



ASX Announcement

22 August 2013
NRW Holdings Limited
181 Great Eastern Highway
Belmont, 6104, Western Australia

NRW HOLDINGS LIMITED (ASX: NWH) FY13 RESULTS RELEASED

Financial Overview:

- Record revenue of \$1.374 billion
- EBIT of \$119.4 million
- EBIT Margin of 8.7%
- NPAT of \$74.1 million
- NPAT Margin of 5.4%
- Conservative Net debt / Equity position of 25%
- Cash balance \$131.0 million
- Final dividend of 5 cents fully franked, totalling 13 cents fully franked for full financial year
- Order book of \$1 billion.

Operational Highlights:

- Successful completion of first major oil and gas project at Wheatstone
- Several project awards from key client Rio Tinto
- Secured civil earthworks contract for new client, Roy Hill Holdings
- Action Drill & Blast secure two major long term contracts

YEAR IN REVIEW

I present to both our shareholders and stakeholders the results of NRW Holdings Limited for the financial year ended 30 June 2013. NRW has reported record revenue for the sixth consecutive year since listing on the Australian Securities Exchange (ASX). The financial year revenue was \$1.374 billion, an increase, of 1% on the prior corresponding period (FY12: \$1.358 billion). Full year 2013 Net Profit After Tax (NPAT) declined by 23.7% to \$74.1 million, compared to the prior corresponding period's NPAT result of \$97.1 million.

Return on Capital Employed (ROCE) was 31%, compared to the prior corresponding period (FY12: 41%), still an excellent outcome and consistent with NRW's rolling five year average. NRW's Net Debt to Equity ratio moderately increased, finishing the 2013 financial year at 25%, compared to the prior corresponding period (FY12: 18%).

The Company enjoyed excellent safety performance which is reflected in the improved Lost Time Injury Frequency Rate (LTIFR) currently at 0.55, which represents a 18% decrease from the previous year (FY12: 0.67). A relatively flat line for the Group in Total Recordable Injury Frequency Rates (TRIFR) was experienced, and at 30 June 2013 is at 5.47, slightly higher than the prior corresponding period (FY12: 5.2). Although the Company's TRIFR ended the year flat, the Civil Division achieved an outstanding result with a TRIFR of 2.47.

The NRW Civil Division had a very successful year and continued strong year on year growth with record revenue of \$860.6 million representing an 18% increase on the 2012 financial year (\$731.7 million). Particularly pleasing for the Civil Division was reaching a significant milestone in our diversification strategy, as we completed our first major project in the oil and gas market at Wheatstone, as well as our first large scale government infrastructure works on the Great Eastern Highway Alliance. We also attained a new key client in the iron ore market, with the award of a bulk earthworks contract on the Roy Hill Iron Ore Project.

The Mining Division revenue decreased to \$404.5 million (FY12: \$542.2 million). NRW's mining operations were impacted by contract terminations at Fortescue's Solomon and Christmas Creek operations, as well as NRW's Guinean operations at Simandou.

Action Drill & Blast experienced continued strong growth during the 2013 financial year with revenue of \$150.5 million. This represents a 33% increase on the 2012 financial year revenue of \$113.1 million. Of particular note is the award of two significant multi-year contracts, at Cloudbreak and Isaac Plains bringing longer tenure to Action Drill & Blast's order book.

Action Mining Services experienced a 10% decrease in revenue for the 2013 financial year to \$41.8 million, compared to the previous financial year (\$46.6 million).

The 2013 financial year provided NRW with its most challenging year since the Global Financial Crisis, as contract terminations and delayed award and commencement of projects resulted in a number of one off and other costs incurred across the Business. This included redundancy costs of \$5.4 million and approximately \$13 million of holding costs for personnel and plant.

As of 30 June 2013, NRW employed a workforce (including direct, subcontractors and apprentices) of 2,283 people, down from our peak of 4,821 in August 2012, and a 50% reduction compared to the close of FY12 (4,592 people). We retain a diverse workforce with approximately 14% female personnel and 6.5% Indigenous personnel.

During the year a number of cost control and productivity improvement initiatives were put in place to improve our overall cost effectiveness. This past year also reinforced the need to continue our strategy of diversification across client, commodity, location and service delivery, and how this will shape the way we do business in the future.

OUTLOOK

Despite the significant downturn across the resources industry, NRW retains a positive outlook over the short to medium term with a steady pipeline of tenders and a clear strategy to further diversify our client base and client offering.

The Company will continue to maintain focus on its core domestic markets of iron ore and coal with expansions and related infrastructure works still underway and a number of new projects in the planning stage. We are also working on growing our exposure to markets such as LNG and CSG.

With current work in hand of \$1 billion and tender activity still strong with over \$3.96 billion in active tenders across the Business, we remain confident of securing work across all our Division's to further strengthen our order book.

The Group's balance sheet, funding facilities and solid cash position provide a strong foundation for future organic growth and potential acquisitions. The Group will continue to assess acquisition opportunities both domestically and internationally to add value to NRW's service delivery model. We will also continue to focus on cost management programs, efficiencies and continuous improvement processes. These practises will contribute to NRW's overall cost effectiveness in project delivery and assist in maintaining our market competitiveness.

NRW expects revenue between \$1-1.2 billion for the 2014 financial year, of which approximately 60% is currently secured. This is subject to timely award and commencement of new projects.

Jules Pemberton
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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.