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NRW Holdings

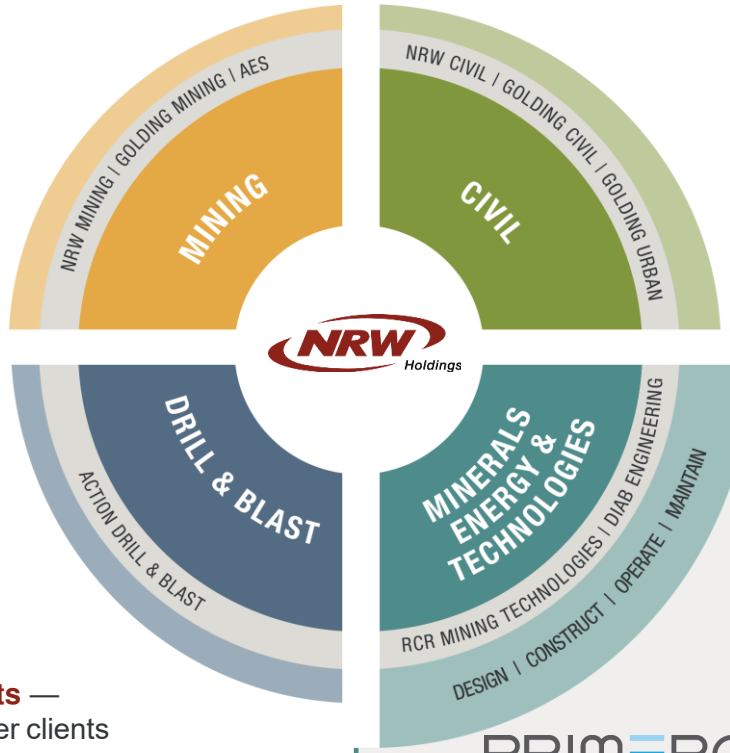
PRIMERO

RECOMMENDED TAKEOVER OFFER

24 November 2020

TRANSACTION STRATEGIC RATIONALE

- NRW has announced a conditional off-market takeover offer to acquire 100% of Primero Group Limited (ASX:PGX) for an implied equity value of ~$100M[1].
- Primero is a multi-disciplinary engineering group specialising in the design, construction and operation of resource projects.
- Acquisition of Primero will, if completed, represent another significant milestone and deliver a value accretive step change in scale and diversity for NRW's Mining Technologies business pillar.
- Experienced Primero management team to remain with the business under NRW ownership.
- Primero's business and its competencies are complementary to NRW's compelling strategic delivery platform.
  - **Broader client service offering** — Primero is a vertically integrated engineering group that specialise in the design, construction and operation of resource projects.
  - **Continuity of service to clients across the lifecycle of projects** — NRW's renamed Minerals, Energy & Technologies division to offer clients continuity of services across the whole lifecycle of resource projects – from early planning, design, development, construction to operations and maintenance.
  - **Broadened market diversification** — Primero supports an expanded service offering to a high-profile client base with a long track record of contract renewal and extension.
- Primero's FY21 announced contracted order book ~A$285M – holds preferred EPC contractor status across multiple projects totalling ~A$900M (including Strandline Resources and Piedmont).
- Partial scrip consideration maintains NRW's flexibility in relation to capital management initiatives and ensures sufficient capacity retained to pursue further growth options.



PRIMERO

MINERALS | ENERGY | NPI

- Growing non-cyclical market and new emerging markets in minerals and energy sectors
- Adds capability through full life cycle of projects from feasibility through execution and ongoing operations
- In-house turnkey design and construct capability - EPC
- Vertically integrated discipline delivery – Civil / Structural / Mechanical / Piping (CSMP) & Electrical Instrumentation & Control (EIC)
- Build / Operate / Operate (BOO) or Build / Own / Operate / Transfer (BOOT)

1. Based on NRW closing share price of $2.59 on 23 November 2020 and Primero on a fully diluted basis. The implied value of the Offer will change with fluctuations in the NRW share price.

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TRANSACTION DETAILS

Unanimous support from Primero's Board

ACQUISITION OVERVIEW	• Conditional off-market takeover offer unanimously recommended by the Primero Board.
	• Consideration payable:
	  – $0.275 cash; plus
	  – 0.106 NRW shares per Primero share.
	• Offer values the Primero shares at $0.55 each or approximately $100M[1] equity value.

DIRECTORS RECOMMENDATION	• Primero Directors intend to accept the Offer in respect of all Primero Shares they own and control no earlier than 21 days after the date of the Offer, in the absence of a Superior Proposal. • Primero's directors collectively own or control 30% of Primero's Shares[2].

IMPLIED PREMIUM	• Offer values the Primero shares at $0.55 each[3]
	  – 14.6% premium to the closing price of Primero shares on ASX on 23 November 2020 of $0.48;
	  – 30.1% premium to 30-day VWAP of Primero shares[4]; and
	  – 50.5% premium to 60-day VWAP of Primero shares[4].

OFFER CONDITIONS	• 90% minimum acceptance condition. • No material adverse change, no prescribed occurrences. • Other customary conditions.
EXCLUSIVITY	• Customary deal protection mechanisms including "no shop", "no talk" and "no due diligence restrictions", matching rights and break fee.
RELATIVE OWNERSHIP	• Primero shareholders will hold up to 4.4% of the combined group (on a fully diluted basis).
NRW FUNDING	• NRW intends to fund the cash component of the Offer using available cash on balance sheet and an acquisition facility of $50M provided by Bankwest.
PRIMERO INTERIM FUNDING	• NRW has made available to Primero an interim funding facility for up to $10M, to be available to fund working capital requirements through the Offer Period.

1. Based on NRW closing share price of $2.59 on 23 November 2020 and Primero on a fully diluted basis. The implied value of the Offer will change with fluctuations in the NRW share price.
2. Additionally Primero directors have confirmed their intention to accept the Offer (in the absence of a superior proposal) for any new Primero shares issued upon exercise/vesting of their Primero options.
3. Based on NRW closing share price of $2.59 on 23 November 2020. The implied value of the Offer will change with fluctuations in the NRW share price.
4. VWAP of Primero shares in the period up to and including 23 November 2020, the last trading day prior to NRW announcing its intention to make the Offer.

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BENEFITS FOR PRIMERO SHAREHOLDERS

01 VISION FOR THE COMBINED GROUP

- Retain position as a leading, diversified provider of contract services to the resources and infrastructure sectors in Australia.
- Draw on the strengths of NRW to support the Minerals, Energy & Technologies pillar to leverage the combined expertise to pursue new incremental business initiatives.
- Focused on growth and innovation, consistent with Primero's strategic objectives.

02 COMPELLING VALUE FOR SHAREHOLDERS

- Premium to the recent trading price of Primero Shares.
- Avoid the need for a potential dilutive capital raising to fund working capital required to deliver FY21/22 contracted order book.
- Opportunity to receive both an attractive price and consideration comprising both cash and NRW Shares.

03 STRATEGIC FIT

- Creates a larger diversified company with proven management expertise and established operating track record.
- Primero's capability enhances diversification of NRW's strategic platform to offer customers continuity of services across the whole lifecycle of resource projects – from early planning, design, development, construction to operations and maintenance.
- NRW intend to continue the growth of the Primero business. Cameron Henry will to lead the business, supported by the expertise of his management team and workforce to further expand the success of the Minerals, Energy & Technologies pillar.

04 FINANCIAL BENEFITS AS A NRW SHAREHOLDER

- Financially stronger company with a compelling strategic platform and clear growth outlook.
- Strong balance sheet and history of growth.
- Enlarged market capitalisation in excess of $1.15B with significant capital strength for future opportunities.

05 ENHANCED INVESTMENT APPEAL

- Benefit from NRW's higher liquidity and inclusion in the ASX 200 index.
- Attractive dividend record.
- Primero shareholders may be eligible for partial CGT roll-over relief.

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PRIMERO SNAPSHOT

- Founded in 2011, Primero is a vertically integrated engineering group specialising in the design, construction and operation of projects in the Mineral Processing, Energy and Non-Process Infrastructure markets as a turnkey solution provider.
- Primero provides these services to a diverse client base, ranging from mid-sized companies through to international mining and energy companies.
- Since inception, Primero has grown and diversified to employ currently ~1000 people.

PRIMERO VALUE CHAIN – CORE COMPETENCIES

FUNCTIONAL ACTIVITY & ECONOMIC LEVERAGE	KEY DRIVERS AND COMPETITIVE ADVANTAGE	MINERALS	NPI	ENERGY
DESIGN *Feasibility and FEED* *Early Contractor Involvement (ECI)*	• Strong technical and discipline-specific expertise • Key enabler for future large EPC contract awards • Follow-on execution horsepower	✓	✓	✓
CONSTRUCT *Engineer-Procure-Construct (EPC)*	• Current phase of capital spend by Pilbara iron ore majors • Further power generation and battery storage opportunities • Battery minerals expertise and North America minerals strategy • Proven capability and track record of large-scale NPI delivery • Growing track record of delivery on complex and highly technical projects • Established onshore and offshore O&G facility expertise	✓	✓	✓
OPERATE *Operations and Maintenance (O&M)*	• Specialist EPC delivery delivers strong potential for O&M conversion • Proven lithium operating pedigree and superior client outcomes	✓	◎	◎
KEY INFRASTRUCTURE OWNERSHIP *Build-Own-Operate (BOO)*	• Clear market gap for BOO process plant solutions on smaller projects • Leverage specialist process expertise and current junior funding hurdles • Non process infrastructure (NPI) / Build-Own-Operate (BOO) opportunities	✓	◎	◎
PROJECT OWNERSHIP *Principal Interest (Project Equity)*	• Leverage resource project evaluation, execution and operating skillsets into modest principal asset investment • Advanced exploration / pre-development / development into operation	✓		

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PRIMERO CLIENTS & PROJECT DIVERSITY

TIER 1 CLIENT BASE

NPI · Rio Tinto · BHP · Newcrest Mining Limited · thyssenkrupp

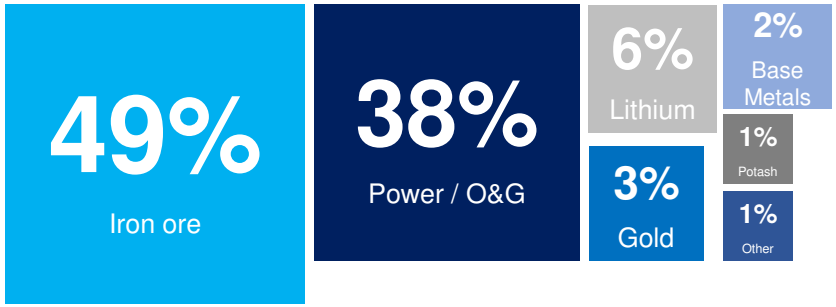
MINERALS · FMG · Northern Star Resources Limited · Galaxy · igo

ENERGY · EDL · Vermilion Energy · APA Group · Santos

CURRENT PROJECTS COMPOSITION

CURRENT PROJECTS	MINERALS	NPI	ENERGY
Australia	28	8	5
Americas	7	2	-
Europe	3	-	-
Asia	2	-	-

FY20 REVENUE BY COMMODITY EXPOSURE

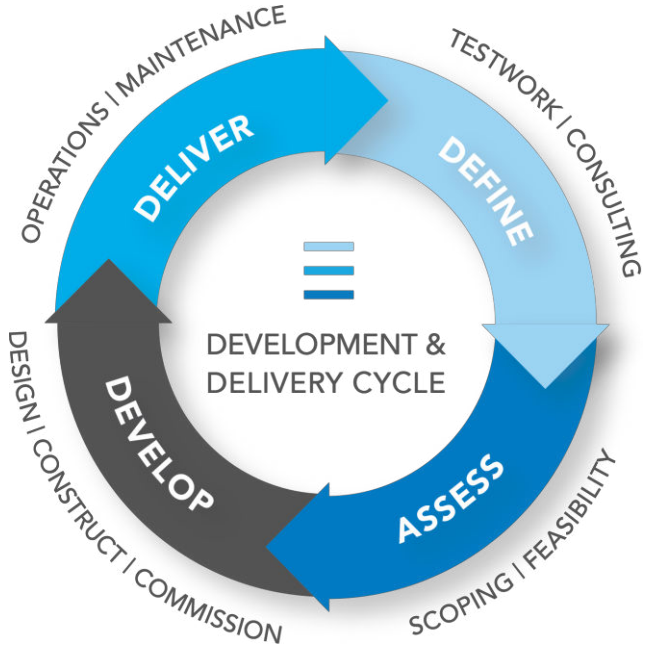


CLEAR STRATEGIC RATIONALE

Primero adds a full EPC delivery capability to NRW

Complete End to End

- Front end project incubator – feasibility and early-stage project development
- High success rate from early-stage involvement and project integration
- Ability to offer full turnkey mining & processing solution
- Become the partner of choice given technical excellence and back-end execution horsepower
- Balance sheet to offer BOO and equity investment
- Combined workforce of ~2,500 in the pillar



Combined Group Opportunities

- Primero and RCR successfully delivered HOP 9 crushing plant for Fortescue Metals Group
- Currently bidding with DIAB Engineering and RCR Mining Technologies on iron ore prospects
- Currently working together on multiple EPC projects across various commodities
- Iron Ore – multiple BOO mining / processing contract opportunities

FMG - HOP 9

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RECENT / CURRENT PRIMERO PROJECTS

NPI

RIO TINTO – KOODAIDERI NPI

Mine Facilities and Airport Terminal

- Central facilities and landside Airport Under Construction
- HME Infrastructure
- Fixed Plant Maintenance Facilities
- HV/LV Refuelling facilities
- Shower Block / EMO / Comms Building

- **Access**: 1 March 2020
- **Demobilisation**: August 2021
- **Contract value**: Circa $150M
- **Peak Manning**: Circa 200

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RECENT / CURRENT PRIMERO PROJECTS

MINERALS

FMG – CHRISTMAS CREEK

OPF2 WHIMS Beneficiation Plant

- 12 WHIMS units to recover saleable product from < 1mm fraction historically lost to desanding / tails
- 2,200m^3 of civils.
- 1,010 tonnes of structural steel.
- 11kms of piping.
- Fast track ECI – EPC contracting strategy.

- **Access**: March 2020
- **Completion**: December 2020
- **Contract value**: Circa $75M

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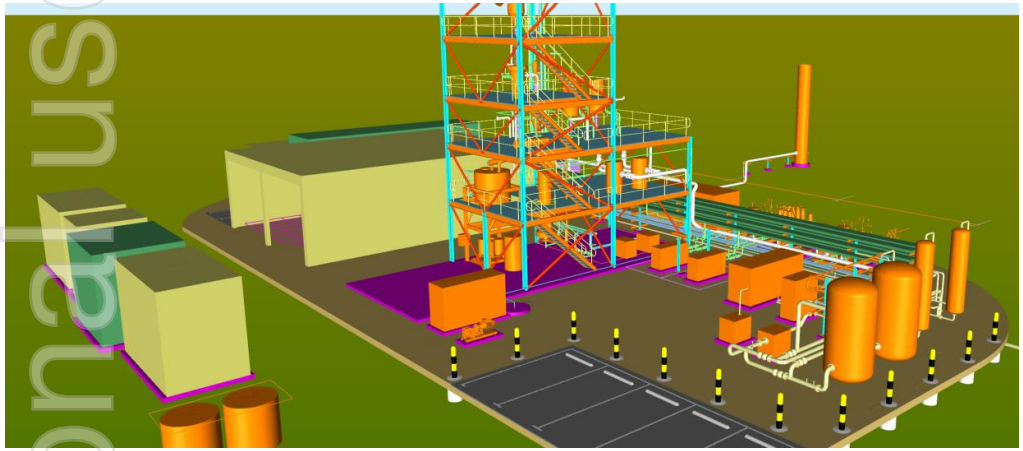
RECENT / CURRENT PRIMERO PROJECTS

ENERGY

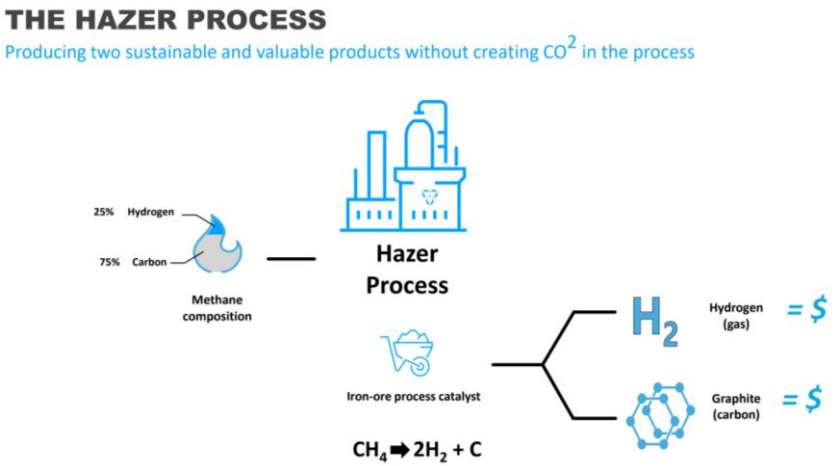
HAZER GROUP – DEMONSTRATION PLANT

Hydrogen – the energy of the future

- Currently delivering world leading technology – Hazer Group commercial demonstration plant
- 35 opportunities currently being tracked with complete strategy currently being finalised
- Opportunity to be the leader in technology and delivery in Australia



HazerGroup™



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PRIMERO HSE & PEOPLE

- Primero is focussed and managed around a culture of safety and protecting its people.

KEY FY20 SAFETY & PERSONNEL STATISTICS

1,371,374
Total personnel hours worked

0
Lost Time Injuries (LTI)

1.66
Total Recordable Injury Frequency Rate (TRIFR)

>92%
Staff retention rate

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NRW BUSINESS STRUCTURE

- Primero extends offering in NRW's **4th Pillar – renamed "*Minerals, Energy & Technologies*"**
- Combined with RCR Mining Technologies and DIAB Engineering the businesses are well placed to secure work given the strong pipeline of opportunities in the resources and energy sectors.
- Leverage enhanced footprint, common and complementary customers / sectors / geography.

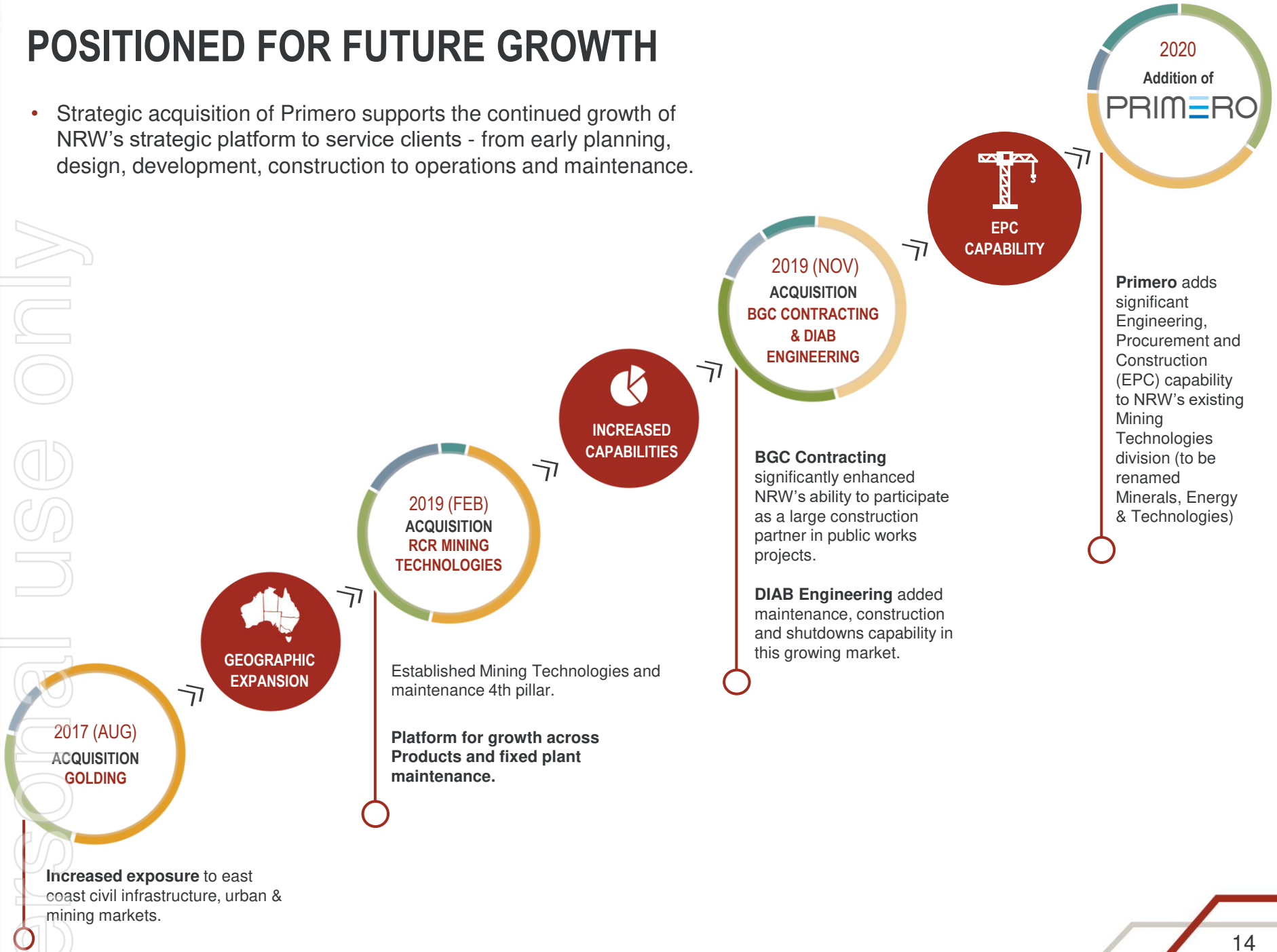
NRW OPERATING DIVISIONS – FY2020 REVENUE[1]

CIVIL	MINING	DRILL & BLAST	MINERALS, ENERGY & TECHNOLOGIES
$811.0M	$969.7M	$172.7M	$187.2M Primero $205.6M
NRW golding	NRW golding AES EQUIPMENT SOLUTIONS	Action Drill & Blast	RCR Mining Technologies DIAB ENGINEERING PRIMERO

[1] *NRW figures include share of revenue from associates*

POSITIONED FOR FUTURE GROWTH

- Strategic acquisition of Primero supports the continued growth of NRW's strategic platform to service clients - from early planning, design, development, construction to operations and maintenance.



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SUMMARY

- Acquisition of Primero significantly extends capability in NRW's 4th Pillar – renamed **"*Minerals, Energy & Technologies*"**.
- Represents a further diversification and growth of NRW's broad strategic platform to service clients.
  - From early planning, design, development, construction to operations and maintenance.
- Management teams have been working on several joint projects and have developed strong working relationships across a range of activities.
  - Cameron Henry to continue to lead the business reporting to NRW CEO Jules Pemberton.
- NRW intends to retain the Primero brand and operate the business maintaining high levels of client service.
- Primero have provided contracted revenue guidance for FY21 of ~$285M expected to be delivered at EBITDA margins of approximately 6 to 8%[1].
- NRW to provide incremental financial capacity to Primero to support business growth, including bonding, working capital and BOO financing.
- NRW pre this transaction reconfirms $2.2B to $2.3B revenue guidance for FY20[2].
- Wartsila - NRW to support the legal process to maximise recovery of amounts due to Primero in relation to the Wartsila dispute.

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[1] *Primero ASX announcement "New Contract Awards" - released 2 October 2020.*
[2] *NRW ASX announcement "NRW Full Year Results Media Release" - released 19 August 2020. Excluding Primero guidance.*

DISCLAIMER

SUMMARY INFORMATION

- This document has been prepared by NRW Holdings Limited (**NRW**) and includes information regarding the conditional takeover offer by NRW to acquire all of the shares on issue in Primero Group Limited (**Primero**) (the **Transaction**) and should be read in conjunction with the announcement in relation to the proposed Transaction that was released today.
- The information in this Presentation concerning Primero has been prepared by NRW using publicly available information and has not been independently verified. Accordingly, NRW does not make any representation or warranty, express or implied, as to the accuracy or completeness of this information. The information on the merged entity of NRW and Primero contained in this Presentation, to the extent that it incorporates or reflects information on Primero, has also been prepared using publicly available information and has not been independently verified. This is specifically the case in respect of reference to Primero's order book and earing guidance and margins. Accordingly, information in relation to the NRW and Primero merged group is also subject to the foregoing disclaimer to that extent. Statements in this Presentation are made only as of the date of this Presentation unless otherwise stated and the information in this Presentation remains subject to change without notice. NRW is under no obligation to update this Presentation. This Presentation should also be read in conjunction with NRW and Primero's other periodic and continuous disclosure announcements lodged with the ASX, which are available at www.asx.com.au and also available on NRW's website at www.nrw.com.au and on Primero's website at www.primero.com.au.

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