



20 FEBRUARY 2019

NRW HOLDINGS

HALF YEAR RESULTS

19

RESULTS OVERVIEW

Operations

- ✓ Revenue⁽¹⁾ of \$522.6M, an increase of 52.3%
- ✓ EBITDA⁽²⁾ increased to \$74.3M compared to \$40.3M in the prior comparative period
- ✓ EBIT⁽³⁾ more than doubled to \$50M
- ✓ Net Earnings increased to \$28.1M compared to \$15.3M
- ✓ Order Intake in the 6 months circa \$1.0B increasing total work in hand to \$2.4B

Strategic

- ✓ Completed \$10M acquisition of RCR Mining Technologies and Heat Treatment – diversifies service offering
- ✓ Secured new Civil contracts for all 3 major WA Iron Ore projects – South Flank, Eliwana and Koodaideri

Balance Sheet

- ✓ Cash holdings increased to \$82.7M compared to \$53.0M as at June 2018
- ✓ Net Debt improved to \$12.8M compared to \$34.4M as at June 2018
- ✓ Low Gearing – 4.3%
- ✓ Interim Dividend declared of 2 cents fully franked

(1) Statutory Revenue of \$495.5M plus revenue from associates \$27.1M

(2) EBITDA is earnings before interest, tax, depreciation, amortisation and transaction costs

(3) EBIT is earnings before interest, tax and transaction costs



RCR MINING TECHNOLOGIES



Autogenous Scrubbers

- Acquisition price \$10M⁽¹⁾ - funded through existing cash reserves completed mid February 2019
- Delivers a highly regarded and established platform with exposure to the resources and oil and gas sectors
- Mining Technologies and Heat Treatment (RCR MT) form part of the original RCR Tomlinson business established over 100 years ago
- RCR MT
 - Generated ~\$110M of revenue in FY18
 - Track record of delivering positive earnings ~300 employees
 - Facilities in Bunbury, Welshpool and Victoria.
 - Experienced management team to remain with the business



Products and Services

- Stackers
- Apron & Belt Feeders
- Belt Reelers
- High Capacity Conveyors
- Slide Gates
- Screening Plants
- Mobile Screening Plants
- Autogenous Scrubbers
- In-Pit Crushing & Conveying
- OEM Product Support

- Heat Treatment

(1) Plus assumed relevant RCR workforce and their employment entitlements

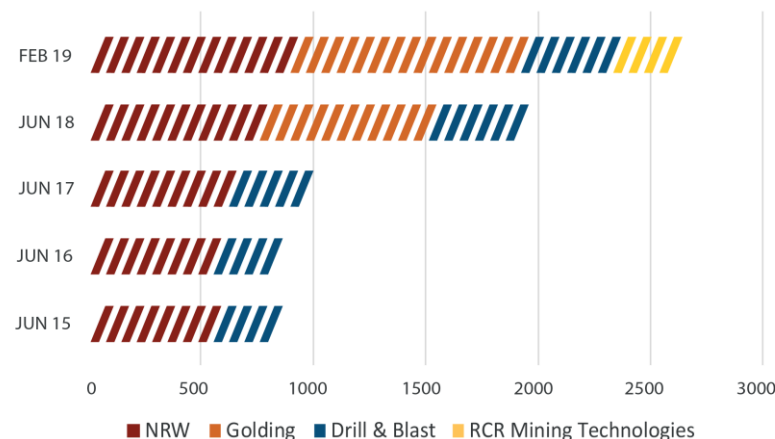
- Strong strategic fit with complementary capabilities and expanded service offering:
 - Opportunity to offer clients an integrated service offering that includes design, procurement and maintenance
 - Adds scale and recurring income from maintenance activities
 - Comprehensive mine service capability
 - Complementary and expanded base of tier one clients
- Annuity style income from the maintenance activities of RCR MT provides a platform to continue to build a broader service offering across resources and oil and gas client base
- Mining Technologies has a strong customer base with over 1,500 primary machines in operation nationally and internationally

Relocatable primary sizing station
Iron Ore (2,500 tph)

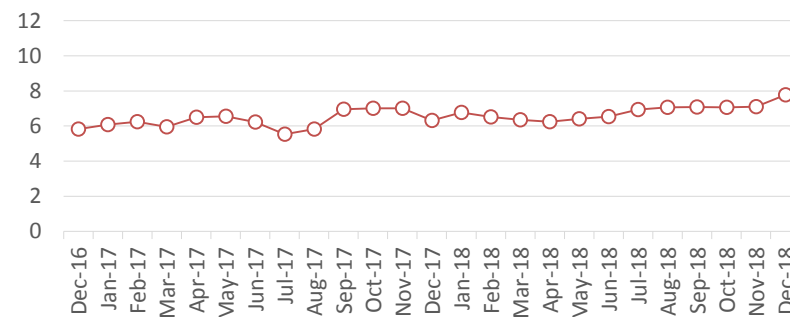


- Continued growth in headcount to over 2,600 post RCR MT acquisition (February 2019)
- Increase training and personnel development
- Business is responding well to increasing manning requirements – particularly re-engagement of previous NRW employees
- 8.1% Indigenous employment as a percentage of direct employees working on Pilbara projects
- Our goal is the elimination of serious injuries through the effective and uncompromising management of hazards in our workplaces
- Total Recordable Injury Frequency Rate (TRIFR) performance across the business as at December 18 - 7.77 (December 2017 - 6.32)
- Safety priorities identified to strengthen our safety culture backed by applied training

Headcount



Total Recordable Injury Frequency Rate



FINANCIAL OVERVIEW



Gladstone Area Water Board Offline Storage, QLD

SUMMARY FINANCIALS

- 51% increase in Revenue⁽³⁾ mostly in Mining
 - New work and existing contract expansion
 - Golding 6 months (FY18) v 4 months(FY17)
- EBITDA⁽¹⁾ margin increased to 14.2% (comparative 11.6%)
 - Higher activity, improved productivity and increased fleet utilisation
- Drill & Blast at FY18 levels as drill remediation programme continues
- Income Tax expense at normal levels (30%) – reduces tax assets on the balance sheet
- Tax payments to commence circa FY21 at current earnings levels
- Interest costs increase due to Golding debt (full six months) and early Note redemption
- Underlying Net Earnings⁽⁷⁾ - increase of circa 2.5 times same period last year

	FH FY19		FH FY18	
	Revenue	Earnings	Revenue	Earnings
	\$M	\$M	\$M	\$M
Total Revenue including Associates.	522.6		345.3	
EBITDA ⁽¹⁾		74.3		40.2
Depreciation and Amortisation ⁽²⁾		(24.3)		(17.8)
Total Revenue / Total EBIT ⁽³⁾	522.6	50.0	345.3	22.4
Revenue from Associates	(27.1)		(32.5)	
Amortisation ⁽⁴⁾		(5.6)		(4.2)
Transaction costs ⁽⁵⁾		-		(2.5)
Sub Total		44.4		15.7
Interest		(4.1)		(3.2)
Tax		(12.1)		2.7
Total ⁽²⁾	495.5	28.1	312.7	15.3
Net earnings before amortisation, transaction costs and at normalised tax rate ⁽⁷⁾		32.1		13.5

(1) EBITDA is earnings before interest, tax, depreciation, amortisation and transaction costs.

(2) Excludes Golding amortisation of acquisition intangibles

(3) Revenue including associates. Earnings including from associates before interest, tax, amortisation and transaction costs

(4) Amortisation of Golding acquisition intangibles

(5) Transaction costs include legal costs associated with the acquisition of Golding (FY18)

(6) Total is Statutory Revenue and Total Comprehensive Income

(7) The tax rate assumed is 30% applied to EBIT less interest costs

BALANCE SHEET & LIQUIDITY

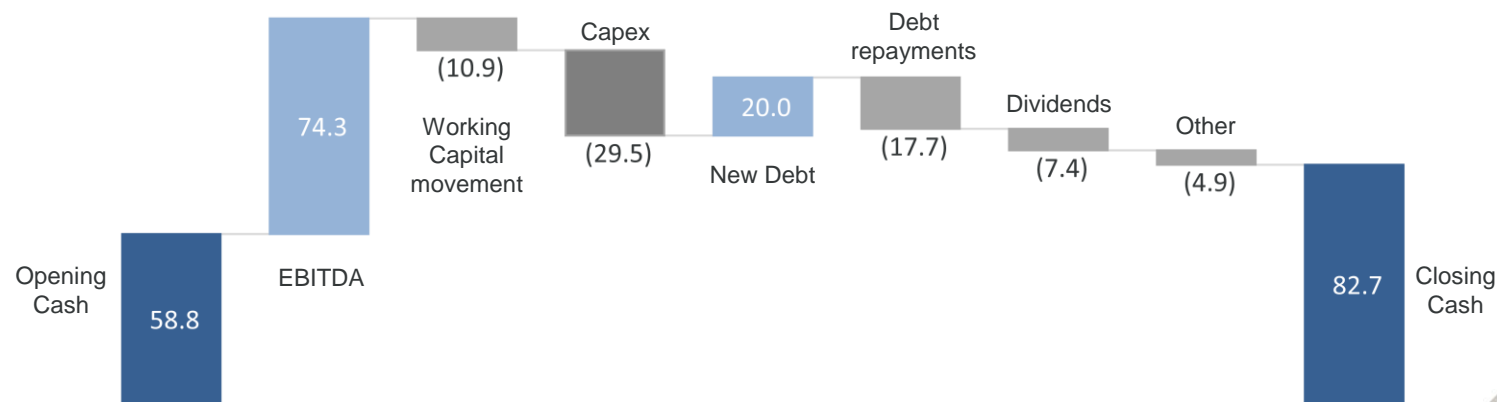
Balance Sheet

- Increase in Cash is from operations (EBITDA)
- Net assets increased to \$294.2M
- Goodwill and Intangibles relate to Golding transaction
- Low Gearing at 4.3%
- New equipment purchases incrementing PPE – includes 996 Liebherr for Curragh
- Second half will include \$25M additional capex – CAT 793's for Isaac Plains

\$M	31 Dec 18	30 June 18
Cash	82.7	58.8
Debt	(95.5)	(93.2)
Net Debt	(12.8)	(34.4)
PPE	214.7	209.5
Working Capital	6.8	(5.5)
Investments in Associates	5.1	4.8
Tax Assets	26.9	38.3
Tangible Assets	240.7	212.7
Intangibles and Goodwill	53.6	59.9
Net Assets	294.2	272.6
Gearing	4.3%	12.6%

Cashflow & Debt

- Strong cashflow generation maintained – working capital movement mostly deferred terms to GCY
- Debt movements exclude Corporate note refinancing (no net movement)
- Closing cash balance supports RCR MT acquisition and Interim dividend



NRW HOLDINGS BUSINESS STRUCTURE



CIVIL

NRW Civil
Golding Civil
Golding Urban

CAPABILITIES

- Mine development
- Bulk earthworks
- Roads & bridges
- Rail
- Marine works
- Commercial & residential subdivisions
- NPI



MINING

NRW Mining
Golding Mining
AES Equipment Solutions

CAPABILITIES

- Whole of mine management
- Mine development
- Load & haul
- Dragline
- Coal handling preparation plants
- Mine site rehabilitation
- Maintenance services
- Mobile Equipment
- Truck sales



DRILL & BLAST

Action Drill & Blast

CAPABILITIES

- Drilling
- Blasting
- Explosive supply



MINING TECHNOLOGIES

RCR Mining Technologies

CAPABILITIES

- Apron, belt & hybrid feeders
- Stackers
- Belt reelers & turning stations
- Autogenous drum scrubbers
- Product support, spare parts and service
- Off-site repair & fabrication
- Maintenance services
- Heat Treatment

BUSINESS PERFORMANCE



South Flank Bulk Earthworks & Concrete, WA

CIVIL



Coomera River Bridge, QLD

Results

- Earnings increase
 - Improved contract margins
 - Margins above bid on key contracts
 - Golding contribution 6 months v 4 months

Contract Awards

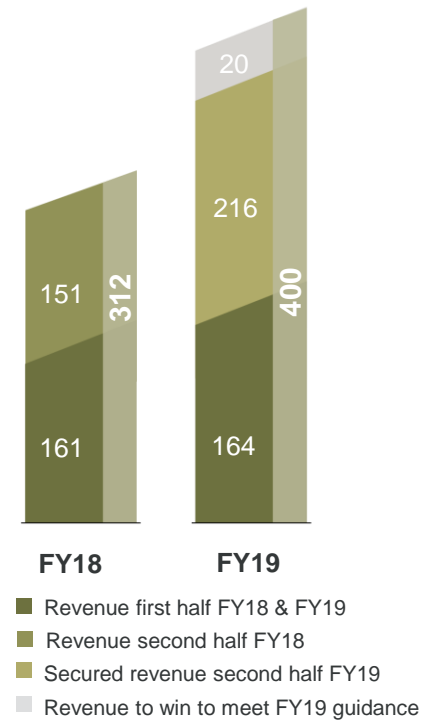
- Eliwana Rail Project for Fortescue - \$62M
- Koodaideri Mine Plant Bulk Earthworks for Rio Tinto - \$65M
- South Flank for BHP bulk earthworks and concrete contract awarded July 18 - \$176M
- Golding – Pacific Highway Upgrade extension contract awarded October 18 - \$41M
- Golding Urban business awarded \$44.1M of new work since July 18, currently working on 16 projects

Order Book

- Strong order cover for FY19 - (per revenue guidance)
- FY20 expected to grow following sustaining tonnes program awards

\$M	FH FY19	FH FY18
Revenue	163.8	161.1
EBIT	11.8	7.8
	7.2%	4.8%
EBITDA	12.8	9.7
	7.8%	6.0%

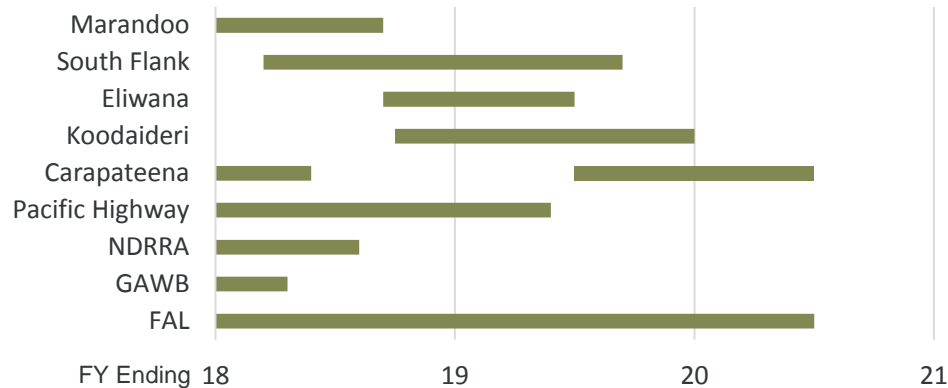
Civil Revenue



* Civil contribution to Group revenue guidance

Outlook

- Secured work for replacement tonnes programs (Iron Ore) with more packages to be awarded
- Directly addressable opportunities (earthworks and concrete) circa \$2.5B over four years
- Growing Infrastructure requirements in Queensland and New South Wales
- Further stages of existing property developments and continued expansion into new Brisbane growth corridors
- Value of Perth's public infrastructure works - \$5B to 2028



Carrapateena Bulk Earthworks, SA

MINING



Isaac Plains, QLD

Results

- Revenue increase
 - Higher activity on new projects
 - Contract extensions
 - Golding contribution – 6 months vs 4 months in FY18
- EBITDA margin improvement – production volumes, productivity and higher fleet utilisation

	FH FY19	FH FY18
Revenue	310.1	133.1
EBIT	40.5	13.5
	13.1%	10.1%
EBITDA	59.8	25.4
	19.3%	19.1%

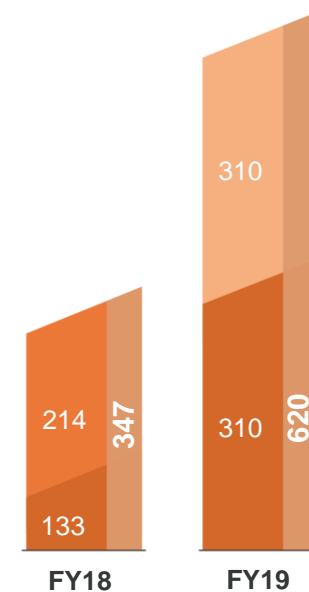
Contract Awards

- Isaac Plains East contract extension \$500M – to June 2024
- Early Contractor Involvement (ECI) with Fitzroy Australia for provision of project development services and proposed Ironbark No 1 mine

Order Book

- Revenue for FY19 fully secured
- FY20 secured work at same level as FY19

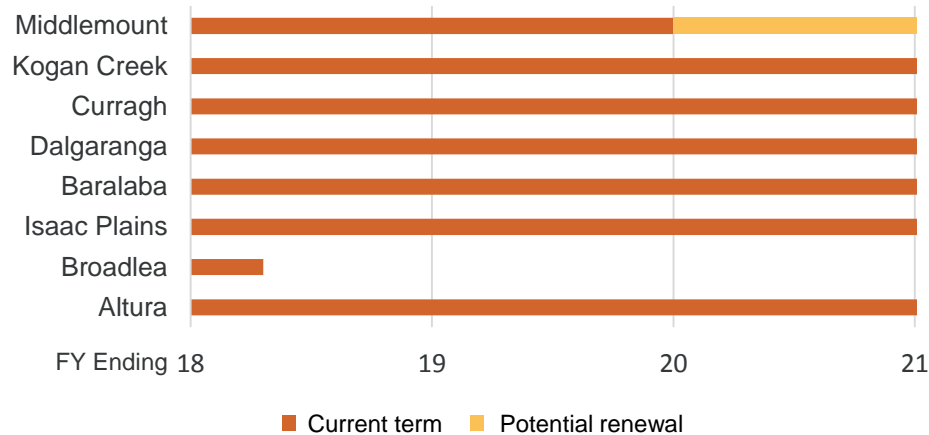
Mining Revenue



- Revenue first half FY18 & FY19
- Revenue second half FY18
- Secured revenue second half FY19

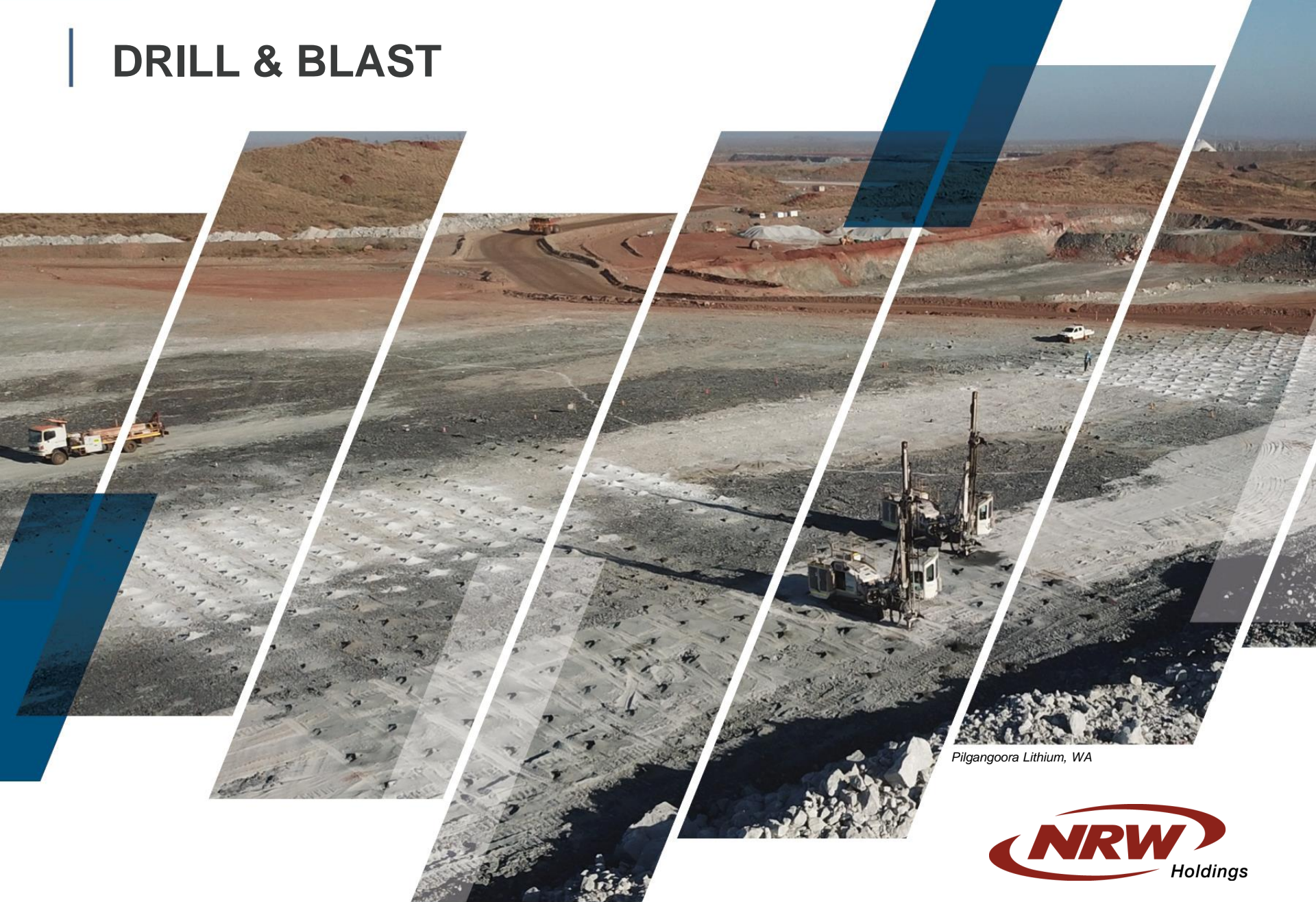
Outlook

- Clients looking to accelerate production
- Opportunities with Fitzroy resources
- Increasing opportunities in iron ore to provide pre-strip work on major projects
- Equipment investment targeted at existing clients to support activity growth and contract term extension



Pilgangoora Lithium, WA

DRILL & BLAST



Pilgangoora Lithium, WA

Results

- Revenue increase - higher volumes for new work
- EBITDA as guided - impacted by drill remediation programme to improve utilisation
- Tangible improvements being seen on drills returned to site operations

Contract Awards

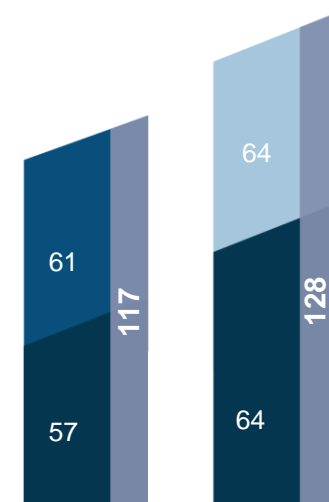
- 15 month contract extension for Talison Lithium Greenbushes project - \$13.5M
- Subcontract award for drill & blast services at South Flank – \$11M
- Total contract awards and extensions in first half of \$73.9M

Outlook & Order Book

- All of FY19 revenue guidance already under contract
- Focus on securing extensions to contracts completing in FY 2019
- Business turnaround well underway with increased drill availability and improved project performance.

	FH FY19	FH FY18
Revenue	63.9	56.1
EBIT	0.1	1.7
	0.2%	3.0%
EBITDA	3.5	4.9
	5.5%	8.7%

Drill & Blast Revenue



FY18

FY19

- Revenue first half FY18 & FY19
- Revenue second half FY18
- Secured revenue second half FY19

SUMMARY



Isaac Plains, QLD

TENDER PIPELINE & OUTLOOK

- Current Order book \$2.4B
 - Secured revenue for FY19 is \$1,080M
- FY19 revenue guidance \$1.1B (to be updated for RCR MT acquisition)
- Pipeline circa \$6.1B
 - Mining pipeline lower as Isaac Plains extension awarded to Golding (\$500M)
 - Increasing Civil opportunities in addition to the Western Australia Iron Ore sector



Civil
\$3.4B

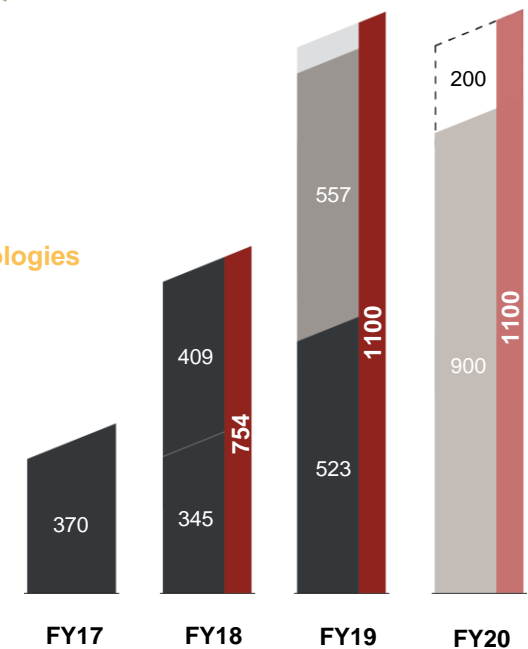
Mining
\$1.8B

Drill & Blast
\$0.7B

Mining Technologies
\$0.2B

- Positioning in key traditional civil markets strong, through recent awards for BHP, Rio Tinto and Fortescue
- Priority to integrate RCR MT and generate additional value from the acquisition, through cross selling to key clients and building a broader platform.
- Key focus on retaining, recruiting and training our workforce to meet strong market demand.
- NRW operating model continuing to evolve as a multi disciplined through cycle capex and opex business
- Opportunities for further market consolidation (post RCR MT)

Revenue



- Actual revenue
- Secured work second half FY19
- FY20 secured work \$900M + \$200M expected from RCR MT and Urban (Not FY20 guidance)

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