

ASX ANNOUNCEMENT

18th February 2021

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Record First Half Year Revenue

Highlights

- Revenue up 44% to \$1,168M; first half of FY20 (pcp) \$808.7M.
- Earnings (EBITDA) increased to \$132.8M up 28% compared to \$103.8M¹ pcp.
- Margins on Pilbara projects impacted by resource availability due to continued resource constraints related to COVID-19 measures
- Cash balance at \$171.4M and net debt reduced by \$43.2M to \$96.5M
- Gearing sub 20% (including Lease Debt)
- Bank debt fully repaid – Golding acquisitions and Corporate Notes
- Order wins in excess of \$1B, including two major infrastructure projects
- Interim dividend declared of 4 cents per share and updated Dividend Policy advised
- Strong cash conversion – expected repayment of contract advances the major movement in first half working capital
- Net result includes non-cash expenses related to the amortisation of acquisition intangibles (\$9.0M) and tax expense (\$11.2M) offset against prior year losses
- Primero (ASX:PGX) takeover - moving to compulsory acquisition - delivers a step change in scale and diversity to NRW's Minerals, Energy and Technology (MET) pillar. MET secured its largest project to date to deliver a Primary Crusher and Overland Conveyor for the Queens Project at the Solomon Hub for Fortescue Metals Group. Led by RCR Mining Technologies and supported by Primero, NRW Civil and DIAB Engineering demonstrating the end to end delivery capability of the enlarged group.

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

"I would once again like to begin my commentary on the Company's performance by recognising the significant contributions made by the NRW workforce in delivering these results in what remains a continuing challenging environment presented by COVID-19.

Our entire workforce has continued to work hard every day around the nation despite the different challenges we have faced state by state through the consequences of full lockdowns and partial lockdowns, but in particular the border closure impact which has limited our access to resources through what has probably been the busiest six months in NRW's history.

Despite these restrictions the Company has delivered a record first half revenue, increased earnings and maintained its fiscal discipline by once again delivering a strong cash conversion.

¹ For comparative purposes, prior period EBITDA is adjusted to reflect application and finalisation of AASB 16.

Our strong first half performance has allowed the Board to update our Dividend policy, commented on below, which will deliver an interim dividend of 4 cents per share, up 60% on prior comparative period.

I am also pleased to report that despite the ongoing issues related to COVID-19 we have been able to provide entry-level employment and upskilling opportunities through apprenticeships and trade upgrades. We have also taken on graduates and vacation students in disciplines aligned to our key activities.”

Outlook

The business has delivered significant growth over the last four years due to both sustained growth in the Company’s core markets and the successful acquisitions of Golding, RCRMT and BGC Contracting.

NRW Chief Executive Officer and Managing Director Jules Pemberton said:

“Growth is expected to continue as a result of increasing expenditure on Infrastructure projects at state and federal level, demand for commodities remaining strong and as a consequence of the recently announced Primero acquisition.

Working closely with the Primero team since the acquisition announcement has confirmed the opportunities to expand our Minerals, Energy & Technologies (MET) specialised capabilities which will provide leverage for the combined expertise to pursue new business initiatives across a large pipeline of opportunities.

The addition of Primero to the MET business represents a further diversification of our strategic platform to offer clients continuity of services across the whole lifecycle of resource projects – from early planning, design, development, construction to operations and maintenance.

In addition, our exposure and now strengthened capability to participate in the future energy minerals and renewables sectors is also set to grow through Primero’s existing client base and significant future opportunities.”

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 \$14.1B of which circa \$5B are currently submitted tenders. Order Intake in the half was just over \$1B generating an order book at the end of December of circa \$2.8B. Primero has an order book of circa \$165M and holds preferred EPC contractor status across multiple projects totalling around \$1B.

NRW is maintaining its forecast revenue of between \$2.2B to \$2.3B for FY21. The lower end of this range is now covered with secured work

Interim Dividend and Updated Dividend Policy

The Board of Directors has agreed an updated dividend policy which recognises that the Company whilst delivering on its growth objectives through a number of strategic acquisitions has at the same time demonstrated continued strong cash generation. The Board has concluded that in future the dividend payout ratio will be 40% to 60% of Normalised Net earnings, (Net Earnings excluding non-cash amortisation of intangibles and non-recurring transactions). In establishing this policy, the Board has reserved its position to direct available cash to meet strategic investments if the capital structure of those investments is best met from own funds.

Given the importance of the BGC and Primero acquisitions over the last 12 months priority was given to ensuring appropriate liquidity to support both growth from the acquisitions and organic growth.

The Directors have declared an interim dividend for the six months ended 31 December 2020 of 4 cents per share which compares to 2.5 cents per share declared in the prior comparative period. The dividend will be fully franked and will be paid on 8 April 2021.

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

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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, Northern Territory 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

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