

NRW HOLDINGS 2018 HALF YEAR RESULTS



For internal use only



Forrestfield-Airport Link, Perth WA

20 FEBRUARY 2018

RESULTS OVERVIEW

Revenue of \$345.3M ⁽¹⁾ up 95% on the same period last year

Underlying EBITDA⁽²⁾ of \$40.3M up 38% on the prior comparative period

Net Profit after Tax before amortisation of \$19.5M⁽³⁾ (up 70%) on the pcip

Golding acquisition completed September 2017; Acquisition price \$85M; Golding net cash balance on acquisition (generated in July and August) totalled \$10.7M

Net Debt reduced to \$49.8M compared to pro forma post acquisition debt of \$76M

Improved gearing ratio of 20.4% compared to pro forma acquisition gearing of 33%

Cash holdings of \$53.0M

Strong cash conversion, circa 93% of EBITDA

Notes

- (1) Statutory Revenue of \$312.7M plus revenue from associates \$32.5M and excludes pre acquisition revenues generated by Golding in July and August 2017.
- (2) Underlying EBITDA excludes one off costs related to the Golding acquisition of \$2.5M
- (3) Statutory comprehensive income of \$15.3M add back \$4.2M of amortisation



OPERATIONAL SUMMARY

Golding

- ✓ Integration well advanced
- ✓ The business is meeting or exceeding our expectations
- ✓ Significant active tenders and strong pipeline

NRW Civil & Mining

- Rio Tinto Yandicoogina Project completed
- Commenced works on Carrapateena
- Appointed EGM and other key operational staff ahead of expected increased project activity in Western Australia

Action Drill and Blast

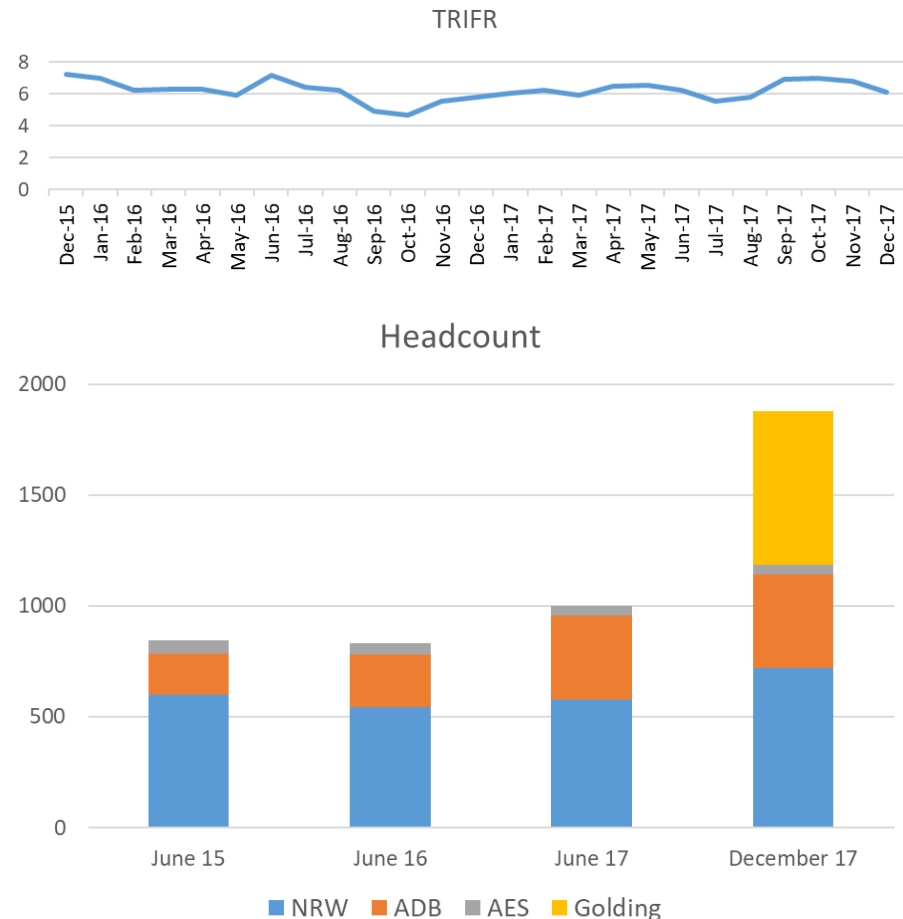
- Revenue increase due to Hughes acquisition
- Weather and drill utilisation impacting performance during the half

New work secured across the group circa \$0.7B;
Order book \$1.6B as at December 2017



HSE & PEOPLE

- Retaining key project staff critical to successful delivery, current headcount at circa 2,000
- Business is responding well to increasing manning requirements – particularly re-engagement of previous NRW employees
- 9.6% Indigenous employment as a percentage of direct employees working on Pilbara projects
- Key safety statistics remain at industry leading levels.



FINANCIAL OVERVIEW



For personal use only

Sanctuary Cove, QLD



SUMMARY FINANCIALS

	First Half FY18			First Half FY17		
\$M	Revenue	Earnings	EBITDA	Revenue	Earnings	EBITDA
Civil	161.1	7.8	9.7	41.8	(1.5)	(0.4)
Mining	133.1	13.5	25.4	104.5	14.3	24.4
Drill & Blast	56.1	1.7	4.9	35.0	1.6	3.8
Eliminations/ other	(5.0)			(4.7)		
Corporate		(2.3)	(1.6)		(2.6)	(1.8)
Interest add back		1.9	1.9		3.2	3.2
Group Revenue inc assoc,						
Normalised EBIT/EBITDA	345.3	22.5	40.3	176.6	14.9	29.2
Revenue from associates	(32.5)			(5.2)		
Amortisation		(4.2)				
Transaction costs		(2.5)			(2.4)	
EBIT		15.8			12.6	
Interest		(3.2)			(3.1)	
Tax		2.7			2.1	
Statutory Revenue and NPAT	312.7	15.3		171.3	11.6	

- Results exclude activity in July and August from Golding as pre acquisition
- Segment presentation reflects revised business structure following Golding acquisition
- Transaction costs relate to Golding (FY18) and Hughes and debt restructuring (FY17)
- Tax credit is further recognition of off balance sheet tax assets (outstanding balance now \$13.5M) (\$21.9M June 17)
- Amortisation relates to Golding acquisition

Note

Revenue and earnings from Golding is for four months only post acquisition beginning September 2017

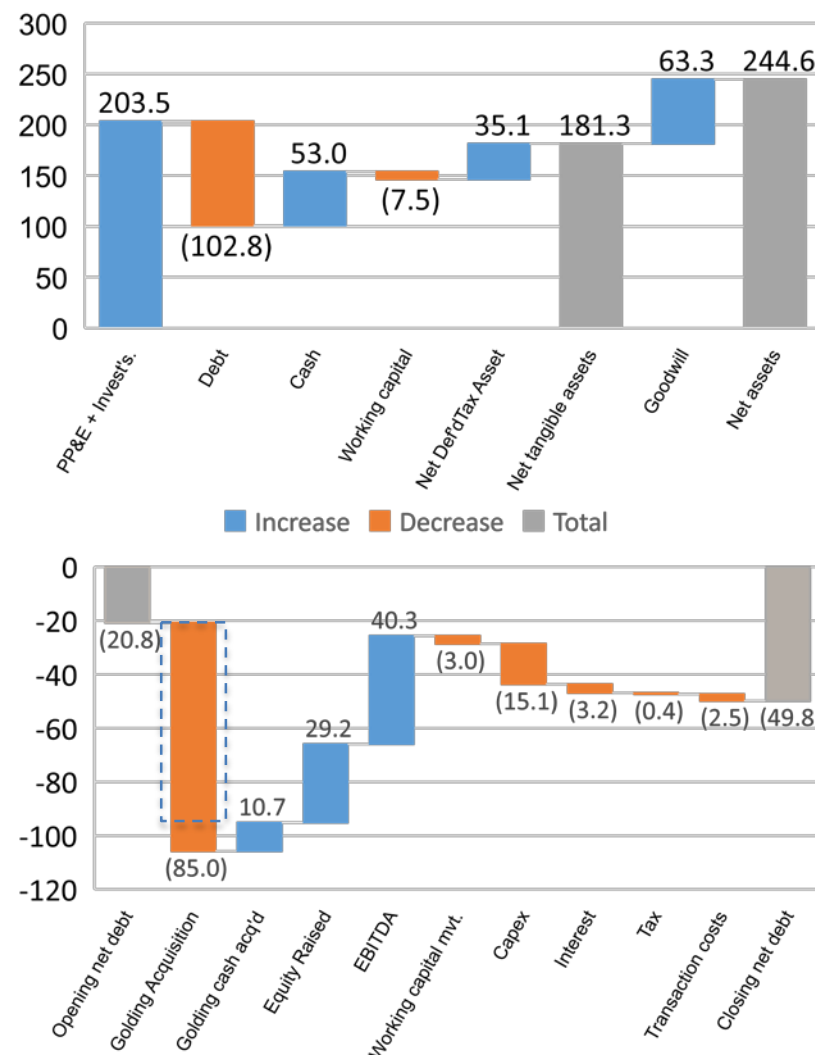
BALANCE SHEET & LIQUIDITY

Balance Sheet

- Net assets increased to \$244.6M
- Goodwill relates to Golding transaction of which circa \$18M will be amortised in FY18 and FY19
- Gearing at 20.4% - already significantly down on the 33% post acquisition pro forma gearing
- Strong support from Banks and Insurance market providing capacity for Contract Guarantees
- Continued access to working capital facilities (undrawn)
- All covenants in compliance

Cashflow and Debt

- Net Golding acquisition cost \$74.3M including cash in the business at acquisition date
- Strong cashflow conversion - relatively modest increase in working capital reflects increased work on civil projects with longer payment terms
- Capital expenditure mostly for fleet component replacement – second half spend will include incremental \$8M to support Dalgaranga project
- Tax payments relate to Golding
- Debt at Dec 17 \$102.8M
 - NRW Notes \$54M outstanding – repayable quarterly to Dec 2020
 - Bank Debt \$44M outstanding – repayable quarterly to Sep 2020



BUSINESS PERFORMANCE



For personal use only

Pilgangoora Lithium Project, Pilbara WA



STRUCTURE

NRW GROUP

CIVIL

-  NRW Civil
-  Golding Civil
-  Golding Urban

CAPABILITIES

- Mine development
- Bulk earthworks
- Infrastructure
 - Roads, bridges, airstrips, marine
- Rail formation
- Concrete installation
- Non Process Infrastructure
- Commercial and residential subdivisions

MINING

-  NRW Mining
-  Golding Mining
-  AES Equipment Solutions

CAPABILITIES

- Whole of mine management
- Contract mining
- Load & haul
- Dragline operations
- Coal handling preparation plants
- ROM & waste dump maintenance
- Mine site rehabilitation
- Maintenance services
- Fabrication of water and service vehicles

DRILL & BLAST

-  Action Drill & Blast

CAPABILITIES

- Drilling
- Blasting
- Blast design
- Explosive supply
- Drill and blast for infrastructure projects

CIVIL

For personal use only

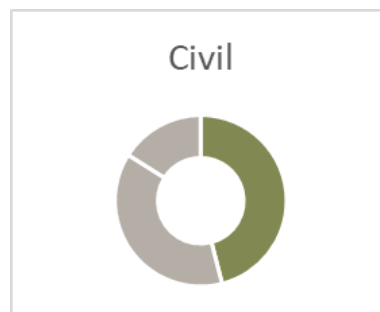
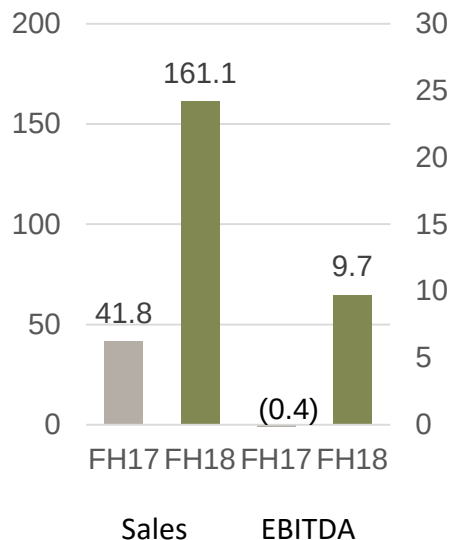
Dawson Highway, QLD



CIVIL

For personal use only

- Revenue increase due to Golding Civil and Urban, new work in WA and increasing activity on FAL
- EBITDA improvement reflects revenue increases (FY17 loss due to low volumes and bidding costs)
- Margin (EBITDA) at 6.0%



Current projects include

- Woolgoolga to Ballina (RMS), Offline storage facility (GAWB), Urban (includes Sunland, Mirvac), FAL (PTA), Yandi (Rio Tinto), Solomon (FMG), Aerodrome Carrapateena (OZ Minerals)

Contract awards

- ECI for OZ Minerals at Carrapateena project valued at \$111M

Outlook

- Currently bidding work for replacement tonnes programs (Iron Ore)
- Growing Infrastructure requirements in Queensland and New South Wales
- Further stages of existing property developments, growing SE Queensland property sector



MINING

For personal use only

Isaac Plains Coal Mine, Bowen Basin, QLD

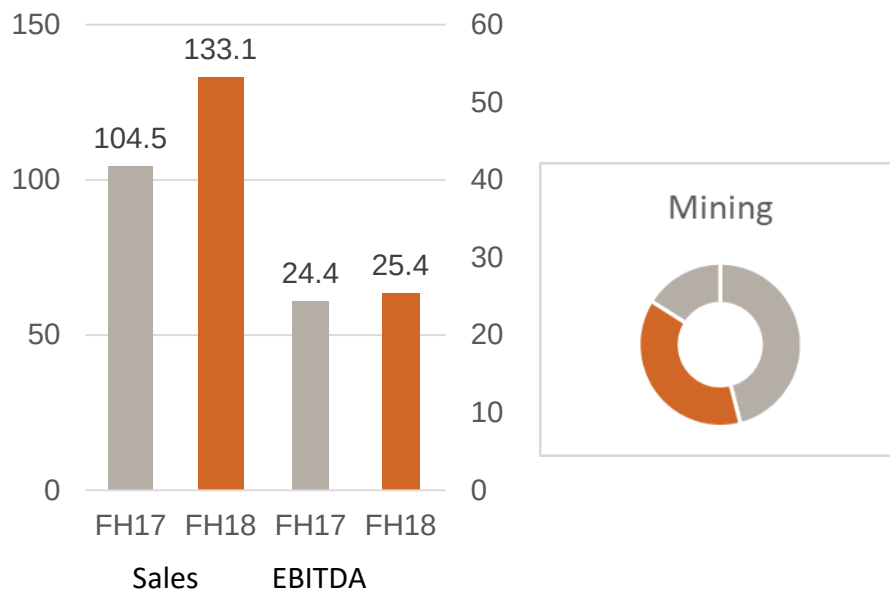


MINING

Revenue increase due to Golding partly offset by completion of Nammuldi Incremental Tonnes in Q3 FY17

EBITDA improvement reflects revenue increases

EBITDA margins at 19.1% slightly down on FY17 mostly mix related and some weather impact. FH17 result also positively impacted by coal price linked incentive earned back from prior periods



Current projects include

- Curragh, Isaac Plains, Kogan Creek, Middlemount, Pilgangoora

Contract awards

- \$324M for Gascoyne resources at Dalgaranga gold – to commence 2nd half FY18, term - 72 months
- Broadlea - \$25M mining services contract awarded to Golding

Outlook

- Increasing activity in the Coal market
- Other opportunities in Gold, Nickel, Bauxite and Lithium



Isaac Plains Coal Mine, Bowen Basin, QLD

DRILL & BLAST

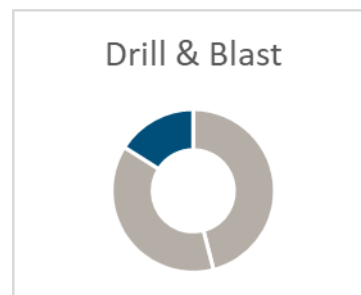
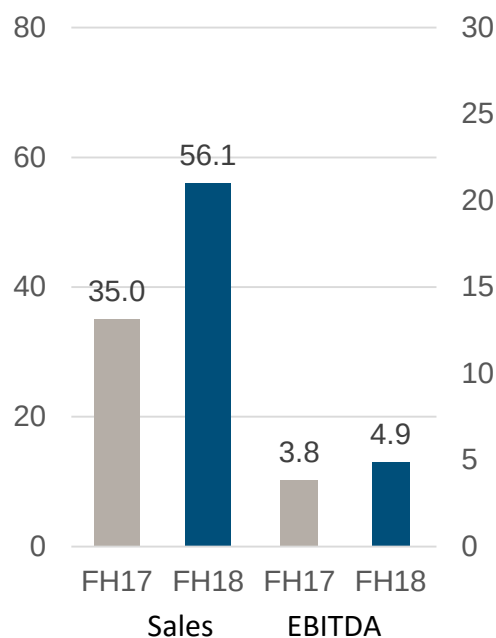
For personal use only

Boggabri, Gunnedah Basin, NSW



DRILL & BLAST

Revenue increase due to Hughes acquisition
 EBITDA increased to \$4.9M but margin impacted by mix of sales and weather delays particularly on East Coast coal projects and lower than expected drill utilisation



DRILL & BLAST

Current projects

- Active on 18 projects – including:
 - Isaac Plains, Blackwater, Middlemount, Pilgangoora, Telfer, Greenbushes, Boggabri

Contract awards

- \$57M – a mix of new awards (e.g. Broadlea) and contract extensions (e.g. Boggabri)
- Drill and blast support to the Mining business for Dalgaranga – circa \$70M

Outlook

- Key focus is improving drill utilisation and securing extensions to contracts completing in CY 2018
- Opportunities to further support the Mining business as D&B provider



Talison Lithium, Greenbushes, WA

| SUMMARY



For personal use only

Pilgangoora Lithium Project, Pilbara, WA



TENDER PIPELINE & OUTLOOK



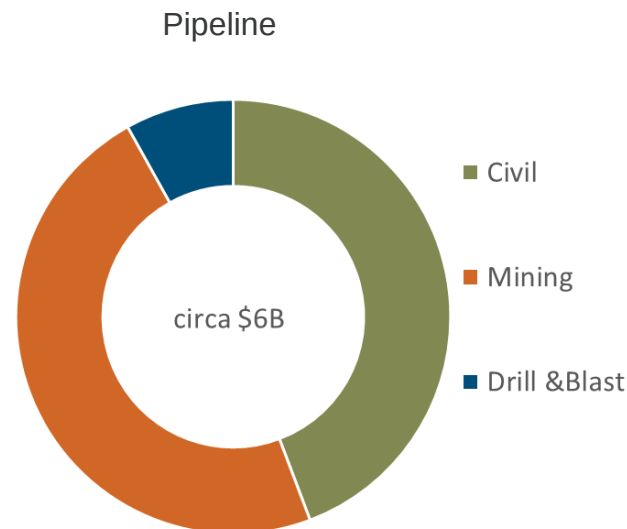
- Order book \$1.6B

- Secured revenue for second half is \$360.0M

- Pipeline circa \$6.0B, with \$1.5B in active tenders

Outlook

- Golding delivers expansion and diversification of NRW's business profile and geographic exposure
- Integration of Golding well advanced – key focus is building on current capability
- The quality of prospects continues to improve and more closely aligns with our historic delivery capability
- Mining utilisation will improve in the second half with commencement of Dalgaranga in March
- Management restructuring aligned to enlarged business



PROJECT LOCATIONS

For personal use only

WA - Pilbara

Altura Mining
Pilgangoora Lithium Project

Altura Mining
Pilgangoora Lithium Project

Altura Mining
Pilgangoora Tailings Storage Facility

Fortescue Metals Group
Solomon TSF1 Wall Raise

Macmahon
Telfer

Pilbara Minerals
Pilgangoora Bulk Earthworks

Rio Tinto Iron Ore
Yandicoogina Sustaining Project Stage 2

Rio Tinto Iron Ore
Yandicoogina Sustaining Project Stage 2

Robe River Mining Co
West Angelas Airstrip

Robe River Mining Co
Mesa J TSF6 Construction Works

WA - Murchison

Gascoyne Resources
Dalgarranga Gold Project

Gascoyne Resources
Dalgarranga Gold Project

WA - Goldfields

Gold Fields
St Ives Gold Mine

WA - Perth

Public Transport Authority
Forrestfield-Airport Link

WA - South West

Talison Lithium
Greenbushes



- Civil
- Mining
- Drill & blast

SA - Southern

OZ Minerals
Carrapateona

QLD - Bowen Basin

Downer Blasting Services
Blackwater Mine

Glencore
Collinsville

Golding Contractors
Isaac Plains

Jellinbah Mining
Jellinbah Mine

Middlemount Coal
Middlemount

Middlemount Coal
Middlemount

Peabody
Coppabella Coal Mine

Rio Tinto Alcan
Yarwun Civil Construction Works

Stanmore Coal
Isaac Plains

Wesfarmers
Curragh

Yancoal
Yarrabee

Broadlea Coal Management
Broadlea Open-Cut Coal Mine

QLD - Surat Basin

CS Energy
Kogan Creek

Yancoal
Cameby Downs

QLD - Brisbane & South East

Halcyon Developments
Halcyon Green

Lend Lease
Yarrabilba

Mirvac
Gainsborough Green

Stockland
Sovereign Pocket

Sunland
The Heights

Queensland Rail
Coomera to Helensvale Rail Duplication

QLD - Gladstone

DTMR
Dawson Highway Bridge Replacement

GAWB
Gladstone Area Water Board Offline Storage

NSW - Gunnedah Basin

Downer
Boggabri

NSW - Hunter Valley

BHP
Mount Arthur

NSW - Northern

Roads and Marine
Pacific Highway

DISCLAIMER & IMPORTANT NOTICE



For personal use only

Information, including forecast financial information in this presentation should not be considered as a recommendation in relation to holding, purchasing or selling shares, securities of other instruments in NRW Holdings Limited or any other company. Due care and attention has been used in the preparation of forecast information. However, actual results may vary from forecast and any variation may be materially positive or negative.

Forecasts, by their very nature, are subject to uncertainty and contingencies may occur which are outside the control of NRW Holdings Limited. Before making or varying any decision in relation to holding, purchasing or selling shares in NRW Holdings Limited, investors should consider the appropriateness of that investment in light of their individual investment objectives and financial situation and should seek their own independent professional advice.

All currency is denominated in Australian dollars.



NRW.COM.AU

