

## ASX ANNOUNCEMENT

19 August 2020

ACN: 118 300 217

181 Great Eastern Highway, Belmont Western Australia 6104  
PO Box 592 Welshpool, Western Australia 6986

Tel +61 (0)8 9232 4200 Web [nrw.com.au](http://nrw.com.au)

### Record Revenue, very strong cash conversion, diversified Order Book and growing Pipeline

#### Financial Highlights <sup>(1)</sup>

- ✓ Record Revenue of \$2,062M up 83% on FY19.
- ✓ EBITDA at \$250M up 74% on FY19.
- ✓ Operating EBIT normalised for one off transaction costs and amortisation related to acquisitions increased to \$140.9M up 120% on FY19 of \$64.2M.
- ✓ Normalised Earnings per share increased to 21.0 cents compared to 10.7 cents in FY19.
- ✓ Net Earnings after tax normalised for acquisition intangibles increased 122% to \$89.7M.
- ✓ Cash at June 30 totalled \$170M; an increase of \$105M in the financial year.
- ✓ Cash conversion at record high of 97%.
- ✓ Debt repayments in the year totalled \$82.4M.
- ✓ Lease Debt included in the balance sheet (AASB16) reduced from \$122M at the half year to \$65M comprising mostly long term property leases.
- ✓ Gearing reduced to below 30% including lease debt (67% at December 2019) and to 15.8% excluding lease debt.
- ✓ Further improved Return on Capital Employed at 22.8% compared to 13.7% in FY19.
- ✓ The results include tax of \$26.5M which will reduce current tax assets. No tax will be payable in relation to FY20.

#### Strategic

- ✓ Successful acquisition of BGC Contracting completed in December 2019 now fully integrated into NRW's operations around Australia.
- ✓ Our fourth pillar – RCR Mining Technologies (RCRMT) and DIAB Engineering (DIAB) integrated into the Group and strongly aligned on growth to \$500M per annum combined revenues through growth in maintenance, fabrication, shutdown and project works.
- ✓ Preferred Proponent for the \$852M Bunbury Outer Ring Road project as a 40% member of the Southwest Connex Alliance. Significant additional opportunities in public infrastructure currently in tender and evaluation phase.

#### Operational

- ✓ Mining contracts continue to perform to production objectives agreed with clients.
- ✓ Across our coal portfolio where production levels have been relatively consistent throughout FY20, we are currently working closely with our clients to support their 6 and 12 month production forecasts. At this stage, we do not expect any material impact to our Mining business outlook as clients are both looking to accelerate production in some

For personal use only

instances but also to continue to maintain a strong focus on costs given disruptions as a consequence of COVID-19 to the current coal market.

- ✓ Outstanding performance delivered by RCRMT including the successful delivery of the HOP9 Crushing Plant project for Fortescue Metals Group.
- ✓ In the gold sector the business has worked closely with the Gascoyne Resources management team and FTI in support of the Dalgara project turnaround and their recapitalisation plan. Our agreement will return \$7M of cash and \$12M of Gascoyne equity assuming their recapitalisation plan proceeds as planned with the balance of funds owing to be paid commencing calendar year 2021.
- ✓ Strong order intake in the year increasing the year end Order Book to \$3.5B with a number of Mining contracts expected to be renewed in FY21.

Commenting on the performance of the business Jules Pemberton, NRW's Chief Executive Officer and Managing Director said:

*"Before commenting on the results, I would like to thank all of our valued 7,000 strong workforce for their contributions this year. Despite the enormous challenges presented by the COVID-19 pandemic our amazing people responded with courage and determination to not only help keep themselves, their families and their colleagues safe from the virus but also continued to support the changing business requirements and working incredibly hard to help achieve another year of very strong growth.*

*Growing record revenues to over two billion dollars during the year is a great achievement, however the highlight for me is the strong contributions made to that growth from all parts of the business. Doubling the earnings from last year also demonstrates that we can deliver work profitably and through our disciplined approach, produce outstanding cash conversion despite the magnitude of the challenges faced over the last 12 months.*

*As a result of the improvement in performance and cash holdings, the Board has increased the final dividend to 4 cents per share up 100% on the 2 cents per share final dividend declared last year. The dividend will be fully franked.*

*The results are also good because we have acquired great businesses which have returned the investment made in those businesses in record time"*

The BGC Contracting acquisition completed in the year provides three clear growth opportunities:

- Provides a demonstrable track record to address a fast growing Infrastructure sector particularly in West Australia;
- The acquisition increases the size and capability of our Mining Technologies business with a key focus on the Maintenance sector through the acquisition of DIAB; and
- Further scale, capability and diversification in both geography and commodities for our Mining Business.

## Outlook

As a consequence of strong organic growth and the acquisitions completed over the last three years NRW is very well positioned to address a growing set of opportunities. Our objectives going forward remain broadly unchanged although with the strengthened organisation, we will concentrate more on growth through proven capability by:

- Addressing growing public civil infrastructure opportunities through proven delivery, our position in Bunbury Outer Ring Road and our accreditations around Australia;
- Leveraging our enlarged maintenance, OEM products and Mechanical construction capabilities through the combination of RCRMT and DIAB to accelerate growth in this through cycle market;

- Building on our delivery record in the Pilbara to address continued investment in iron ore;
- Retaining, recruiting and training our workforce to meet strong market demand; and
- Continuing to review options to build a broader delivery platform.

The Order Pipeline remains strong with the potential for further infrastructure projects to be accelerated as part of joint Federal and State priorities to address the economic consequences of COVID-19. The Pipeline of tenders and prospects expected to be awarded in the next 12 months has increased to \$12.9B, of which NRW has current submitted tenders of circa \$1.4 billion.

The enlarged business is now well positioned for continued strong growth. The order book post the announcements of the Bunbury Outer Ring Road is circa \$3.5 billion.

NRW is forecasting revenue of between \$2.2 billion to \$2.3 billion in FY21 of which \$2.0 billion is from current contracts, agreed mining schedules or is expected as repeatable business in Urban, RCRMT and DIAB Engineering.

### Final Dividend

The Directors have declared a final dividend for the year ended 30 June 2020 of 4 cents per share which compares to the 2 cents per share declared in the prior comparative period. The dividend will be fully franked and will be paid on 14 October 2020.

This ASX Announcement has been approved in accordance with the Company's published continuous disclosure policy and authorised for release by the Board of NRW Holdings Limited.

Kim Hyman  
Company Secretary

For more information, please contact:

**Jules Pemberton**  
CEO and Managing Director  
NRW Holdings Limited  
+61 8 9232 4200

**Andrew Walsh**  
Chief Financial Officer  
NRW Holdings Limited  
+61 8 9232 4200

## Note (1)

### Reconciliation of non-IFRS measures used in this announcement to IFRS accounts

Reconciliation of IFRS and Non IFRS numbers and cash conversion	FY20		FY19	
	Revenue	Earnings	Revenue	Earnings
	\$M	\$M	\$M	\$M
<b>Total Revenue / EBITDA</b>	<b>2,062.4</b>	<b>250.0</b>	<b>1,126.3</b>	<b>143.9</b>
Revenue from associates	(58.1)		(48.2)	
Depreciation		(109.1)		(51.3)
Gascoyne impairment / RCRMT				(28.4)
<b>Operating EBIT</b>		<b>140.9</b>		<b>64.2</b>
Amortisation of acquisition intangibles		(13.0)		(10.8)
Transaction costs <sup>(1)</sup>		(14.9)		(1.2)
<b>EBIT</b>		<b>113.0</b>		<b>52.2</b>
Interest (finance costs)		(12.8)		(6.5)
<b>Profit before income tax (as accounts)</b>		<b>100.2</b>		<b>45.7</b>
Tax		(26.5)		(13.5)
<b>Statutory Revenue / Net earnings (as accounts)</b>	<b>2,004.3</b>	<b>73.7</b>	<b>1,078.1</b>	<b>32.2</b>
NPAT N <sup>(2)</sup>		89.7		40.4
EPS (N) <sup>(3)</sup>		21.0		10.7
<b>Net cash from operating activities (note 5.1)</b>		<b>215.7</b>		<b>99.8</b>
Add back: Transaction costs (as above)		14.9		1.2
Add back: Net finance expense (as above)		12.8		6.5
<b>Normalised net cash from operating activities</b>		<b>243.4</b>		<b>107.6</b>
<b>EBITDA (as above)</b>		<b>250.0</b>		<b>143.9</b>
Cash conversion		97%		75%

(1) Transaction costs in FY20 relate to acquisition of BGC Contracting and in FY19 to the acquisition of RCRMT

(2) Net Profit after tax excluding amortisation of acquisition intangibles and at 30% tax rate

(3) EPS (N) based on NPAT (N)

#### About NRW Holdings Limited:

NRW is a Leading, diversified provider of contract services to the resources and infrastructure sectors in Australia. With extensive operations in Western Australia, South Australia, New South Wales, Queensland and Victoria. 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 offers a leading original equipment manufacturing (OEM), specialist maintenance (shutdown services and onsite maintenance), industrial engineering and innovative materials handling design capability with comprehensive additional experience for refurbishment and rebuild service for earthmoving equipment and machinery. NRW has a workforce of around 7,000 people supporting more than one hundred projects around Australia supporting clients across the infrastructure, resources, industrial engineering, maintenance and urban sectors

--ENDS--