








# Presentation: Half Year Result FY2011

23<sup>rd</sup> February 2011

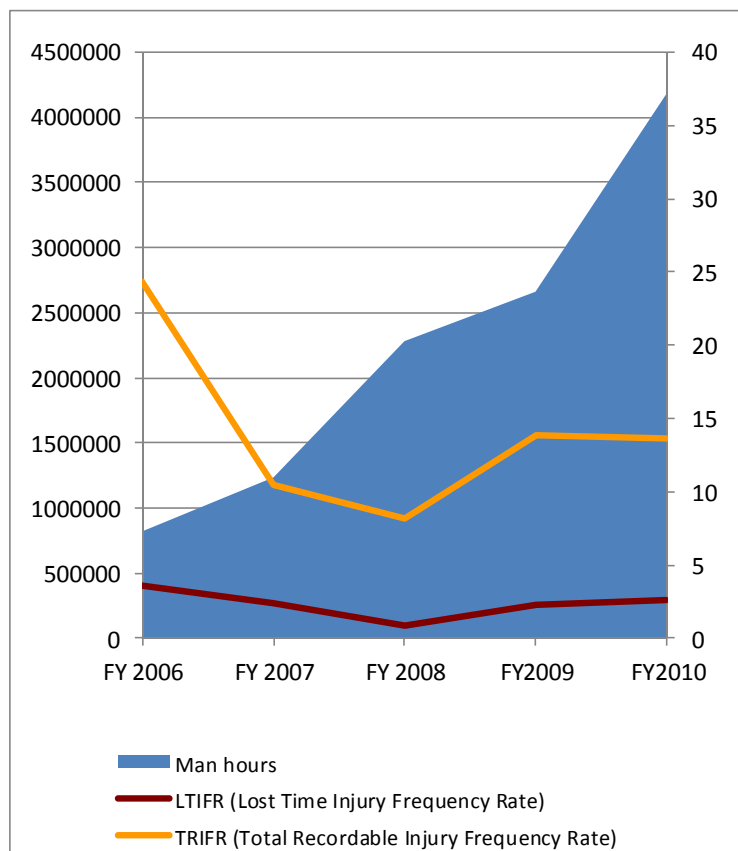


## Half Year Review – Financial and Operational Highlights

- Record HY revenue of \$358.3m  30% increase on 1HY10
- EBIT of \$32.0m  24% increase on 1HY10
- Net Profit After Tax \$20.4m  31% increase on 1HY10
- Net Debt / Equity 8%  From 23% in June 2010
- Fully franked dividend 4 cents  17% increase on 1HY10
- NRW's first coal project award by Middlemount Coal Pty Ltd
- WA Main Roads project award to City East Alliance (NRW, Leighton and GHD)

# Safety and Training

## Performance



- ❑ In December 2010 NRW employed a workforce of 1650 comprising direct staff and sub contractors.
- ❑ NRW have world class safety systems and procedures in place and have recently implemented a new HSET reporting system which has improved communications between site and the corporate office.
- ❑ Although our injury statistics have leveled out, the increase in employee HSE training will drive this trend down in 2011
- ❑ NRW has enhanced it's training portfolio and is geared to delivering more training to all employees in 2011.
  - Staff employed in an on-site supervisory role with NRW are enrolled in a Diploma of Business Management. Currently 138 supervisors are enrolled on the program.
  - All NRW site based employees will complete Certificate II in Surface Extraction Operations
- ❑ NRW is hiring more than 100 Indigenous candidates each year and the Indigenous content is currently 10% of total workforce with a target of 12% by 2012

# Civil Division: **Current Projects**

## **Great Eastern Highway Upgrade – WA Main Roads**

- ❑ In Joint Venture with Leighton and GHD
- ❑ Upgrade of 4 Km's of highway to a 6 lane carriageway in alliance with Main Roads WA
- ❑ Works comprise central median strip development, on-road cycling facilities, pedestrian pathways, lighting, noise mitigation and intelligent transport system features connected by fibre optics.
- ❑ Design commenced, on-site construction anticipated to commence June 2011



## **Fortescue Metals Group Port Expansion, 2<sup>nd</sup> Outloading Circuit Project – Anderson Point**

- ❑ First phase of FMG's T:155 program and follows on from early works completed by NRW
- ❑ The project comprises of bulk earthworks, concrete and rail installation



# Civil Division: **Current Projects**

## **Karara Concrete & Earthworks** – Karara Mining

- ❑ Contract includes: All preliminary construction works including site drains, roads, retention ponds and all-weather airstrip
- ❑ 50,000 cubic metres of concrete for Process Plant foundations
- ❑ Scheduled completion for October 2011



## **Hope Downs Village – Rio Tinto**

- ❑ 400 man expansion of existing camp
- ❑ Initial earthworks and below ground services contract
- ❑ Currently tendering the building installation package in joint venture with OTOC





# Civil Division: Current Projects

## RGP5 (South) – BHP Billiton Iron Ore \*Recently Completed

- ❑ Rail duplication - 54km of the southern section from Cowra siding to Yandi mine
- ❑ Contract includes: Rail formation, drill and blast, track and signals and a 300 man camp
- ❑ Consortium with Laing O'Rourke & John Holland
- ❑ Chichester Deviation contract awarded by variation in Jan 2010 for \$145m including 40km rail north of Cowra Siding
- ❑ Final contract value \$400m (NRW portion \$260m)
- ❑ Peak workforce in excess of 500 personnel
- ❑ Highly successful execution with additional works awarded during and post completion of the main project



## Cape Preston – CITIC Pacific Mining \*Recently Completed

- ❑ Port infrastructure, earthworks and breakwater.
- ❑ 5 million cubic meters of drill and blast rock
- ❑ Contract includes: 2.5km breakwater construction, plant site and bulk earthworks
- ❑ Peak workforce in excess of 400 personnel
- ❑ Final JV contract value \$318m
- ❑ Completed October 2010



# Civil Division: ECI Projects

Early Contractor Involvement

## Main Rail Line Duplication – Fortescue Metals Group

- ❑ NRW has been engaged to commence certain early works on the mainline brownfields upgrade



## Macedon – BHP Billiton Petroleum

- ❑ NRW's first contract related to Oil & Gas sector.
- ❑ Project scope comprises the provision of access and earthworks pads for the development of deep water bores
- ❑ Additional projects being tendered



## Morawa / Mullewa Rail – Westnet Rail

- ❑ In joint venture with Laing O'Rourke and Brookfield / Multiplex
- ❑ JV selected for early contract involvement to formulate the optimisation of design specifications for significant track rectification, replacement and upgrade as well as associated earthworks.



# Mining Services: **Current Projects**

## **Western Turner Syncline – Rio Tinto**

- ❑ Drill & Blast, excavation of mine overburden, load and road train haulage to Tom Price
- ❑ Four year Joint Venture with Indigenous Group (Eastern Guruma Corporation) site Indigenous workforce 28%
- ❑ Potential scope increase to 16 million tonnes per annum



## **Hope Downs and Tom Price Mining – Rio Tinto**

- ❑ Excavation, haulage and waste dump management services, in-pit works including pre-development pit establishment, waste pre-stripping, waste cutback and remnant ore mining
- ❑ On-site at Tom Price since 2004 and Hope Downs since 2006



## **Christmas Creek – Fortescue Metals Group**

- ❑ Excavation of mine overburden, load and haul of waste and ore
- ❑ Awarded 12 month \$112 million contract extension during August 2010 with expanded scope of works





# Mining Services: **Current Projects**

## **Bootu Creek – OM Holdings**

- ❑ Drill and blast, excavation, haulage waste dump management services and crusher feed
- ❑ A 3 + 2 year contract term commenced in December 2008



Indigenous Trainees at Bootu Creek

## **Simandou Project – Rio Tinto**

- ❑ Renegotiated contract extension through to December 2011
- ❑ NRW onsite since July 2007
- ❑ July 2010, Rio Tinto announces agreement with Chalco covering planning, construction and management of the Simandou project and associated port and rail infrastructure

(source Rio Tinto 3 August 2010)



Simandou workshop facility

# Mining Services: **New Projects**

## **Middlemount Coal Pty Ltd\***

- ❑ NRW's first coal project and significant contract award in Queensland reflecting the diversification strategy of the company.
- ❑ The project 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.
- ❑ The preliminary project scope commenced in January 2011 and will continue until a long term contract is negotiated; expected to be for a period of 3 – 5 years.

\*Middlemount Coal is a joint venture between Gloucester Coal Ltd and Macarthur Coal Ltd



# Action Mining Services



- AMS continued to experience difficult trading conditions in the first half of FY11 due to cut backs in clients maintenance spending as a result of continued delays in new resource projects
- As part of company wide review new GM and management structure implemented in late 2010.
- Sales expected to gain momentum during the second half with strong anticipated demand for Action Mining's range of services
- Action is also looking to increase its fabrication side of the business and has recently been engaged by Duratray to fabricate large dump truck tray bodies



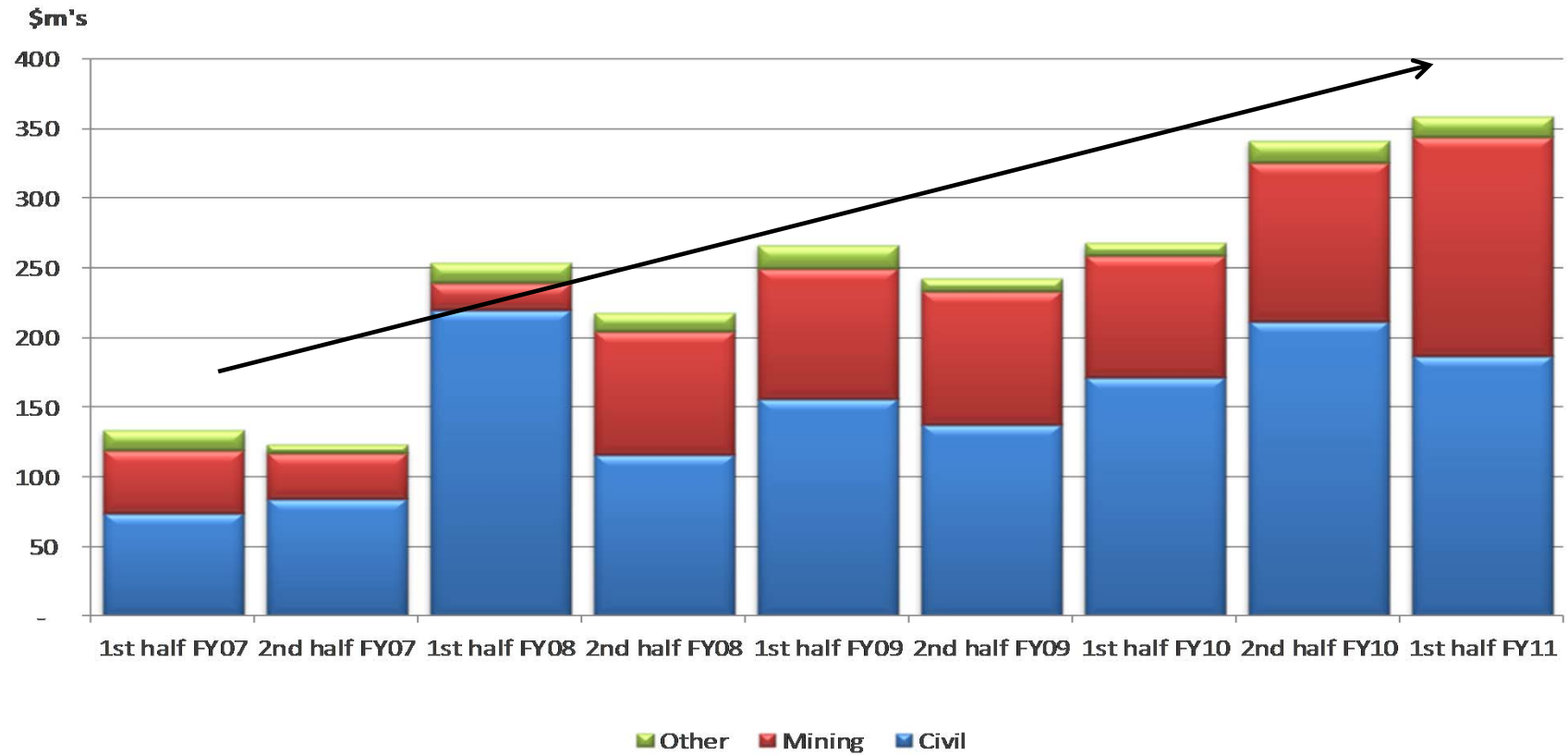
# Action Drill & Blast



- ❑ Division formed in March 2010.
- ❑ Initially formed to service internal contracts at Rio Tinto's Western Turner Syncline and BHP Billiton Iron Ore's RGP5. It now employs 75 people operates 11 drill rigs and has undertaken work on 5 contracts.
- ❑ Commenced our first external contract to Karara Mining Limited in September 2010
- ❑ Commenced drilling on first coal project at Macarthur Coal/ Gloucester Coal JV's Middlemount Operation in February 2011.
- ❑ Several opportunities for external contracts are currently being pursued in Queensland and WA with new office opened in Rockhampton.
- ❑ \$16.5 million in new capital spent/committed to date



# Revenue



- Other comprises Drill& Blast, Action Mining Services and elimination entries



# 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

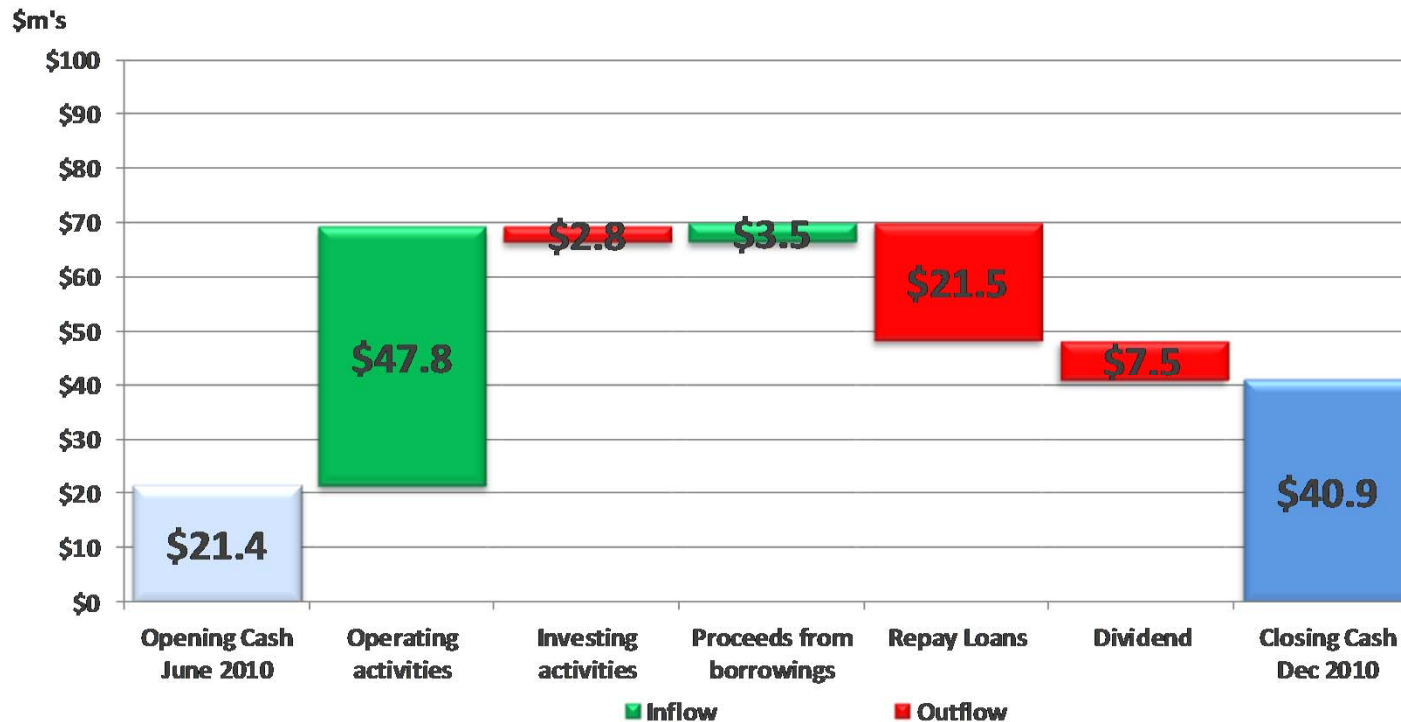
- Continued growth across all business divisions
- Increased net earnings, earnings per share and dividends

## Funding and Debt Position

		Dec 2010	Jun 2010	Dec 2009
Cash	\$m	40.9	21.4	14.5
Debt	\$m	55.7	60.9	79.6
Net Debt	\$m	14.9	39.4	65.1
Net Debt / Equity		8%	23%	29%
Capex (6 months)	\$m	14.6	26.2	33.8
Funding headroom	\$m	301.0	175.0	100.0

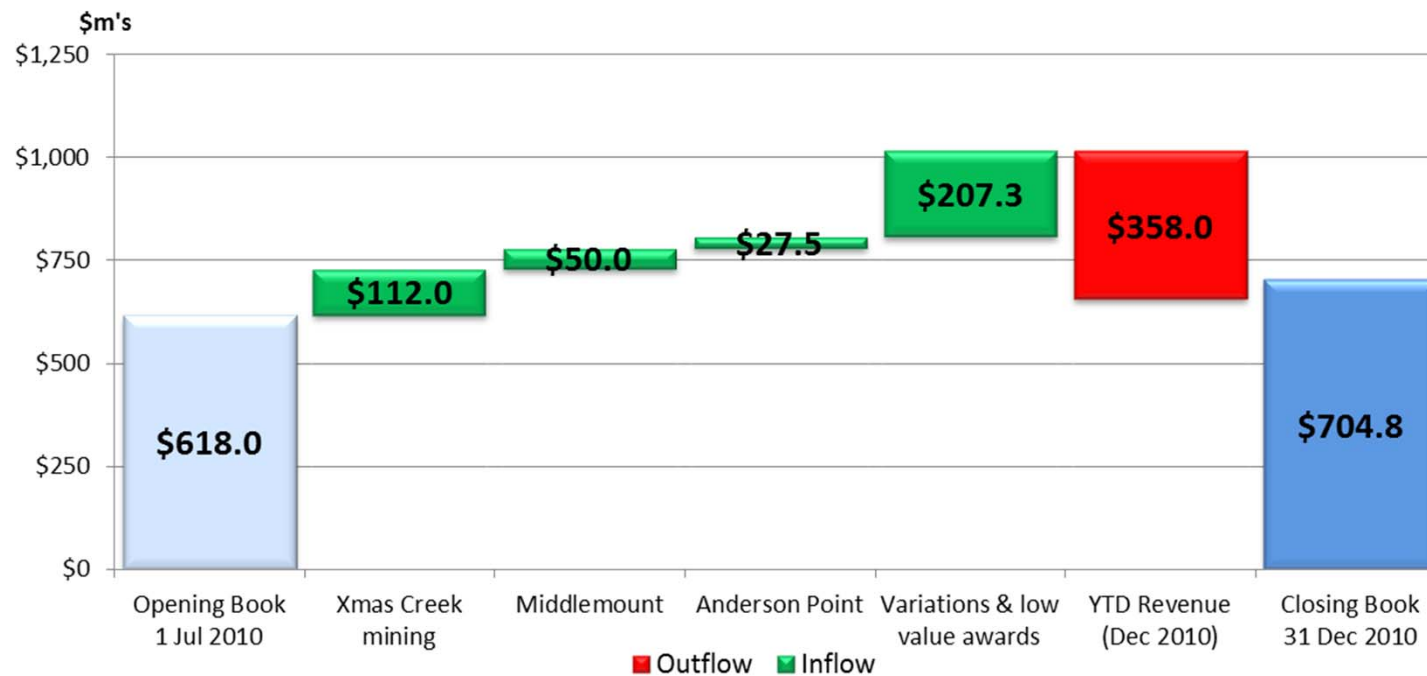
- ❑ Significantly improved cash position in 1HY2011
- ❑ Improved gearing position compared to FY10
- ❑ Capacity for future growth

# Cash Flow 1HY2011



- Investing activities refers to those items not funded directly by financiers and comprise tyres, small capital items and minor leasehold improvements.
- Proceeds from borrowings relates to funds received for trade finance.

# Order Book



- Value of secured revenue for FY11 is currently \$643m; 92% of minimum FY11 target of \$700m
- Secured revenue excludes the ECI projects outlined on slide 7 ("Civil ECI Projects"), anticipated to commence in the second half FY11.
- Balance of order book value: FY12 \$226m and \$194m post FY12
- Variations and scope changes refers to existing and recently completed contracts undertaken for major clients

# Outlook Strategy FY2011/2012

## 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

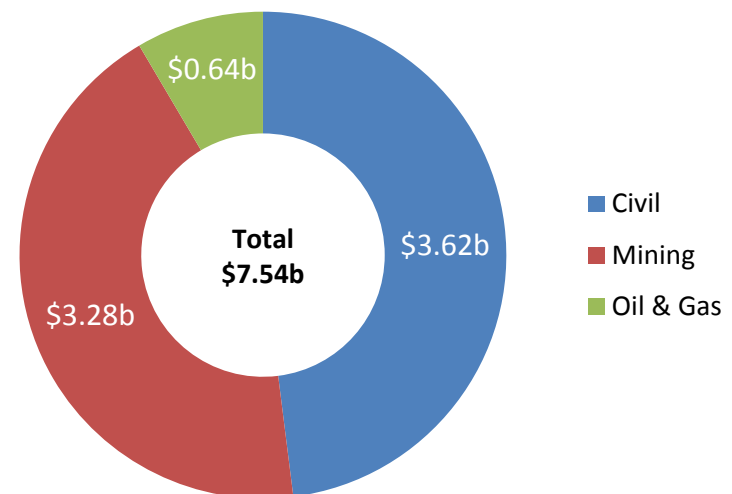
### Mining

- 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





# FY2011 Outlook and Strategic Objectives

## Achieved to Date

- ✓ Awarded major coal project in Queensland
- ✓ Awarded main roads contract in WA
- ✓ Awarded ECI 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

Work  
to be  
done

**\$850-1b Potential  
Revenue**

**FY12**

- Maintain strong revenue growth and ROCE
- Maintain industry leading margins
- Order Book \$1b+
- 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 \$1.5b - \$2b
- Target further emerging market expansion.
- Horizontal and vertical integration to service a broader spectrum of projects.