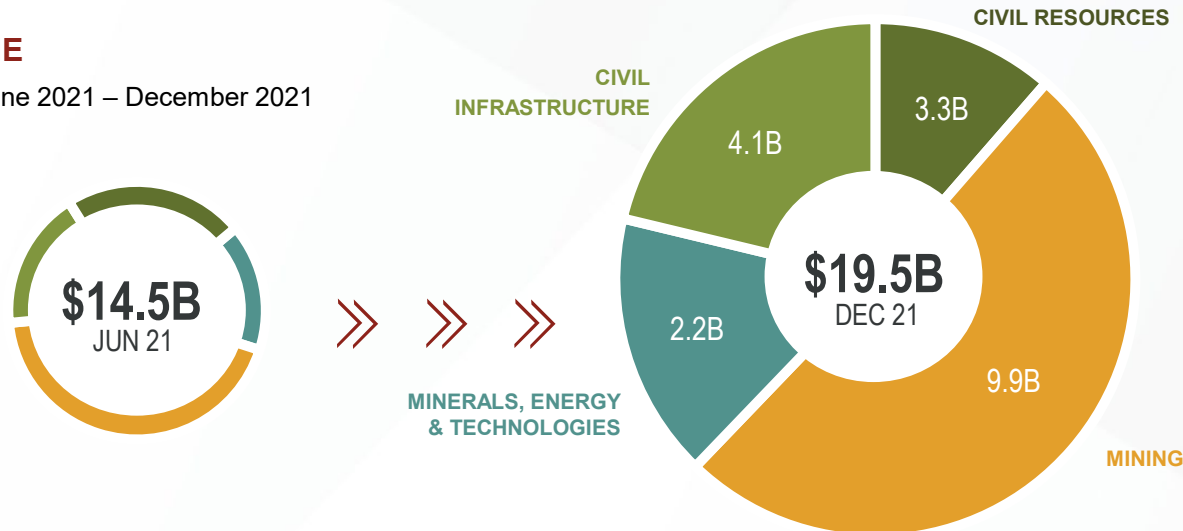
STRATEGIC POSITIONING

OUTLOOK⁽¹⁾

- The near term tender pipeline capable of being awarded in the next 12 months has strengthened to \$19.5B – similar level to 2021 AGM update.
- **Group order book increased to \$4.0B** (increases to circa \$5.0B including Curragh LOI).
- Revenue guidance retained at \$2.4B to \$2.5B.
 - **Low end of this forecast now fully covered** by secured work and underlying run rates in RCRMT, DIAB and Urban
- Full year EBITA guidance range updated to \$150M to \$155M, reflecting the strong first half results.
 - The business still has opportunities to improve as advised at the 2021 AGM however given potential impacts from changing COVID-19 measures (resulting from Omicron) a decision was made to maintain top end of guidance.

PIPELINE

Growth June 2021 – December 2021

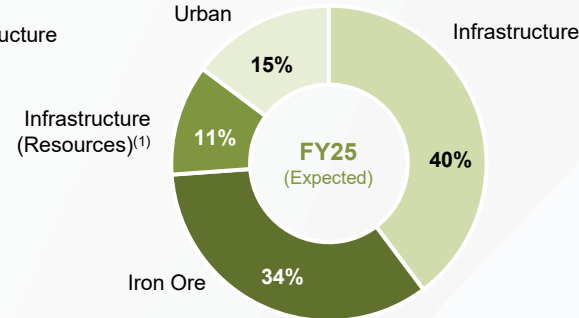
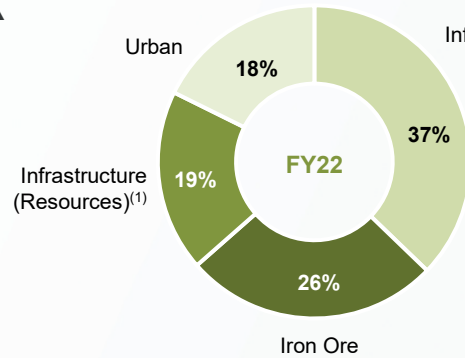




APPENDICES

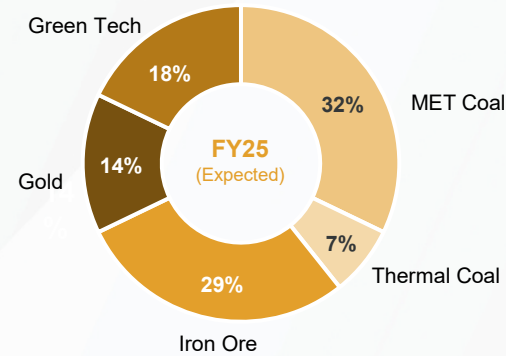
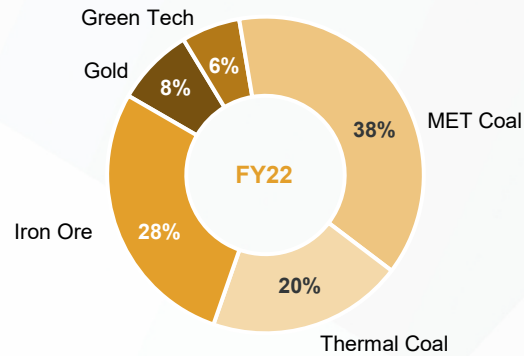
COMMODITY MIX

CIVIL

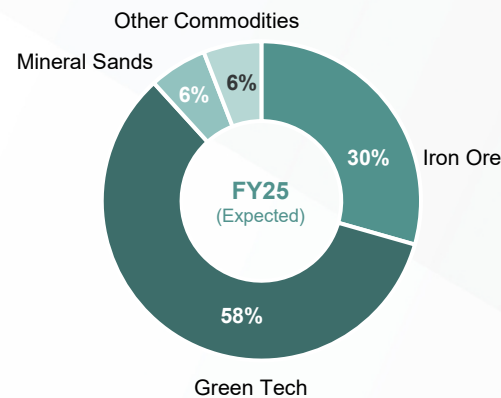
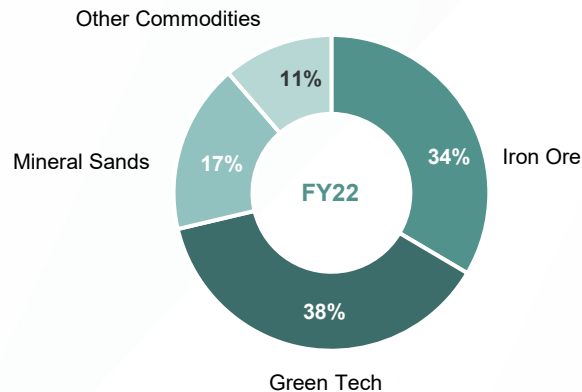


⁽¹⁾ Excluding Iron Ore

MINING



MET



ENVIRONMENTAL, SOCIAL & GOVERNANCE

REPORTING AND ONGOING INITIATIVES

- First NRW Sustainability Report published FY21.
- Reporting framework under the taskforce for Climate-Related Financial Disclosure (TCFD) adopted – guided by relevant Global Reporting Initiative (GRI) standards to report on the Group's sustainability performance and United Nations Sustainable Development Goals (SDGs).

ENVIRONMENTAL

- Environmental management and carbon footprint initiatives include:
 - A staggered fleet replacement strategy across small drill rigs to newer models with significant fuel saving technology, and reduced fuel consumption;
 - The NRW Mining business unit is developing a decarbonisation roadmap;
 - In principle agreement with the landlord at the Belmont office to install a 100kW roof top solar PV system; and
 - Primero have committed to developing, implementing and undertaking the certification process to ISO 14001 Environmental Management Systems.

SOCIAL

- Indigenous participation rate is 4-10% at major projects in WA;
- Diversity and Inclusion (D&I) survey conducted by independent consultants late in 2021. D&I plan to be launched this year; and
- Primary carers leave has been accessed by 27 employees.

GOVERNANCE

- Business Ethics and Transparency – No reported incidents which would breach published officer and employee expectations (for example NRW is in full compliance with its continuous disclosure obligations).
- Risk Management – The Board and Audit & Risk Committee continue to review and make informed decisions with regard to commercial and business risks. Recent priorities, for example, include more detailed reviews of the company's approach to cyber security.



EARNINGS

| | FH FY22 | | FH FY21 | |
|---|----------------|--------------|----------------|--------------|
| | Revenue | Earnings | Revenue | Earnings |
| | \$M | \$M | \$M | \$M |
| Total revenue / EBITDA | 1,160.0 | 133.6 | 1,168.0 | 132.8 |
| Revenue from associates | (44.6) | | (30.3) | |
| Depreciation and amortisation | | (59.0) | | (73.8) |
| Operating EBIT / EBITA | | 74.6 | | 59.0 |
| Amortisation of acquisition intangibles | | (5.1) | | (9.0) |
| Non-recurring transactions | | - | | (3.4) |
| EBIT | | 69.5 | | 46.6 |
| Interest | | (5.3) | | (6.3) |
| Profit before income tax | | 64.2 | | 40.3 |
| Income tax expense | | (19.3) | | (11.3) |
| Statutory revenue / Net earnings | 1,115.4 | 44.9 | 1,137.7 | 29.0 |
| NPATN | | 48.5 | | 37.0 |

- Revenue down in Civil (completing Pilbara projects) – up in MET addition of Primero.
- EBIT – margin recovery – less impact from COVID-19 as workforce requirement eased.
- Depreciation lower – Boggabri asset sale.
- Amortisation lower – FH FY21 relates to RCRMT and BGC fully amortised in June 2021 and September 2021 respectively, FH FY22 relates to Primero.



BALANCE SHEET

| | 31 Dec 21 | 30 Jun 21 |
|----------------------------------|---------------|----------------|
| | \$M | \$M |
| Cash | 195.9 | 146.5 |
| Financial debt | (180.0) | (261.9) |
| Lease debt | (55.9) | (55.9) |
| Net Debt | (40.0) | (171.3) |
| Property, plant and equipment | 336.9 | 321.4 |
| Non-current assets held for sale | - | 82.6 |
| Right-of-use assets | 47.2 | 48.2 |
| Working capital | 27.0 | 51.6 |
| Investments | 23.0 | 15.8 |
| Tax liabilities | (34.6) | (15.8) |
| Net Tangible Assets | 359.5 | 332.5 |
| Intangibles and Goodwill | 209.6 | 212.6 |
| Net Assets | 569.1 | 545.1 |
| Gearing | 7.0% | 31.4% |

- Very low level of gearing (7%) – strong cashflow generation and Boggabri asset sale.
- Working Capital reduction – claims resolution and strong project cashflows.
- Investment increased – mostly addition of Green Technology Metals (ASX: GT1).
- No tax payable – utilising tax losses and accelerated asset write offs.

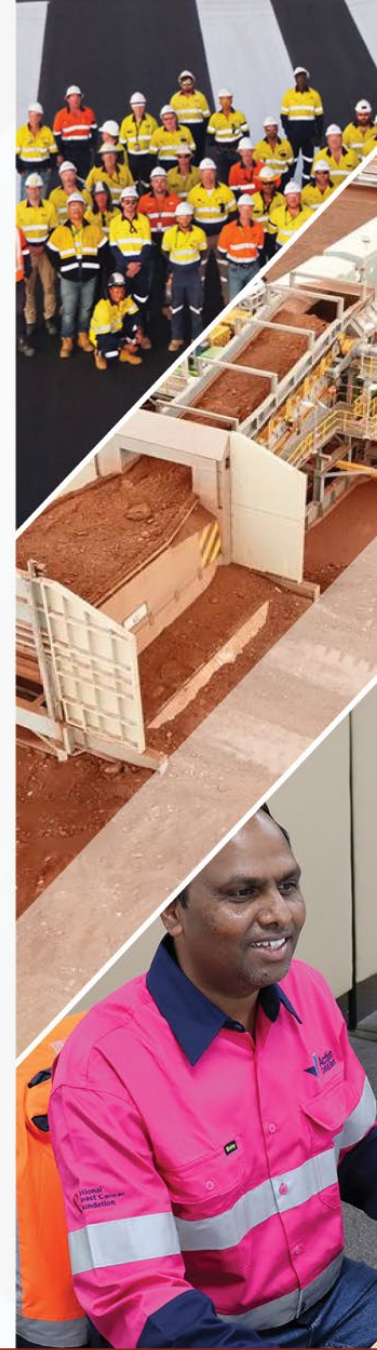


CASH FLOW

- Cash conversion is 113% based on EBITDA less interest and tax (\$127.9M) compared to Net Cash Flow from Operations (\$145.1M) – movements in contract advances.
- Sustaining Capex consistent with previously advised run rate of circa \$70M - \$80M per annum.

| CONSOLIDATED STATEMENT OF CASH FLOWS (\$M) | | 6 months ended 31 Dec 2021 |
|--|--|-------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers | | 1,333.4 |
| Payments to suppliers and employees | | (1,182.6) |
| Interest paid | | (5.3) |
| Income tax paid | | (0.4) |
| Net cash flow from operating activities | | 145.1 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisition of PPE/Intangibles | | (67.1) |
| Sale of PPE (inc Boggabri transaction) | | 83.5 |
| Acquisition of shares | | (0.1) |
| Net cash from investing activities | | 16.3 |
| CASH FLOWS FROM FINANCING ACITIVITES | | |
| Proceeds from borrowings | | 19.9 |
| Repayment of borrowings | | (101.8) |
| Repayment of lease debt | | (7.7) |
| Payment of dividends to shareholders | | (22.5) |
| Net cash used in financing activities | | (112.1) |
| NET INCREASE IN CASH | | 49.4 |
| Cash and cash equivalents – Opening | | 146.5 |
| Cash and cash equivalents – Closing | | 195.9 |

| (\$M) | 6 months ended 31 Dec 2021 |
|---|-------------------------------|
| EBITDA | 133.6 |
| Working capital movements | 17.2 |
| Interest and tax | (5.7) |
| Net cash from Operating activities | 145.1 |
| Capex | |
| Karara | 24.0 |
| Crushing Plants (BOO) | 12.0 |
| Sustaining | 31.1 |
| Total Capex | 67.1 |
| Net Debt movement | |
| New asset financing | 19.9 |
| Net repayment of corporate debt | (14.7) |
| Asset financing repayment | (23.2) |
| Asset financing repayment – Boggabri | (63.9) |
| Net movement | (81.9) |



BUSINESS STRUCTURE



CIVIL
NRW Civil
Golding Civil
Golding Urban

REVENUE FH FY22
\$226.9M

- National infrastructure pre-qualifications
R5, B4, F150+
- Roads & bridges
- Public / defence infrastructure
- Rail formations
- Mine development
- Bulk earthworks
- Marine works
- Renewable energy projects
- Airstrips
- Commercial & residential subdivisions



MINING
NRW Mining
Golding Mining
Action Drill & Blast
AES Equipment Solutions

REVENUE FH FY22
\$611.3M

- Whole of mine management
- Mine development
- Load & haul
- Dragline
- Coal handling preparation plants
- Mine site rehabilitation
- Full scope drill & blast
- Explosives supply and management
- Maintenance services
- Mobile equipment
- Service vehicle manufacture and sales



MINERALS, ENERGY & TECHNOLOGIES
Primero
RCR Mining Technologies
DIAB Engineering

REVENUE FH FY22
\$359.2M

- Full EPC capability
- Apron, belt & hybrid feeders
- Material handling specialists
- Stackers & scrubbers
- Structural, mechanical & piping work
- Maintenance services
- Non process infrastructure
- Routine preventative & OHP shutdowns
- Offsite repairs & fabrication services
- Product support, spare parts & service
- Heat treatment

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