



# NRW Holdings Ltd

Half Year Result FY2012

24<sup>th</sup> February 2011





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All currency is denominated in Australian dollars unless otherwise noted.

# Half Year Review:

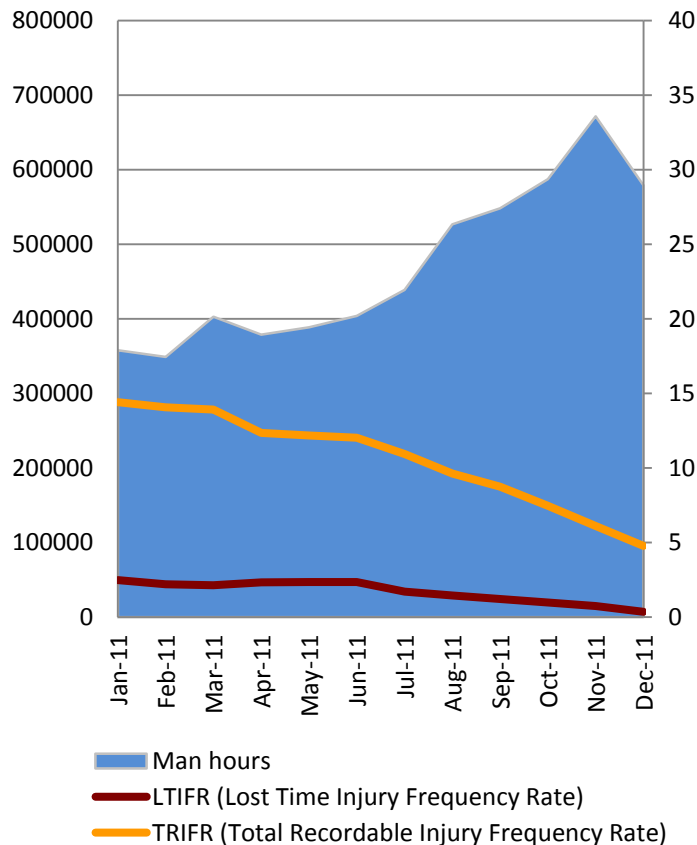
## Financial and Operational Highlights

- Record HY revenue of \$610.4m      72% increase on 1HY11
- EBIT of \$70.4m      120% increase on 1HY11
- Net Profit After Tax \$45.3m      123% increase on 1HY11
- Net Debt / Equity 2%      From 20% in June 2011
- Fully franked dividend 8.0 cents      100% increase on 1HY11
- First major oil and gas project awarded at Chevron's Wheatstone Project \$99m.
- Contract awards include Fortescue Rail Duplication, Solomon Hub and variation to Herb Elliot Port contract.
- Queensland civil expansion: Dugald River, BMA Agreement.



# Safety

## Performance

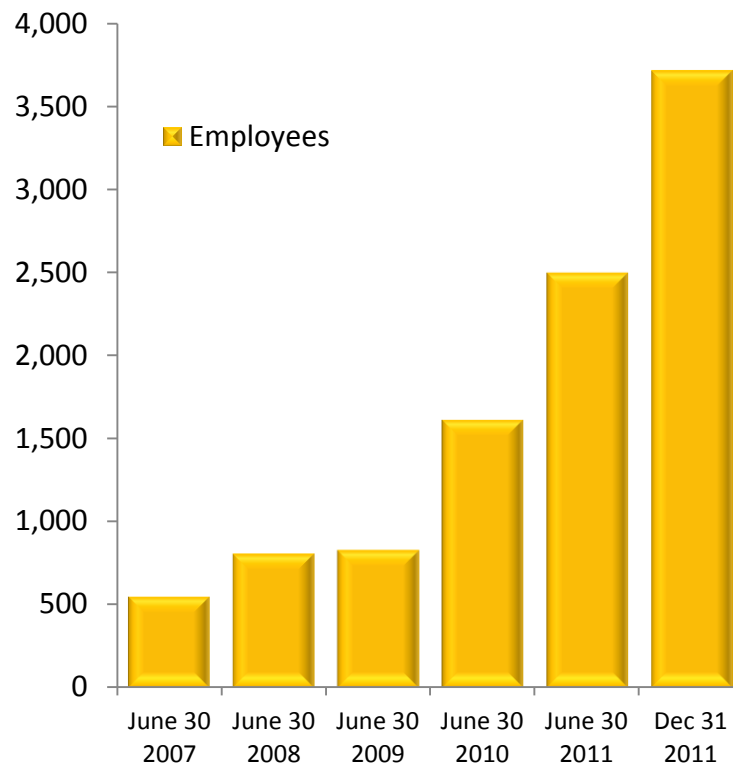


- NRW has a world class HSE management system which exceeds AS4801 and is coupled with an HSET reporting system, resulting in improved communications between site and the corporate office.
- Improved safety performance with Lost Time Injury Frequency Rate (LTIFR) at 0.51 in January 2012 (down from 2.36 at 30 June 2011).
- A corresponding decrease in Total Recordable Injury Frequency Rates (TRIFR), which is at 5.27 to January 2012, down from 12.03 at 30 June 2011.
- The launch of a company wide safety culture program, *A safe day. Every day*, was successfully launched and rolled out across majority of sites in January 2012.
- Our injury statistics have consistently improved and we expect an increase in employee HSE training to further support this trend.

# Our People

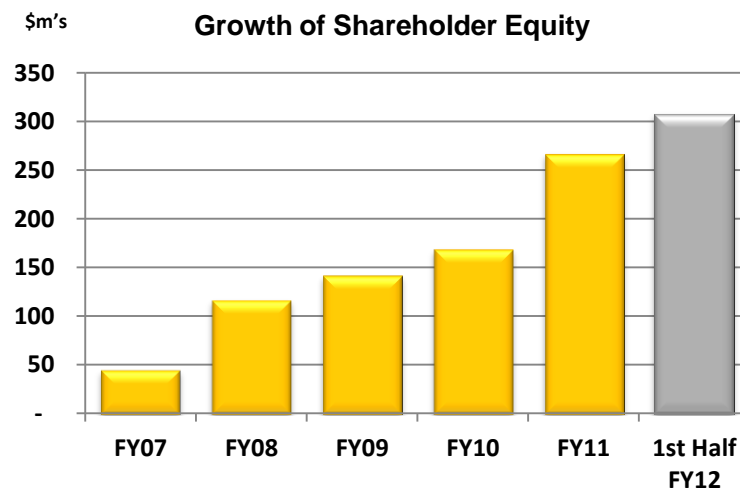
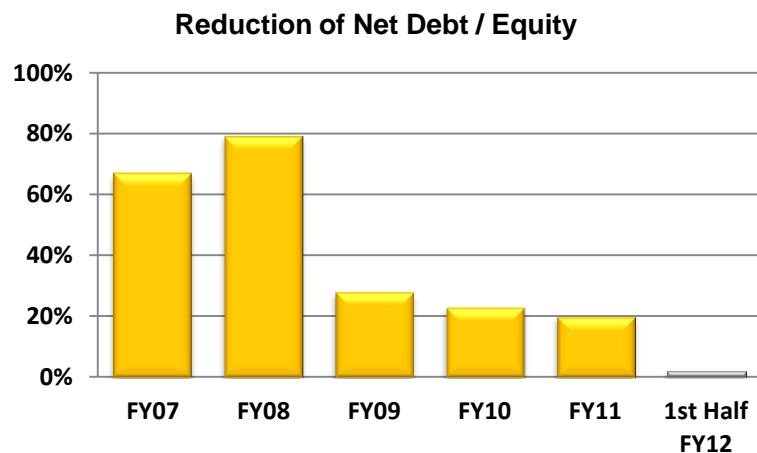
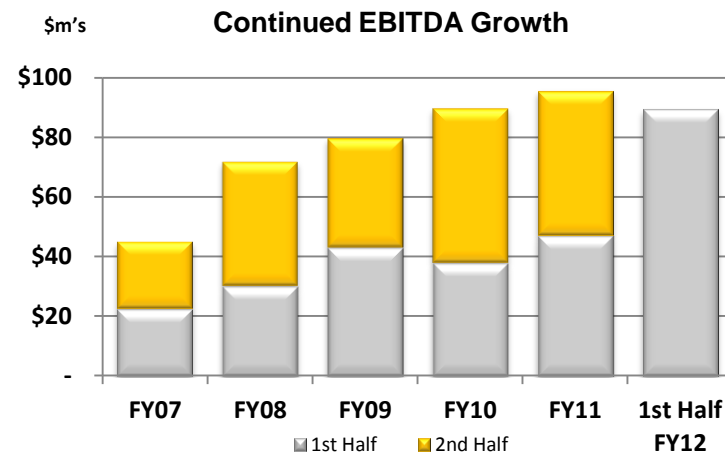
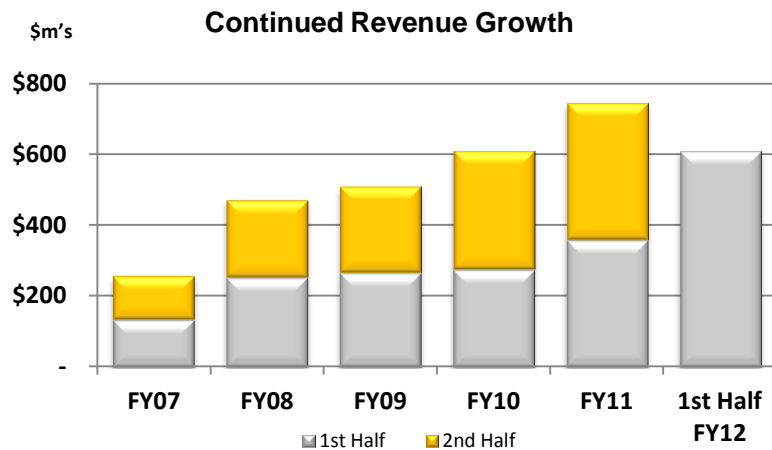
- ❑ As of December 31 2011 NRW employed a workforce in excess of 3,719\*.
- ❑ Focused strategic approach to attraction and retention of talent:
  - ❑ Graduate and Vacation Work Programs
  - ❑ Apprenticeships
  - ❑ Online and social media job-boards
  - ❑ National brand awareness campaign to attract key personnel
  - ❑ International recruitment drives to the UK, South Africa and PNG
  - ❑ Indigenous Employment - Powerup
- ❑ We have also enhanced our training portfolio and are geared to deliver more training to all employees through 2012.
- ❑ NRW's Indigenous workforce participation remains strong and remains consistent at approximately 10-12% of total workforce.

**NRW Employees\***  
**2007 – Dec 31 2011**



\*Employees includes direct employees, subcontractors and apprentices

# Key Financials





# Projects awarded in 1HY12

- ❑ Multiple contract wins with Fortescue Metals Group:
  - ❑ Main Line Rail Duplication – award value \$70 million
  - ❑ Herb Elliott Port Variation – award value \$112 million
  - ❑ Solomon Hub - award value \$80 million
- ❑ Queensland Civil Expansion
  - ❑ 2 year Supplier agreement - BMA
  - ❑ Dugald River – MMG
- ❑ First major oil and gas contract awarded – Wheatstone \$99m (Bechtel / Chevron) commencing in mid 2012
- ❑ 3 year extension of Simandou contract in Guinea, West Africa for Rio Tinto with a base value of \$108 million



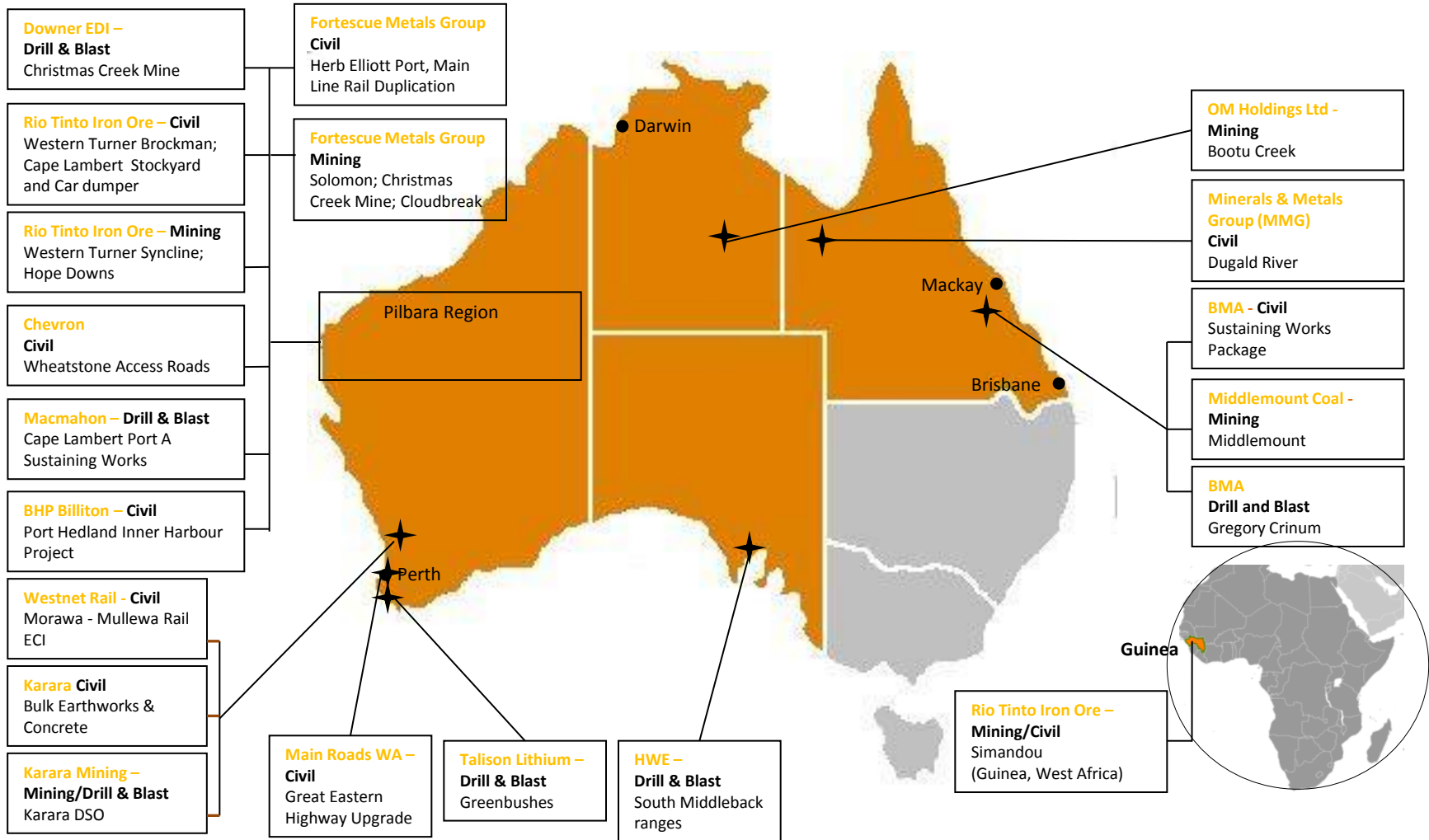
# Action Drill & Blast

- Action Drill & Blast now employs more than 300 people, operates over 30 drill rigs and has undertaken work on 14 contracts.
- Expansion into coal industry began with award of the first coal project at Middlemount Operation where drilling commenced in February 2011.
- Awarded a second coal contract to carry out drilling services at Gregory Crinum for BMA, this contract has since been increased to 2 drills.
- Ongoing marketing to external clients is being undertaken in order to expand the external client base to 50% of revenue in FY12.
- Key external projects include contracts at Greenbushes for Talison Lithium; Gregory Crinum for BMA and Christmas Creek for Downer.
- Targeting continuous growth with indications that the drill fleet will be increased to 44 drills and personnel will be >400 by the end of FY13.





# Project Map



# Action Mining Services



- AMS experienced strong demand for water and service trucks increasing revenue and profits during the half year ended 31 December 2011.
- The mechanical repairs business is largely linked to activity in the sector and demand for mobile equipment. The workshop now has a significant forward work load, however still faces challenges due to the tight labour market.
- It is expected that strong demand for Action's products will continue into the second half of FY12 in line with the expansion of the WA resources sector.



# Operating Performance

Operating Performance (\$m's)	1HY 12	1HY 11	Change
<b>Sales Revenue</b>			
Civil	323.9	192.1	69% ↑
Mining	246.5	149.9	64% ↑
Action Drill & Blast	50.9	11.3	354% ↑
Action Mining Services	21.0	12.7	65% ↑
Other*	(31.8)	(11.9)	
<b>Total Sales</b>	<b>610.4</b>	<b>\$354.1</b>	<b>72% ↑</b>
EBITDA	89.4	48.5	84% ↑
EBIT	70.4	32.0	120% ↑
<b>NPAT</b>	<b>\$45.3</b>	<b>\$20.4</b>	<b>123% ↑</b>
EPS (basic) cents	16.2	8.1	100% ↑
DPS cents	8.0	4.0	100% ↑

\* other includes unallocated income and consolidation eliminations for Action Drill & Blast **(\$28)m**, Action Mining Services **(\$3.6)m** & residual transactions of Promac **(\$0.2)m**

- Significant growth across all divisions amounting to 72% total sales growth compared to the pcp.
- Increased net earnings of 123% and 100% growth in both, earnings per share and dividend per share compared to the prior corresponding period.

# Divisional Performance

Divisional Performance (\$m's)	Civil	Mining	Action Drill & Blast	Action Mining Services
<b>Half Year Ended 31 Dec 2011</b>				
Sales Revenue	323.9	246.5	50.9	21.0
Operational costs	(287.3)	(214.8)	(44.0)	(19.9)
<b>Segment Profit</b>	<b>36.6</b>	<b>31.7</b>	<b>6.8</b>	<b>2.1</b>
	<b>11%</b>	<b>13%</b>	<b>13%</b>	<b>10%</b>
<b>Half Year Ended 31 Dec 2010</b>				
Sales Revenue	192.1	149.9	11.3	12.7
Operational costs	(171.7)	(133.5)	(10.2)	(11.8)
<b>Segment Profit</b>	<b>20.3</b>	<b>16.4</b>	<b>1.0</b>	<b>0.9</b>
	<b>11%</b>	<b>11%</b>	<b>9%</b>	<b>7%</b>

- Civil margins in line with the pcg, however lower than expected due to projects ramping-up in the second quarter of the half year.
- Whilst Mining margins improved compared to prior year performance with the addition of new projects (Solomon, Middlemount), we expect further margin improvement with full utilisation of equipment, subject to adverse weather or unforeseen events.
- Action Drill & Blast margins increased due to external contract contribution.
- Action Mining Services margins increased benefiting from high demand for sales water and service trucks.

# Balance Sheet

Financial Position (\$m's)	1HY12	FY11	FY10	FY09	FY08
Property, Plant & Equipment	297.5	268.5	152.9	125.9	123.4
Other Assets	246.9	205.8	210.0	165.3	199.6
Liabilities	(240.8)	(154.7)	(154.5)	(108.7)	(113.4)
	303.6	319.6	208.5	182.5	209.6
<b>Funded by:</b>					
Cash / (overdraft)	140.0	70.6	21.4	20.6	(11.3)
Debt	(145.5)	(123.5)	(60.8)	(60.8)	(81.0)
<b>Net Funding</b>	<b>(5.5)</b>	<b>(52.9)</b>	<b>(39.4)</b>	<b>(40.2)</b>	<b>(92.3)</b>
<b>Shareholders Equity</b>	<b>298.1</b>	<b>266.7</b>	<b>169.1</b>	<b>142.2</b>	<b>117.2</b>
EBIT / net interest	12.7x	11.3x	9.8x	7.2x	8.4x
Net debt / equity	2%	20%	23%	28%	79%

- NRW reduced net debt to equity position to 2% at the half year compared to 20% at 30 June 2011
- Efficient conversion of Trade Receivables has resulted in a significant increase of cash reserves.
- Debt consists of trade finance \$3.9m, insurance premium funding \$0.9m, Hire Purchase \$140.7m.



# Capital Expense & Funding

Capital Expenditure	1HY12
Civil	8.0
Mining	23.8
Action Drill & Blast	7.6
Other	8.6
<b>TOTAL NET ADDITIONS</b>	<b>\$48.0</b>

- Significant investment of capital in the Mining Division for Middlemount Coal project
- Action Drill & Blast capex relates to purchase of 5 rigs
- "Other" includes investment of information systems and leasehold improvements to allow for centralisation of staff in new Perth headquarters.
- Commitments to further capital expenditure post 31 December 2011 total \$130.5m. It is expected that \$90m will be acquired between 1<sup>st</sup> Jan – 30<sup>th</sup> June 2012.
- Value of items subject to Operating Leases commencing in 1HY11 was \$32m being for BMA civil fleets and some drill and blast assets (excluded from table above)

Facilities (\$m's)	Limit	Available
Bonding	218	101
Asset Finance	389	235
Working Capital	35	35
Other	15	11
<b>TOTAL</b>	<b>\$657</b>	<b>\$382</b>

- Current funding facilities able to be expanded through syndication (an increase of \$120m secured since 30 June 2011).

# Outlook



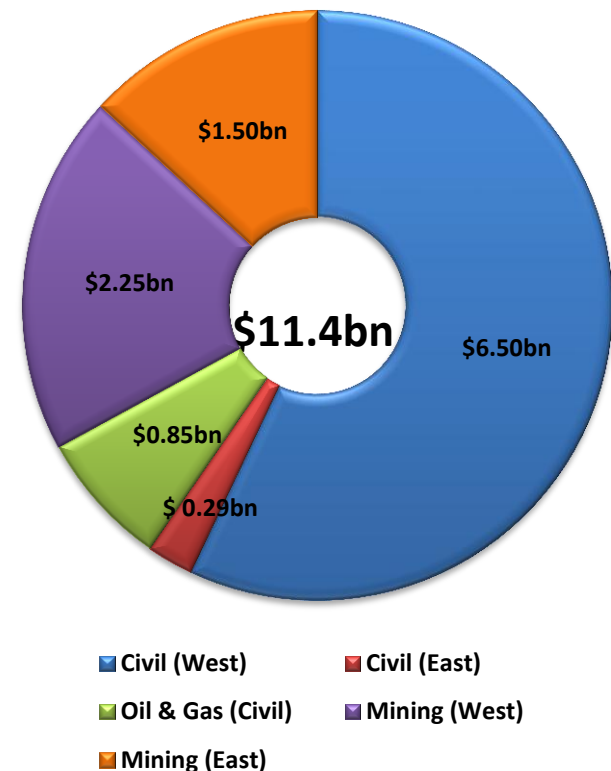
- ❑ Full Year revenue target circa \$1.3 billion, expected NPAT margin of 7%. Results guidance is contingent upon limited disruptions through adverse weather conditions and other unforeseen events.
- ❑ Strong balance sheet and funding facilities in place to underpin future growth into FY13 and beyond.
- ❑ Strong pipeline across infrastructure projects (in iron ore, coal and oil and gas), as well as mining opportunities (Western Australia and Queensland).
- ❑ NRW remains focused on its strategy of servicing its existing blue chip customer base in the key markets of iron ore and coal whilst actively pursuing additional opportunities in the oil and gas sector, as well as other key commodities.
- ❑ We are investigating opportunities in emerging markets in our existing fields of expertise as well as seeking opportunities to broaden our future service offering.
- ❑ Strong emphasis on employee training and development initiatives to retain and upskill employees in a very tight labour market.

# Order Book and Tender Pipeline

## Order Book

- Current order book is \$1.67 billion, comprising \$0.49 billion in civil, and \$1.18 billion in mining.
- ECI projects are excluded from the order book which include the two streams of earthworks within the Rio Tinto Iron Ore five year Framework agreement and the BMA Framework agreement.
- Current active tenders/framework projects total approximately \$3.23 billion (civil \$1.3 billion; mining \$1.73 billion; drill and blast \$0.2 billion).
- Conversion of current active tenders and preferred contractor arrangements to contribute to significant growth of the order book during the second half FY12 and beyond.

## Tender Pipeline



**Thank you. Any Questions?**

