



NRW Holdings 2017 Half Year Results

16 February 2017



Financial overview

- Revenue of \$176.6⁽¹⁾ million up 17.6% on the same period last year
- Underlying EBITDA⁽²⁾ of \$29.2m up 21.7% on the prior comparative period
- Net profit after tax of \$11.6m (up 90%) and earnings per share of 3.8 cents
- New work secured circa \$200m; order book at \$1.0 billion
- Raised \$19.7m through equity placement in September 2016
- Successful issue of \$70m NRW corporate notes used to repay \$75m of bank debt – changes term from two-year to four-year
- Significant reduction in net debt to \$40.7m from \$59.3m at June 2016
- Improved gearing ratio of 22.4% compared to 39.6% at June 2016
- Cash holdings of \$31.0m



Notes

(1) Statutory revenue of \$171.3m plus revenue from associates \$5.2m

(2) Underlying EBITDA excludes one off costs debt rescheduling and Hughes acquisition costs of \$2.3m

Operational overview

- Yandi Oxbow project and Nammuldi waste storage facility progressing well
- Additional \$40m contract within Yandi sustaining project for Rio Tinto
- Yandi Oxbow project and Nammuldi waste storage facility progressing well
- Nammuldi Incremental Tonnes (NIT) to finish four months early – no material impact on second half earnings
 - Fleet to be relocated to support new mining projects including Altura
- Action Drill & Blast (ADB) secured new work in Lithium and Gold.
- Hughes east coast business acquired:
 - Cost \$11m
 - Order book of circa \$50m
 - Integration progressing ahead of schedule

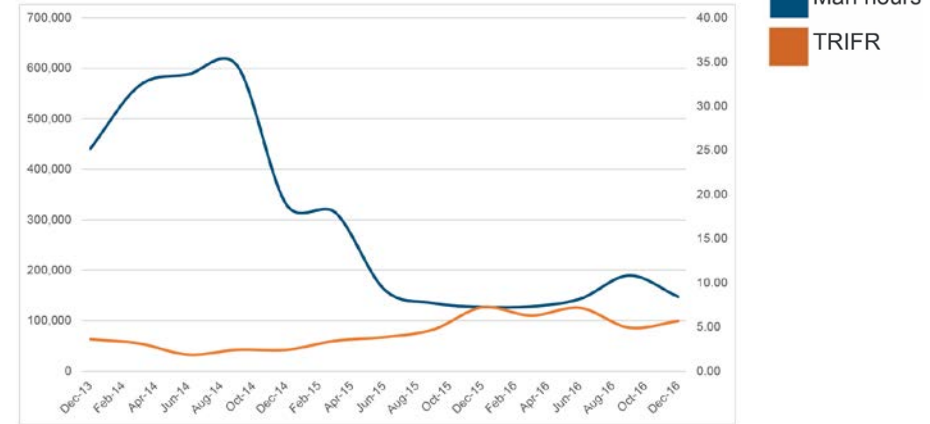


HSE & People

HSE

- Improved TRIFR reflecting lower incidents and increased hours
- A number of innovative approaches implemented to deal with plant isolation issues
- Focus in the half year on lead indicators – hazard observations, take 5’s, visible safety leadership
- Focus on aligning safety approach in newly acquired Hughes business

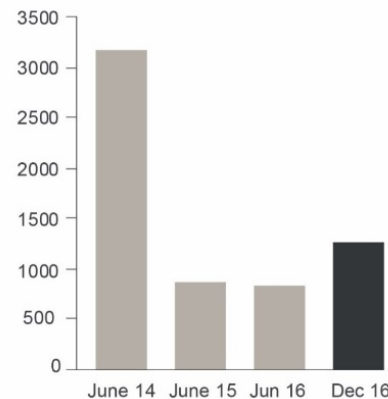
Total Recordable Injury Frequency Rate



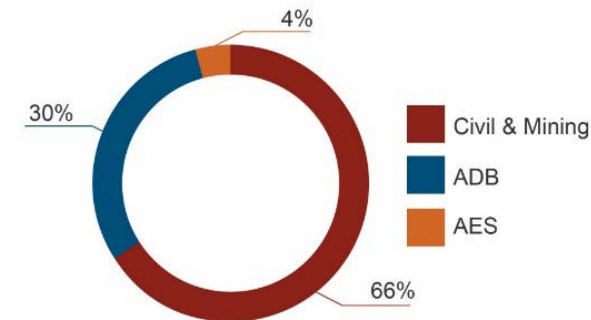
People

- Successful transition of Hughes east coast drilling personnel into the ADB business
- Continued good IR record with no time lost due to industrial disputation
- Re-employed many previous employees who have retained NRW knowledge and system skills leading to enhanced productivity
- Mobilisation deadlines met for all projects

Workforce numbers



Workforce by business unit





Summary financials



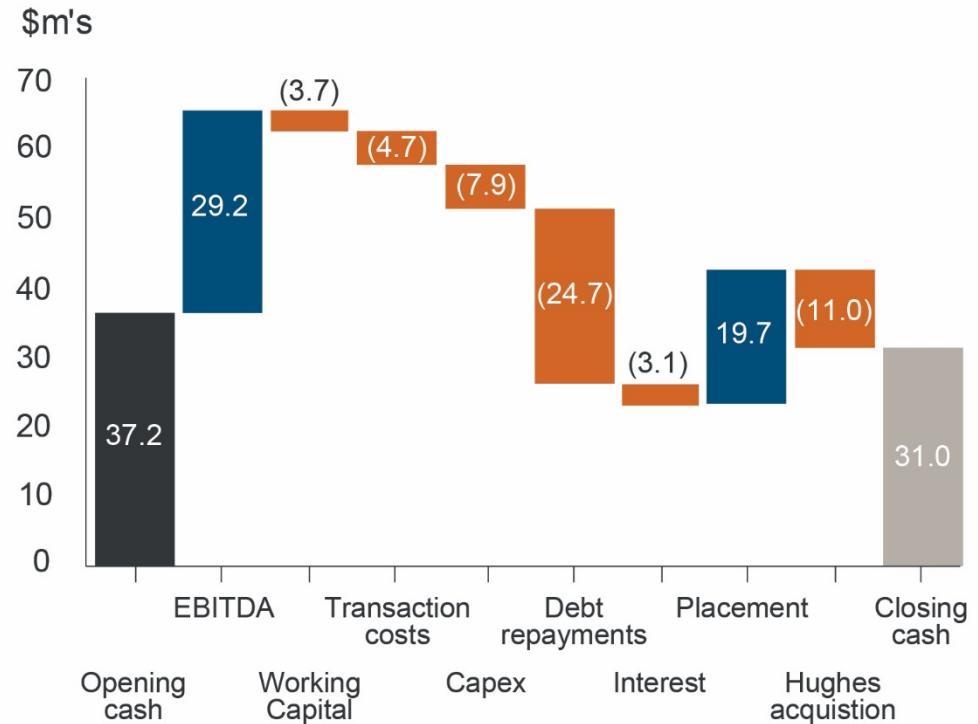
- Revenue in line with order book as advised at November Annual General Meeting
- 21.7% increase in EBITDA over same period last year
- Civil and Mining activity reflects award of new civil contracts mostly for Rio Tinto in FY16
- ADB revenue down due to re-scope of Middlemount contract – drilling activity increased year on year
- Revenue in associates includes NRW share of SI-NRW JV
- Continued reduction in corporate overhead costs
- One off costs relate to:
 - Corporate note issue - legal and break fees
 - Hughes acquisition
- Lower interest costs - lower debt
- Tax benefit - recognition of tax assets previously advised as contingent

	First Half FY17		First Half FY16	
	Revenue	Earnings	Revenue	Earnings
Civil and Mining	139.7	13.1	108.1	9.2
ADB	35.0	1.6	39.9	-
AES	7.8	(0.3)	8.2	(0.3)
Eliminations	(4.8)	-	(5.9)	-
Corporate costs unallocated	-	(2.6)	-	(2.9)
Interest costs in segment result	-	3.2	-	5.2
Group revenue inc associates / underlying EBIT	176.5	14.9	150.3	11.2
Share of revenue from associates equity accounted	(5.2)		-	
Note issue and Hughes acquisition costs		(2.4)		-
Earnings before tax and interest		12.6		11.2
Net finance costs		(3.1)		(5.1)
Income tax benefit	-	2.1	-	-
Total statutory revenue/ net earnings after tax and interest	171.3	11.6	150.3	6.1
EBITDA				
Underlying EBIT		14.9		11.2
Depreciation		14.3		12.8
Underlying EBITDA		29.3		24.0
		16.5%		16.0%

Cashflow



- Strong cashflow generation from EBITDA
- Transaction costs include -
 - Corporate note: lead arranger fees, legal costs and loan termination costs
 - Hughes acquisition costs
- Capex run rate higher than last year due to maintenance cycle of mobile mining fleet
- Significant debt reduction reflects
 - Previous banking obligations
 - Debt acceleration from placement proceeds
 - Further debt payments to facilitate \$70m note raising objective
- Placement income shown net of costs

Cash movement: First Half FY17

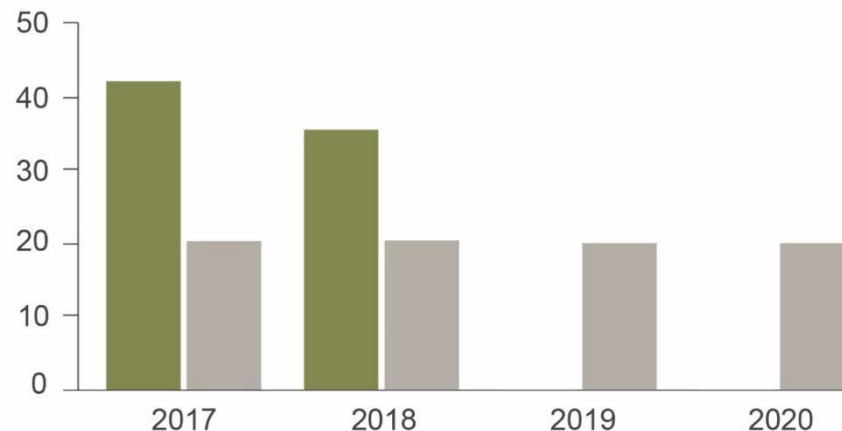


Debt and banking

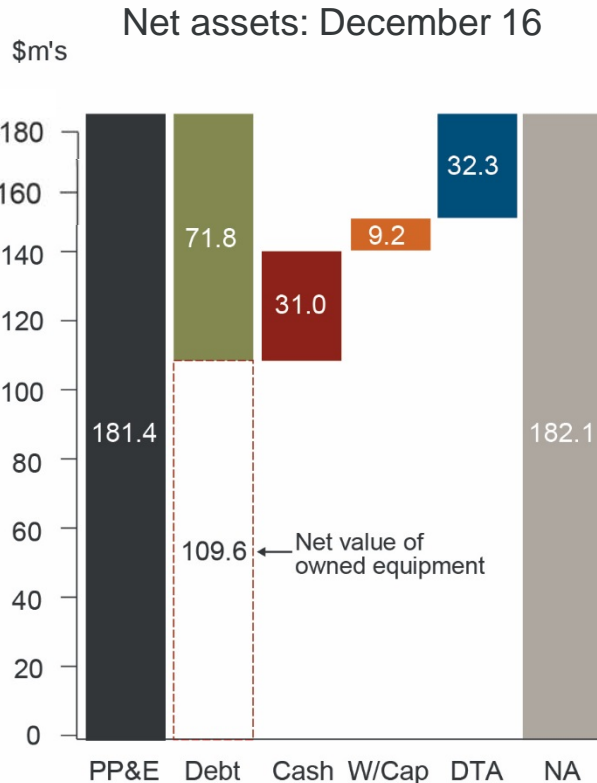
\$70m corporate bond issue used to refinance existing debt - better alignment of debt repayments and earnings - completed December 2016

- Bond significantly improves liquidity
 - Previous bank term 24 months 
 - Bond term now 48 months 
- Simplifies NRW debt arrangements
 - Previously five debt providers
 - New agreement - one note trustee
- Annual debt and interest repayments reduce by circa \$20m per annum
- New banking facility agreed
 - \$35m multi option
- Balance sheet normalised
 - Gearing now at 22.4%

Calendar year debt and interest repayment profile



Balance sheet



- Net assets 57 cents per share
- Debt relates to equipment financing
 - \$109.6m notional net value of NRW 'owned fleet'
- Tax assets include \$30.1m on balance sheet and \$26.7m in contingent assets
 - Represents asset with NPV of circa \$40m
- Franking credits of \$39.0m (net) available
- Dividends: revised debt profile improves liquidity, providing funds for earlier return to dividend payments



NRW Civil and Mining

Civil

- Revenue \$42m (last year \$23m) increase due to new work secured in 2016
- Further work for Rio Tinto secured in the half at Yandicoogina: \$40m
- SI-NRW progressing the Forrestfield-Airport Link project:
 - Tunnel boring machines to be commissioned in the first half of 2017
 - Construction works commenced on the dive structure
- Improving market sentiment with tender activity increasing for sustaining tonnes programs in iron ore

Mining

- Revenue \$97m (last year \$82m) increase mostly due to NIT project
- Client advised early completion of NIT contract which will reduce second half revenue but is not expected to materially affect earnings
- New work secured in Lithium
 - Altura Minerals: four year contract \$110m
- Penny's Find – unable to reach acceptable commercial terms – equipment to be deployed to new contracts



Action Drill & Blast

- Improved underlying drill and blast activity up 20% on last year
 - Lower business revenue due to Middlemount explosives being client supplied in new contract
- Secured new work in the half includes
 - Contract from Macmahon for the Telfer Gold Mine \$40m
 - Two year extension at Greenbushes Lithium operations for Talison \$12m
 - Altura drill and blast through NRW Mining
- Acquired Hughes Drilling east coast business
 - Paid \$11.0m, order book of \$50m, 35 drill rigs, 9 client contracts
 - ADB now the dominant provider of production drilling services to the Australian coal market
 - Callide contract extended through acquisition discussions
- Solid tender activity in gold and coal across Western Australia and Queensland



Forrestfield-Airport Link: Artist's Impression of Forrestfield Station



Tender pipeline & outlook

Order book of \$1.0b at Feb 2017

- Secured work for FY17 totals \$346m and for FY18 totals \$300m
- Tendering pipeline valued at \$2.8b
 - NRW Civil \$0.9b
 - NRW Mining \$1.4b
 - ADB \$0.5b

Civil

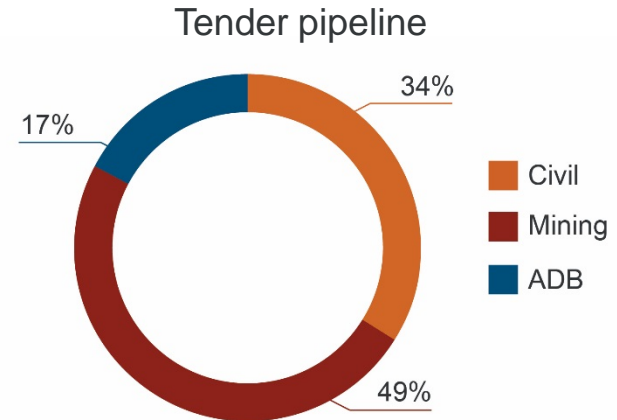
- Includes sustaining tonnes projects in iron ore likely to commence calendar year 2018
- Further opportunities in gold, lithium and infrastructure

Mining

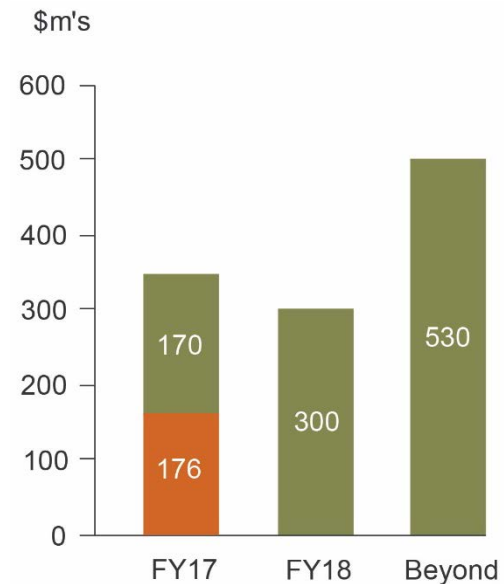
- Opportunities in gold, copper and lithium

Action Drill & Blast

- Expansion of services to existing clients particularly in coal following acquisition of Hughes Drilling business, bids in coal, gold, lithium and copper



Order book: year of delivery



Operationally our focus will remain on

- Continuing to deliver projects to client expectations
- Supporting the iron ore sector as plans for sustaining current production volumes are developed
- Growing our presence in QLD and NSW on the back of the recent Hughes acquisition
- Reviewing opportunities to expand our service offering in our core markets and to diversify where we have relevant expertise
- Continue to assess strategic partnerships and opportunistic consolidation targets



FY17 project locations

WA - Pilbara

Rio Tinto Iron Ore
Nammuldi Incremental Tonnes Phase 2

Rio Tinto Iron Ore
Nammuldi Incremental Tonnes

Fortescue Metals Group
Cloudbreak

Rio Tinto Iron Ore
Yandi Oxbow
Yandicoogina Mine
Nammuldi BWT Waste Fines
Storage Facility – Stage 2

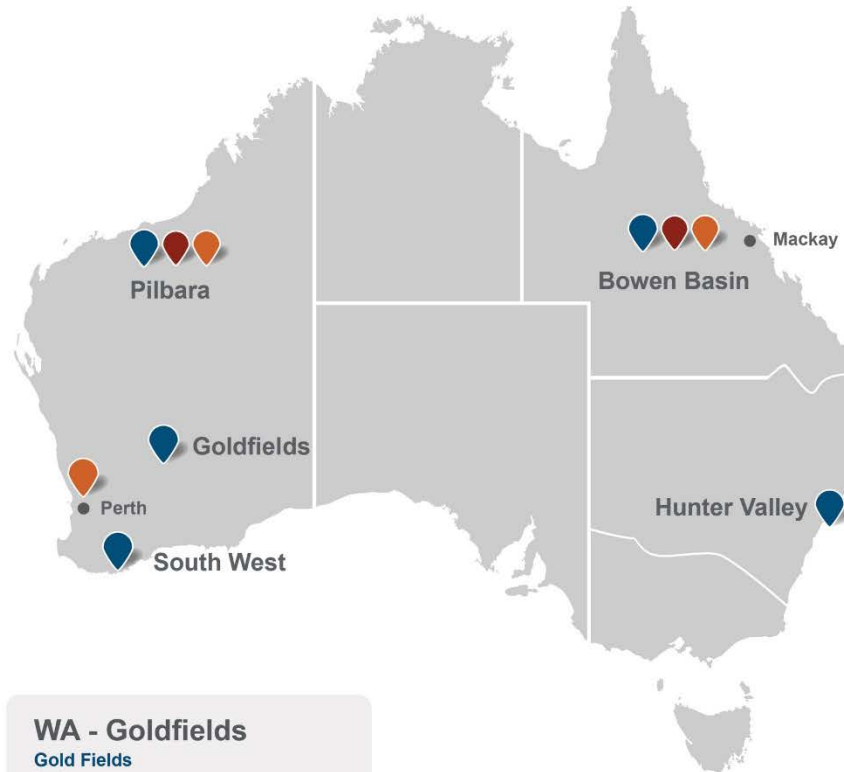
Rio Tinto Iron Ore
Yandi Oxbow

WA - Perth

Public Transport Authority
Forrestfield–Airport Link

WA - South West

Talison Lithium
Greenbushes



WA - Goldfields

Gold Fields
St Ives

QLD - Bowen Basin

Middlemount Coal
Middlemount Dry Hire

Middlemount Coal
Middlemount

BMA
Caval Ridge
Blackwater

Golding Contractors
Isaac Plains

Rio Tinto Coal
Kestrel Mine Ventilation
Shaft Civil Services

Batchfire
Callide

Yancoal
Cameby Downs
Yarrabee

Glencore
Collinsville

Jellinbah Group
Jellinbah

Peabody Energy
Millennium
Coppabella Mine

NSW - Hunter Valley

DBS
Boggabri

BHP Billiton
Mount Arthur

● Civil
 ● Mining
 ● Drill & Blast

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