



NRW Holdings Limited (ASX: NWH)

# FY15 Year end results

31 August 2015



# SUMMARY OF RESULTS

- Revenue of \$775.9M lower than last year (\$1,134.5M)
  - down cycle of Resources sector.
- An impairment charge of \$157.3M - higher than reported at the half year recognising further deterioration of equipment values in the second half of the financial year.
- Roy Hill Rail (RHR) Project dispute ongoing
  - See following slide.
- Year end cash balance impacted by Samsung C&T (Samsung) dispute and debt repayments from \$155.5M to \$34.6M.
- Significant reduction in Debt of \$47.3M
  - \$142.2M as at June 15 compared to \$189.5M at June 14.
- Net loss reported of \$229.8M
- Order Book of \$663M at August 2015, which includes the recent award from Rio Tinto for Nammuldi and the Middlemount contract extension to 2020 secured earlier in the year.



# ROY HILL RAIL DISPUTE WITH SAMSUNG



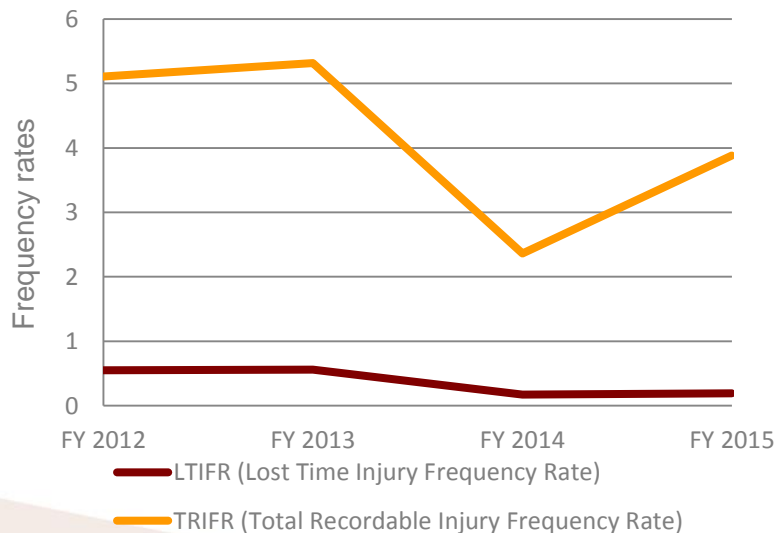
Despite committing to an agreed resolution process in February 2015, the Roy Hill Rail (RHR) Project dispute is unresolved. An update of the dispute is set out below:

- The adjudication process under the Construction Contracts Act 2004 (WA) (CCA) has to date resulted in awards of circa \$26M in favour of NRW, with further claims pending;
- Samsung's response has been to contest payment through either judicial review of the determination or by resisting enforcement
- The review of the first determination in NRW's favour is listed for hearing in the Supreme Court of WA on 14 September 2015. The review of the second determination in NRW's favour is listed for hearing in the Supreme Court of WA on 29 September 2015;
- Contract quantities have been agreed and are not disputed by either party. The valuation of claims and variations and "Samsung back charges" remains outstanding;
- RHR Project loss is based on:
  - the agreed revised schedule of quantities; and
  - variations determined in favour of NRW through the CCA process, less allowances for Samsung back charges
- NRW anticipates significant cash inflow based on its assessment of the settlement value, which, due to the contractual dispute resolution process including arbitration in Singapore (under SIAC), remains commercial in confidence;
- NRW's lending group remains supportive. They have been provided regular updates on the dispute and have agreed a revised covenant reporting regime within which NRW expects to be in compliance.



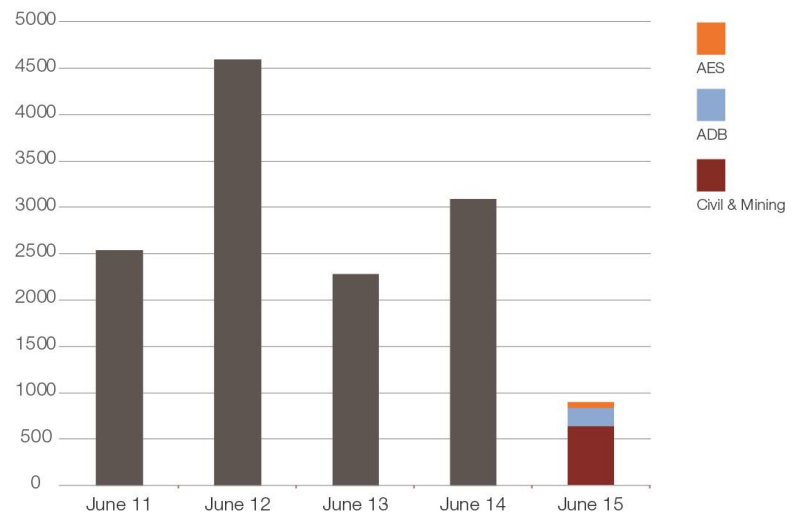
- Safety: Continued leading Safety performance
  - TRIFR at 3.88.
- Roy Hill Concrete Package: Currently demobilising
  - performance to agreed schedule and cost, no issues.
- Nammuldi Mining and Crushing Contract win \$140M: Work started within one week of contract award
  - Utilises 40% of NRW idle fleet.
- Middlemount Contract extended for three years to 2020
  - Sustains a solid base for growth across east coast mining
  - Extended contract provides funding cover for circa \$80M of current debt (Principal and Interest).
- Following award of the Nammuldi Contract in August 2015, NRW's total fleet utilisation has improved to 75%. These assets are deployed on a number of long-term contracts with a minimum two-year tenure and up to a five-year tenure.
- ADB secured Fortescue Cloudbreak extension for two years.
- Right-sized and restructured business to recognise current market environment
  - Headcount reduced from 3092 (June 2014) to 846 at 30 June 2015.
- NRW 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.

- TRIFR currently sitting at 3.88 (Jun 15), an increase from the 2.36 in June 2014.
- LTIFR remained steady throughout FY15 increasing marginally from 0.17 (Jun 14) to 0.19 (Jun 15).
- AES Equipment Solutions achieved certification to Occupational Health and Safety Management Systems and AS/NZS 4801 Safety Management Systems.



- As at end June NRW retained a workforce of 846 reflecting NRW's strategy to right size the business to align with work in hand.
- Maintained low levels of labour hire to reduce cost and retain key employees.

NRW Workforce 2011 - 2015



\*Employees includes direct employees, labour hire, consultants and contractors



# FINANCIAL OVERVIEW





# SUMMARY FINANCIALS



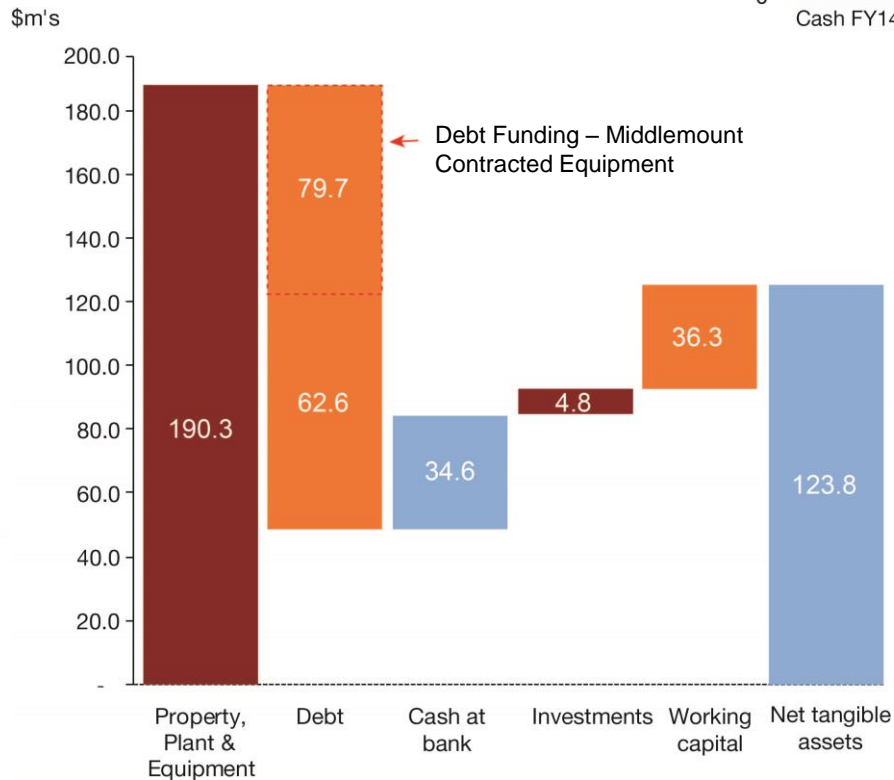
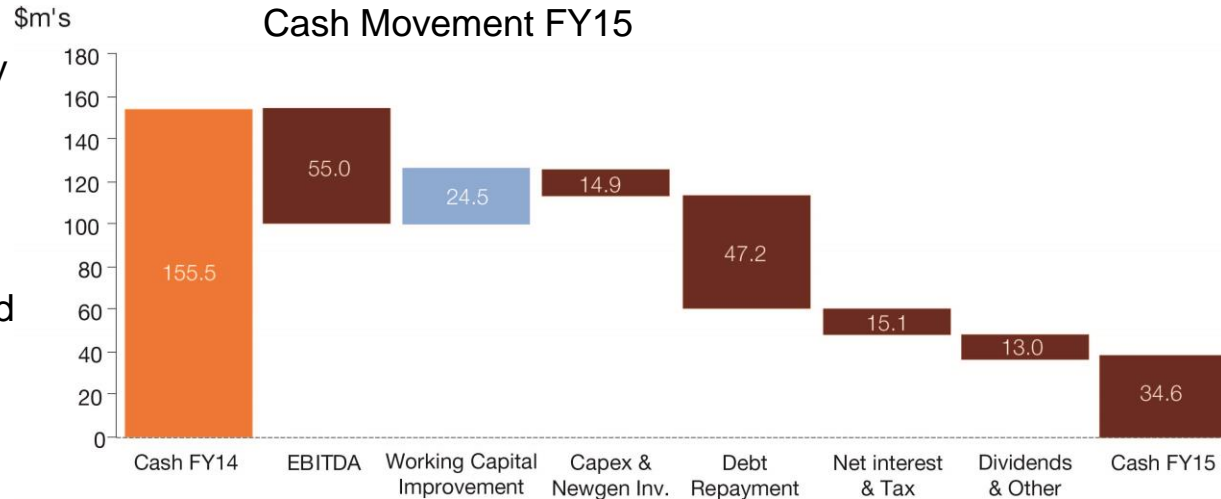
	FY15		FY14	
	REVENUE \$M	EARNINGS \$M	REVENUE \$M	EARNINGS \$M
NRW Civil & Mining	694.1	(253.1)	1,029.2	72.9
Action Drill & Blast	85.9	1.0	110.0	7.0
AES Equipment Solutions	15.3	(23.3)	28.0	(5.6)
Inter business sales	(19.4)	-	(32.7)	-
Corporate costs	-	(3.5)	-	(8.9)
<b>Total Statutory Revenue / EBIT</b>	<b>775.9</b>	<b>(278.8)</b>	<b>1,134.5</b>	<b>65.5</b>
Finance costs		(11.5)		(14.3)
Taxation benefit / (expense)		60.5		(7.0)
<b>Net after tax (loss) / earnings</b>		<b>(229.8)</b>		<b>44.2</b>

- Revenue reduction (fewer Civil projects)
  - delayed and deferred client Capex.
- Civil and Mining impacted by impairment and Roy Hill Rail loss:
  - Quantum of loss subject to confidentiality
  - Net cash outflow across both Roy Hill contracts circa \$38M.
- ADB result impacted by activity and consequently equipment utilisation.
- AES major decline in service vehicle sales.

# CASHFLOW & BALANCE SHEET



- Year end cash balance impacted by Roy Hill Rail.
- Working Capital improvement includes resolution of prior year contract claims.
- Debt repayments – All asset backed finance repaid to agreed terms.



- NTA reduced due to Impairment and loss in the period.
- \$80M of debt relates to equipment deployed at Middlemount.
- Other projects with minimum two year term cover \$25M of current asset financing.





# BUSINESS UNIT PERFORMANCE



# BUSINESS UNIT OVERVIEW

## NRW Civil & Mining

### CIVIL

- Roy Hill Concrete currently demobilising
  - performance to agreed schedule and cost, no issues.
- Nammuldi tunnels and road works completed.
- Ravensthorpe Heavy Haul Route – Main Roads WA Contract.



### MINING

- Nammuldi contract win \$140M – mobilised and ramping up.
- \$330M Middlemount contract extension secured to 2020.
- Ironbridge early works for Fortescue ongoing.
- Completed Nova Boxcut for Sirius Resources.





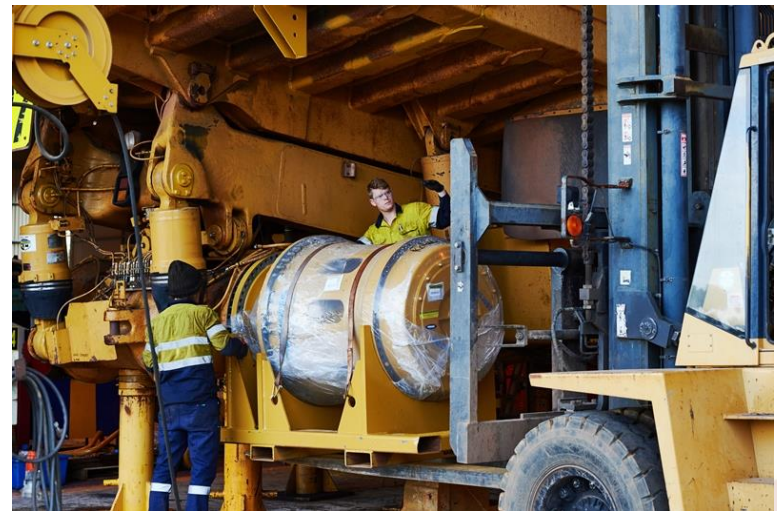
## ACTION DRILL & BLAST

- Completed three year contract at Isaac Plains in December 14.
- Secured second contract at Greenbushes.
- Retained Fortescue Cloudbreak contract – Two year renewal.
- Commenced drilling at St Ives for Gold Fields.
- Minor BMA works.



## AES EQUIPMENT SOLUTIONS

- Service and water truck market deteriorated in the half
- Significant cost restructuring complete





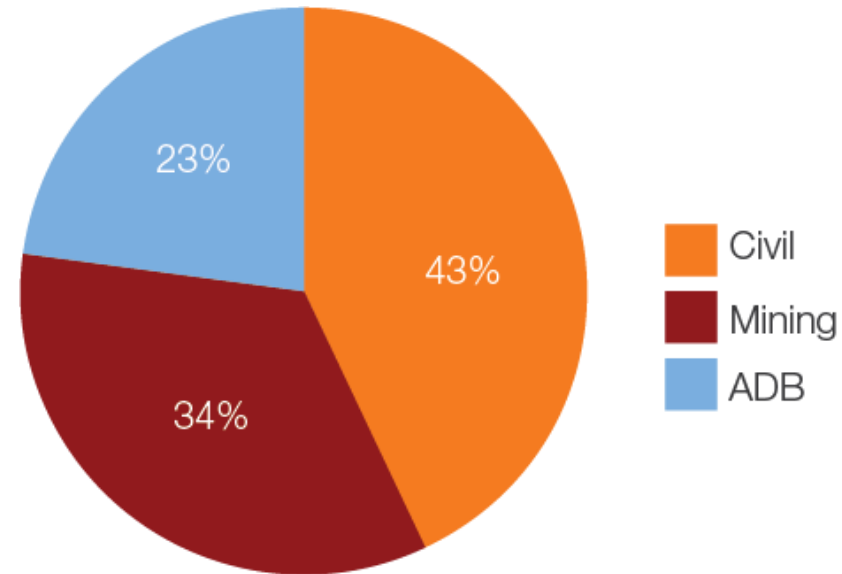


# PIPELINE & SUMMARY



# TENDER PIPELINE

- Order Book of \$663M at August 2015.
- Tendering pipeline valued at \$2.5 billion:
  - Civil \$1.1b
  - Mining \$0.8b
  - Drill & Blast \$0.6b
- Major opportunity for Carmichael Coal – not in above.
- NRW selected as one of three consortia working in JV with Salini Impregilo, a large Italian construction contractor on the Forrestfield Airport Link Project.
- Mining includes bids for clients in Gold, Coal and Iron Ore.





- We remain committed to working closely with our clients:
  - Focus on lowering operating costs and delivering improved productivity.
  - Capex spend on expansions and new projects in the resources sector is likely to remain subdued.
  - Large WA infrastructure projects anticipated to commence in 2016.
- NRW's forward order book as at August 2015 totals \$663M of which \$250M is secured revenue for delivery during FY16.
  - Tender activity high - pipeline currently assessed at \$2.5 billion.
- NRW's total fleet utilisation has improved to 75%.
- Right sized and restructured business.
  - Headcount reduced from 3092 (June 2014) to 846 at 30 June 2015.
  - Year on year overhead reductions > 35%.
  - Management restructure complete.
- Business to be EBITDA positive in FY16.



# PROJECT LOCATIONS

## PILBARA

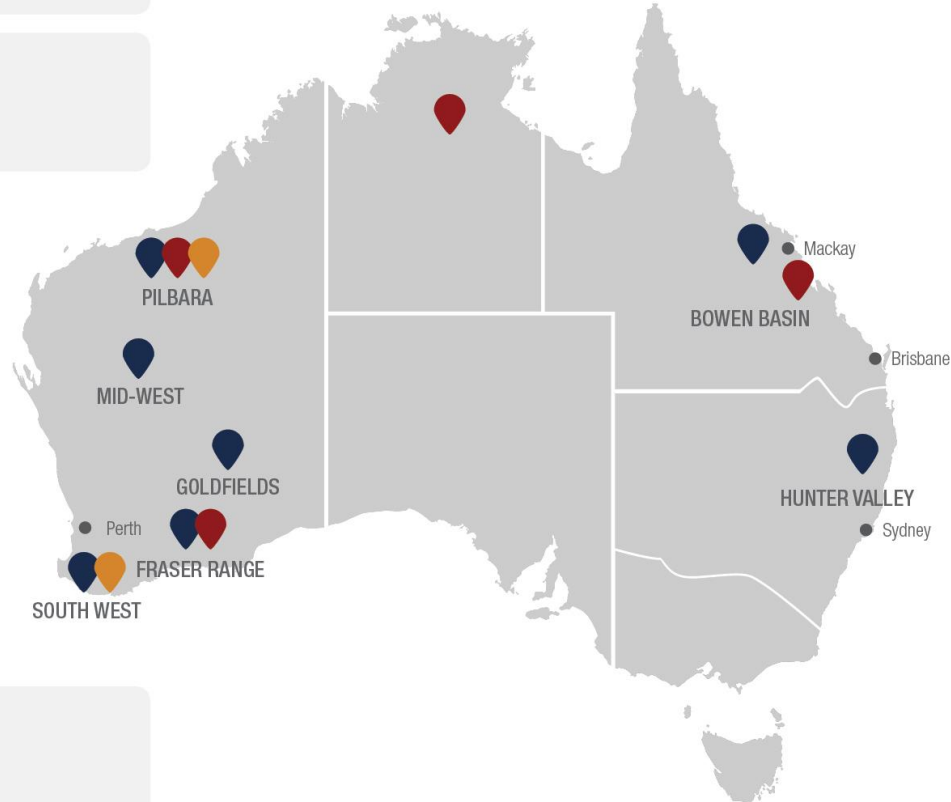
- Samsung C&T**  
Roy Hill Rail
- Samsung C&T**  
Concrete - Roy Hill
- Ironbridge Operations (FMG)**  
Herb Elliot Road
- Ironbridge Operations (FMG)**  
Utah Road Widening
- Rio Tinto**  
Cape Lambert - Minor Civil Works
- Rio Tinto**  
Mesa J Rail Backtrack
- Rio Tinto**  
Mesa J Extension
- Rio Tinto**  
Nammuldi
- Ironbridge Operations (FMG)**  
North Star Bulk Earthworks
- NRW**  
Nammuldi BWT
- NRW**  
Roy Hill Rail
- MACA Civil**  
B2B4 Brockman Access Road Phase 2
- Ozland Drilling & Blasting Services**  
Western Turner Syncline
- Various**  
Pilbara Explosives Supply
- Underground Services Australia**  
Roy Hill – Fibre Optic Trench
- Air Communications**  
Roy Hill - Guy Anchor Drilling
- Fortescue Metals Group**  
Cloudbreak
- NRW**  
North Star
- MACA Civil**  
Murray & Maitland Sidings
- Rock JV**  
Onslow Quarry
- Leighton Contractors**  
Solomon Drill Hire

## NORTHERN TERRITORY

- OM Manganese**  
Bootu Creek

## MID-WEST

- Mass Drill & Blast**  
Karara Drill Hire



## BOWEN BASIN

- Middlemount Coal**  
Middlemount Dry Hire  
Middlemount Coal  
Middlemount
- Isaac Plains Coal Management**  
Isaac Plains
- BMA**  
Saraji
- Peabody Energy Australia**  
Coppabella Coal Mine
- Dyno Nobel**  
Dawson Coal Mine
- Thiess**  
Lake Vermont
- Thiess**  
Burton
- Thiess**  
Blackwater
- BMA**  
Caval Ridge

## HUNTER VALLEY

- Thiess**  
Mt Owen Blasting Services

## GOLDFIELDS

- Gold Fields**  
St Ives

## FRASER RANGE

- Barmingo**  
Nova Boxcut
- NRW**  
Nova Boxcut

## SOUTH WEST

- Main Roads WA**  
Ravensthorpe
- Talison Lithium**  
Greenbushes

- CIVIL
- MINING
- DRILL & BLAST

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