



MEDIA/ASX RELEASE – 22 February 2008

NRW delivers Pro Forma Net Profit After Tax of \$22.3m for first half

Financial Highlights

- Pro Forma Revenue of \$253.5m (58% of full year Prospectus forecast)
- Pro Forma EBIT of \$34.9m (54% of full year Prospectus forecast)
- Pro Forma NPAT of \$22.3m (56% of full year Prospectus forecast)
- Pro Forma EPS of 8.89 cents
- Fully franked interim dividend of 4.0 cents per share declared (payment date of 31 March 2008)
- 100% of the Group's FY08 Prospectus revenue forecast of \$440.4m secured or under negotiation
- Group on track to at least achieve Prospectus NPAT forecast of \$40.2m for FY08
- Strong trading conditions expected to continue for foreseeable future

Pro Forma Income Statement

The Directors of NRW Holdings Limited (ASX: NWH) today announced a Pro Forma Net Profit After Tax of \$22.3 million, for the half year ended 31 December 2007.

\$m unless stated	Full Year '07 Pro Forma actual	Half Year '08 Pro Forma actual	Full Year '08 Pro Forma Prospectus forecast
Revenue	277.6	253.5	440.4
EBITDA	45.2	42.4	85.4
EBIT	33.6	34.9	64.2
NPAT	20.1	22.3	40.2
EPS	8.00 cents	8.89 cents	16.00 cents
DPS	-	4.00 cents	8.00 cents

Jeff McGlenn, Chief Executive Officer of NRW, said "NRW's first half results reflect the demand for the Company's services and buoyant market conditions. The financial result for the first six months places NRW in a strong position to at least achieve its prospectus net profit after tax forecast."

NRW Civil and Mining

NRW's strong first half revenue was driven by the performance of the Civil Contracting division. Rail and camp construction projects for FMG and various Rio Tinto expansion projects including Simandou contributed to the Civil Contracting division revenue. NRW's component of the FMG rail construction is progressing well

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and approximately 90% complete with additional works being undertaken by variation.

The strength of the Civil Contracting division required utilisation of Mining Services equipment which impacted the revenue of the Mining Services division. Mining Services revenue is expected to increase in the second half of FY08 as capital and resources will be redeployed for future Rio Tinto projects. In addition, Simandou will become a Mining Services project in the second half of FY08.

Promac

Promac revenue was below forecast, impacted by changes in market conditions for tyre sales. Tyre sales are expected to improve in the second half as negotiations are continuing with major retail outlets for Australia wide distribution. Tyre sales occur on a low margin and the change in market conditions is not expected to significantly impact the earnings contribution of Promac to the Group result for the full year.

Action Mining

NRW has successfully integrated the acquisition of Action Mining and implemented NRW's detailed safety and financial systems. Action Mining performed well in the first half of 2008 and is expected to achieve the full year Prospectus revenue forecast of \$26.0m. NRW is currently expanding the fabrication capabilities of Action Mining to increase the number of service and water trucks produced. Action Mining is also commencing the design of water tanks suitable for larger trucks.

NRW Group achieved a Pro Forma EBITDA margin for the half year 2008 of 16.7% compared to 16.3% for the full year 2007. The low margin on the camp construction for FMG impacted EBITDA margins in the first half. This was a strategic project undertaken to secure accommodation requirements for NRW to enable the timely completion of the FMG rail contract.

The Pro Forma EBIT and NPAT margins for the half year 2008 were 13.8% and 8.8% respectively, compared to 12.1% and 7.2% for the full year 2007.

Operating cash flow and capital expenditure

\$m unless stated	Full Year '07 Pro Forma actual	Half Year '08 Pro Forma actual	Full Year '08 Pro Forma Prospectus forecast
Operating cash flow	45.0	33.8	74.0
Capital expenditure			
Maintenance	4.4	0.7	8.7
Growth	36.4	38.4	52.4
Total	40.8	39.1	61.1

Operating cash flow for the half year 2008 was \$33.8m, driven by increased EBIT and movements in working capital from increased accounts receivable and revenue.

Capital expenditure for the half year 2008 was \$39.1m and primarily related to projects at Simandou (\$12.7m) and Hope Downs (\$11.0m) and the Promac division (\$6.4m). For the full year 2008, NRW does not expect capital expenditure to be materially different from the Prospectus forecast of \$61.1m unless Rio Tinto accelerates expansion of the Simandou project.

Balance sheet and gearing

NRW has a conservative balance sheet and gearing structure.

\$m unless stated	31 Dec 07
Cash	22.5
PPE	114.7
Other assets	125.8
Total assets	262.9
Current liabilities	
Interest bearing liabilities	40.0
Other current liabilities	80.2
Non current liabilities	
Interest bearing liabilities	35.0
Other non current liabilities	0.4
Total liabilities	155.6
Net assets	107.4
Shareholders equity	107.4
Pro Forma EBIT/net interest	12.5x
Net debt/(Net debt + equity)	32.8%

As at 31 December 2007, interest bearing liabilities were \$75m including \$15m of trade finance (converted to hire purchase liabilities in January 2008) and \$60m of hire purchase liabilities. NRW had net debt of \$52.5m at 31 December 2007. NRW retains significant financial headroom to pursue growth opportunities with \$50m in undrawn bank facilities and \$65m in undrawn hire purchase liabilities. An additional \$45m in hire purchase facilities is currently being negotiated.

NRW's existing facilities are hire purchase liabilities and mature evenly over a 3-5 year period. Interest cover for the half was 12.5x and net debt to net debt plus equity was 32.8%.

Interim Dividend

A fully franked interim dividend of 4.0 cents per ordinary share has been declared by the Board, representing a 45% payout ratio based on Pro Forma Net Profit After Tax. The interim dividend will be paid on 31 March 2008 on shares registered at 5.00pm on 3 March 2008.

Outlook

Mr McGlenn said, "In the past 6 months we have successfully listed on the Australian Securities Exchange and integrated the acquisition of Action Mining. We remain well positioned to pursue further growth opportunities. In particular, the Company's key clients including Rio Tinto, Fortescue Metals Group and BHP Billiton have continued to increase investment and announce iron ore production increases in Western

Australia and offshore. We expect continued strong demand for civil and mining services, mining equipment and maintenance services provided by NRW.”

The Group has secured or is in negotiations for 100% of the FY08 Prospectus revenue forecast of \$440.4m. The Civil and Mining divisions have already secured revenue of \$160m for the second half of FY08 with a further \$30m under negotiation. The Group is on track to at least achieve the Prospectus NPAT forecast of \$40.2m for FY08.

Strong growth is expected to continue in FY09. The Group is targeting 15-20% organic growth in revenue and profit and has \$200m of revenue already secured or under negotiation for FY09.

Further enquiries should be directed to

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