



# Middlemount Coal Contract and Capital Raising Presentation

14 April 2011

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# Executive Summary

## Middlemount Coal Contract

- ❑ 5 Year mining contract awarded by Middlemount Coal
- ❑ Total contract value of approximately \$780 million
- ❑ First major coal project and first significant contract in QLD
- ❑ Return on capital employed at least in line with the returns achieved by NRW in 1HY11

## Trading Update

- ❑ On track to achieve FY11 revenue target of at least \$700 million
- ❑ NPAT for FY11 expected to be at the lower end of the broker forecast range of \$40-45 million
- ❑ Record order book and tender pipeline means NRW is well placed for significant growth in FY12 and beyond

## Equity Raising

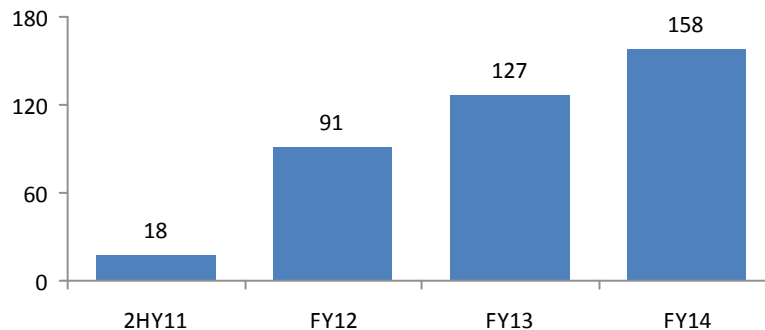
- ❑ \$70 million institutional placement at \$2.74 per share
- ❑ Placement fully underwritten by UBS AG, Australia Branch
- ❑ Share Purchase Plan of up to \$10 million to be offered to eligible shareholders

# Middlemount Contract

- NRW has been awarded a 5 year mining contract by Middlemount Coal<sup>1</sup> commencing 1 July 2011
  - total contract value of approximately \$780 million
  - follows and supersedes the \$50 million preliminary works contract awarded to NRW in January 2011
- The contract scope of work includes drill and blast, removal of overburden and haulage of ROM coal, clearing and topsoil stripping, rehabilitation and environmental activities, stock pile rehandling and drainage activities



## NRW forecast Middlemount contract revenue through to FY14 (\$m)<sup>2</sup>



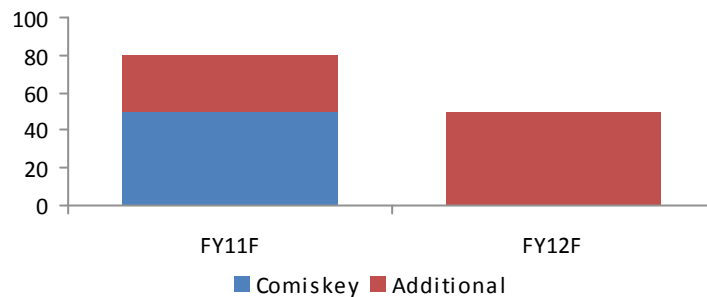
Note:

1. Middlemount Coal is an incorporated joint venture between Macarthur Coal Limited and Gloucester Coal Limited to develop and operate the Middlemount Coal Project located 6km from the township of Middlemount and approximately 270km north west of Rockhampton.
2. Includes the forecast revenue from preliminary works contract and long term mining contract.
3. All estimated revenue statements are subject to Middlemount Coal Pty Ltd obtaining environmental approval and various contractual risks associated with mining projects.
4. 2HY11 revenue refers to activity undertaken for the Preliminary Works contract.

# Middlemount Contract: Capex

- Estimated total capital expenditure related to the Middlemount mining contract will be approximately \$120 - \$145 million expected over the next 12–18 months
  - approximately \$50 million of equipment from the Comiskey transaction<sup>1</sup>
  - approximately \$80 million relating to equipment and ancillaries, expected to be acquired before the end of calendar 2011
- Both the Comiskey transaction and orders for new equipment were entered into having regard to the Middlemount mining contract, as well as the pipeline of other contract opportunities

## NRW forecast Middlemount capital expenditure (\$m)



Note:

- 1 As announced to the market on 11 March 2011, NRW entered into an agreement with Mr. Joe Comiskey (Comiskey Earthmoving Pty Ltd) to purchase a significant fleet of heavy plant and equipment together with an earthmoving tyre inventory for \$84 million. Settlement of this transaction is scheduled to occur on 21 April 2011

# Middlemount Contract: Impact

**“The mining services contract with Middlemount represents a major milestone for the company in its diversification strategy in terms of location, client and commodity. The contract, with a total value of up to \$780 million, provides NRW with a substantial entry into the east coast market and in particular the highly attractive metallurgical coal sector” (Managing Director and Chief Executive Officer, Mr Julian Pemberton)**

**NRW expects the Middlemount mining contract to:**



Deliver an EBIT margin at least in line with NRW’s EBIT margin in 1HY11 for the Mining Division



Deliver a return on capital employed at least in line with the returns achieved by NRW in 1HY11



Further diversify NRW’s operations across geographic regions, clients and commodities

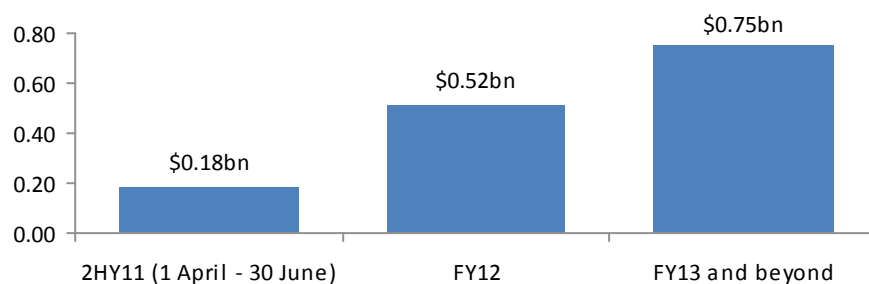


Provide an entry point to further increase exposure to Civil contracting in the Queensland market

# Outlook and Order Book

- NRW is on track to achieve the FY11 revenue target of at least \$700 million
- NPAT for FY11 expected to be at the lower end of the broker forecast range of \$40-45 million
  - high rainfall during the March quarter in the Pilbara region, the NT and in QLD has adversely impacted productivity on a number of sites. In addition, there has been a secondary impact due to delays in civil contract awards, resulting in underutilisation of operational capacity
- The pro forma 31 March 2011 order book stands at a record \$1.45 billion
  - Mining services division: \$1.1 billion
  - Civil division: \$0.35 billion

## Pro forma order book as at 31 March 2011<sup>1</sup>



Total order book at start: **\$1.45bn**

**\$1.27bn**

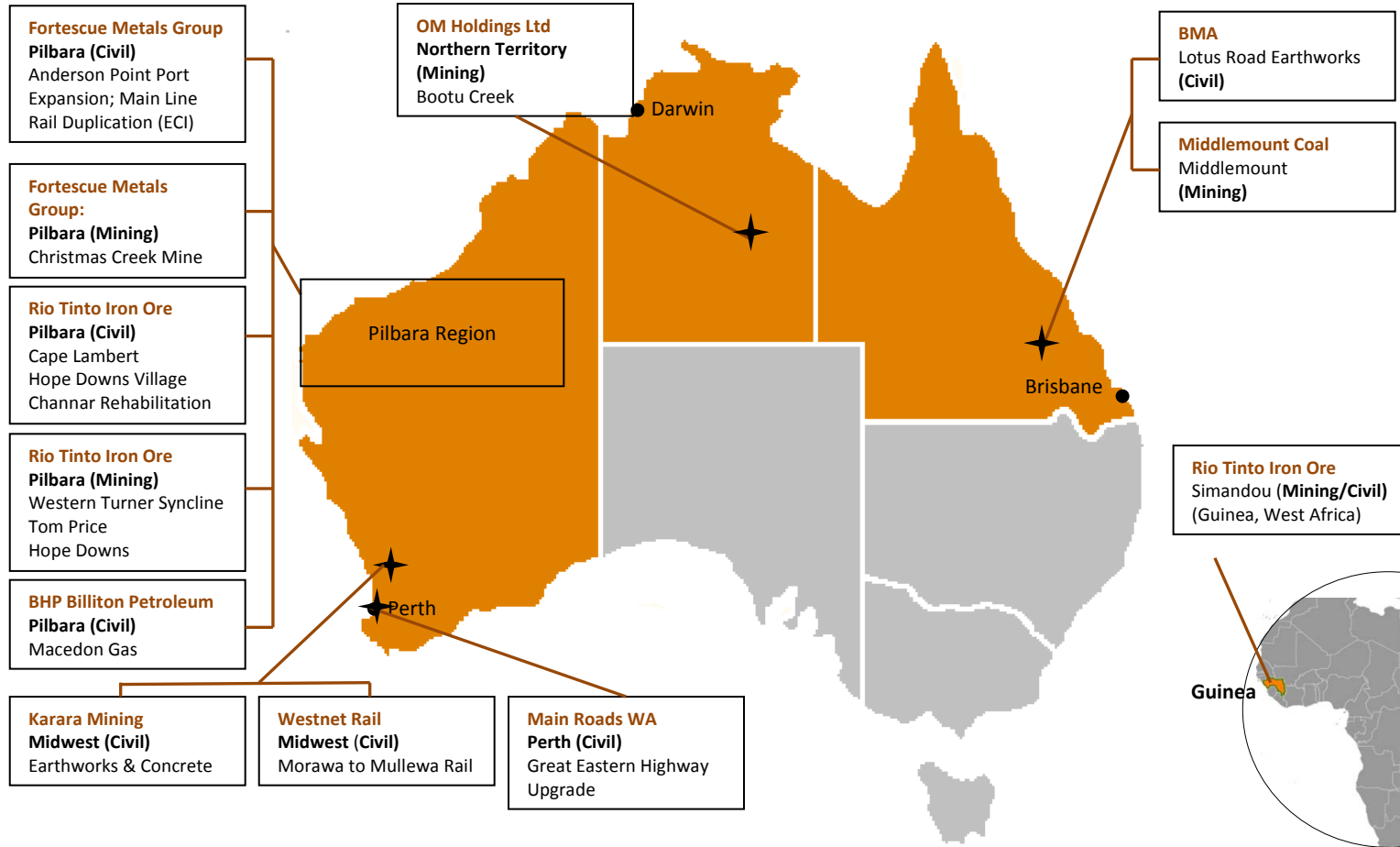
**\$0.75bn**

Notes:

1 Order book as at 31 March 2011; Excludes ECI projects as per half year results presentation



# Current Projects



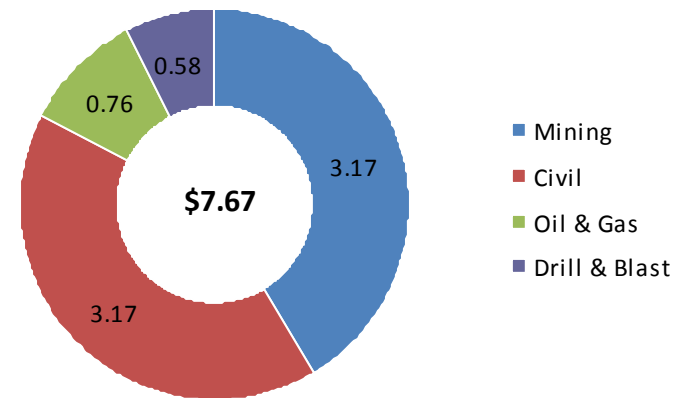
# Tender Pipeline

- Tendering activity is at record level—current active tenders of \$7.67 billion
- As highlighted by the award of the Middlemount Contract, NRW is expected to continue to benefit from diversification across client base, commodity and geography

## Target opportunities

- **Civil Projects**
  - Fortescue expansion
  - Rio Tinto 330mta expansion
  - BHP Billiton Iron Ore's RGP6
  - Hancock Prospecting – Roy Hill
  - BMA Queensland
  - Main Roads and Government infrastructure
- **Mining**
  - further Queensland coal expansion
  - Pilbara iron ore expansion
  - Mid west (emerging producers)
- **Oil & Gas (on-shore civil works)**
  - Chevron Wheatstone
  - BHP Billiton Petroleum, Macedon
  - Woodside Browse

## Tender pipeline (\$7.67bn)



Note:

- 1 As at 31 March 2011
- 2 Excludes Middlemount Mining Services Contract
- 3 Excludes Rio Tinto Cape Lambert Civil Contract

# Strategic Objectives

## Achieved to Date

- ✓ Awarded main roads contract in WA
- ✓ Awarded contract in the Oil & Gas sector
- ✓ Added to services – Drill & Blast, concrete division
- ✓ Increase JV alliances with reputable companies
- ✓ Continue to strengthen management team
- ✓ Low debt and strong cash flows for future growth
- ✓ Diversification of client base, commodity and geography
- ✓ Continued revenue and profit growth period on period
- ✓ Awarded major coal project in Queensland
- ✓ Increase Order Book to > \$1b

Work  
to be  
done

\$850-1b Potential  
Revenue

**FY12**

- Maintain strong revenue growth and ROCE
- Maintain industry leading margins
- Order Book \$1.5b+
- Oil & Gas client revenue stream
- Diversify revenue base for AMS with capital light maintenance services
- Expand external services for Action Drill & Blast
- Expand Queensland footprint

\$1b+ Potential  
Revenue

**FY13 +**

- Expand on-shore Oil & Gas capability
- Order book \$2b+
- Target further emerging market expansion.
- Horizontal and vertical integration to service a broader spectrum of projects.



# Equity Raising

# Equity Raising Summary

<b>Structure</b>	Placement to institutional and sophisticated investors plus a Share Purchase Plan (SPP)
<b>Placement size</b>	\$70 million fully underwritten
<b>Placement Pricing</b>	\$2.74 per share, implying a 4% discount to last close
<b>Placement shares to be issued</b>	25,547,445 shares (10.2% of issued capital) New shares will rank equally with existing shares
<b>Sole Underwriter</b>	UBS AG, Australia Branch
<b>Share Purchase Plan</b>	SPP enabling eligible NRW shareholders to apply for up to \$15,000 of new shares at the placement price, will be conducted subsequent to the Placement SPP proceeds to be capped at \$10 million (non underwritten) Further details on the SPP will be provided in due course

Note:

1 NRW and UBS AG, Australia Branch reserve the right to vary the terms of the offer

# Equity Raising: Pro Forma Impact

- The equity raising ensures that NRW's conservative gearing is maintained following the Comiskey transaction and provides flexibility in funding capital expenditure associated with major contracts (including the Middlemount mining contract)

Pro forma gearing

		Dec 2010	Pro Forma	Change (\$m)
Total Assets	\$m	313.7	397.7	84.0
Net Debt	\$m	14.9	18.9	4.0
Book Equity	\$m	181.7	261.7	80.0
Gearing (ND/Equity)		8.0%	7.0%	

Note: Excluding cash

- The metrics above:
  - Are not forecasts but are intended to show the pro forma illustrative financial effects of the Placement and the SPP as if they had occurred as at 31 December 2010 and the proceeds were applied to fund the Comiskey transaction
  - Excludes all transaction fees
  - Excludes all actual transactions subsequent to 31 December 2010
  - Are unaudited and based on financial statements of the NRW group as at 31 December 2010
  - Assumes the maximum amount of \$10 million is raised under the SPP

# Equity Raising: Timetable

Event	
Trading halt begins	Thursday 14 April 2011
Bookbuild opens	10:00am AEST, Thursday 14 April 2011
Bookbuild closes	4:00pm AEST, Thursday 14 April 2011
Trading halt lifted	Friday 15 April 2011
Equity raising settlement	Wednesday 20 April 2011
New shares allotted and commence trading	Thursday 21 April 2011



# Appendix

## Overview of 1st Half 2011 Operating Performance



# 1<sup>st</sup> Half 2011 Operating Performance

		1HY11	1HY10	Change
<b>SALES REVENUE</b>	\$m	<b>358.3</b>	<b>275.6</b>	<b>30%</b>
Civil Contracting	\$m	192.1	171.3	12%
Mining Services	\$m	149.9	87.7	71%
Drill & Blast	\$m	11.3	0.0	
Action Mining	\$m	12.7	11.2	14%
Other*	\$m	(7.7)	5.4	
<b>EBITDA</b>	\$m	<b>48.5</b>	<b>37.9</b>	<b>28%</b>
<b>EBIT</b>	\$m	<b>32.0</b>	<b>25.8</b>	<b>24%</b>
<b>NPAT</b>	\$m	<b>20.4</b>	<b>15.3</b>	<b>31%</b>
<b>EPS (basic)</b>	cps	<b>8.1</b>	<b>6.1</b>	<b>33%</b>
<b>DPS</b>	cps	<b>4.0</b>	<b>3.0</b>	<b>33%</b>

\* Other includes unallocated income and consolidation eliminations for Action Drill & Blast and Action Mining Services

- ❑ Continued growth across all business divisions
- ❑ Increased net earnings, earnings per share and dividends