



ASX Announcement

14 August 2017
NRW Holdings Limited
181 Great Eastern Highway
Belmont, 6104, Western Australia

Australian Securities Exchange
Perth

TRANSFORMATIONAL ACQUISITION OF LEADING EAST COAST CONTRACTOR GOLDING GROUP

Highlights

NRW to acquire Golding Group Pty Ltd (“Golding”) for an enterprise value of \$85M

- Golding is a leading civil infrastructure, urban and mining services company operating in Queensland and New South Wales
- Acquisition delivers on NRW’s strategy to expand presence and service offering into adjacent and complementary sectors with Tier 1 client base
- Golding FY17 revenue of \$369M and EBITDA of \$53M – implied acquisition multiple is 1.6x EV/EBITDA
- With an order book of ~\$0.5B, including \$275M scheduled for delivery in FY18, Golding delivers a step change in scale
- Highly EPS accretive for NRW – over 60% on a pro forma FY17 basis
- Experienced management team to remain with the business

Acquisition to be funded via new debt facilities and an equity placement

- Consideration is payable in cash on completion funded via:
 - \$48M acquisition debt facility
 - \$25M equity placement
 - existing cash reserves
- Placement offer price will be determined via a variable price bookbuild with a floor price of \$0.64 per new share and a maximum price of \$0.68. The floor price of \$0.64 represents a discount of:
 - 3.0% to NRW’s closing price of \$0.66 per share on 11 August 2017; and
 - 5.0% to NRW’s 5 day VWAP of \$0.674 per share, up to and including 11 August 2017
- Separately, NRW will undertake a share purchase plan (SPP) capped at \$5M

NRW FY17 Results

- Revenue of \$370.3M, EBITDA of \$58.8M and NPAT of \$28.5M
- Balance sheet restructured - net debt to \$20.8M at year end

Group outlook

- Continued recovery in core markets together with high levels of tendering activity
- Current combined Group order book over \$1.4B, including ~\$625M scheduled for delivery in FY18

Transformational Acquisition of Golding

NRW Holdings Limited (**NRW**) (ASX:NWH) is pleased to announce that it has executed an agreement to acquire 100% of Golding Group Pty Ltd (**Golding**) for an enterprise value of \$85M with an economic effective date of 1 July 2017 (**Acquisition**).

Established in 1942, Golding is a leading civil construction and mining services company with a highly successful project delivery record. Golding employs approximately 700 people and operates circa 370 items of plant and equipment¹.

Golding operates three core divisions: **Civil, Mining** and **Urban**, across Queensland and New South Wales.

- **Civil Division:** offers a civil infrastructure capability with a solid track record with Tier 1 clients providing complex services for earthworks, roads, rail, bridges, ports and water infrastructure.
- **Mining Division:** delivers a comprehensive range of open cut mining services in the coal and metalliferous mining sectors, spanning mine development, operations, site management and mine site rehabilitation.
- **Urban Division:** highly regarded urban development division is a leading provider of turnkey solutions for residential and industrial sub-divisions in the south-east Queensland market.

Golding generated revenue of \$369M and EBITDA of \$53M in the 12 months to 30 June 2017².

The current Golding order book of circa \$0.5B provides strong support for earnings, with circa \$275M scheduled for delivery in FY18.

Further information on Golding can be obtained at www.golding.com.au.

Strong Strategic Rationale

The Acquisition of Golding represents a transformational milestone in implementing NRW's growth strategy and delivers benefits for NRW shareholders including:

- Providing an **established platform** to grow NRW's presence in Queensland and New South Wales, enhancing exposure to growing East Coast civil, urban and infrastructure markets.
- **Strong strategic fit** by adding significant scale through an expanded service offering with Tier 1 clients.
- **Enhanced capability** combined with NRW's experience in major projects, unlocks further opportunities to pursue large-scale upcoming infrastructure and resource projects across Australia.
- **Highest National Prequalification** for civil (Road and Bridge) construction contracts (R5 / B4 and F150 Plus).
- **Expanded service offering** incorporating non-process infrastructure, urban residential and industrial sub-divisions and comprehensive mine service capability.
- **Attractive acquisition metrics** with \$275M of work scheduled for delivery in FY18 and high cashflow conversion, Golding is highly complementary to NRW's existing business. The acquisition is also expected to be strongly EPS accretive – over 60% on a pro forma FY17 basis³.

¹ Combination of owned, leased and hired.

² Based on unaudited 30 June 2017 figures.

³ Accretion based on NRW's and Golding's unaudited NPAT for FY17 of \$28.5M and \$25.8M respectively, including the impact of interest on debt raised to finance the Acquisition.

Jules Pemberton, NRW's CEO & Managing Director, said:

“Golding is a strategically and financially compelling acquisition, with the potential to deliver growth across the business and drive NRW shareholder value.

Golding is a business with strong market positions across its operating divisions, underpinned by longstanding Tier 1 client relationships and an experienced management team. The business is highly complementary to NRW and with a well-recognised brand, represents an attractive platform for our company's further expansion into the growing East Coast civil and infrastructure markets and coal and metalliferous mining sectors.

We are excited by the opportunities ahead for the expanded NRW, to leverage the additional capabilities and regional strengths across the combined group and further capitalise on our strong market position in a rapidly consolidating sector.

There is a strong cultural alignment between our businesses. Together with our combined workforce of nearly 2,000 people supporting more than 40 projects around Australia, we are well placed to offer a diverse range of services and project solutions to clients across the infrastructure, resources and urban sectors.”

Transaction Terms and Funding

NRW will pay the vendors of Golding consideration of \$85M on an enterprise value basis, with an economic effective date of 1 July 2017.

The acquisition consideration represents a 1.6x EV/EBITDA multiple based on Golding FY17 EBITDA of \$53M.

Consideration will be funded via a new \$48M acquisition debt facility (3 year)⁴, a \$25M equity placement⁵ and existing cash reserves. NRW will also offer a share purchase plan (**SPP**) to raise up to \$5M from eligible NRW shareholders.

Separately, NRW has secured a new \$12M short-term working capital facility, which it does not currently intend to draw.

Golding's experienced management team will remain with the business under NRW ownership and focus on delivering further profitable growth.

Completion of the transaction is subject to conditions precedent consistent with a transaction of this nature. NRW expects completion to occur before 31 August 2017⁵.

Placement

The key details of the placement are:

- An offer of up to approximately 39M new fully paid ordinary shares, representing approximately 12.1% of NRW's issued capital;
- The offer price will be determined via a variable price bookbuild with a floor price of \$0.64 and a maximum price of \$0.68. The floor price represents a 3.0% discount to NRW's closing price of \$0.66 on 11 August 2017 and a 5.0% discount to the 5 day VWAP of \$0.674 up to and including 11 August 2017.
- Offer to be made to institutional investors in Australia and certain overseas jurisdictions; and
- The placement is not underwritten.

⁴ At the 2017 Annual General Meeting, NRW will seek approval of the NRW shareholders, for the purposes of section 260B(2) of the Corporations Act, for financial assistance which is proposed to be provided by NRW, to assist the acquisition by the Company of all of the shares in Golding. Further details will be provided in the notice for the Annual General Meeting.

⁵ Shareholders and potential investors should note that completion of the acquisition of Golding remains subject to conditions precedent, including the receipt of change of control consents in respect of specified material contracts. While NRW is highly confident that these conditions precedent will be satisfied, if the transaction does not proceed, NRW intends to use the proceeds of the placement to reduce existing debt, working capital, review alternative investment opportunities and/or ways to return proceeds of the offer to shareholders.

NRW FY17 Preliminary Results⁶

Given the proximity to the release of year end results, NRW is also pleased to provide the preliminary unaudited results for the 2017 financial year.

NRW had a highly productive and successful 2017 financial year, delivering revenue of \$370.3M, up 30% on the same period last year, EBITDA of \$58.8M, up 24% and Net Profit After Tax of \$28.5M, up 33%.

The balance sheet was successfully restructured through the issue of \$70M of NRW corporate notes, used to repay \$75M of bank debt, and a \$19M equity placement completed in September 2016. Combined with strong growth in revenue and earnings NRW recorded a significant reduction in net debt to \$20.8M at year end, down from \$59.3M at June 2016.

NRW ended the year with an order book of \$0.9B, including \$350M which is scheduled for delivery in FY18.

NRW expects to release its audited full year results on 17 August 2017.

Combined Group Overview - Financial – Pro forma FY17⁷

The combined group will have a portfolio of projects across Australia, with revenue and earnings diversification and exposure to the Civil, Mining, Urban and Drill & Blast sectors.

Based on pro forma FY17 figures the enlarged NRW business would have generated revenue of \$739M and EBITDA of \$112M.

The combined group order book at 30 June 2017 is \$1.4B, with circa \$625M scheduled for delivery in FY18.

NRW will have a pro forma FY17 cash balance of \$35M and debt of \$111M, with further liquidity support via working capital facilities if required. Pro forma net debt / FY17 EBITDA is 0.68x.

Jules Pemberton, NRW's CEO & Managing Director, said:

“The \$625M of revenue scheduled for delivery in FY18 and a growing pipeline of opportunities across the business, provides support to sustaining NRW's growth.

We remain committed to retaining prudent gearing levels and the high cashflow conversion should lead to the deleveraging of the balance sheet over a relatively short period of time.”

Share Purchase Plan

Each eligible NRW shareholder at 7.00pm (AEST) on Friday, 11 August 2017 will have an opportunity to subscribe for up to \$10,000 of new NRW shares, subject to scale back, without incurring brokerage or transaction costs. Eligible NRW shareholders are holders of fully paid ordinary shares in NRW and whose address on the share register is in Australia or New Zealand (provided that such shareholder is not in the United States or acting for the account or benefit of a person in the United States).

The issue price of the new NRW shares under the SPP will be the same price as under the Placement.

NRW reserves the right (at its absolute discretion) to scale back applications under the SPP if the total demand exceeds \$5M. When determining the amount (if any) by which to scale back an application, NRW may take into account a number of factors, including the size of an applicant's shareholding, the extent to which eligible shareholders have sold or bought additional shares after the Record Date and the date an application was made. Eligible shareholders are therefore encouraged to submit their applications early.

New NRW shares issued under the SPP will rank equally with the existing NRW shares. Further details of the SPP will be provided in the SPP Offer Booklet which will be sent to eligible shareholders in the coming weeks.

⁶ Based on NRW unaudited 30 June 2017 results.

⁷ Based on unaudited 30 June 2017 figures. Refer to page 18,19 and 20 of the NRW Acquisition Presentation lodged with the ASX on the date of this release.

Event	Date
SPP Record Date	7pm AEST on 11 August 2017
SPP Offer Opens	8am AEST on 22 August 2017
SPP Offer Closes	7pm AEST on 5 September 2017
SPP Allotment Date	12 September 2017

NRW will remain in a trading halt until the \$25M placement is finalised.

Advisers

Longreach Capital is acting as financial adviser and Corrs Chambers Westgarth is acting as legal adviser on the Acquisition and King & Wood Mallesons in relation to the acquisition debt finance.

Euroz Securities Limited and UBS AG, Australia Branch are acting as joint lead managers to the placement.

Kim Hyman
Company Secretary

For further information, please contact:

Jules Pemberton
CEO and Managing Director
NRW Holdings Limited
+61 8 9232 4200

Andrew Walsh
Chief Financial Officer
NRW Holdings Limited
+61 8 9232 4200

About NRW Holdings Limited:

NRW is a diversified provider of contract services to the resources and infrastructure sectors in Australia and internationally. With extensive operations in Western Australia and Queensland, NRW's geographical diversification is complemented by its delivery of a wide range of operations. These encompass civil expertise including bulk earthworks and concrete installation; contract mining and drill and blast. NRW also encompasses a comprehensive refurbishment and rebuild service for earthmoving equipment and machinery.

Forward looking statements

This announcement contains forward looking statements, including statements of current intention, statements of opinion and predictions as to possible future events. Forward looking statements should, or can generally, be identified by the use of forward looking words such as "believe", "expect", "estimate", "will", "may", "target" and other similar expressions within the meaning of securities laws of applicable jurisdictions, and include but are not limited to the expected outcome of the Acquisition. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements. Such statements are not statements of fact and there can be no certainty of outcome in relation to the matters to which the statements relate. These forward-looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual outcomes to be materially different from the events or results expressed or implied by such statements. Those risks, uncertainties, assumptions and other important factors are not all within the control of NRW and cannot be predicted by NRW and include changes in circumstances or events that may cause objectives to change as well as risks, circumstances and events specific to the industry, countries and markets in which NRW operates. They also include general economic conditions, exchange rates, interest rates, competitive pressures, selling price, market demand and conditions in the financial markets which may cause objectives to change or may cause outcomes not to be realized.

None of NRW or any of its subsidiaries, advisors or affiliates (or any of their respective officers, employees or agents) makes any representation, assurance or guarantee as to the accuracy or likelihood of fulfilment of any forward-looking statement or any outcomes expressed or implied in any forward-looking statements. Statements about past performance are not necessarily indicative of future performance.

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