Financial Results
Half Year Ended
30 September 2012

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INTEGRATED ENGINEERING

ASX:NFK

22 November 2012

A LEADING PROVIDER OF INTEGRATED ENGINEERING SOLUTIONS

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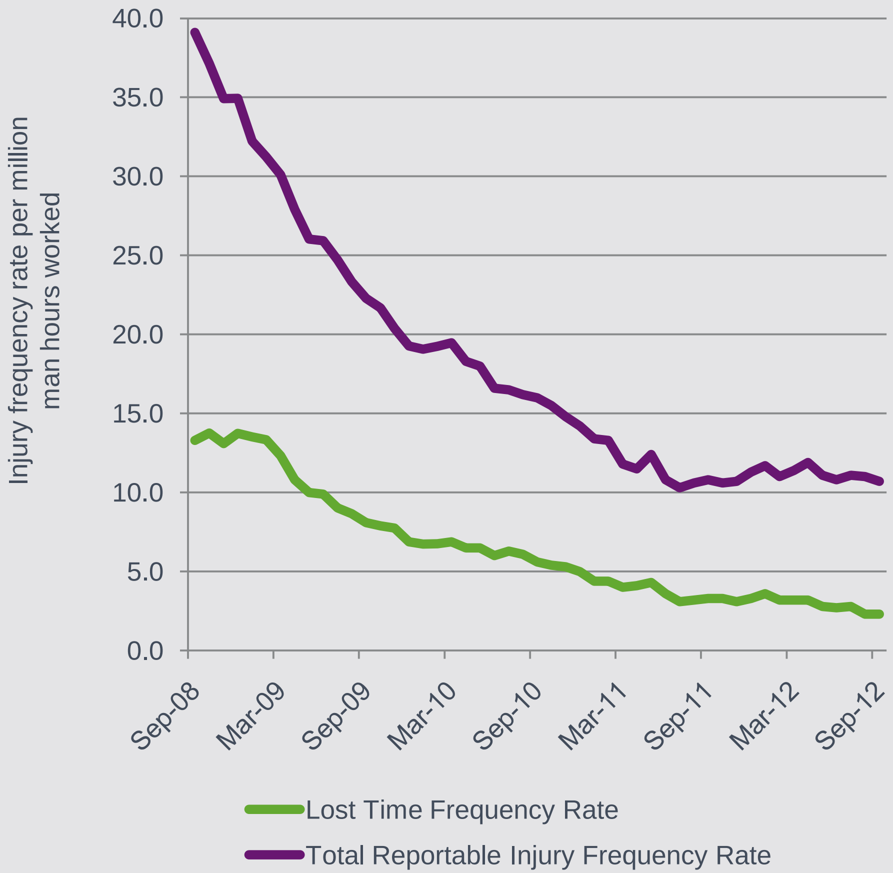
Safety focus



Ongoing commitment to safety:

- LTIFR reduced to 2.3, a 30% improvement on 1H 2012
- 50% of business units recorded zero LTIs in 1H 2013
- Key achievements include:
  - Resolve FM – Winner of 2012 SAI Global Systems Excellence Awards
  - NZ business has achieved 12 months LTI-free
  - ODG WA achieved 1 million LTI-free hours
  - Haden Port Hedland BHP branch has achieved four years LTI-free

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1. **Financial Performance**
2. Divisional Performance
3. Strategic Initiatives
4. Growth Profile
5. Group Outlook

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Key highlights

- 1H 2013 revenue of $506.8 million(1)
- Net Profit After Tax (NPAT) of $5.6 million(1), within guidance
- Earnings Before Interest and Tax (EBIT) of $7.6 million(1)
- Integrated ODG HADEN division formed following completion of comprehensive business process re-engineering project
- Strong order book of $826 million as at 30 September 2012
- Unfranked interim dividend of 1.0 cent per share declared

(1) From continuing operations

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Financial performance

		1H 2013[1]	1H 2012[1]
Revenue	A$m	506.8	441.6
EBITDA	A$m	11.6	18.1
EBIT	A$m	7.6	14.9
EBIT Margin %	%	1.4	3.3
NPAT	A$m	5.6	9.4
Operating Cash Flow	A$m	(23.5)	6.9
EPS (cents)	cps	3.54	5.9

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(1) From continuing operations

Key EBIT variances from 1H 2012

+ / -	Item	Impact A$m
–	One-off profit due to claims settlement in 1H 2012, not repeated in 1H 2013	**(5.6)**
–	Project delays in O'Donnell Griffin	**(2.7)**
–	Non-recovered labour costs in O'Donnell Griffin due to falling demand in some traditional markets	**(2.8)**
+	Cost savings and stronger project margins	**3.1**
+	Haden EBIT improvement	**1.1**

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Cash flow summary

		1H 2013	1H 2012
EBITDA	A$m	10.0	17.9
Change in Working Capital	A$m	(43.3)	(10.2)
Finance Costs (Net)	A$m	0.1	(1.3)
Income Tax Refund	A$m	9.7	0.4
Operating Cash Flow	A$m	(23.5)	6.9
Capital Expenditure (Net)	A$m	(4.5)	(4.7)

- Cash receipts of $20 million received in first week of October 2012
- Working capital increase attributed to:
  - Ramp-up of ongoing projects
  - Commencement of new large projects in 1H 2013
  - Delayed payments of claims and variations from some projects

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Balance sheet, capital structure & dividend policy

- Norfolk continues to take a prudent approach to its capital structure with low gearing and strong interest cover
- This allows Norfolk to absorb increases in working capital requirements
- Unfranked interim dividend of 1.0 cent per share declared

Balance Sheet		1H 2013	1H 2012
Net Cash/(Debt) (including finance leases)	A$m	(28.3)	6.0
Total Equity	A$m	124.0	96.8
Net Debt / Net Debt plus Equity	%	19%	N/A
Net Debt / EBITDA		0.9	N/A
Interest Cover (rolling 12 months)		12.8 x	12.0 x

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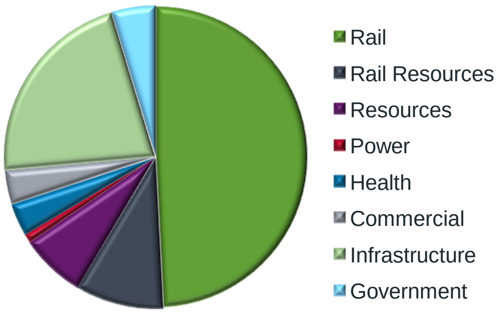
Divisional performance

O'DONNELL GRIFFIN
EXPERTISE • COMMITMENT • RESULTS

Divisional financial snapshot

$m	1H 2013	1H 2012
Revenue	337.9	287.5
EBIT	9.7	17.7
EBIT Margin (%)	2.8	6.1

Divisional order book - $620m



Commentary

- Strong revenue growth
- Margin impacted by project delays and demand shortfalls in certain markets
- One-off profit due to claims settlement in 1H 2012, not repeated in 1H 2013
- Solid order book underpins 2H 2013 and beyond
- Key projects include:
  - Port Hedland Inner Harbour Project, Fortescue Metals Group, Novo Rail, Darwin Hospital, Legacy Way Tunnel, Diamantina Power Station

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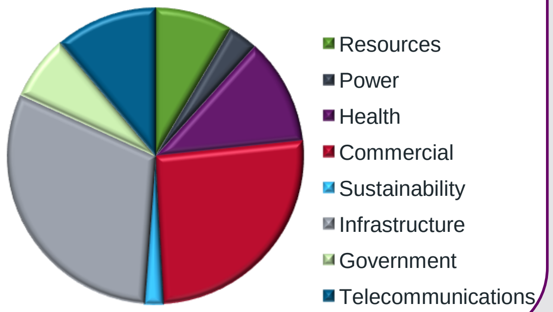
Divisional performance

HADEN
EXPERTISE • COMMITMENT • RESULTS

Divisional financial snapshot

$m	1H 2013 (1)	1H 2012 (1)
Revenue	134.5	123.2
EBIT	1.4	0.3
EBIT Margin (%)	1.0	0.2

Divisional order book - $112m



Commentary

- Haden recovery on-track
- Revenue growth driven by strong demand in WA, sustainability and health
- EBIT improved due to revenue growth and reduced costs
- Strong order book underpins 2H 2013
- Continued growth in telecommunications and energy efficient, sustainable buildings
- Maintain focus on operational efficiencies
- Key maintenance contracts include:
  – National telecommunications networks and commercial buildings, Pilbara LNG facilities, JLL portfolio, NBN data centres

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(1) From continuing operations

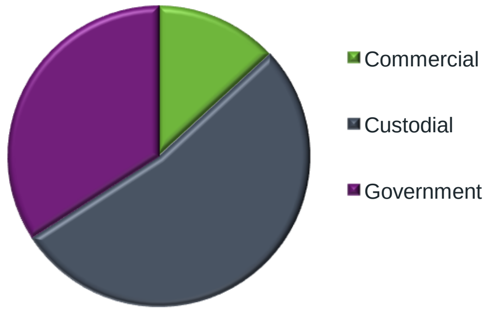
Divisional performance

Resolve FM
EXPERTISE • COMMITMENT • RESULTS

Divisional financial snapshot

$m	1H 2013	1H 2012
Revenue	36.4	37.7
EBIT	2.0	2.5
EBIT Margin (%)	5.4	6.6

Divisional order book - $95m



Commentary

- Steady revenue and EBIT contribution
- Performance in line with expectations
- Solid order book underpins performance
- Strong capability in higher-margin technical services providing growth opportunities
- Key contracts include:
  - Serco detention centre contracts, NSW DIAC refugee services and the Monadelphous Gorgon contract

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Strategic initiatives in progress

1 **Rationalised divisional structure following 18-month internal business process re-engineering project**

- Growing ‘single solution’ offering
- Significant cost savings
- Centralised project management and major bid teams
- Streamlining business processes

2 **Reducing direct labour costs, maintaining ‘self perform’ capability**

- Geographic flexibility of staff
- Maintain leadership in high barrier-to-entry specialist technical services

3 **Continue to build a diversified business by geography, industry sector and specialist capability**

- Maintain a balanced portfolio over a number of key sectors: Rail, Telecommunications, Infrastructure, Power, Property, Health and Agribusiness

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Optimised divisional structure

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ODG HADEN
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Resolve FM
EXPERTISE • COMMITMENT • RESULTS

Construction

Maintenance

Resolve FM

ODG HADEN INTEGRATED ENGINEERING

- More streamlined operations and an increase in cross-selling opportunities
- Increased electrical / mechanical maintenance opportunities – building on recent successes with bundled maintenance contracts
- Centralised bid teams and project management office to provide greater Group-level oversight and control
- Allows for greater utilisation of skilled staff
- Consolidation of facilities
- Reduced corporate costs
- Annualised cost savings in excess of $10 million
- Net savings in FY2013 expected to be at least $4 million

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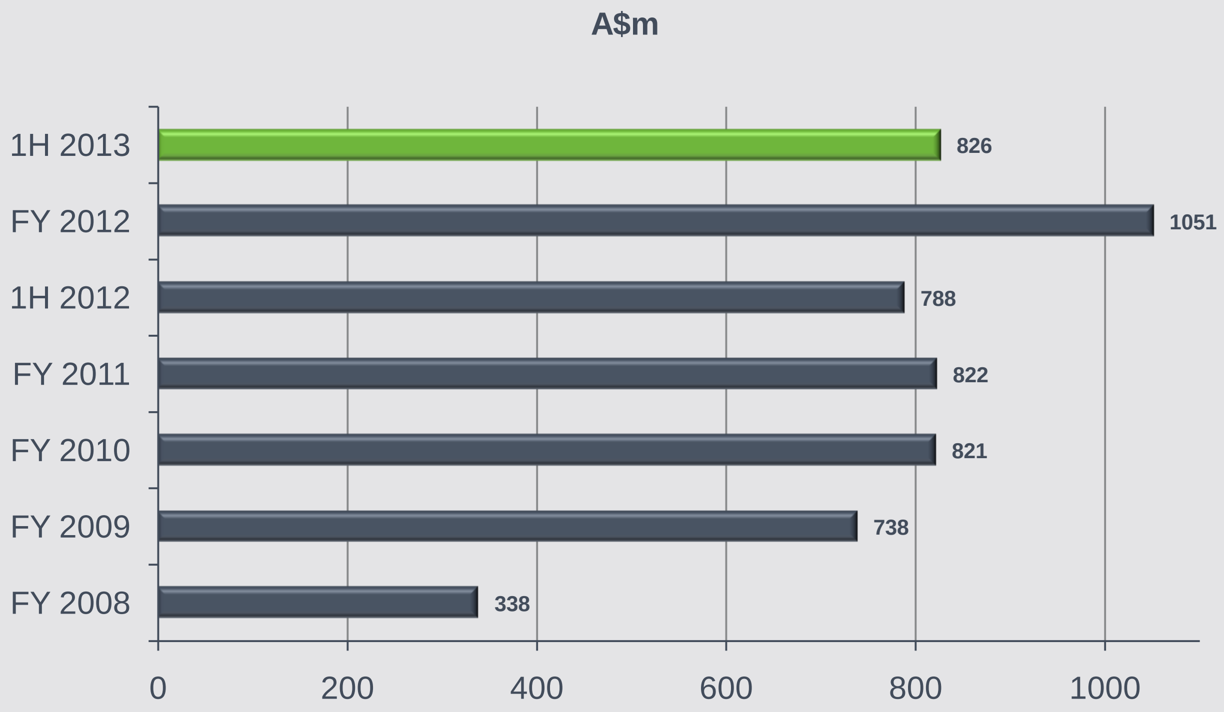
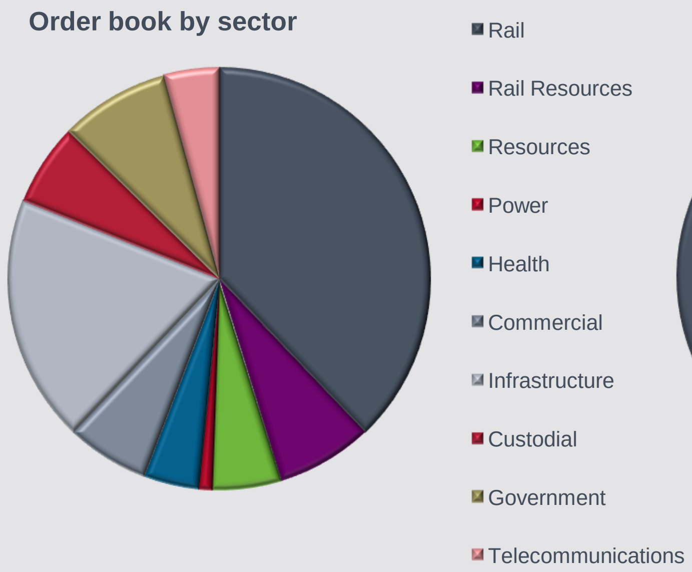
Order book

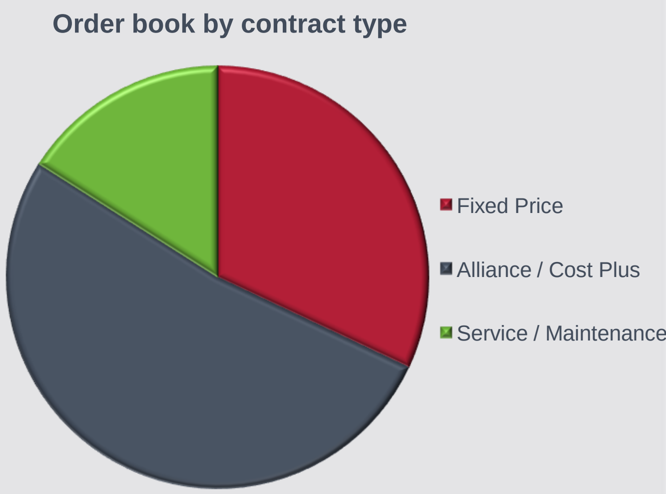

A$m
1H 2013
FY 2012
1H 2012
FY 2011
FY 2010
FY 2009
FY 2008
826
1051
788
822
821
738
338
0
200
400
600
800
1000

Order book detail

Strong order book of $826m, at similar levels to 1H 2012

- Significant diversification of order book by sector
- More than 10,000 existing clients
- Lower risk order book composition by contract type





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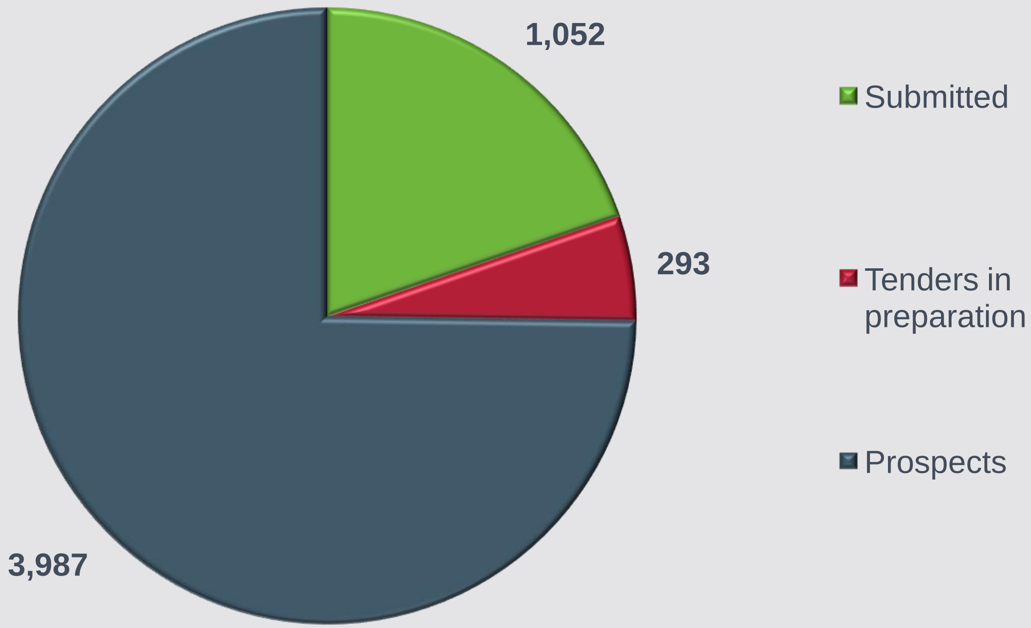
Pipeline

- High level of identified pipeline to support growth in FY14 and beyond
- Preferred tender status on circa $75m of additional prospects
- Rigorous risk management process underpins tendering

Total pipeline of $5.3 billion



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Strategic direction

1. Build strong health & safety culture	**"Safety All Ways"** is the foundation to everything we do and the commitment we have to the highest standards of **health, safety** and **environmental performance**	✓ LTIFR reduced to 2.3, a 30% improvement on 1H 2012 ✓ 50% of business units recorded zero LTIs in 1H 2013
2. Focus on growth sectors	**Growth** in rail, power, telecommunications, health, resources and agribusiness sectors **targeting higher margin integrated engineering** services	✓ Diversification of order book
3. Recurring & alliance-style revenue	Continuing **strong earnings** from partnerships, alliance-style and cost-reimbursable contracts	✓ Only 32% of order book is fixed price in nature
4. Technology Leaders	Expand, **people, process** and **technologies to deliver true end to end solutions** – directly or through technology partners	✓ Railway signalling capabilities in partnership with GE ✓ In-house design and construct capabilities
5. Leverage existing customer network	**Greater penetration** within existing customer base by broadening our service offering	✓ Creation of ODG HADEN to significantly increase cross-selling opportunities

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Group outlook

- Robust order book and opportunity to leverage the streamlined ODG HADEN structure positions Norfolk to maximise organic growth opportunities
- Norfolk has already taken significant steps to realign the business with prevailing market conditions
- Annualised cost savings in excess of $10 million
- Second half EBIT from continuing operations expected to be in line with second half FY2012
- Dividend policy to be maintained

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