



ASX Announcement

18 August 2016
NRW Holdings Limited
181 Great Eastern Highway
Belmont, Western Australia

NRW delivers strong recovery

Australian civil and mining contractor NRW Holdings Limited (ASX: NWH) is pleased to provide its audited results for the full year ending 30 June 2016.

Highlights

- Revenue of \$288.0 million;
- EBITDA of \$47.4 million; EBITDA margin 16.4%
- Net Profit after Tax of \$21.5 million and Earnings per share of 7.7 cents
- New work secured in the year of \$577 million increasing the Order book to circa \$1 billion
- Significant reduction in Net Debt to \$59.3 million from \$107.6 million at June 2015
- Improved gearing ratio of 39.6% compared to 83.8% at June 2015
- Cash holdings increased to \$37.2 million
- Debt rescheduling agreement finalised with NRW's banking group
- Continued focus on safety delivering further improvements in key safety measures, NRW's Lost Time Injury Frequency Rate (LTIFR) improved in the year to 0.19, compared to 0.60 at June 2015
- Asset utilisation currently at 81%
- Overhead costs reduced by around 40%, compared to the same period last year

Commenting on the results Jules Pemberton, NRW's Chief Executive Officer and Managing Director, said:

"I am very pleased to report a recovery in the underlying financial performance of the business, achieved against the continuing challenges in the sector. While opportunities have been hard fought, we managed to achieve solid growth in our forward order book to around \$1 billion after securing several new contracts predominately during the second half.

"The highlights in the results include our return to profitability, strong operating cashflow and significant debt reduction.

"Securing the Forrestfield-Airport Link contract in joint venture with Salini Impregilo in April was a significant milestone for NRW to participate in this transformational project for the Public Transport Authority of Western Australia (PTA). NRW's involvement in this world class project provides the company a pathway to significantly upskill its capabilities and reputation within the major project sector. This award, together with project wins for Rio Tinto at Nammuldi, the Yandi Oxbow project and a number of long term contracts awarded to the Drill and Blast business, has already secured \$325 million of work to be delivered in the new financial year".

Interim Dividend

Finalising an agreement with our banks on debt rescheduling was an important milestone which was concluded in June of this year. The revised structure will clear all debt balances within the next 30 months and while our gearing levels have improved to below 40%, debt reduction remains a priority. Consequently the Directors have elected not to declare a full year dividend.

Outlook

The two key markets in which NRW operates, resources and infrastructure, are starting to show some signs of stability and we are now experiencing an increase in tender opportunities, particularly over the past few months.

Despite an improving sentiment our clients continue to strive for lower operating costs and improved productivity, while they continue to minimise capital expenditure on expansion works. Against this challenging backdrop it is pleasing to have secured a number of civil contracts in the resources sector. Our Mining business has ongoing contracts with Middlemount Coal Pty Ltd and Rio Tinto which extend beyond the end of the new financial year and several opportunities particularly in coal, gold and the emerging lithium market to secure additional work. The Drill and Blast business has won several key long term projects in gold and coal during the year and has a number of identified opportunities together with the capacity to grow revenues in FY17.

In infrastructure we secured the four year \$1.2 billion Forrestfield-Airport Link contract for the PTA of WA in joint venture with Salini Impregilo (SI) and the SI-NRW joint venture has recently been shortlisted to bid for the Northlink WA Stage 3 works for Main Roads. While both of these projects are in WA there are other major infrastructure projects nationally which we intend to target through similar partnership models.

NRW's forward order book totals circa \$1 billion of which \$325 million is secured revenue for delivery during FY17 and a further \$261 million secured for delivery in FY18, which provides NRW a stable revenue base that positions the company for growth over the next two to three years.

Bid activity is robust, however the tendering landscape remains highly competitive. The tender pipeline is currently assessed at \$2.7 billion.

For further information, please contact:

Jules Pemberton
CEO and Managing Director

Kim Hyman
Company Secretary

Andrew Walsh
Chief Financial Officer

+61 8 9232 4200

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About NRW Holdings Limited:

NRW is a diversified provider of contract services to the resources and infrastructure sectors in Australia and internationally. With extensive operations in Western Australia and Queensland, NRW's geographical diversification is complemented by its delivery of a wide range of operations. These encompass civil expertise including bulk earthworks and concrete installation; contract mining and drill and blast. NRW also encompasses a comprehensive refurbishment and rebuild service for earthmoving equipment and machinery.