



## ASX Announcement

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27 February 2015  
NRW Holdings Limited  
181 Great Eastern Highway  
Belmont, 6104, Western Australia

### NRW reports half year results for FY2015

Leading Australian civil and mining contractor NRW Holdings Limited (ASX: NWH) today announced its results for the six months ended 31<sup>st</sup> December 2014

#### Summary of Results

- Revenue of \$570 million;
- Roy Hill Rail project recognised at nil margin pending finalisation of contract discussions with Samsung C&T, consequently,
- EBITDA of \$2.7 million,
- Strong cash balance of \$138.9 million;
- Further improvement in the level of Net Debt to \$27.9 million compared to \$34.0 million at June 14;
- Non-cash, one off Impairment of \$134.9 million;
- Net loss reported of \$120.6 million for the six months as a consequence of Roy Hill margin write back and impairment expenses;
- Order Book of \$904 million which includes the Middlemount contract extension to 2020;
- Continued leading Safety performance: TRIFR at 2.90.

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

"Whilst clearly very disappointing the underlying pre impairment results are in line with the Operating update provided at the AGM on the 25<sup>th</sup> November last year. The Roy Hill rail formation is now complete leaving only off formation remediation and maintenance activities outstanding which are expected to be finished by the end of March 2015.

"Discussions with Samsung C&T have been constructive but the outcome remains uncertain hence the decision to recognise revenue only to the extent of costs incurred on the contract. With the critical path formation construction now complete and handed over, we have started working closely together with Samsung C & T's commercial team through an agreed process which has a targeted final contract resolution date of 31<sup>st</sup> March 2015."

"The impact on the full year financials will be communicated when those discussions have been concluded. We remain committed to achieving a positive outcome on the contract which we have performed on time and to a high quality standard."

The primary contributing factor to the half year loss is a an impairment of asset carrying values of \$134.9 million. The impairment charge includes goodwill write offs in the AES business and reductions to carrying values due to expected lower resale prices on high hour, low utilisation and non-core fleet. The impairment charge is higher than forecast in the November market update. Since the time of that announcement the business has seen cancelation or deferment of projects in its core

markets. Consequently the review has addressed a larger pool of assets likely to be impacted by utilisation and lower resale prices resulting in a higher impairment charge than initially indicated.

"Despite the reported net loss the group delivered a good cash result contributing to further debt reduction of \$22.6 million in the six months."

"Also particularly pleasing was the award of a three year \$330 million extension to the Middlemount contract announced this morning. We have been working with our client for some months now on the new structure of the agreement and believe the amended contract will provide significant commercial benefit to both parties through the five year period until its completion in June 2020."

## Outlook

The mining and civil construction industry in particular the commodities sector continues to face strong headwinds driven by weaker global demand. This weakness in the sector has led to a number of capital projects being deferred or cancelled during the period and significant cost control measures introduced. In the public sector, there are a number of large infrastructure projects that NRW is actively pursuing with tendering likely to take place during the remainder of this year. Contract award and commencement of these projects will occur during 2016."

NRW's forward order book currently totals \$904 million of which \$200 million is secured revenue for delivery during the second half of FY15.

We anticipate that the remainder of the 2015 calendar year will continue to be challenging due to the number and timing of opportunities available to bid and the high level of competitiveness in the industry. There are however a number of solid prospects for the Mining and Drill and Blast businesses and a potential major opportunity in Queensland. Consequently the tender pipeline at \$2.5 billion although lower than previously reported provides some optimism.

As this difficult environment continues the business will ensure that the operating cost base is closely matched to revenues as we remain focused on cost reduction and increased productivity where possible. As the cost base is reset we expect to achieve overhead reductions in excess of 30% whilst ensuring we still retain the necessary resources to address major opportunities as they arise.

## Interim Dividend

The Board has elected not to declare an interim dividend.

### For further information, please contact:

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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.*