



# NRW HOLDINGS

## FULL YEAR RESULTS

# 19

22 AUGUST 2019

# RESULTS OVERVIEW



## Operations

- ✓ Revenue<sup>(1)</sup> of \$1,126.3M, an increase of 49% compared to the prior comparative period (pcp)
- ✓ Comparative EBITDA<sup>(2)</sup> increased to \$144.0M up 54% on pcp
- ✓ Pre-tax earnings include a \$33.5M impairment of amounts related to Gascoyne Resources Ltd (Administrators Appointed)
- ✓ NPATA<sup>(3)</sup> up 19% to \$40.4M
- ✓ Drill and Blast business delivered strong earnings improvement in second half.

## Strategic

- ✓ Completed acquisition of RCR Mining Technologies for \$10M, funded from cash, - provides significant diversification in service offering
- ✓ Secured new Civil contracts for three major WA iron ore producers – South Flank, Eliwana and Koodaideri
- ✓ Agreement with Stanmore Coal to extend Mining services activities – increased contract value to circa \$950M with minimal new capital outlay.

## Balance Sheet

- ✓ Cash holdings increased to \$65.0M
- ✓ Structural improvement in Debt – Acquisition finance and Corporate note related debt being repaid; new debt is Asset finance for equipment to support contract extensions
- ✓ Gearing at very modest 12.2%, an improvement over the pcp
- ✓ Final Dividend declared of 2 cents fully franked.

(1) Statutory Revenue of \$1,078.1M plus revenue from associates of \$48.2M

(2) Comparative EBITDA is earnings before interest, tax, depreciation, amortisation, transaction costs, Gascoyne impairment and gain on acquisition of RCRMT

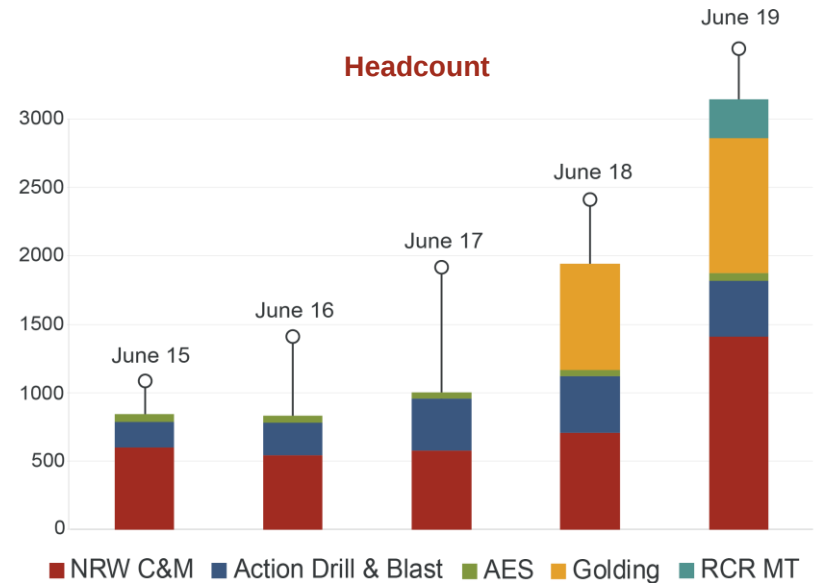
(3) NPATA is Net earnings before amortisation of acquisition intangibles.

BHP South Flank Bulk Earthworks and Concrete, Pilbara WA

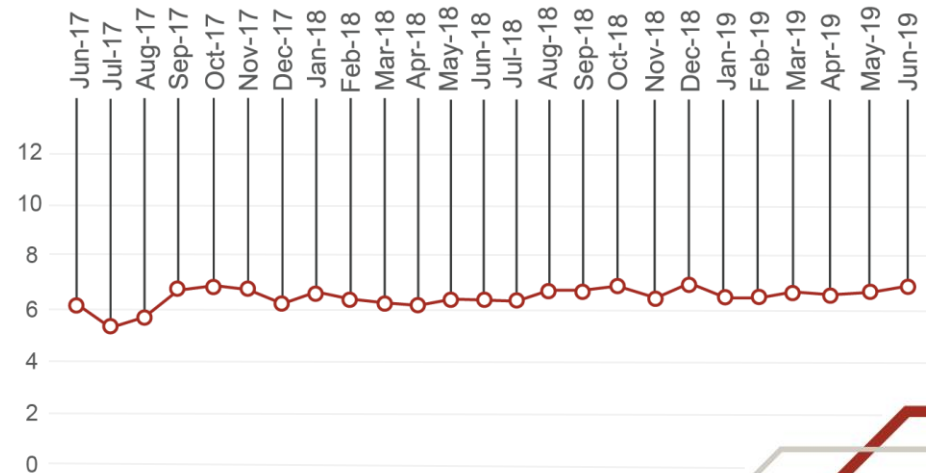


- Total Recordable Injury Frequency Rate (TRIFR) performance across the business as at June 2019; 6.92 (6.39 as at June 2018).
- While the safety and wellbeing of our people remains the highest priority, it was with great sadness we reported that Jack Gerdes, an excavator operator working for Golding at the Baralaba North Coal Mine was fatally injured on 7 July 2019.
- The fatality was advised to the ASX on the 8 July 2019.
- The investigations are still ongoing, and Golding has and continues to co-operate with the Mines Inspectorate both onsite and at a corporate level, to support their investigation into the accident.
- Strong growth in headcount to over 3,145 v circa 2,000 at June 2018. Further growth in headcount expected in FY20.
- Business is responding well to increasing manning requirements – through re-engagement of previous NRW employees, growing diversity of service offering and our strong company profile.
- Indigenous participation rate of between 5% to 8% across major projects in WA and a retention rate, despite project cycles, of 85%.
- NRW embraces diversity and inclusiveness across all of our activities - our aim is to increase participation across a range of demographics.

Headcount



Total Recordable Injury Frequency Rate



# FINANCIAL OVERVIEW



Bulk Earthworks WA



# SUMMARY FINANCIALS

- 49% increase in Revenue<sup>(1)</sup>
  - New Civil work and Mining contract expansion
  - Golding 12 months (FY19) v 10 months (FY18)
  - Inclusion of RCRMT from February 2019
- Comparative EBITDA<sup>(2)</sup> up 54% on last year
  - Higher activity, improved productivity and increased fleet utilisation
  - Improved performance in Drill & Blast
- Earnings include Gascoyne impairment of \$33.5M
  - WIP, Debtors (pre administration balance) - \$19.2M
  - Loan to GCY and Equity \$14.3M
- RCRMT gain on acquisition results from independent valuation of Intangibles most of which will be amortised within two years
- Income tax expense at normal levels (30%)
  - reduces tax assets on the balance sheet
- Underlying Net Earnings<sup>(3)</sup> NPATA – up 19% on pcp.

|                                         | FY19    |              | FY18     |             |
|-----------------------------------------|---------|--------------|----------|-------------|
|                                         | Revenue |              | Earnings |             |
|                                         | \$M     | \$M          | \$M      | \$M         |
| Revenue including Associates.           | 1,126.3 |              | 754.3    |             |
| <b>EBITDA</b>                           |         | <b>144.0</b> |          | <b>93.4</b> |
| Gascoyne Impairment                     |         | (33.5)       |          |             |
| RCRMT gain on acquisition               |         | 5.1          |          |             |
| Depreciation and Amortisation           |         | (51.3)       |          | (38.6)      |
| <b>Total Revenue /Total EBIT</b>        | 1,126.3 | 64.3         | 754.3    | 54.9        |
| Revenue from Associates                 | (48.2)  |              | (68.9)   |             |
| Amortisation of Acquisition Intangibles |         | (10.8)       |          | (9.6)       |
| Transaction costs                       |         | (1.2)        |          | (2.8)       |
| <b>EBIT</b>                             |         | <b>52.3</b>  |          | <b>42.5</b> |
| Interest                                |         | (6.5)        |          | (6.4)       |
| <b>Profit before Income tax</b>         |         | <b>45.8</b>  |          | <b>36.1</b> |
| Tax                                     |         | (13.5)       |          | 6.1         |
| <b>Stat Rev / Profit After Tax</b>      | 1,078.1 | 32.3         | 685.4    | 42.2        |
| NPATA                                   |         | 40.4         |          | 33.9        |

(1) Statutory Revenue of \$1,078.1M plus revenue from associates of \$48.2M

(2) Comparative EBITDA is earnings before interest, tax, depreciation, amortisation, transaction costs, Gascoyne impairment and gain on acquisition of RCRMT

(3) NPATA is Net earnings before amortisation of acquisition intangibles.

# BALANCE SHEET & LIQUIDITY

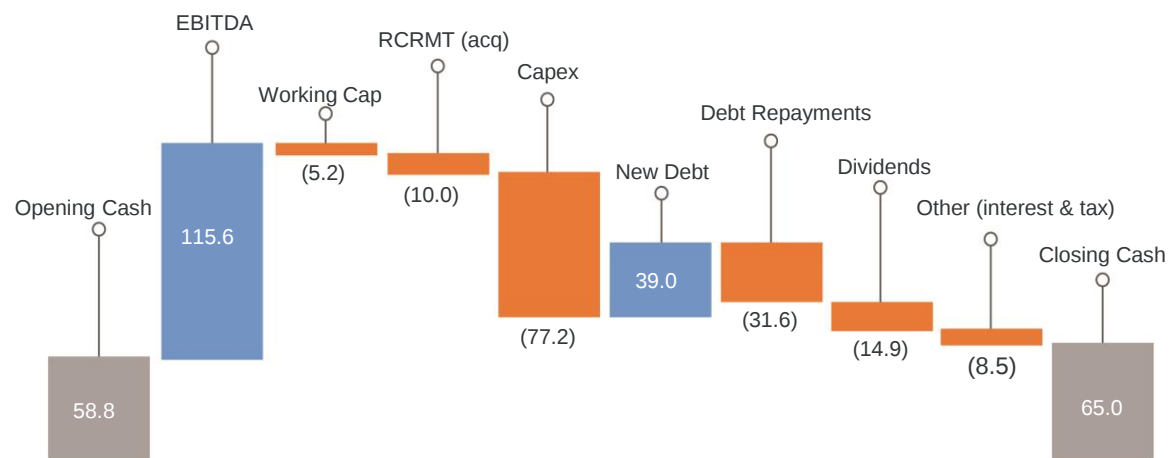
## Balance Sheet

- Increase in Cash is from operations (EBITDA)
- Net assets increased to \$291.5M
- Goodwill and Intangibles relate to the Golding and RCRMT transactions
- Low Gearing at 12.2%
- New equipment purchases incrementing PPE – includes 996 Liebherr for Curragh and Cat 793's for Isaac Plains.

|                           | FY19<br>\$M   | FY18<br>\$M   |
|---------------------------|---------------|---------------|
| Cash                      | 65.0          | 58.8          |
| Debt                      | (100.5)       | (93.2)        |
| <b>Net Debt</b>           | <b>(35.4)</b> | <b>(34.4)</b> |
| PPE                       | 239.9         | 209.5         |
| Working Capital           | (1.6)         | (5.3)         |
| Investments in Associates | 2.7           | 4.7           |
| Tax Assets                | 22.1          | 38.2          |
| <b>Tangible Assets</b>    | <b>227.6</b>  | <b>212.8</b>  |
| Intangibles and Goodwill  | 63.8          | 59.9          |
| <b>Net Assets</b>         | <b>291.4</b>  | <b>272.7</b>  |
| Gearing                   | 12.2%         | 12.6%         |

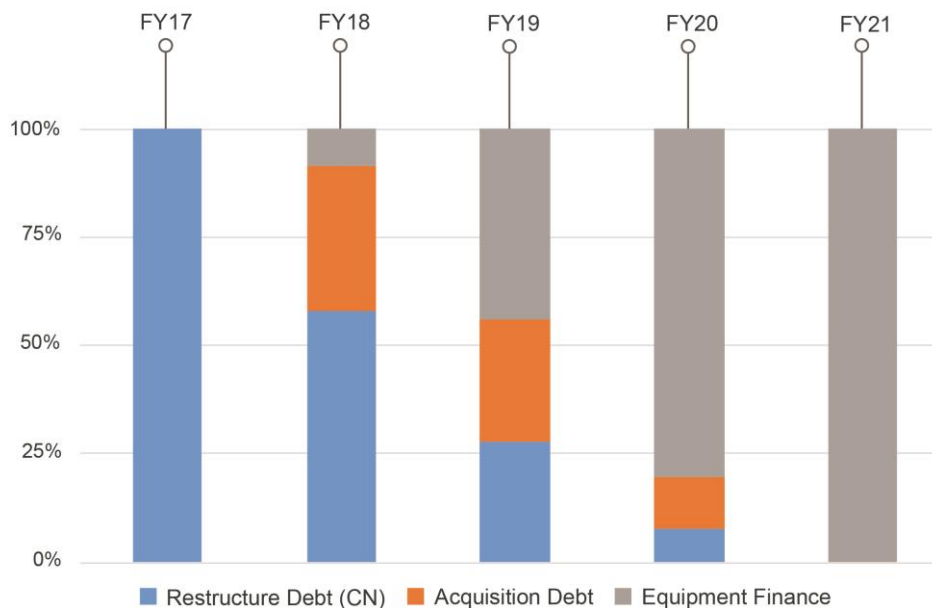
## Cashflow & Debt

- Strong cashflow conversion (95%)
- Debt movements exclude Corporate note refinancing (no net movement)
- Capex includes new Mining fleet (Excavators and Dump Trucks to support existing contract extensions) and component replacements
- New fleet financed through debt provided by OEM's.



Debt is transitioning from Restructuring and Acquisition Finance to Equipment Finance

- Restructure Debt
  - In FY17 NRW refinanced all debt through a \$70M Corporate note (“notes”)
  - The notes were refinanced by Bankwest in December 2018 to normalise the group security arrangements (GSA) (prior to this transaction the GSA was held by the note holders)
  - The residual balance of the Bankwest debt (notes refinance) at June 2019 was \$27.8M. Debt to be fully repaid by December 2020
- Acquisition Debt was to finance the Golding acquisition (\$48M). The current debt balance is \$28.1M; final debt repayment scheduled February 2021
- By June 2021 debt is forecast to be 100% Equipment Finance.



# BUSINESS STRUCTURE

## CIVIL

NRW Civil  
Golding Civil  
Golding Urban

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

## MINING

NRW Mining  
Golding Mining  
AES Equipment Solutions

- 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

- Full scope drill & blast
- Production drill & blast – metalliferous mining
- Production drill & blast – coal mining
- Pit development drill & blast
- Civil works drill & blast
- Explosives supply & management
- Blast engineering & optimisation

## MINING TECHNOLOGIES

RCR Mining Technologies

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

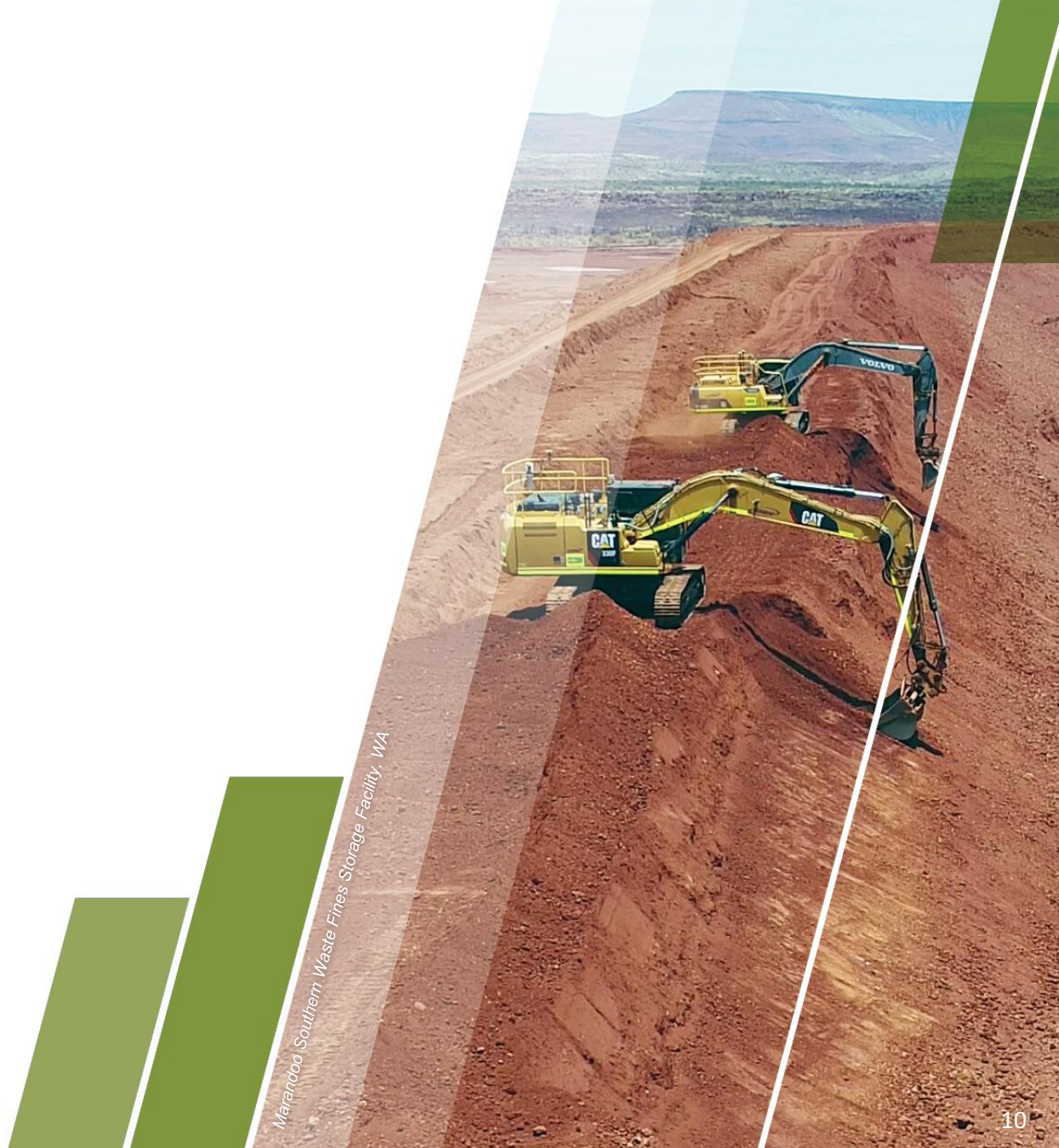
# BUSINESS PERFORMANCE



Dalgaranga, WA



# CIVIL



## Results

- Revenue growth is Iron Ore projects offset by lower activity in Golding and on FAL
- Margin impacted by low activity in Golding in second half, and margin reduction on FAL
- FAL: TBM's delayed due to faulty screw conveyor which impacted project costs. Key priority is agreement of contract claims relating to instructions by the client which are still under negotiation.

## Contract Awards

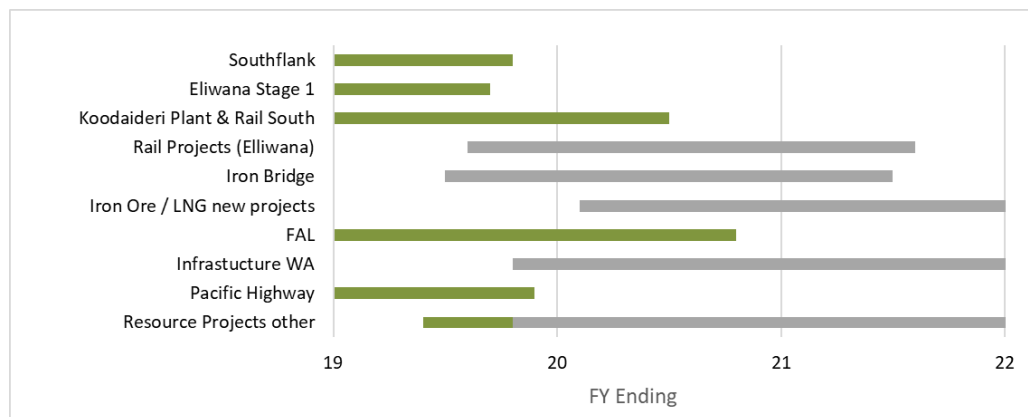
- Eliwana Rail Project for Fortescue - \$62M
- Koodaideri Mine Plant Bulk Earthworks for Rio Tinto - \$65M
- Koodaideri Southern Rail Package for Rio Tinto - \$137M
- South Flank for BHP bulk earthworks and concrete contract awarded July 2018 - \$176M
- Golding – Pacific Highway Upgrade extension contract awarded October 2018 - \$41M
- Golding Urban business awarded \$75M of new work since July 2018, currently working on 16 projects.

| \$M          | FY19  |      | FY18  |      |
|--------------|-------|------|-------|------|
| Revenue      | 383.5 |      | 311.3 |      |
| EBITDA       | 19.1  | 5.0% | 20.3  | 6.5% |
| Depreciation | 2.3   |      | 2.5   |      |
| EBIT         | 16.7  | 4.4% | 17.8  | 5.7% |

Bulk Earthworks, WA

## Outlook

- Secured work for FY20 of \$473M mostly supported by replacement tonnes programs (Iron Ore)
- Further packages currently being tendered in Iron Ore (rail and mine site development)
- Directly addressable opportunities (earthworks and concrete) circa \$2.0B for delivery in 1 to 3 years, with potential new opportunities in Oil and Gas in the same timeframe
- Significant Infrastructure opportunities on East coast but participation dependant on improved contracting model
- Value of WA's public infrastructure works \$5B to 2028
- Further stages of existing property developments for the Urban business and continued expansion into new Brisbane growth corridors – sustained revenue through working across more projects.



## Civil

|                   | FY19   | FY20    |       |      |
|-------------------|--------|---------|-------|------|
|                   | Actual | Secured | Range |      |
| Revenue (\$m)     | 384    | 473     | 600   | 650  |
| Margin (EBITDA) % | 5.0%   |         | 5.0%  | 6.0% |

Sovereign Pocket Stage 26, QLD

# MINING



## Results

- Revenue increase
  - Higher activity on projects which commenced in FY18
    - Baralaba, Dalgaranga
  - Contract scope increases
    - Isaac Plains, Curragh
  - Golding contribution – 12 months vs 10 months in FY18
- Comparative EBITDA margin lower due to Baralaba where client provides the mining fleet
- Gascoyne
  - Loss is all pre-administration balances - work in progress, debtors, loan and equity (\$33.5M)
  - Work on site is progressing with new rates structure and revised payment terms of one week in arrears.
  - Gold production improving.

## Contract Awards

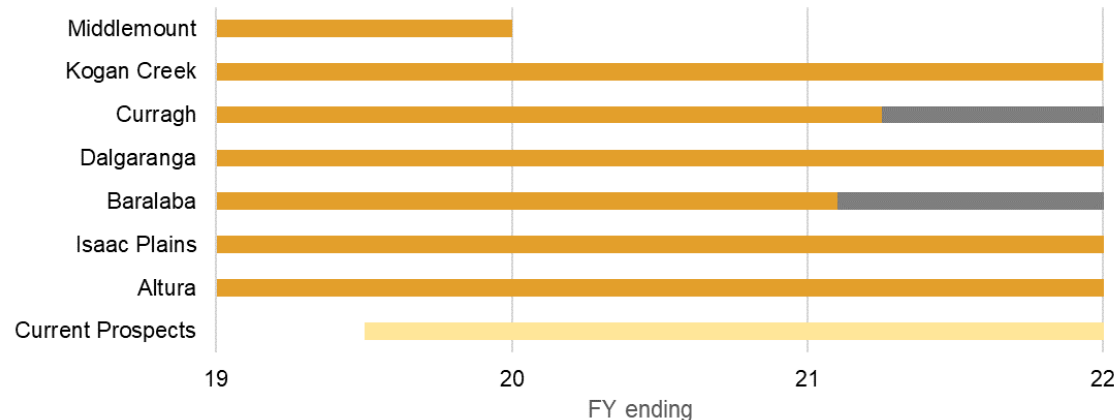
- Isaac Plains East
  - Contract extension \$500M – to June 2024
  - Scope growth agreed July 19 further increments contract value by \$450M
- Curragh – 4<sup>th</sup> fleet addition - \$50M.

| \$M          | FY19   |       | FY18   |       |
|--------------|--------|-------|--------|-------|
| Revenue      | 622.9  |       | 347.3  |       |
| EBITDA       | 113.4  | 18.2% | 66.5   | 19.1% |
| Depreciation | (40.6) |       | (28.1) |       |
| Gascoyne     | (33.5) |       |        |       |
| EBIT         | 39.3   | 6.3%  | 38.4   | 11.0% |

Curragh, QLD

## Outlook

- Clients looking to accelerate production – contract extensions received from Stanmore Coal and Coronado - Equipment investment targeted at existing clients to support activity growth and contract term extension – Selective capital acquisitions to support growth with committed term
- Increasing opportunities in iron ore to provide mine development work on major projects
- Secured work for FY20 at \$590M and at similar levels in FY21 other than Middlemount
  - Middlemount completion provides opportunities to deploy equipment to core Mining services (rather than hire and maintain) – Equipment (only circa 20% of total fleet) deployed to Isaac Plains
- Margin similar level to FY19; lower if Baralaba increases (no depreciation component), higher through own equipment deployment and productivity.



## Mining

|                   | FY19<br>Actual | FY20    |           |
|-------------------|----------------|---------|-----------|
|                   |                | Secured | Range     |
| Revenue (\$m)     | 623            | 590     | 650 - 700 |
| Margin (EBITDA) % | 18.2%          | 17.5%   | 19.0%     |

Pilgangoora Lithium, WA

# DRILL & BLAST



## Results

- Revenue increase - higher volumes from new work
- EBITDA – strong improvement in second half margins 11% compared to 5.5% - drill remediation actions a major contributor to the improvement.

|              | FY19  |      | FY18  |      |
|--------------|-------|------|-------|------|
| Revenue      | 140.9 |      | 117.0 |      |
| EBITDA       | 12.0  | 8.5% | 8.3   | 7.1% |
| Depreciation | (6.8) |      | (6.6) |      |
| EBIT         | 5.2   | 3.7% | 1.7   | 1.4% |

## 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 the year of \$175M.

## Outlook & Order Book

- Secured work for FY20 currently at \$120M; achieving higher end of revenue range is dependent on securing new work
- Good start with the award of short term contracts at Batchfire's Callide and Yancoal's Yarrabee mines, both of which have opportunity for growth
- FY20 margin is expected to show improvement consistent with FY19 second half performance
- Focus on securing extensions to contracts completing in FY19, in addition to new project opportunities.

|         | FY19       |             |           |
|---------|------------|-------------|-----------|
|         | First Half | Second Half | Full Year |
| Revenue | 63.9       | 77.0        | 140.9     |
| EBITDA  | 3.5        | 8.5         | 12.0      |
| Margin  | 5.5%       | 11.0%       | 8.5%      |

|                   | FY19   | FY20    |       |       |
|-------------------|--------|---------|-------|-------|
|                   | Actual | Secured | Range |       |
| Revenue (\$m)     | 141    | 120     | 130   | 150   |
| Margin (EBITDA) % | 8.5%   |         | 10.0% | 13.0% |

# MINING TECHNOLOGIES



- Acquisition price \$10M<sup>(1)</sup> - 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
- RCR Mining Technologies and Heat Treatment (RCRMT) form part of the original RCR Tomlinson business established over 100 years ago
- RCR MT
  - Track record of delivering positive earnings ~300 employees
  - Facilities in Bunbury, Welshpool and Victoria
  - Experienced management team retained in the business.

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

Results are from 15 February 2019

- Run rate effected by low workload on acquisition due to RCR administration (also impacted workshop utilisation)
- A number of blue chip client orders received since ownership change – Order book already up to \$60M
  - BHP South Flank Apron Feeders; FMG Eliwana Apron and Belt Feeders, Rio Tinto Koodaideri Apron and Belt Feeders
  - Process upgrade equipment for Roy Hill
  - Process equipment for Albermarle
- Gain on acquisition \$5.1M is valuation of intangibles - customer contracts and relationships, brand and intellectual property.
- Intangibles expected to be amortised within two years.

|                     | FY19  |       | FY18 |
|---------------------|-------|-------|------|
| Revenue             | 30.9  |       | Nil  |
| EBITDA              | 0.7   | 2.2%  | -    |
| Depreciation        | (0.3) |       | -    |
| Gain on acquisition | 5.1   |       |      |
| EBIT                | 5.5   | 17.8% | -    |

# RCR MINING TECHNOLOGIES



- 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
  - Integration opportunities
- Annuity style income from the maintenance activities of RCRMT provides a platform to continue to build a broader service offering across resources and oil and gas client base
  - Annual run rate circa \$50M
- Mining Technologies has a strong customer base with over 1,500 primary machines in operation nationally and internationally
- Minimum revenue based on secured work and maintenance activity of at least \$100M for FY20
- Margin impacted in FY19 by utilisation; The business is expected to generate between 6% and 8% EBITDA margin, (although the depreciation component is not significant within the business so results should translate to similar EBIT margins).

| Mining Technologies | FY19   | FY20    |       |      |
|---------------------|--------|---------|-------|------|
|                     | Actual | Secured | Range |      |
| Revenue (\$m)       | 31     | 60      | 100   | 120  |
| Margin (EBITDA) %   | 2.2%   |         | 6.0%  | 8.0% |



# SUMMARY

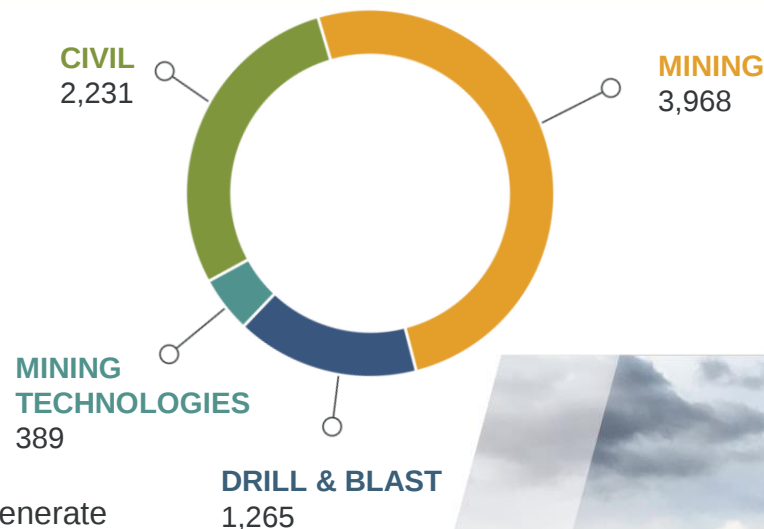


Dalgaranga, WA



# TENDER PIPELINE & OUTLOOK

- Current Order book \$2.2B
  - Secured revenue for FY20 is \$1.1B plus \$0.2B of expected revenue from RCRMT and Urban
  - Total scheduled work \$1.3B
- FY20 revenue guidance \$1.5B
- Strengthening Pipeline circa \$8.0B<sup>(1)</sup> – current submitted tenders of \$1.2B
- Strategically positioned in key civil markets to address continued investment in iron ore
- RCRMT integration going well – significant opportunity to generate additional value from the acquisition and through cross selling to key clients. Reviewing options to build a broader delivery platform.
- Continued 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
- Further strategic / market consolidation opportunities under review - highly disciplined approach to assessing value (as demonstrated in other recent transactions).



Curragh, QLD

<sup>(1)</sup> One year award / commencement potential

## Summary information

- This Presentation contains summary information about NRW and its associated entities and their activities current only at the date of this Presentation.
- This Presentation is for general information purposes only and does not purport to be complete. The content should be read in conjunction with NRW's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange which are available at [www.asx.com.au](http://www.asx.com.au), and also available on NRW's website at [www.nrw.com.au](http://www.nrw.com.au).

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| Term                                    | Description                                                                                                                                                                                                  |
|-----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| FY19                                    | The financial year ending 30 June 2019                                                                                                                                                                       |
| FY18                                    | The financial year ending 30 June 2018                                                                                                                                                                       |
| FY20                                    | The financial year ending 30 June 2020                                                                                                                                                                       |
| \$                                      | Australian dollars, unless otherwise stated                                                                                                                                                                  |
| AASB                                    | Australian Accounting Standards Board                                                                                                                                                                        |
| AGM                                     | Annual General Meeting of NRW's shareholders                                                                                                                                                                 |
| Amortisation of Acquisition Intangibles | Amortisation of Golding and RCRMT acquisition intangibles                                                                                                                                                    |
| ASIC                                    | Australian Securities and Investments Commission                                                                                                                                                             |
| ASX                                     | ASX Limited                                                                                                                                                                                                  |
| Board                                   | Board of Directors of NRW                                                                                                                                                                                    |
| CEO                                     | Chief Executive Officer                                                                                                                                                                                      |
| CFO                                     | Chief Financial Officer                                                                                                                                                                                      |
| Comparative result                      | The result, the calculation of which is shown and which generally excludes nonrecurring items which is most appropriate to compare to prior comparative periods.                                             |
| Corporations Act                        | Corporations Act 2001 (Cth)                                                                                                                                                                                  |
| EBIT                                    | Earnings before interest, tax, transaction costs Gascoyne impairment and RCRMT gain on acquisition                                                                                                           |
| EBITDA                                  | Earnings before interest, tax, depreciation, amortisation, transaction costs, Gascoyne impairment and RCRMT gain on acquisition.                                                                             |
| EGM                                     | Executive General Manager                                                                                                                                                                                    |
| EPS                                     | Earnings per share                                                                                                                                                                                           |
| FAL                                     | Forrestfield-Airport Link                                                                                                                                                                                    |
| Gascoyne                                | Gascoyne resources (ASX: GCY) and its subsidiaries                                                                                                                                                           |
| Gascoyne Impairment                     | Relates to the pre-administration carrying value of certain accounts on the Dalgaranga contract and agreements with Gascoyne Resources and its subsidiary GNT impairment of all of which have been expensed. |
| KMP                                     | Key Management Personnel as defined in AASB 124 Related Party Disclosure                                                                                                                                     |
| LTI                                     | Long-term incentive                                                                                                                                                                                          |
| NPAT                                    | Net profit after Tax                                                                                                                                                                                         |
| Non-Executive Director                  | Non-Executive Director of NRW                                                                                                                                                                                |
| PBT                                     | Profit before tax                                                                                                                                                                                            |
| Performance Right                       | An entitlement to a Share subject to satisfaction of applicable conditions (including performance based vesting conditions)                                                                                  |
| PPE                                     | Property plant and equipment                                                                                                                                                                                 |
| RCRMT                                   | RCR Mining Technologies                                                                                                                                                                                      |
| STI                                     | Short-term incentive                                                                                                                                                                                         |
| Subsidiary                              | Subsidiary of the Company as defined in the Corporations Act                                                                                                                                                 |
| TBM                                     | Tunnel boring machine                                                                                                                                                                                        |
| TFR                                     | Total fixed remuneration                                                                                                                                                                                     |
| Transaction costs                       | Include legal costs associated with the acquisition of RCRMT (FY19) and the acquisition of Golding (FY18)                                                                                                    |
| TRIFR                                   | Total recordable injury frequency rate                                                                                                                                                                       |
| TSR                                     | Total shareholder return                                                                                                                                                                                     |
| VWAP                                    | Volume weighted average price                                                                                                                                                                                |



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