

26 May 2011

Financial Results for the Year Ended 31st March 2011



ASX: NFK

NORFOLK 
INTEGRATED ENGINEERING

**A LEADING
PROVIDER OF
INTEGRATED
ENGINEERING
SOLUTIONS**

NORFOLK 
INTEGRATED ENGINEERING

A growing company...

Built on heritage and experience

O'Donnell Griffin dates from 1906, founded by Frederick O'Donnell and Thomas Griffin in Sydney



ELECTRICAL &
COMMUNICATIONS
ENGINEERING

O'DONNELLGRIFFIN
EXPERTISE • COMMITMENT • RESULTS

Haden dates from 1816 and has operated in Australia for over 40 years



AIR CONDITIONING
& MECHANICAL
ENGINEERING

HADEN
EXPERTISE • COMMITMENT • RESULTS

Resolve FM dates from 1962 as a specialist, integrated facilities management business



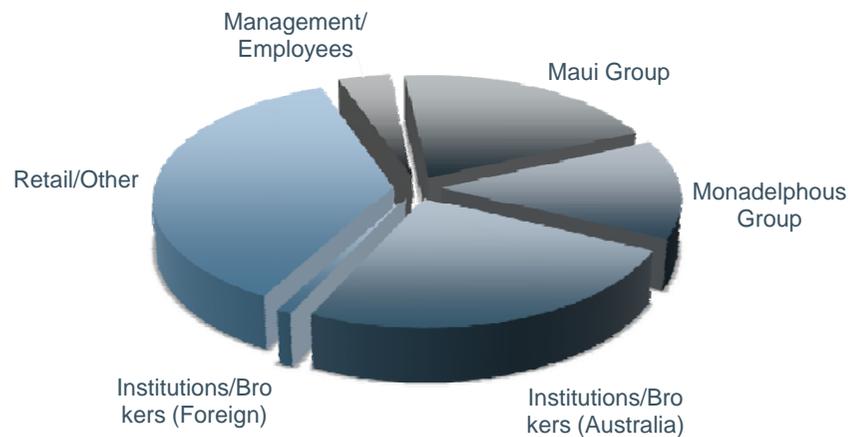
TECHNICAL FACILITIES
MANAGEMENT SERVICES

Resolve FM
EXPERTISE • COMMITMENT • RESULTS

NORFOLK 
INTEGRATED ENGINEERING

Corporate overview

Share register 31 March 2011



- ASX market capitalisation (as at 25 May 2011): **\$206.6m**
- Shares on issue: **158,890,730**

Share price



- 52-week high: **\$1.43**
- 52-week low: **\$0.72**

Agenda

1. Key highlights
2. Financial performance
3. Divisional performance
4. Outlook

Key highlights



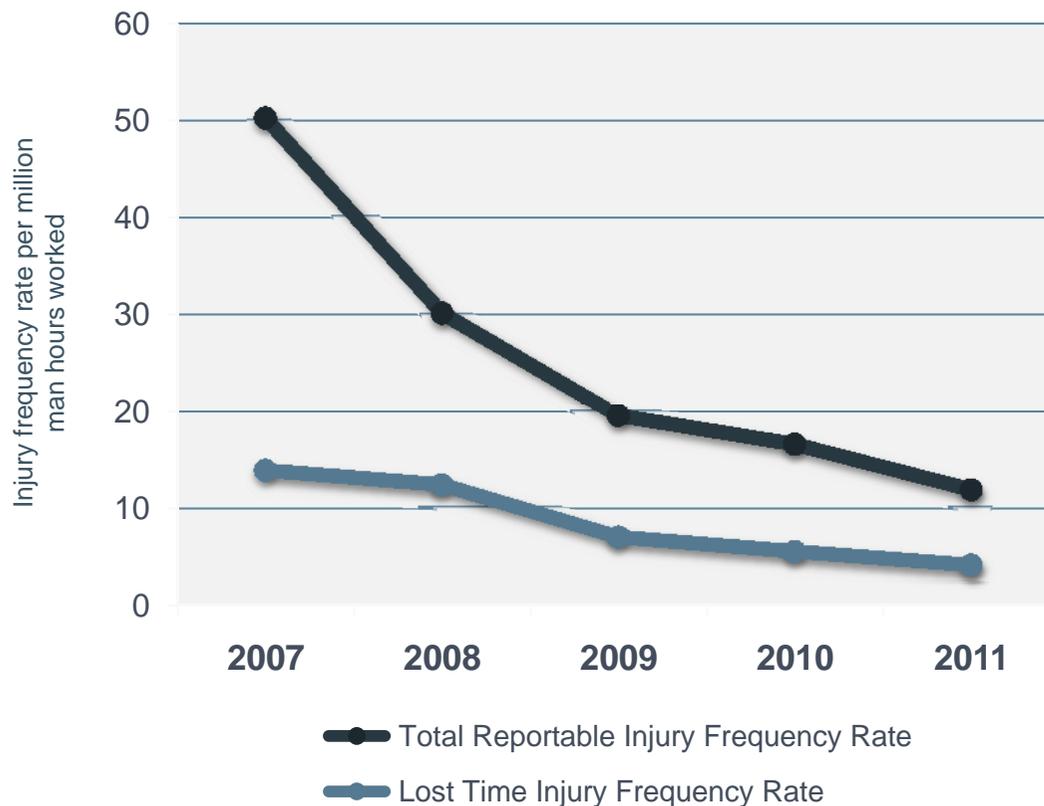
- Record full year revenue \$915.7 million⁽¹⁾, an increase of 19.0%
- 15.3% increase in net profit after tax (NPAT) to \$21.1 million⁽¹⁾, exceeding guidance
- Earnings per share (EPS) ⁽¹⁾ of 13.32 cents
- EBITDA up 12.3% to \$40.9 million
- Operating Cash Flow up 24% to \$33.6 million⁽¹⁾
- Strong balance sheet, bonding facilities increased, net debt extinguished
- Dividend of 2 cents per share declared (unfranked)
- Requests lodged with Australian Tax Office for amendment to historical tax returns; would result in \$30.8 million in refunds and benefits after tax

Safety focus

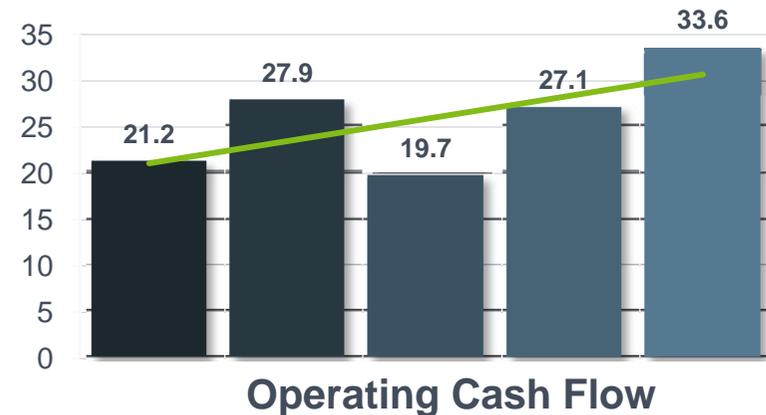
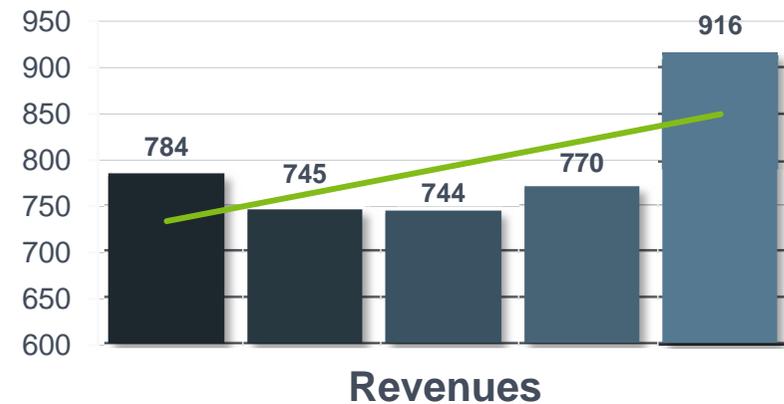


Ongoing commitment to safety resulting in record safety level:

- 42% improvement in Lost Time Injury Frequency Rate (LTIFR)
- 30 Australian branches reporting a zero Total Recordable Injury Frequency Rate (TRIFR)
- The safety of our employees is a key priority of Norfolk



Sustainable growth (A\$m) ⁽¹⁾



1. Key highlights

2. Financial performance

3. Divisional performance

4. Outlook

Financial performance ⁽¹⁾

		2011	2010	Change
Revenue	A\$m	915.7	769.6	19.0%
EBITDA	A\$m	40.9	36.4	12.3%
Operating Cash Flow	A\$m	33.6	27.1	24.0%
EBIT	A\$m	32.3	30.4	6.3%
EBIT Margin %	%	3.5	4.0	(0.5)
NPAT	A\$m	21.1	18.3	15.3%
EPS (cents)	cps	13.32	11.51 ⁽²⁾	15.7%

(1) From continuing operations

(2) Normalised to remove impact of share issue in FY2010

Cash flow summary ⁽¹⁾

		2011	2010
EBITDA	A\$m	40.9	36.4
Change in Working Capital	A\$m	(6.9)	2.1
Finance Costs (Net)	A\$m	(2.9)	(5.5)
Income Tax Paid	A\$m	2.5	(5.9)
Operating Cash Flow	A\$m	33.6	27.1
Capital Expenditure (Net)	A\$m	(10.4)	(8.1)

- Strong and growing operating cash flow
- CAPEX increased to \$10.4 million due to ongoing investment in IT infrastructure, business systems and rail signalling & control solution

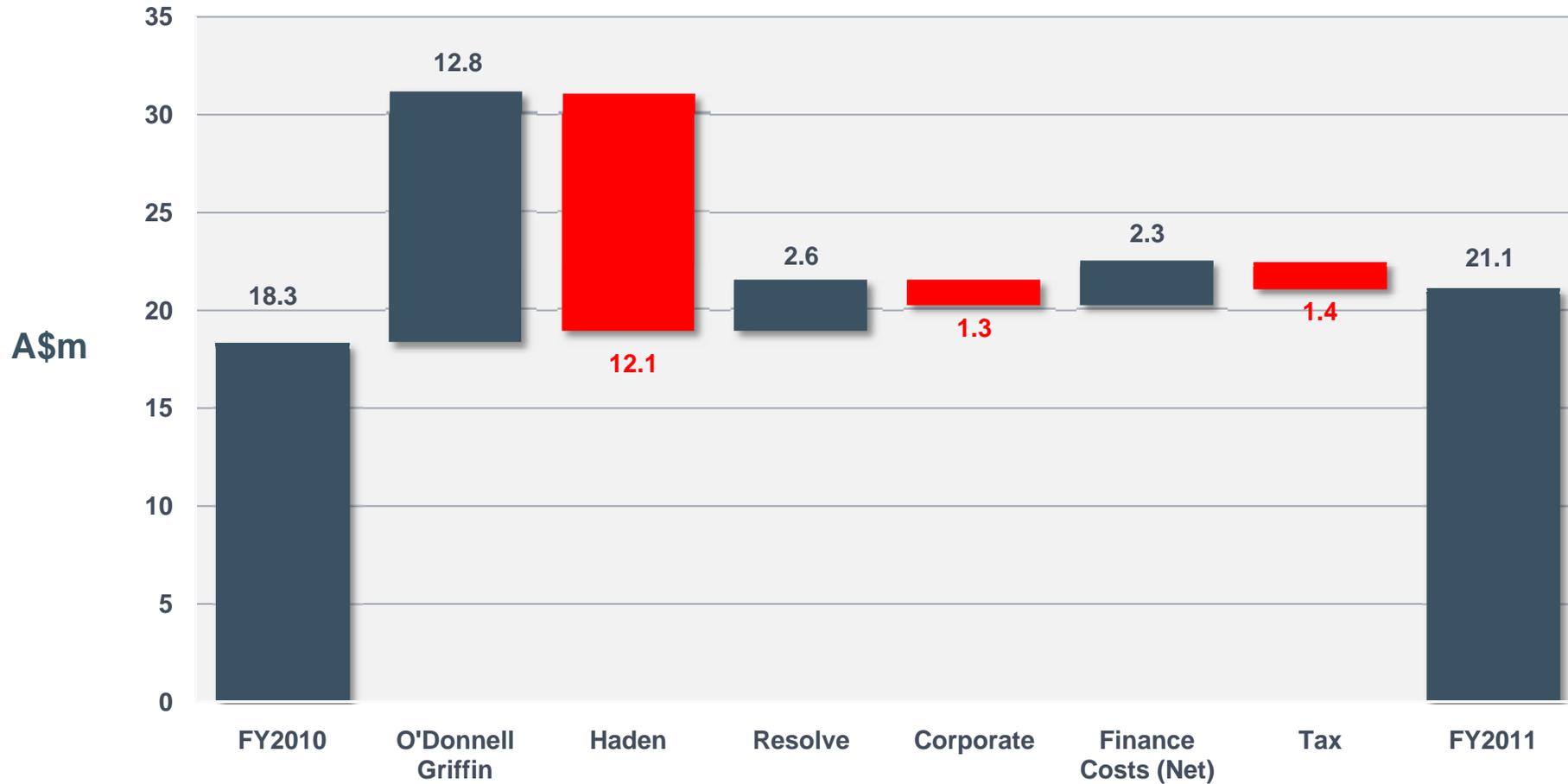
Balance sheet, capital structure & dividend policy

- Balance sheet structure strengthened, bonding facility increased
- No net debt: Norfolk reported net positive cash for the first time since the group listed in 2007
- Dividend payments to recommence, final dividend for FY2011 of 2 cents per share

Balance Sheet		2011	2010
Net Cash/(Debt) (including finance leases)	A\$m	8.1	(13.4)
Total Equity	A\$m	89.9	72.7
Net Debt / Net Debt plus Equity	%	N/A	16
Net Debt / EBITDA ⁽¹⁾		N/A	0.3 x
Interest Cover (rolling 12 months)		12.3 x	6.5 x

1. Key highlights
2. Financial performance
- 3. Divisional performance**
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Record Group NPAT (1)

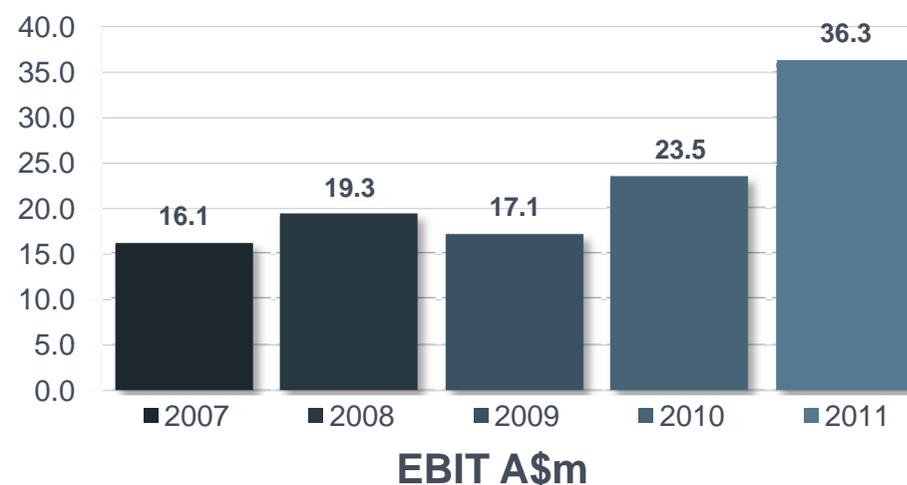


Divisional performance

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- Strong full year performance in line with expectations
- Excellent performance in rail:
 - BHP Billiton's RGP5
 - Southern Improvement Alliance
 - KiwiRail (OnTrack)
 - NovoRail
- Growth in power installation:
 - Pilbara Underground Power Project in Karratha
 - Renewable energy installation
 - Telecommunications power upgrades
- Strong order book heading into FY2012 of \$612.0 million



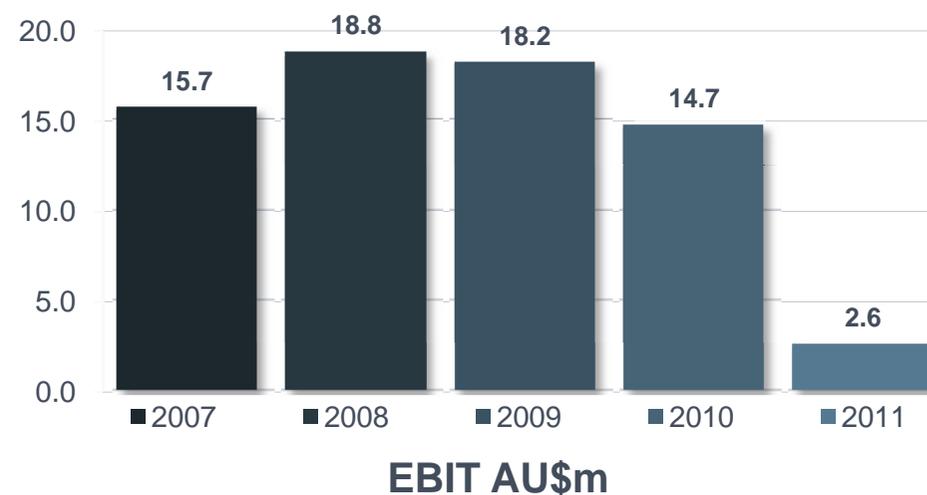
		2011 ⁽¹⁾	2010 ⁽¹⁾	Change
Revenue	A\$m	578.7	403.5	43.4%
EBIT	A\$m	36.3	23.5	54.5%
EBIT Margin	%	6.3	5.8	
Order Book	A\$m	612.0	657.8	(9.3%)

Divisional performance

AIR CONDITIONING
& MECHANICAL
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- Business has continued to be impacted by a tight operating environment:
 - Stagnant commercial building market
 - Increased competition in service and maintenance
 - Adverse weather conditions
- Better second half performance following increased installation contract wins and business improvements
- Disciplined approach to tendering with an increased order book heading into FY2012



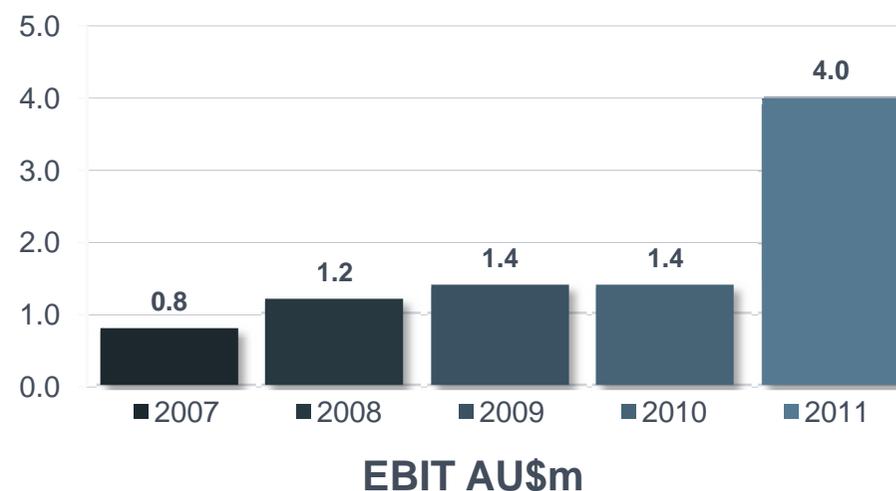
		2011 ⁽¹⁾	2010 ⁽¹⁾	Change
Revenue	A\$m	264.9	304.3	(12.9%)
EBIT	A\$m	2.6	14.7	(82.3%)
EBIT Margin	%	1.0	4.8	
Order Book	A\$m	\$86.8	\$73.3	18.4%

Divisional performance

TECHNICAL FACILITIES
MANAGEMENT SERVICES

Resolve FM
EXPERTISE • COMMITMENT • RESULTS

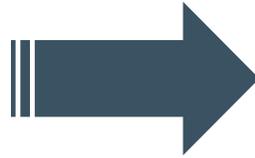
- Growth in the government, custodial and accommodation sectors
- Key contract wins:
 - Department of Immigration and Citizenship
 - Serco
- Ongoing opportunities with increased demand for custodial services
- Focus on growth through technology in facilities management



		2011 ⁽¹⁾	2010 ⁽¹⁾	Change
Revenue	A\$m	71.4	61.0	17.0%
EBIT	A\$m	4.0	1.4	185.7%
EBIT Margin	%	5.6	2.3	
Order Book	A\$m	121.3	90.8	35.8%

Strategy and progress

1. Build strong health & safety culture



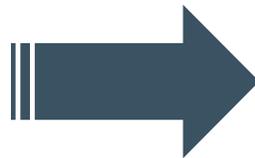
- Safety targets aligned with incentive programs
- Strategic focus on lead indicators & zero harm culture
- Achieved a 42% reduction in LTIFR and a 39% reduction in TRIFR in FY2011

2. Focus on growth sectors



- Increasing revenue from target sectors of rail, power, health, resources & agribusiness
- National rail & power groups established
- Investment in additional specialist engineering capability

3. Recurring & alliance-style revenue



- Earnings from alliance contracting increases to 20%
- Increased revenue share of service/maintenance and alliance work to 53%
- Increasing project work through strategic partnerships

4. Technology Leaders



- Partnering with leading technology providers
- Success in the green retrofit & refurbishment market
- Investment in rail signalling & control solution

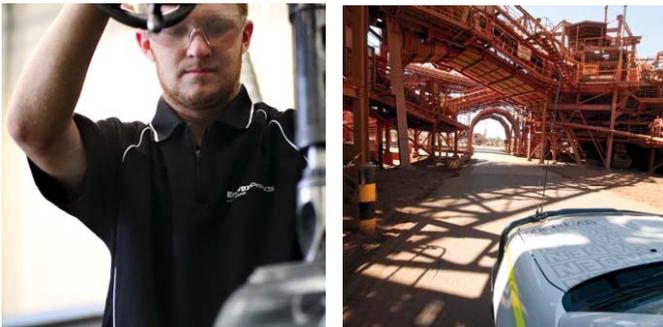
5. Leverage existing customer network



- Expanded service offering – including electrical, mechanical, data & fire
- Continued focus on cross business selling
- Extensive branch network allows access to growth regions

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Outlook



- \$685 million of FY2012 revenue underpinned by contracts, work orders and ongoing service commitments (FY2011 \$625 million)
- Strong order book of \$820 million positions the company well for the future
- Continued focus on organic growth
- Opportunities for growth in international markets
- NPAT growth of between 5% and 10% expected in FY2012
- Dividend policy to be maintained

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