

25 November 2010

## Norfolk Group Limited 1H2011 Financial Results

### Key highlights:

- 1H2011 revenue<sup>1</sup> of \$445.2 million – a record first half level
- 46.4% increase in NPAT<sup>1</sup> from previous corresponding period (pcp) to \$8.0 million
- Earnings Per Share (EPS)<sup>1,2</sup> up 20.9% to 5.03 cents, from pcp
- EBITDA<sup>1</sup> up 31.5% to \$17.6 million
- Operating Cash Flow of \$8.4 million, up 13.4% from pcp
- Balance sheet strengthened, net debt reduced, agreement reached to increase bond facility
- Record order book of \$832.0 million
- Continued improvement in safety performance

**Norfolk Group Limited (ASX:NFK), a leading provider of integrated engineering solutions, today announced record revenue of \$445.2 million for the six months to 30 September 2010, delivering a 46.4 per cent increase in net profit after tax (NPAT) from continuing operations of \$8.0 million.**

Group EBITDA for the period from continuing operations was up 31.5 per cent from the previous corresponding period (pcp) to \$17.6 million (\$13.3 million pcp) and operating cash flow has strengthened by 13.4 per cent to \$8.4 million (\$7.5 million pcp).

Earnings per share (EPS)<sup>1,2</sup> has improved by 20.9 per cent to 5.03 cents (4.16 cents pcp).

The Group reported a record order book of \$832.0 million and a strong balance sheet with a reduction in term debt and plans to increase the bond facility available to the company to support future growth.

Managing Director, Glenn Wallace, said the diversity of Norfolk's operations and its ability to respond quickly to softening conditions in some sectors has been central to delivering the solid first half result for the Group.

"The stronger-performing O'Donnell Griffin, Resolve FM and building products businesses have bolstered the Group against the more challenging conditions facing the Haden business, due to a decline in commercial developments" Mr Wallace said.

"We have been swift to take proactive steps to manage the headwinds facing some parts of the business through reductions in headcount, an increased focus on productivity and efficiencies, and a commitment to maintaining market share."

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<sup>1</sup> From continuing operations

<sup>2</sup> EPS restated to reflect Rights Issue

“With record first half revenue and a strong order book, Norfolk remains in a stable position for future expansion,” Mr Wallace said.

### **Record 1H Revenue**

The 18.2 per cent increase in Group revenue for the first half of the 2011 financial year was largely driven by record revenue within the O’Donnell Griffin business, up by 36.3 per cent to \$273.1 million.

Growth in the heating, ventilation and air-conditioning (HVAC) manufacturing business in New Zealand and a consistent performance from Resolve FM were the drivers behind a 7.5 per cent increase in revenue for the building services and building products business unit.

Although the Haden business experienced a decline in revenue overall, that business unit maintained steady revenue from maintenance and recurring services compared to the previous corresponding period.

### **Safety Performance**

Safety remains a priority across the Norfolk Group, with the company continuing to reduce both its Lost Time Injury Frequency Rates (LTIFR) and Total Reportable Injury Frequency Rate (TRIFR). Since the IPO in 2007, the Group has reduced its LTIFR and TRIFR by 50 per cent and 65 per cent respectively.

### **Cash Flow and Capital Expenditure**

The Company has achieved strong and growing Net Operating Cash Flow of \$8.4 million (up from \$7.5 million pcp) due to earnings growth and sound cash management.

### **Balance Sheet, Capital Structure and Dividend Policy**

Norfolk has continued to take a conservative approach to strengthening its balance sheet through a capital structure policy focused on debt repayment. As such, the Board has resolved not to pay an interim dividend for the 1H2011 period.

In March 2010, the Company renegotiated the debt facility available to the Group and continues to work towards paying down that facility. In December 2010 a further \$10 million of term debt will be repaid, with the Company objective to be debt free by 2013.

In November 2010, the Company reached agreement with its bankers to expand the bonding facility available to the Company by \$20 million to \$80 million.

### **Outlook**

Investment in national infrastructure and resources projects will continue to support the Group’s medium-to-long term growth opportunities.

As at 30 September 2010, Norfolk had \$800.0 million of FY2011 revenue (pcp \$740 million) underpinned by contracts, work orders and ongoing service commitments.

The Company confirms guidance of 10 per cent NPAT growth in FY2011.

**-ENDS-**

## **Norfolk Group Limited**

Norfolk is a leading provider of integrated engineering solutions to a range of sectors including infrastructure, resources, health, industrial, commercial, retail, agribusiness, government and communications.

Norfolk operates through key brands - O'Donnell Griffin with over 100 years of electrical experience, Haden Engineering established in 1816, Resolve FM, Metalbilt and Energy Products International.

Norfolk employs more than 3,300 people, including highly skilled engineers, electricians, air conditioning technicians and apprentices, across more than 120 sites throughout Australia, New Zealand, India and Vietnam.

For further information on Norfolk, please visit [www.norfolkgl.com](http://www.norfolkgl.com)

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