



**NRW HOLDINGS LIMITED (ASX:NWH)**  
**FY2015 HALF YEAR RESULTS**  
27th February 2015



# FINANCIAL OVERVIEW



- Revenue of \$570M
- EBITDA – \$2.7M
- Cash holdings of \$138.9M
- Net Debt – \$27.9M compared to \$34.0M as at June 14
- Order book of \$904M – includes Middlemount Contract extension to 2020
- Non-cash one off impairment expense \$134.9M
- Roy Hill Rail project recognised at nil margin
- Net after tax loss of \$120.6M



# OPERATIONAL OVERVIEW



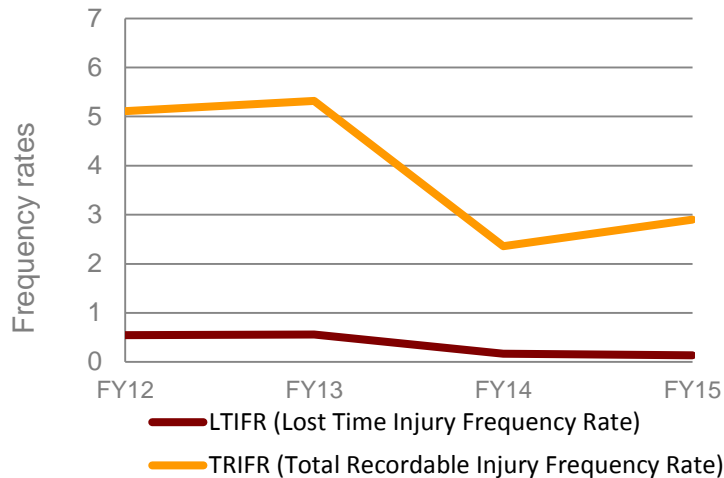
- Safety: Continued leading Safety performance: TRIFR at 2.90
- Roy Hill Rail
  - Rail formation (critical path activity) complete on time
  - Remediation and Maintenance work to be completed end of March 2015
  - Discussions with Samsung C&T on final price ongoing. Negotiating through agreed process with a completion targeted 31<sup>st</sup> March 2015
  - Revenue based on recoverable costs (IAS 11) – no margin recognised on the contract and write back of margin recognised in FY14
  - Roy Hill Concrete progressing to agreed schedule
- Improved Action Drill & Blast performance compared to pcp due to higher utilisation of assets
- Middlemount Contract extended for three years to 2020
  - Sustains a solid base for growth across east coast mining and construction markets
  - Extended contract provides funding cover for circa \$90M of current debt (Principal and Interest)
- NRW has partnered with CalEnergy in an investment in NewGen Drilling (NGD). NGD provides deep drilling services to Australia's on-shore tight gas and shale basins

# HSE & PEOPLE

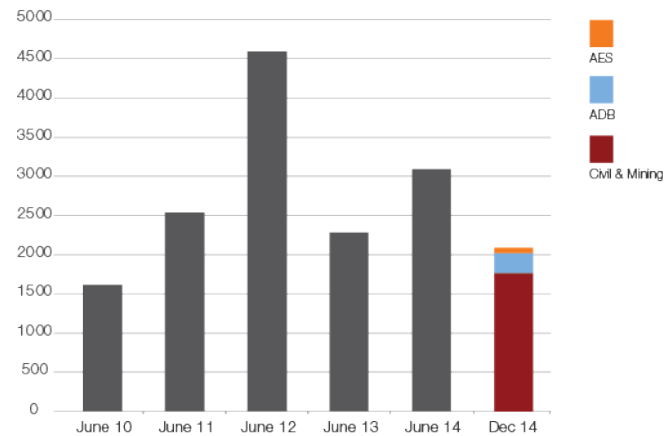


- Action Drill & Blast achieved certification to OHSAS Occupational Health and Safety Management Systems and AS/NZS 4801 Safety Management Systems
- TRIFR currently sitting at 2.9 (Dec 14), an increase from the 2.36 in June 2014 but still well below the 3.64 at the same time last year
- LTIFR12 currently at 0.14 (Dec 14) down from 1.7 recorded in (June 14)

- As at end December NRW retained a workforce of 2092
- No lost time due to industrial issues across group
- Maintained low levels of labour hire to reduce cost and retain key staff
- Indigenous participation greater than 6%
- Reduction in overhead costs by reduction in workforce numbers as we “right size” the business



NRW Workforce 2010 - 2014



\*Employees includes direct employees, subcontractors and apprentices



# FINANCIAL OVERVIEW



# SUMMARY FINANCIALS



	Revenue		Earnings	
	1HY15	1HY14	1HY15	1HY14
NRW Civil & Mining	525.3	467.0	(131.6)	36.5
Action Drill & Blast	49.2	52.0	2.8	0.4
AES Equipment Solutions	9.6	15.6	(21.3)	(5.1)
Eliminations	(13.7)	(13.7)	-	-
<b>Total</b>	<b>570.4</b>	<b>520.9</b>	<b>(150.1)</b>	<b>31.8</b>
Corporate Costs			(7.1)	3.3
Interest			(6.1)	(7.5)
Tax			42.7	(5.2)
<b>Net Result</b>			<b>(120.6)</b>	<b>22.4</b>
Depreciation			25.0	24.5
Impairment			134.9	4.8
<b>EBITDA</b>			<b>2.7</b>	<b>64.4</b>

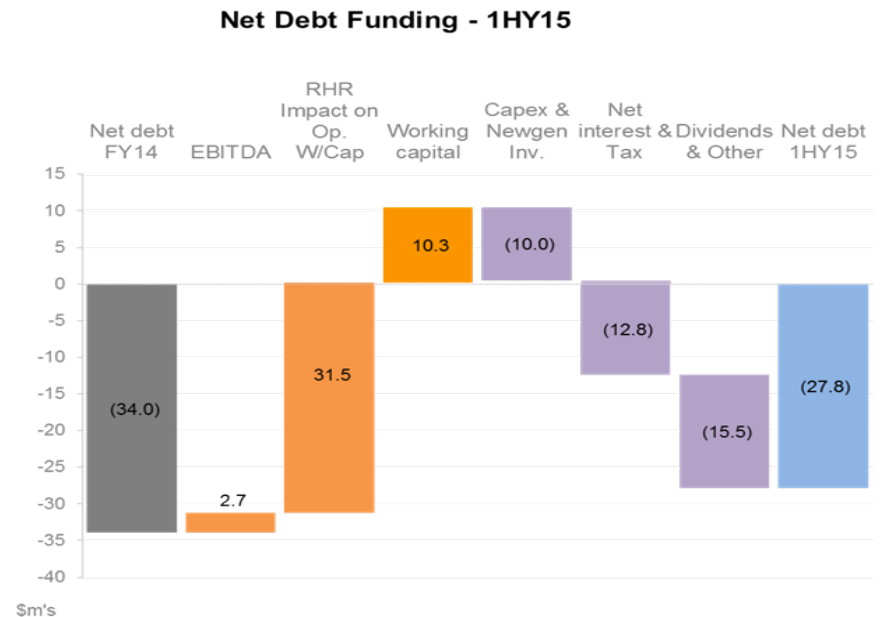
- Revenue increase reflects Roy Hill contracts
- Results include Impairment expenses (\$134.9M) and Roy Hill Rail margin of nil
- Impairment expense
  - Civil & Mining \$105.9M
  - Action Drill & Blast \$0.2M
  - AES Equipment Solutions \$21.3M
- Interest costs lower due to debt reduction

# CASHFLOW



- Improved Net debt from \$34.0 to \$27.9M
- Debt reduced from \$189.5M to \$166.8M
- Working capital Improvement in the six months \$10.3M <sup>(1)</sup>
- Low Capex spend - mostly NGD investment (\$6.4M) and major equipment rebuilds
- Gearing ratio at 11.7%
- Other movements include dividends and income from equipment disposals

## Net Debt Funding - 1HY15

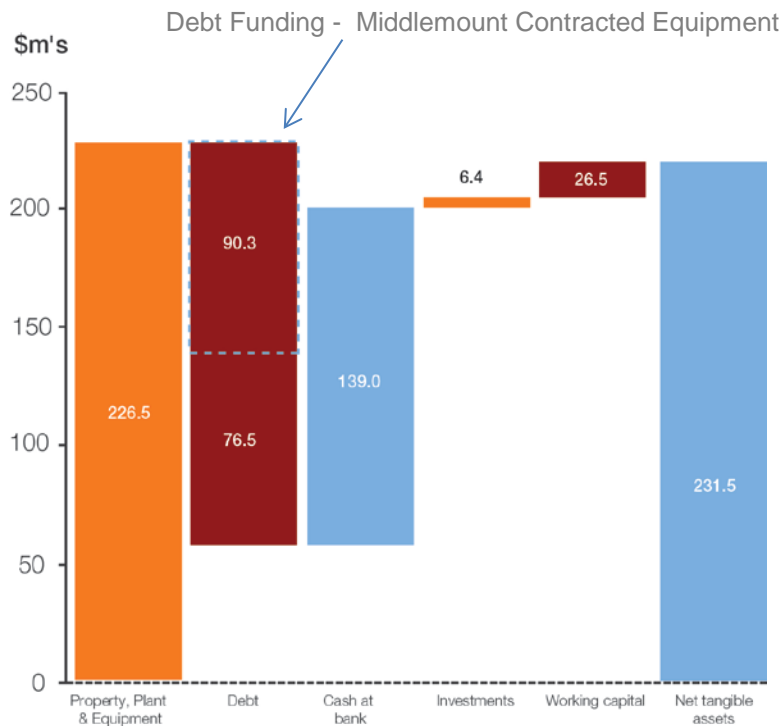


(1) - after allocation of working capital change attributable to Roy Hill accounting treatment

# BALANCE SHEET

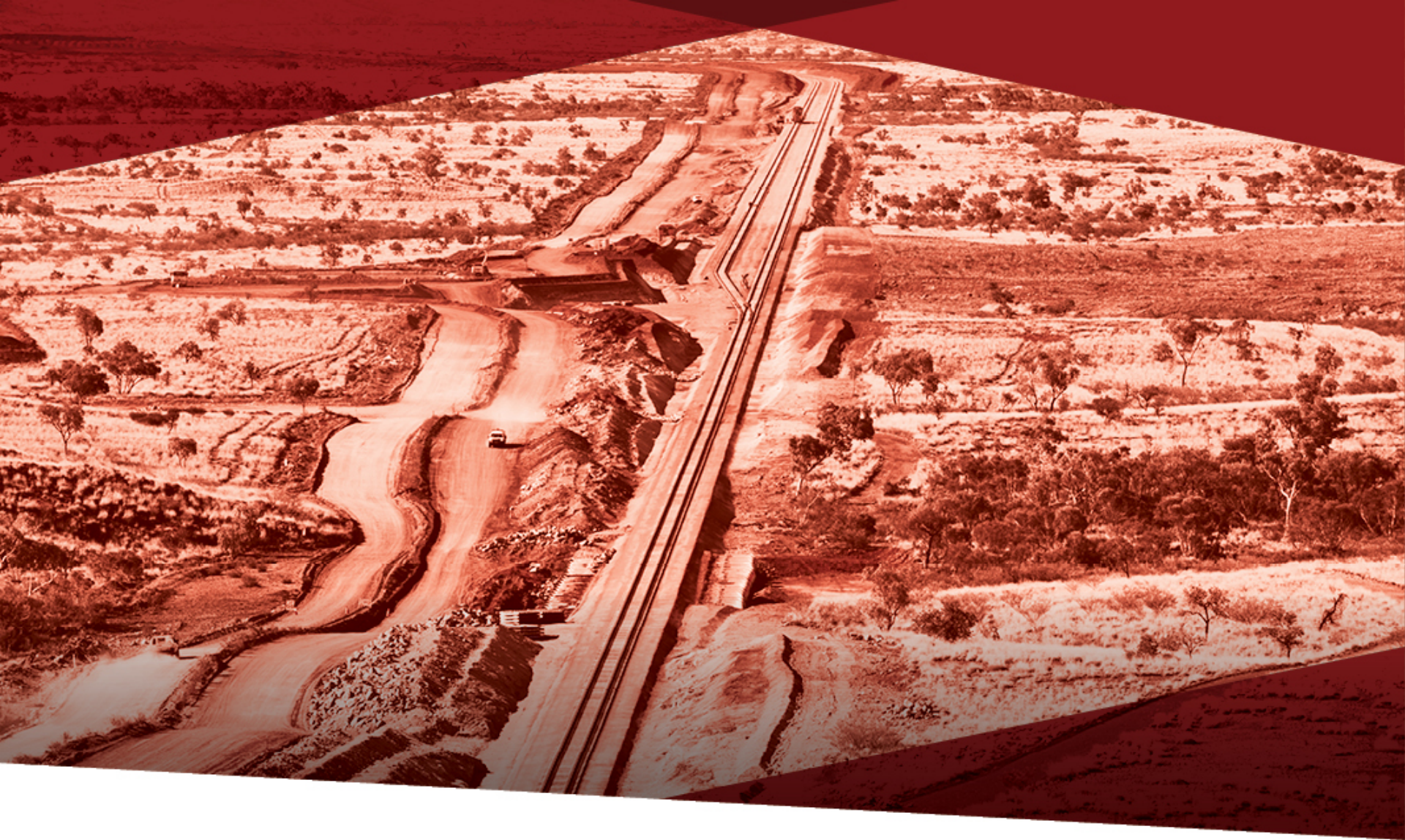


## Net Tangible Assets - Dec 14



- NTA reduced due to Impairment and loss in the period
- \$90M of debt relates to equipment deployed at Middlemount
- Finance facilities
  - Asset financing \$170M to \$180M
  - Bank Guarantees \$35M
  - Insurance bonding \$330M
    - Additional \$50M agreed Feb 15





# BUSINESS UNIT PERFORMANCE



# Business Unit Overview



## NRW Civil & Mining

- Roy Hill Rail - Practical completion targeted March 2015
- Roy Hill Concrete works on schedule
- Finalising work for Rio Tinto on Nammuldi and Cape Lambert
- \$330M Middlemount contract extension secured to 2020
- Ironbridge early works for Fortescue



## Action Drill & Blast

- Completed three year contract at Isaac Plains
- Secured second contract at Greenbushes
- Major contracts in progress include Cloudbreak and Middlemount



## AES Equipment Solutions

- Repairs and Maintenance volumes increasing
- Service and water truck market deteriorated in the half

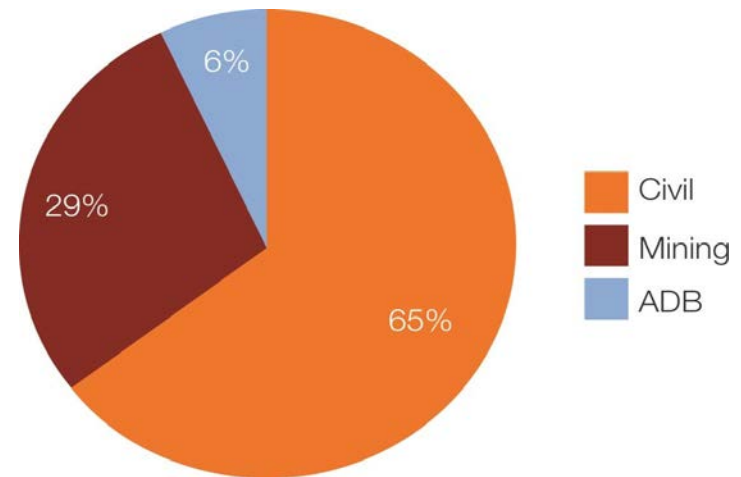


# TENDER PIPELINE & SUMMARY

# TENDER PIPELINE



- Order book at \$0.9 billion which includes Middlemount extension
- Tendering activity valued at \$2.5 billion:
  - Civil \$1.6b
  - Mining \$0.7b
  - Drill & Blast \$0.2b
- Major opportunity for Carmichael Coal
  - Rail
  - Mine Infrastructure – Earthworks and Civil
- NRW is working on a major infrastructure project in JV with Salini Impregilo, a large Italian construction contractor
- Additional resources to be deployed to East coast to address Coal and Infrastructure sectors
- Mining includes bids for Gold Coal and Iron Ore

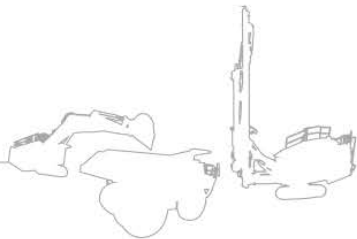


# OUTLOOK



- The mining and civil construction industry and in particular the commodities sector continues to face strong headwinds driven by a weaker global demand
  - Capital projects deferred or cancelled
  - Additional client driven cost reduction programmes
  - Large WA Infrastructure projects not anticipated to commence until 2016
- Remainder of the 2015 calendar year will remain challenging due to the number and timing of opportunities available to bid and the high level of competitiveness that remains in the industry
- The business will ensure that the operating cost base is closely matched to revenues whilst ensuring we have the resources to address major opportunities
  - Productivity improvements
  - Overhead reductions > 30%

# PROJECT LOCATIONS



**PILBARA**

**Samsung C&T**  
Roy Hill Rail

**Samsung C&T**  
Roy Hill Concrete Package

**BHP Billiton Iron Ore**  
Port Hedland Inner Harbour Project

**Rio Tinto**  
Cape Lambert Cardumper & Stockyards Earthworks

**Rio Tinto**  
Yandi Sustaining Project

**Rio Tinto**  
Nammuldi BWT Project

**Rio Tinto**  
Western Turner Brockman

**Rio Tinto**  
Western Turner Syncline Civils & Concrete

**BHP Billiton Iron Ore**  
Ore Car Repair Shop

**Fortescue Metals Group**  
Thomas Rail Yard

**Roy Hill**  
Roy Hill Mine Site Earthworks

**Rio Tinto**  
West Angelas Access Road

**Rio Tinto**  
Nanutarra Road Tunnels

**Rio Tinto**  
Cape Lambert services Contract

**Rio Tinto**  
Western Turner Syncline

**Fortescue Metals Group**  
Vasse TSF1

**Fortescue Metals Group**  
Iron Bridge

**Fortescue Metals Group**  
Cloudbreak

**NORTHERN TERRITORY**

**OM Holdings**  
Bootu Creek

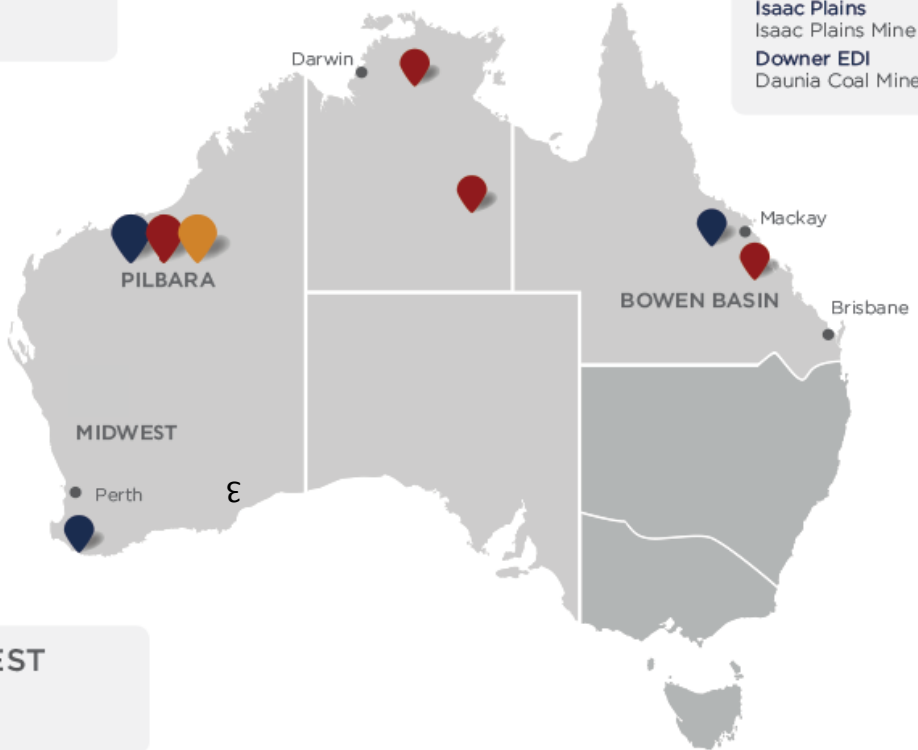
**ERA**  
Ranger TSF

**BOWEN BASIN**

**Middlemount Coal**  
Dry hire / maintenance

**Isaac Plains**  
Isaac Plains Mine

**Downer EDI**  
Daunia Coal Mine



**SOUTH WEST**

**Talison Lithium**  
Greenbushes

-  CIVIL
-  MINING
-  DRILL & BLAST

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All currency is denominated in Australian dollars.