

25 November 2010

# Financial Results for the Half Year Ended 30<sup>th</sup> September 2010



ASX: NFK

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1. Key highlights

2. Financial performance

3. Business unit performance

4. Outlook

# 1H2011 Key highlights

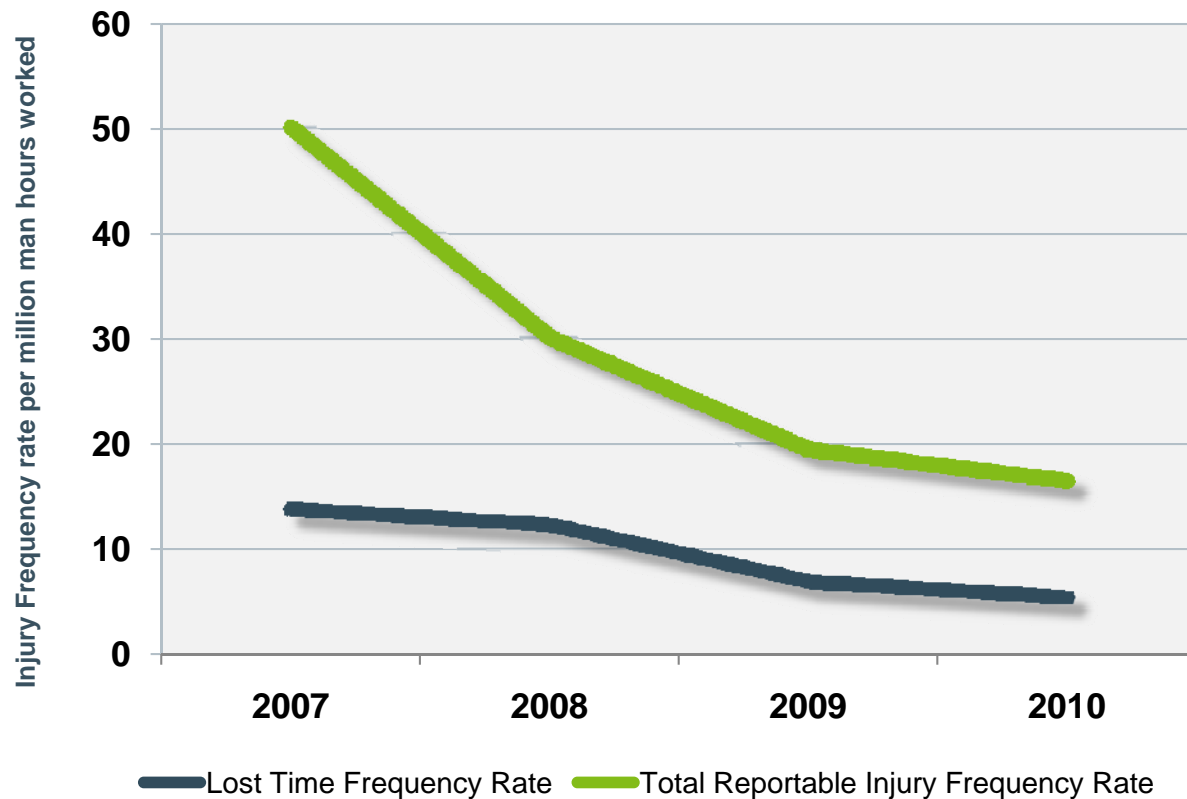
- Revenue <sup>(1)</sup> \$445 million at record 1H level
- 46.4% increase in NPAT <sup>(1)</sup>
- EPS <sup>(1,2)</sup> up 20.9% to 5.03 cents per share
- EBITDA <sup>(1)</sup> up 31.5% to \$17.6 million
- Operating cash flow of \$8.4 million, up 13.4%
- Strong balance sheet, net debt reduced, agreement reached to increase bond facility
- Record order book of \$832 million
- Continued improvement in safety performance



(1) From continuing operations

(2) EPS restated to reflect Rights Issue

# Safety focus



Safety remains a priority for the Group.

Since the IPO in 2007:

- 50% Reduction in LTIFR
- 65% Reduction in TRIFR

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2. Financial performance
3. Business unit performance
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# Financial performance from continuing operations

A\$ Million		1H 2011	1H 2010	Change
Revenue	A\$m	445.2	376.5	18.2%
EBITDA	A\$m	17.6	13.3	31.5%
Operating Cash Flow <sup>(1)</sup>	A\$m	8.4	7.5	13.4%
EBIT	A\$m	13.3	11.1	19.5%
EBIT Margin %	%	3.0%	2.9%	0.1%
NPAT	A\$m	8.0	5.5	46.4%
EPS (cents) <sup>(2)</sup>	cps	5.03	4.16	20.9%

(1) Cash flow from continued and discontinued operations

(2) EPS restated to reflect Rights Issue

# Cash flow summary

A\$ Million	1H 2011	1H 2010
<b>EBITDA</b>	<b>15.2</b>	<b>12.6</b>
Change in Working Capital	2.8	3.7
<b>Finance Costs (Net)</b>	<b>-1.8</b>	<b>-2.7</b>
Income Tax Paid	-7.8	-6.1
<b>Operating Cash Flow</b>	<b>8.4</b>	<b>7.5</b>
Capital Expenditure (Net)	-3.6	-3.5

- Strong and growing net operating cash flow
- Income tax will be lower in 2H due to timing of installments
- Working capital forecast to increase during 2H due to increase in activity in O'Donnell Griffin
- This cash flow summary is from continued and discontinued operations

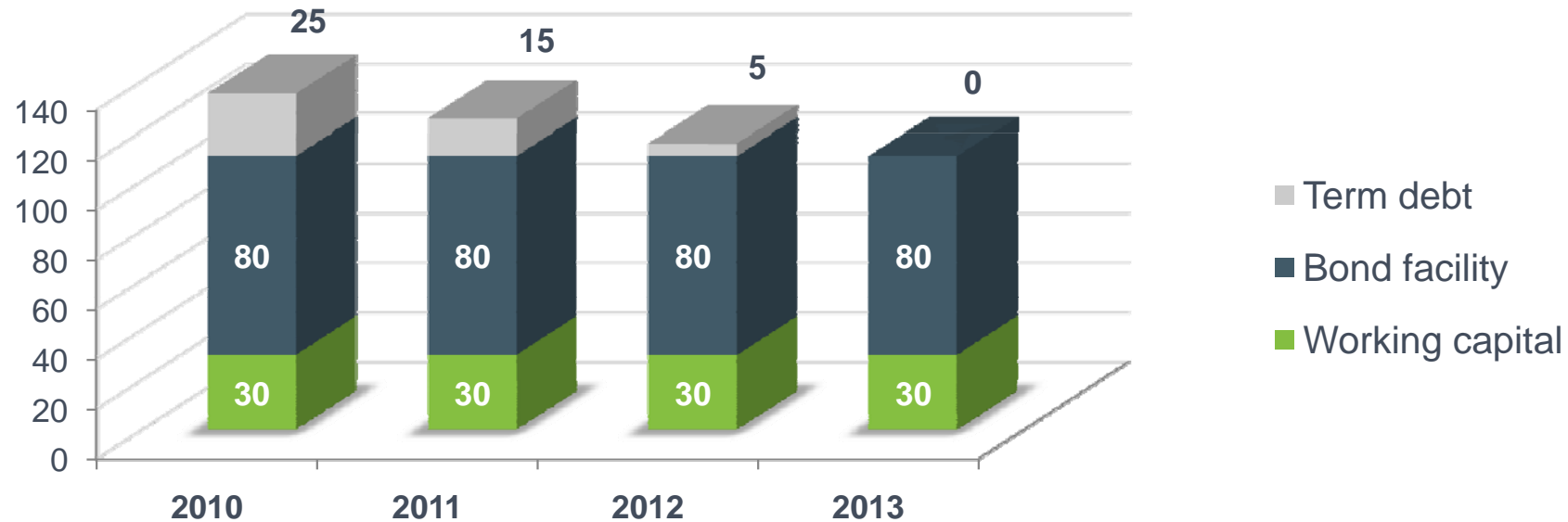


# Balance sheet, capital structure & dividend policy

Balance Sheet	September 2010	March 2010
Net Debt (including finance leases) (\$ '000's)	9,749	13,377
Total Equity (\$ '000's)	74,658	69,415
Net Debt / Net Debt plus Equity	12%	16%
Net Debt / EBITDA <sup>(1)</sup>	0.24 x	0.37 x
Interest Cover (rolling 12 months)	9.0 x	6.4 x

- Strengthening of balance sheet for the medium to long-term growth of the Group
- Capital structure policy focused on debt repayment
- No interim dividend declared, board's focus is on debt elimination

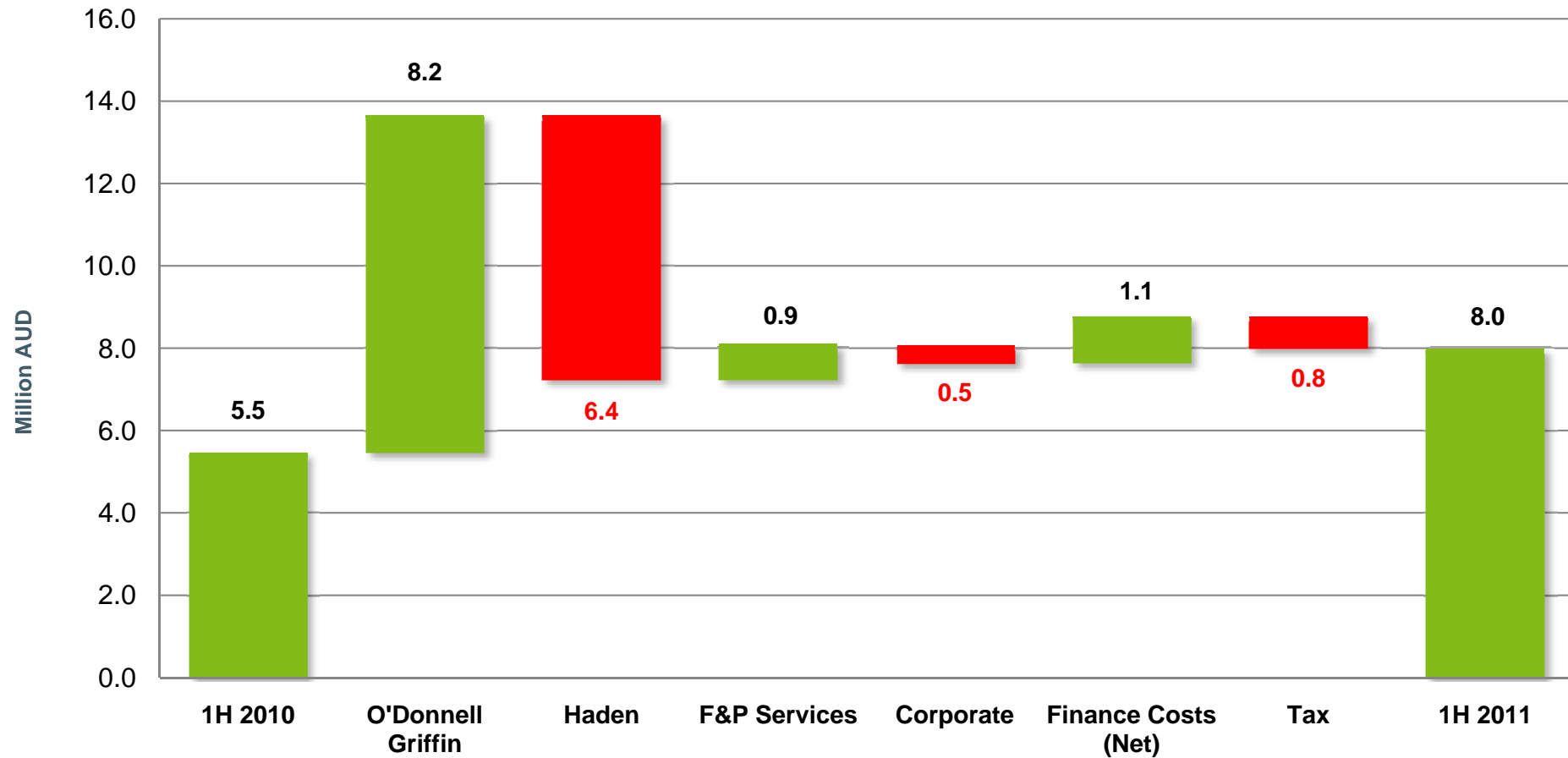
# Debt profile



- Debt facility renegotiated in March 2010, facility not due for renewal until 2013
- Agreement reached to expanded bonding facility by \$20 million (to \$80 million) to support future growth
- Company objective is to be debt free with bonding facility to support future growth
- Further \$10 million of term debt to be repaid end of December 2010

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# NPAT contribution analysis



# Business unit performance

## O'Donnell Griffin

		1H 2011	1H 2010	Change
<b>Revenue</b>	A\$m	273.1	200.3	36.3%
<b>EBIT</b>	A\$m	17.9	9.7	84.5%
<b>EBIT Margin</b>	%	6.6	4.8	1.8%
<b>Order Book</b>	A\$m	696.6	667.3	4.4%
<b>Employees</b>		1,505	1,341	

### ■ Growth in rail operations:

- RGP5 in line with expectations
- Novo Rail Alliance volume starting to increase
- Continued focus on alliances with the commencement of the Sunbury Alliance

### ■ Growth in power:

- Strong growth in installations for National Solar Program with Origin Energy
- Underground reticulation contract – North West WA

### ■ Increased order book

### ■ Continued expansion into mining and resources

# Business unit performance

## Haden<sup>(1)</sup>

		1H 2011	1H 2010	Change
<b>Revenue</b>	A\$m	126.3	135.3	(6.6%)
<b>EBIT</b>	A\$m	(1.6)	4.8	(133.3%)
<b>EBIT Margin</b>	%	(1.3)	3.5	(4.8%)
<b>Order Book</b>	A\$m	59.0	96.2	(38.7%)
<b>Employees</b>		1,569	1,731	

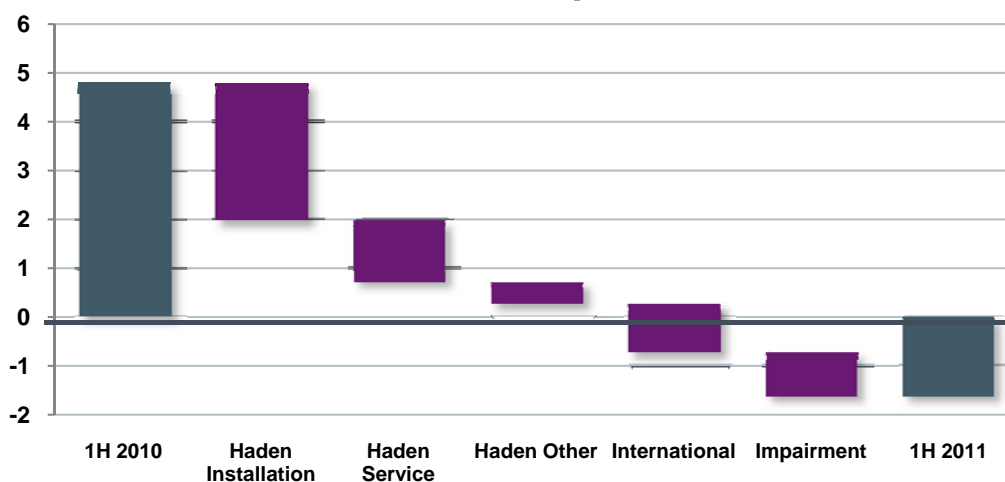
### ■ 60% of revenue from maintenance and recurring services, remaining steady from previous corresponding periods (PCP)

- Increased competitors in maintenance/service in response to market-wide fall in installation
- Delay in discretionary service/maintenance spend as economy continues to recover (lag effect)
- Haden maintaining maintenance/service market share

### ■ 1H2011 installation revenue down 20% compared to PCP

- Competitive installation tender activity leading to industry margin pressure
- Delays in awarding of orders as result of two-speed economy
- Maintaining margin discipline, focus on smaller/niche install projects

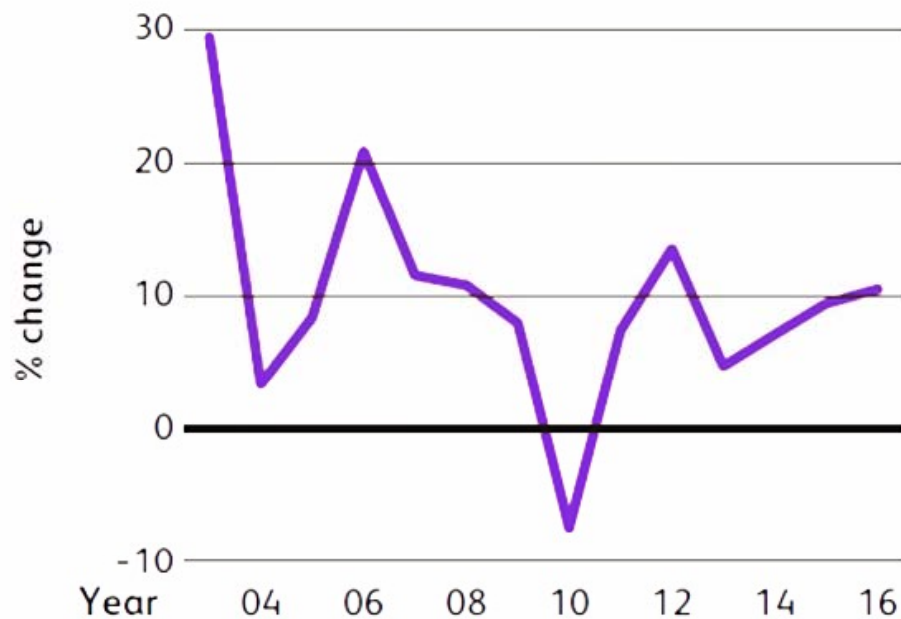
Haden split



# Business unit performance

## Haden

Private non-residential capital expenditure



Source: IBISWorld

- Demand in most cities has been impacted by weaker general economic growth and rising domestic interest rates
- Private, non-residential capital expenditure slower to recover than broader economy (two-speed)
- 2<sup>nd</sup> Half historically stronger due to seasonality
- Steps already taken to bolster Haden business
  - Improved productivity resulting in a reduction in headcount (60+)
  - Strategic exit of non-core plumbing businesses due to limited integration opportunities
  - Expand focus on non commercial sector
  - Installation order book has doubled in last two months
  - Streamlining management and reducing overheads
  - Commitment to maintaining market share

# Business unit performance

## Fire & Property services

		1H 2011	1H 2010 <sup>(1)</sup>	Change
Revenue	A\$m	47.1	43.8	7.5%
EBIT	A\$m	2.1	1.2	75%
EBIT Margin	%	4.5%	2.7%	1.8%
Order Book	A\$m	76.4	56.8	34.5%
Employees		384	405	

- Growth in HVAC manufacturing business in NZ
- NZ industrial door market remains steady in weakening market
- Consolidate Auckland manufacturing facilities into one premises in 2H
- Resolve FM remains consistent across previous corresponding periods (PCP)



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# Outlook



- ■ Maintain commitment to existing Norfolk strategy, including focus on stable sectors
- ■ \$800 million of FY2011 (pcp \$740 million) revenue underpinned by contracts, work orders and ongoing service commitments
- ■ Record order book (\$832 million) positions the company well for the future
- ■ Confirm guidance of 10% NPAT growth in FY2011

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