



# NRW HOLDINGS

## EUROZ CONFERENCE

MARCH 2020

# 20



## Operations

- ✓ Revenue<sup>(1)</sup> of \$808.7M, an increase of 55% compared to the prior comparative period (pcp)
- ✓ Comparative EBITDA<sup>(2)</sup> of \$94.6M up 27% on pcp
- ✓ NPATA<sup>(3)</sup> up 28% to \$41.2M.

## Balance Sheet

- ✓ Strong cash conversion resulting in Cash holdings increasing to \$122.5M
- ✓ Net Debt increase due to assumption of BGC Contracting asset finance debt: Gearing increased to 38% - forecast to reduce to below 30% by financial year end
- ✓ Interim Dividend declared of 2.5 cents fully franked (up 25% on PCP).

## BGC Contracting

- ✓ Completed acquisition of BGC Contracting (renamed NRW Contracting)
  - ✓ Cash payment funded through equity raised at a premium \$116.4M
  - ✓ Net Debt assumed (included \$28.6M of cash) \$153.7M
  - ✓ Total consideration \$270.1M
- ✓ Value underpinned by a fleet of over 200 items of high quality mobile mining equipment and DIAB Engineering generating maintenance annuity style revenues
- ✓ Integration progressing well: in excess of 50% of annual run rate savings already achieved of the \$15M target
- ✓ BGC Contracting awarded 65km of rail formation plus additional scope at Eliwana (\$155M) for Fortescue Metals Group.

## Strategic

- ✓ Secured \$70M of new Civil contracts for BHP Mitsubishi Alliance (BMA) at Blackwater and Goonyella
- ✓ RCRMT has secured \$171M of work under NRW ownership (to Dec 19) including the award of a design and construct equipment package for a crushing plant for FMG at their Cloudbreak mine site
- ✓ Awarded circa \$70M Iron Bridge package for FMG and Formosa Steel (Feb 2020)
- ✓ Formed Alliance partnerships for large WA infrastructure projects.
- ✓ Circa \$1.8B<sup>(4)</sup> of revenue cover for FY21

(1) Statutory Revenue of \$783.6M plus revenue from associates of \$25.1M

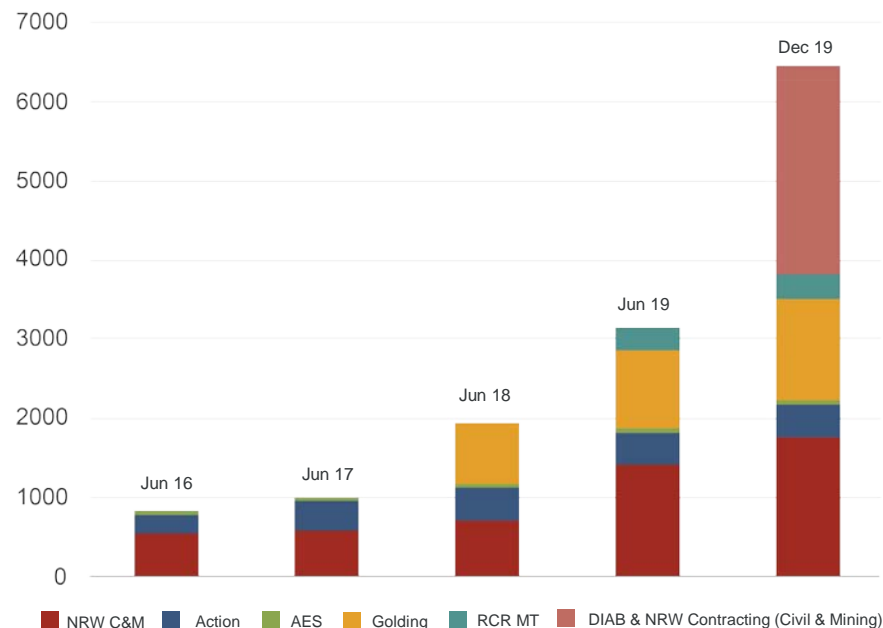
(2) Comparative EBITDA is earnings before interest, tax, depreciation, amortisation, transaction costs and pre adoption of AASB16

(3) NPATA is Net earnings before amortisation of acquisition intangibles at normal tax rates.

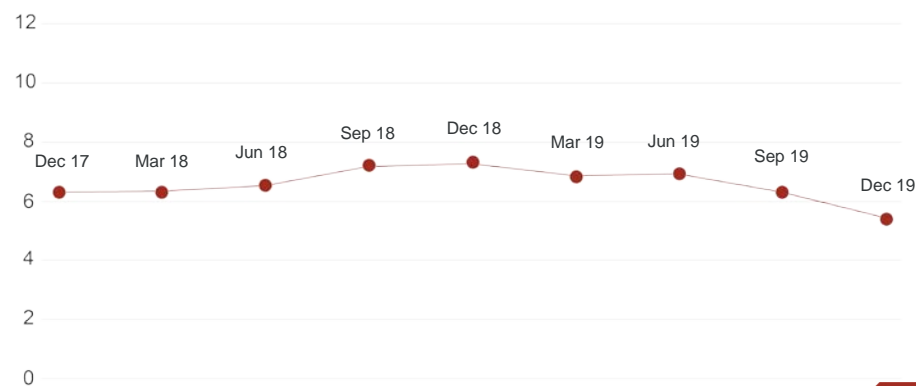
(4) NRW assessment of current contract revenue plus annuity income in RCRMT, DIAB and Urban businesses.

- Improvement in Total Recordable Injury Frequency Rate (TRIFR) performance across the business as at December 2019; 5.45 (6.92 as at June 2019).
- Strong growth in headcount to over 6,000 v circa 3,100 at June 2019.
- We are working closely with clients to monitor the health and well being of site personnel and to ensure continuation of all operations and projects.

## Headcount



## Total Recordable Injury Frequency Rate







**CIVIL**

**NRW Civil**  
**BGC Contracting**  
**Golding Civil**  
**Golding Urban**

- Mine development
- Bulk earthworks
- Roads & bridges
- Rail
- Marine works
- Commercial & residential subdivisions
- NPI
- Airstrips
- R5, B4, F150+



**MINING**

**NRW Mining**  
**BGC Contracting**  
**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**  
**DIAB Engineering**

- Apron, belt & hybrid feeders
- Material handling specialists
- Stackers & scrubbers
- Product support, spare parts & service
- Maintenance services & shutdowns
- Heat Treatment
- Structural, mechanical and piping work
- Routine preventative and OHP shutdowns
- Processing plant upgrades
- Offsite repairs and fabrication services
- Hire, sales and distribution of MonZon Scaffold System





W2B, NSW



Eliwana, WA

# CIVIL



BGCC NorthLink Stage 2, WA



Koodaideri, WA

## Results

- Revenue growth is Iron Ore projects
  - South Flank
  - Koodaideri
  - Eliwana (NRW & BGCC)
  - West Angeles (BGCC)
- FY19 margin was higher than underlying rate as the result included a number of completing projects delivered above bid margins
- FY20 margin impacted by low volumes in Golding Q1 FY20, improvement forecast H2 FY20
- FAL: TBM's reaching end of tunneling.

## New Work

- Blackwater and Goonyella for BMA - \$70M
- Eliwana rail - 65km of rail formation awarded to NRW Contracting - \$138M
- Awarded circa \$70M Iron Bridge package for FMG and Formosa Steel (Feb 2020)
- Additional scope added to BGCC early works Eliwana project for Airstrip and roadworks (\$17M)
- Contract for new client Origin Energy in Queensland circa \$15M.

## Outlook

- Most of FY20 forecast now secured
- Further mine and infrastructure packages currently being tendered across Iron Ore, Coal and Main Roads
- BGC Contracting
  - Long history of large public infrastructure delivery in WA
  - Certified to highest national government accreditation for civil road and bridge construction contracts (R5 / B4 and F150 Plus)
- Positioning for involvement in large WA Infrastructure projects. Construction to commence in calendar 2021
- 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.

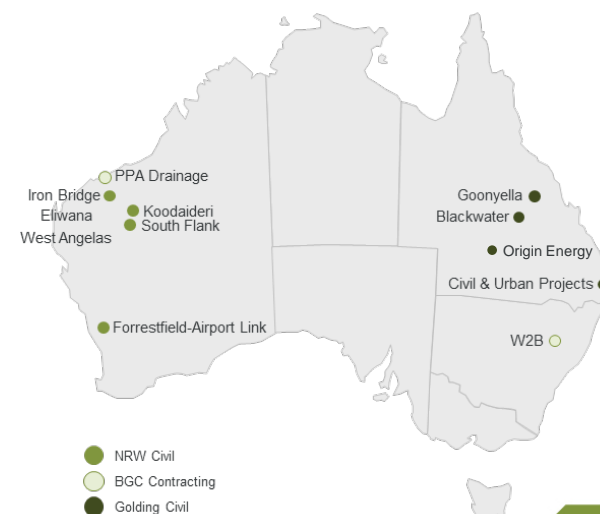
	FH FY20		FH FY19	
Revenue	305.0		163.8	
EBITDA (pre AASB16)	12.1	4.0%	12.8	7.6%
AASB16 Adj.	4.8			
EBITDA	16.9			
Depreciation	(6.6)		(1.0)	
EBIT	10.3	3.4%	11.8	7.0%

	Revenue	EBITDA Margin(1)
Range - Lower	775.0	4.0%
Range - Upper	825.0	5.0%

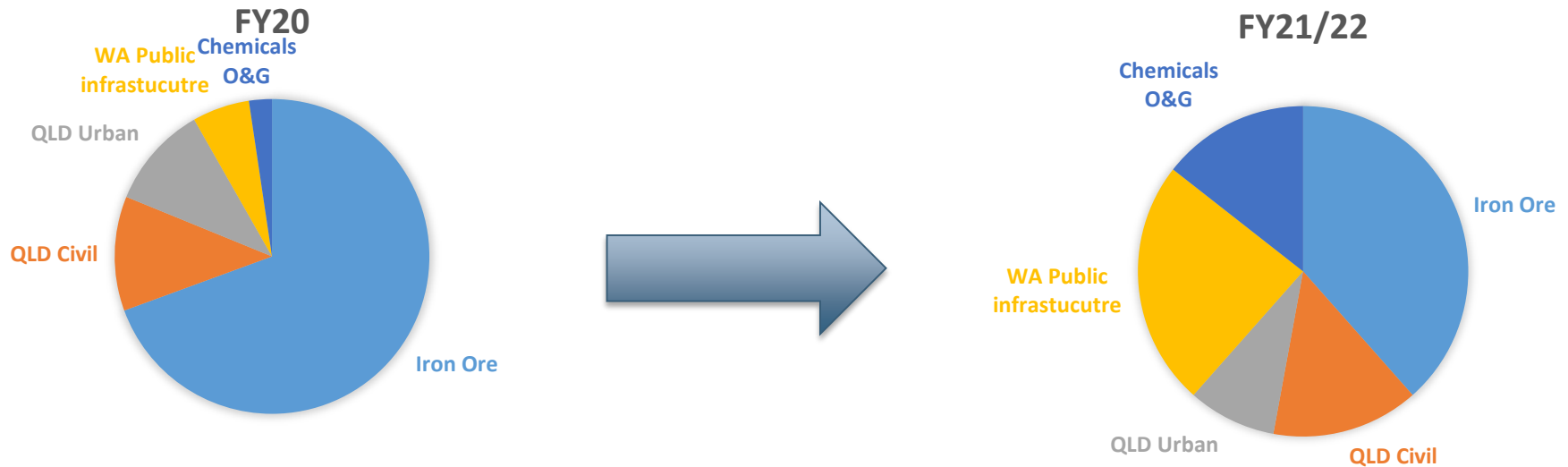
(1) Pre AASB16

- Revenue range increased due to BGC Contracting
- Margin range revised due to inclusion of BGC Contracting which includes completion of W2B project at nil margin.

## CURRENT CIVIL OPERATIONS







## Growing Civil opportunities

- Public Infrastructure in WA (mostly alliance style contracts) – Bunbury outer ring road, Freeway North extension, Bindoon bypass, Ellenbrook Rail (Metronet)
- Robust Iron ore pipeline – Iron Bridge, Koodaideri 2, Western Range, stranded ore projects
- New markets in Chemicals and Oil and Gas
- New clients – through BGC acquisition



Boggabri Coal, NSW



Dalgaranga, WA

# MINING



Ramone Open Pit Gold, WA



Isaac Plains, QLD



## Results

- Revenue increase
  - Additional mining fleet deployed at Curragh and Isaac Plains
  - BGC Contracting for one month
- Comparative EBITDA margin similar on existing projects overall margin impacted by mix change
- New Work includes
  - 5 year extension at Isaac Plains for Stanmore Coal \$500M
  - Koodaideri prestrip contract from Rio Tinto valued at \$95M.

## CURRENT MINING OPERATIONS



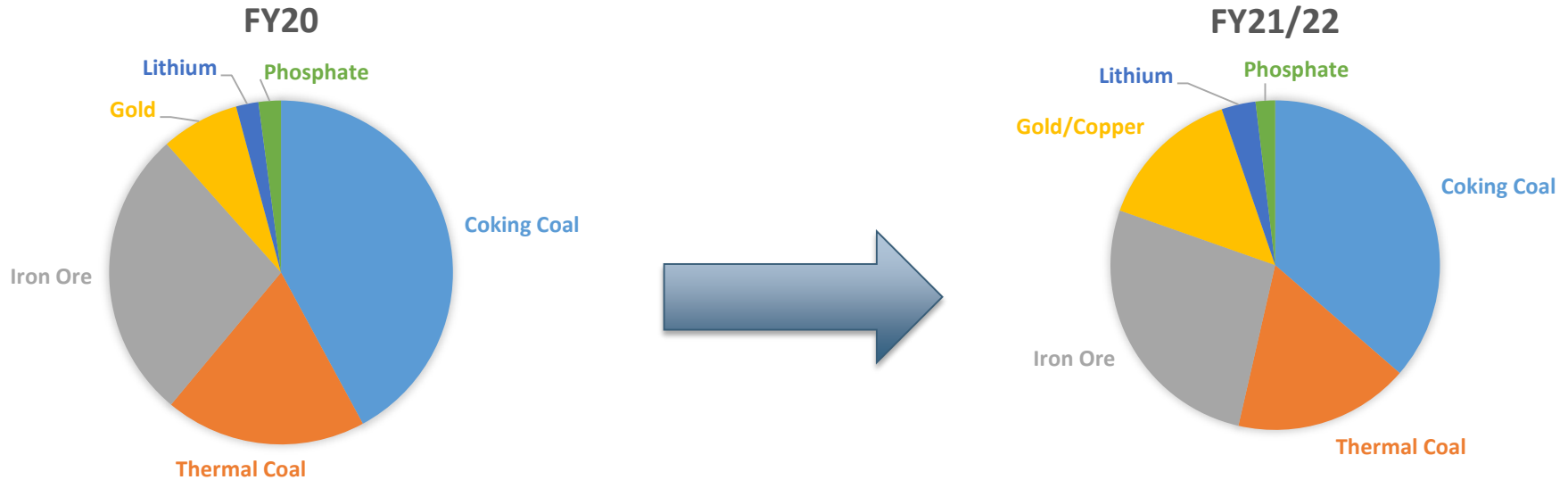
## Outlook

- Most of FY20 forecast revenue now secured
- New equipment deployed through Capex and 3<sup>rd</sup> party hire incrementing revenue
- Opportunities in iron ore to provide mine development work on major projects.
- Gascoyne Resources:
  - Gold production increasing (Jan results released by GCY)
  - Major cutback progressing well to expose main gold seam.
- BGC Contracting projects include:
  - Boggabri
  - Simec
  - Phosphate Hill
  - Mount Webber
  - Ramone

	FH FY20		FH FY19	
Revenue	375.1		310.1	
EBITDA (pre AASB16)	70.5	18.8%	59.8	19.3%
AASB16 Adj.	14.0			
EBITDA	84.5			
Depreciation	(36.0)		(19.3)	
EBIT	48.5	12.9%	40.5	13.1%

	Revenue	EBITDA Margin(1)
Range - Lower	900.0	18.0%
Range - Upper	950.0	19.5%
(1) Pre AASB16		

- Revenue range increased (BGC Contracting)
- AASB16 additions are long term truck rentals to support capital light model.

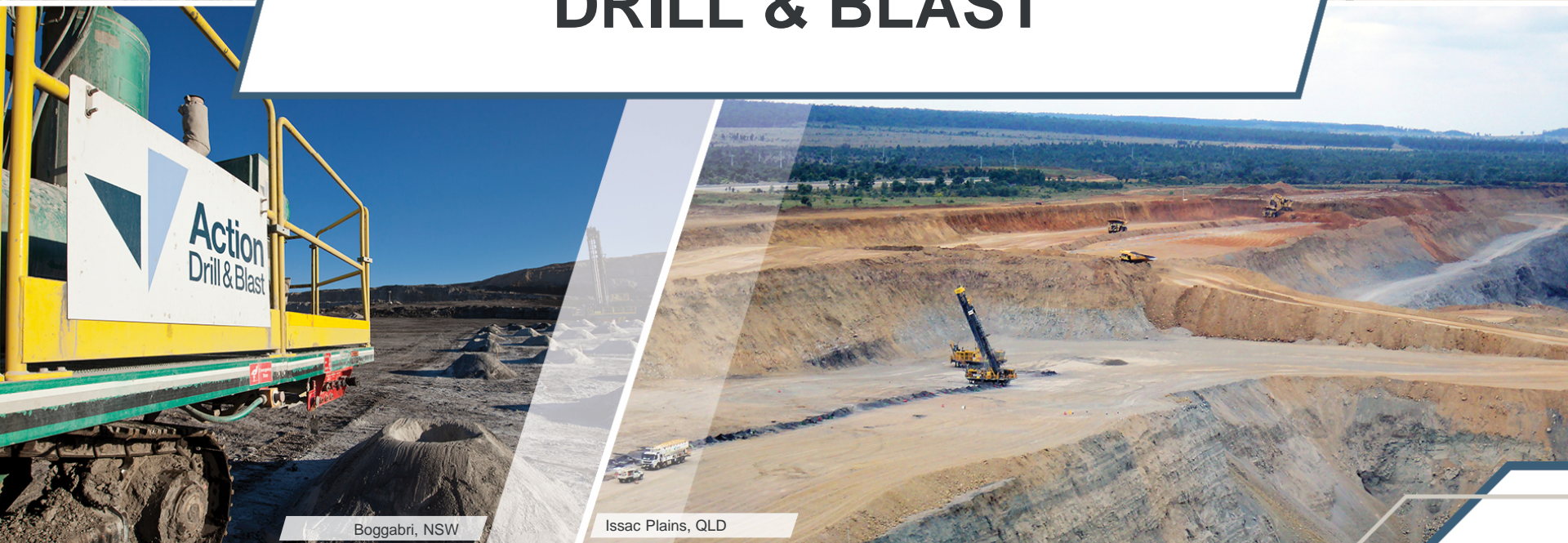


- Very strong bid pipeline across Iron Ore, Coal, Copper and Gold
- Currently working on 13 projects across the country
- Significant opportunity to add Mining Technology through BOO or BOOT – Crushing and Processing
- Current secured revenue for FY21 of \$1.2 billion





# DRILL & BLAST



## Results

- Revenue increase - higher volumes on
  - Civil projects
  - Baralaba
  - Isaac Plains
- EBITDA – further improvement in margins to 11.7%
  - Drill remediation actions a major contributor to the improvement.

## Outlook

- 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
- Focus on securing extensions to contracts completing in FY19, in addition to new project opportunities.

	FH FY20		FH FY19	
Revenue	79.5		63.9	
EBITDA (pre AASB16)	9.3	11.7%	3.5	5.5%
AASB16 Adj.	-			
EBITDA	9.3			
Depreciation	(4.4)		(3.4)	
EBIT	4.9	6.2%	0.1	0.2%

	Revenue	EBITDA Margin(1)
Range - Lower	130.0	11.0%
Range - Upper	150.0	13.0%

(1) Pre AASB16

## CURRENT DRILL & BLAST OPERATIONS



- Appointment of Andrew Broad to General Manager of the Drill & Blast business
  - Andrew has extensive experience in this sector with over 20 years working in Ausdrill more recently as COO.
- Recently secured contract extensions at Jellinbah \$20M
- Current drill fleet utilisation at circa 80% provides capacity for growth





Plant Safety Cage



DIAB Engineering

# MINING TECHNOLOGIES



RCR Heat Treatment



Apron Feeders

## Results

- Revenue of \$74.1M ahead of range
  - Administration delayed award of key contracts which has concentrated activity in calendar 19
  - Cash generated in half more than acquisition cost (\$10M)
- Results include one month of DIAB Engineering
- RCRMT has secured \$171M of work in calendar 19
- Key award for FMG
  - design and construct equipment package for a crushing plant for FMG at their Cloudbreak mine site.

## Outlook

- Mining Technologies includes RCRMT and DIAB Engineering
- DIAB has proven capabilities in the metals and mining industry and provides specialist maintenance (shutdown services and onsite maintenance), industrial engineering and fabrication services
- DIAB represents more of an annuity style earnings base, with long-term clients and panel style contracts
- DIAB offers a number of services to its clients, supporting projects from engineering design project management through to construction.

	FH FY20	FH FY19
Revenue	74.1	-
EBITDA (pre AASB16)	5.3	7.2%
AASB16 Adj.	2.1	
EBITDA	7.4	
Depreciation	(2.5)	-
EBIT	4.9	6.6%

	Revenue	EBITDA Margin(1)
Range - Lower	165.0	7.0%
Range - Upper	175.0	8.0%

(1) Pre AASB16

- Range and margin revised due to inclusion of DIAB Engineering and improved first half performance in RCRMT
- AASB16 increases are for facility lease costs for Welshpool, Bunbury and Geraldton.

## Summary

- Received orders for all 3 flagship projects from Iron Ore majors during the last 12 months
- Mobilised to site to deliver HOP9 at Cloudbreak – Relocatable crushing station
- Significant number of opportunities for BOO and BOOT Crushing & Processing facilities both with NRW Mining and also directly to clients
- Expect significant growth across the business in coming years.





Dalgaranga, WA



Iron Baron, SA

# SUMMARY



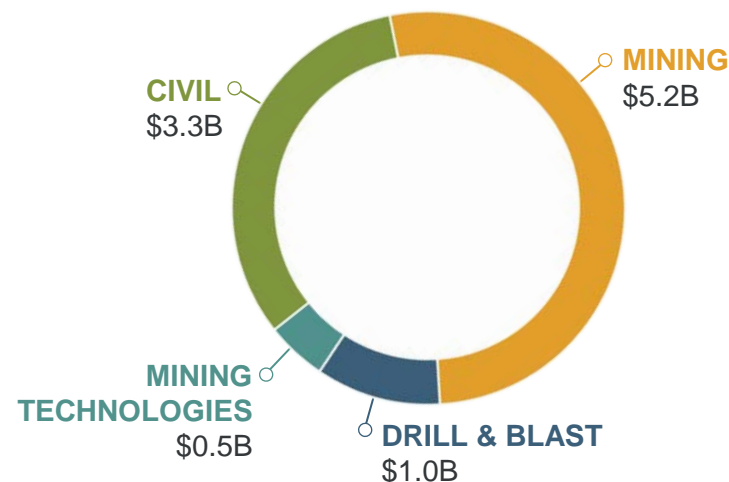
Pilgangoora Lithium, WA



Roy Hill, WA



- Current Order book \$3.8B
- FY20 revenue guidance \$2.0B – mostly secured
- Strengthening Pipeline circa \$10.0B<sup>(1)</sup>
- Circa \$1.8B<sup>(2)</sup> of revenue cover for FY21
- The acquisition of BGC Contracting represents another significant milestone in the development of NRW and after the highly successful acquisitions of Golding Group and RCR Mining Technologies, delivers a further step change in scale and diversity for NRW's business in Australia.
- We have built capability across a number of areas and improved our revenue visibility:
  - Our geographic reach has expanded, strengthening our capability to deliver projects Australia wide;
  - We have built on our sustainable revenue base with more annuity-style revenue in the order book;
  - We continue to achieve strong growth through a relatively capital light model in our mining and drill and blast businesses.
- The acquisitions of RCRMT and DIAB Engineering have set us on a highly strategic and important path of growth across fixed and relocatable plant construction, product support and shutdown maintenance activities all critical to productive operations.
  - We plan to grow this business strongly over the coming years as a combination of aging assets and the demand for maintenance services in Western Australia and Queensland are forecast to significantly grow from around \$9B to \$12B pa.
- Positioned to capitalise on the positive market conditions in public infrastructure delivery in WA. Key focus on securing work in the infrastructure sector under Alliance style contracts will provide further diversification opportunities to the enlarged business from calendar 2021.
- Our strategy of growing and diversifying our revenues through organic growth or strategic acquisitions remains our long term objective continuing our evolution and further developing the company as a multi-disciplined “through cycle” services business.



(1) One year award / commencement potential

(2) NRW assessment of current contract revenue plus annuity income in RCRMT, DIAB and Urban businesses

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