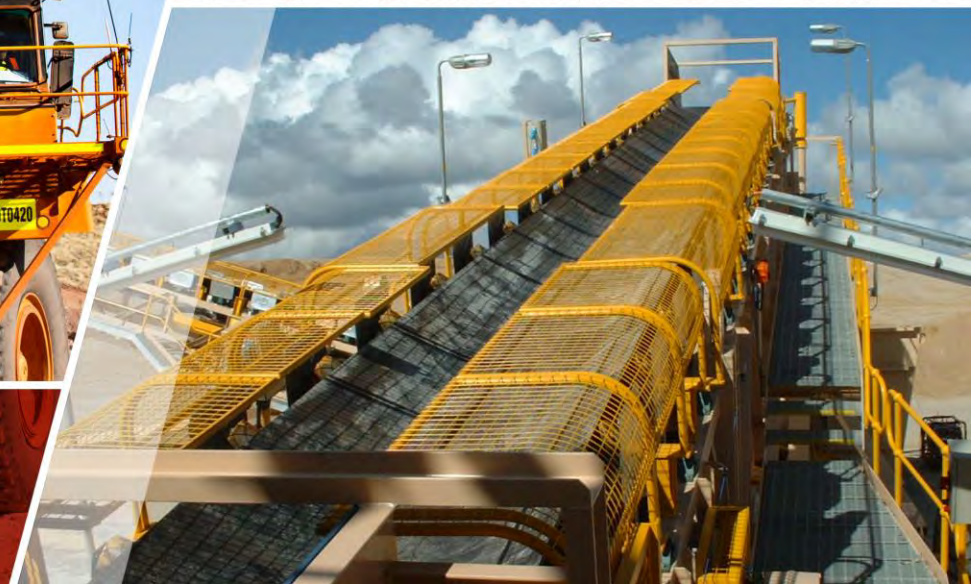
# NRW HOLDINGS

## ANNUAL GENERAL MEETING

19

26 NOVEMBER 2019



# NRW 25 YEAR ANNIVERSARY

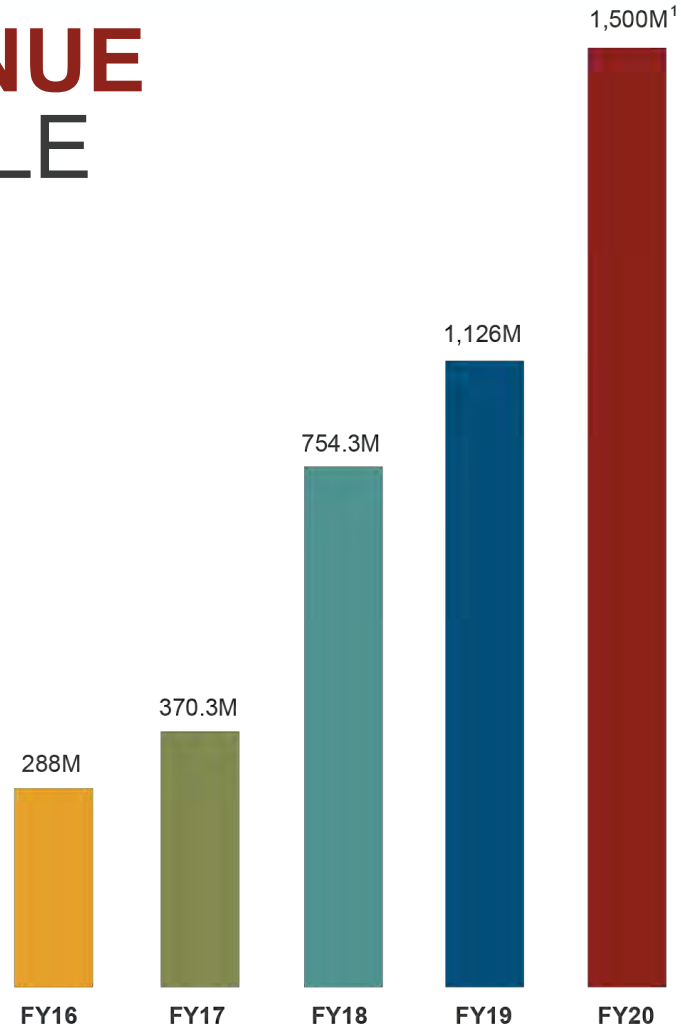
This year, we are proud to celebrate our 25 year anniversary. We have accomplished many outstanding achievements over the past 25 years.

Our success has only been possible because of the skill and dedication of our people, and the trust our clients and shareholders have placed in us.

NRW Holdings

25 YEARS

# REVENUE PROFILE
2016 - 2019




(1) NRW guidance for FY20.

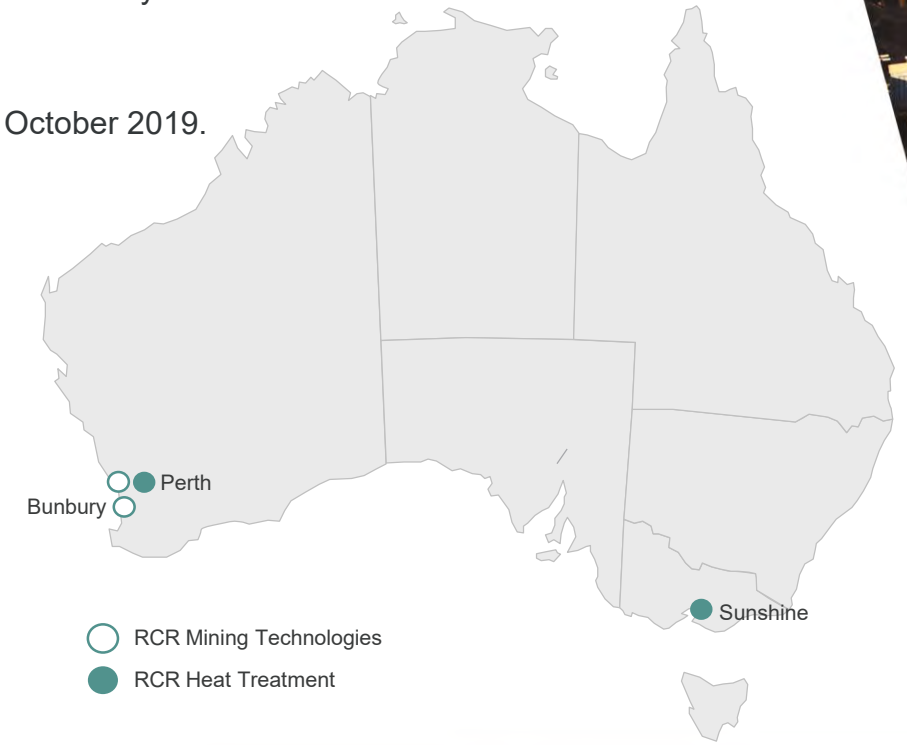
## ASX 200 RE-ADMITTED
APRIL 2019

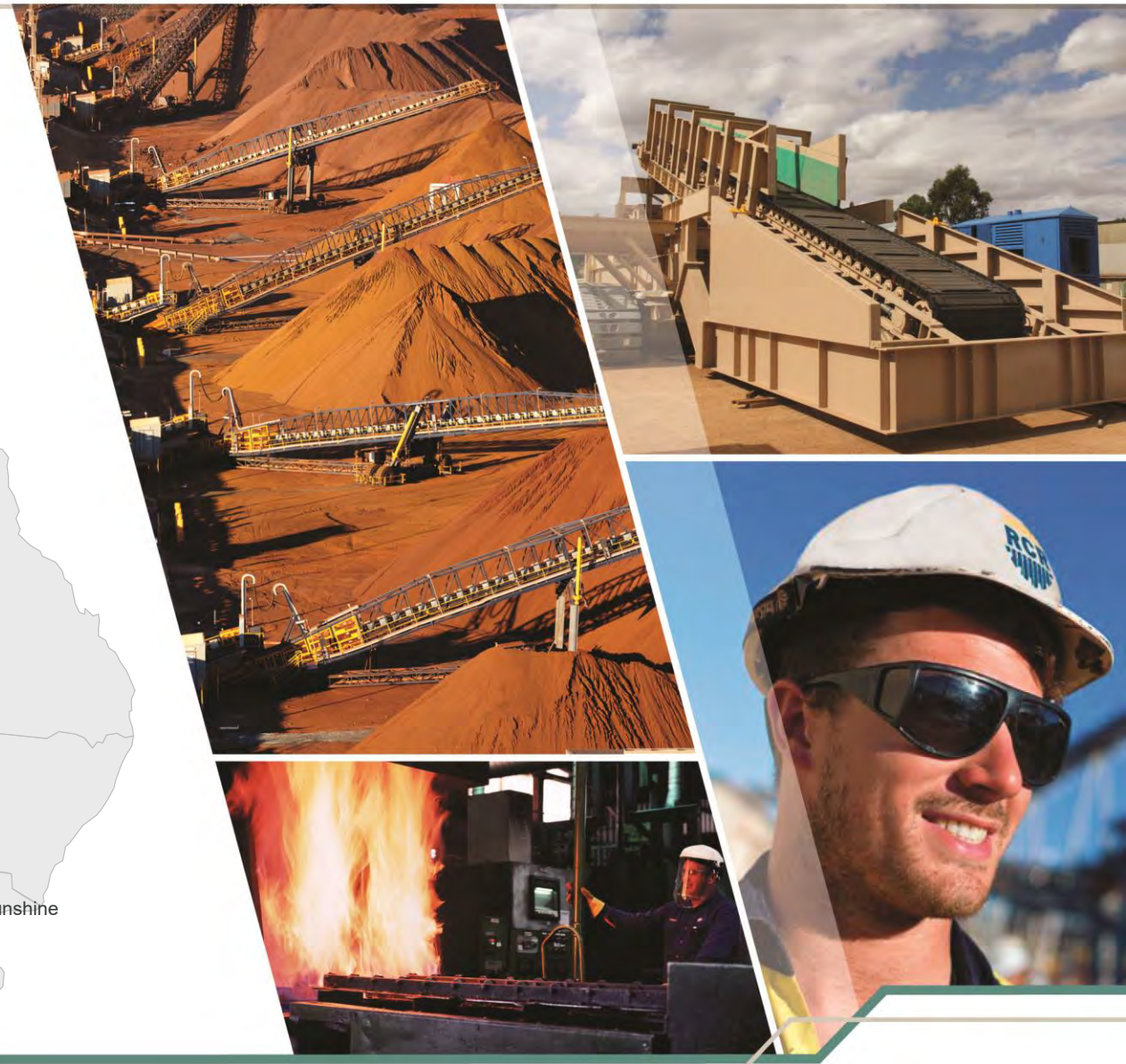
## $1B MARKET
CAPITALISATION MILESTONE

## WORKFORCE
3,800

# RCR MINING TECHNOLOGIES & HEAT TREATMENT

- Acquired RCR Mining Technologies and Heat Treatment on 31 January, 2019
- Acquisition price - $10M
- All 300 employees transferred to NRW
- Primary locations at Bunbury and Welshpool in Western Australia, together with a facility in Sunshine, Victoria
- $150M orders received as at 31 October 2019.



# FINANCIAL YEAR SUMMARY

## OPERATIONS

- ✓ Revenue(1) of $1,126.3M, an increase of 49% compared to the prior comparative period (pcp)
- ✓ Comparative EBITDA(2) increased to $144.0M up 54% on pcp
- ✓ Pre-tax earnings include a $33.5M impairment of amounts related to Gascoyne Resources Ltd (Administrators Appointed)
- ✓ NPATA(3) up 19% to $40.4M
- ✓ Drill and Blast business delivered strong earnings improvement in second half.

## ✓ BALANCE SHEET

- ✓ Cash holdings increased to $65.0M
- ✓ Structural improvement in Debt – Acquisition finance and Corporate note related debt being repaid; new debt is Asset finance for equipment to support contract extensions
- ✓ Gearing at very modest 12.2%, an improvement over the pcp
- ✓ Final Dividend declared of 2 cents fully franked.

*(1) Statutory Revenue of $1,078.1M plus revenue from associates of $48.2M*

*(2) Comparative EBITDA is earnings before interest, tax, depreciation, amortisation, transaction costs, Gascoyne impairment and gain on acquisition of RCRMT*

*(3) NPATA is Net earnings before amortisation of acquisition intangibles.*

# CIVIL

## CONTRACT AWARDS

- Eliwana Rail Project for Fortescue - $62M
- Koodaideri Mine Plant Bulk Earthworks for Rio Tinto - $65M
- Koodaideri Southern Rail Package for Rio Tinto - $137M
- South Flank for BHP bulk earthworks and concrete contract awarded July 2018 - $176M
- Golding – Pacific Highway Upgrade extension contract awarded October 2018 - $41M
- Golding Urban business awarded $75M of new work since July 2018, currently working on 16 projects
- Two additional projects secured by Golding in FY20 – Goonyella and Blackwater - $69M.

## OUTLOOK

- Secured work for FY20 of $508M mostly supported by replacement tonnes programs (Iron Ore)
- Further packages currently being tendered in Iron Ore (rail and mine site development)
- Significant Infrastructure opportunities through alliance style contracts
- Value of WA's Public Infrastructure works $5B to 2028
- Further stages of existing property developments for the Urban business.

| Civil | FY19 | FY20 | | |
|---|---|---|---|---|
| | Actual | Secured | Range | |
| Revenue ($m) | 384 | 508 | 600 | 650 |
| Margin (EBITDA) % | 5.0% | | 5.0% | 6.0% |

Sovereign Pocket, Stage 25, QLD

# MINING

## CONTRACT AWARDS

- Isaac Plains East
  - Contract extension $500M – to June 2024
  - Scope growth agreed July 19 further increments contract value by $450M
- Curragh – 4th fleet addition - $50M
- $95M contract secured in FY20 – Koodaideri Mine Prestrip for Rio Tinto.

## OUTLOOK

- Accelerated production – contract extensions received from Stanmore Coal and Coronado
- Secured work for FY20 at $682M and at similar levels in FY21 other than Middlemount
- Equipment investment targeted at existing clients to support activity growth and contract term extension
- Selective capital acquisitions to support growth with committed term.

| Mining | FY19 | FY20 | | |
|---|---|---|---|---|
| | Actual | Secured | Range | |
| Revenue ($m) | 623 | 682 | 650 | 700 |
| Margin (EBITDA) % | 18.2% | | 17.5% | 19.0% |

Isaac Plains, QLD

# DRILL & BLAST

## CONTRACT AWARDS

- 15 month contract extension for Talison Lithium Greenbushes project - $13.5M
- Subcontract award for drill and blast services at South Flank – $11M
- Subcontract award for Isaac Plains and Baralaba North
- Total contract awards and extensions in the year of $175M
- Good start with the award of short term contracts at Batchfire's Callide and Yancoal's Yarrabee mines, both of which have opportunity for growth.

## OUTLOOK

- Secured work for FY20 currently at $148M
- FY20 margin is expected to show improvement consistent with FY19 second half performance.

| Drill & Blast | FY19 | FY20 | | |
|---|---|---|---|---|
| | Actual | Secured | Range | |
| Revenue ($m) | 141 | 148 | 130 | 150 |
| Margin (EBITDA) % | 8.5% | | 10.0% | 13.0% |

*Talison Lithium Greenbushes, WA*

# MINING TECHNOLOGIES

## RESULTS

- FY19 revenue from 15 February 2019 is $30.9M
- Run rate effected by low workload on acquisition due to RCR administration (also impacted workshop utilisation).

## OUTLOOK

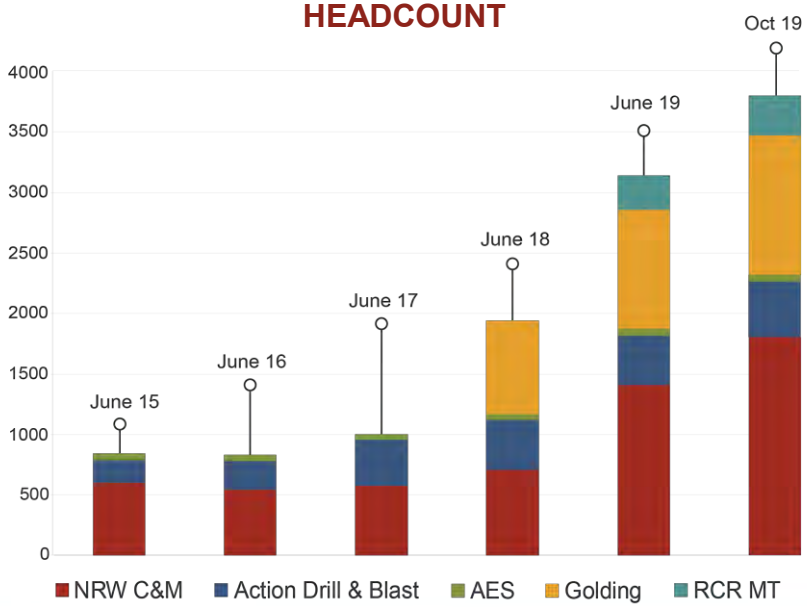
- A number of blue chip client orders received since ownership change – Order book already up to $120M
  - BHP South Flank Apron Feeders; FMG Eliwana Apron and Belt Feeders Rio Tinto Koodaideri Apron and Belt Feeders
  - Process upgrade equipment for Roy Hill
  - Process equipment for Albermarle
- RCR Mining Technologies has a strong customer base with over 1,500 primary machines in operation nationally and internationally
- Margin impacted in FY19 by utilisation; The business is expected to generate between 6% and 8% EBITDA margin, (although the depreciation component is not significant within the business so results should translate to similar EBIT margins)
- FY20 award of HOP9 relocatable crushing plant for Fortescue Metals Group.

| Mining Technologies | FY19 | FY20 | | |
|---|---|---|---|---|
| | Actual | Secured | Range | |
| Revenue ($m) | 31 | 120 | 100 | 120 |
| Margin (EBITDA) % | 2.2% | | 6.0% | 8.0% |

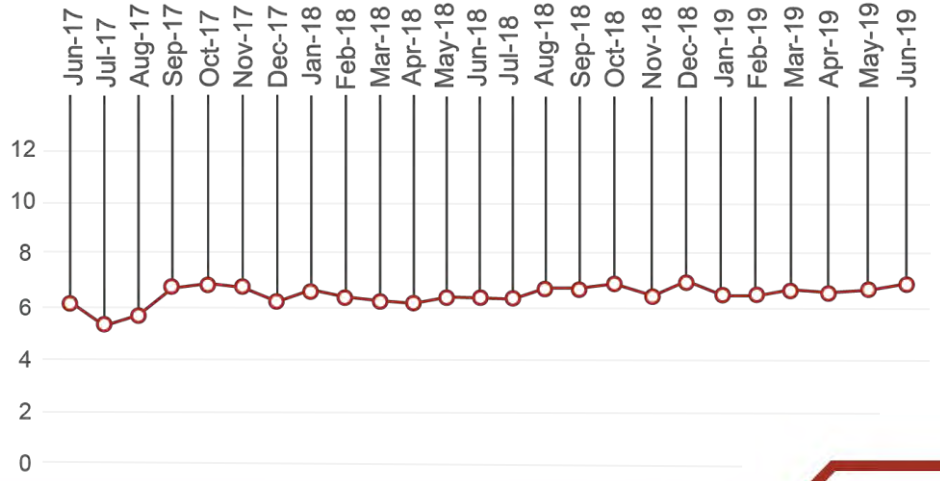
# PEOPLE & SAFETY

- Strong growth in headcount to over 3,800 v circa 2,000 at June 2018.
- Further growth in headcount expected in FY20.
- Indigenous participation rate of between 5% to 8% across major projects in WA and a retention rate, despite project cycles, of 85%.
- Business is responding well to increasing manning requirements – through re-engagement of previous NRW employees, growing diversity of service offering and our strong company profile.
- Continued focus on retaining, recruiting and training our workforce to meet strong market demand.
- NRW embraces diversity and inclusiveness across all of our activities - our aim is to increase participation across a range of demographics.

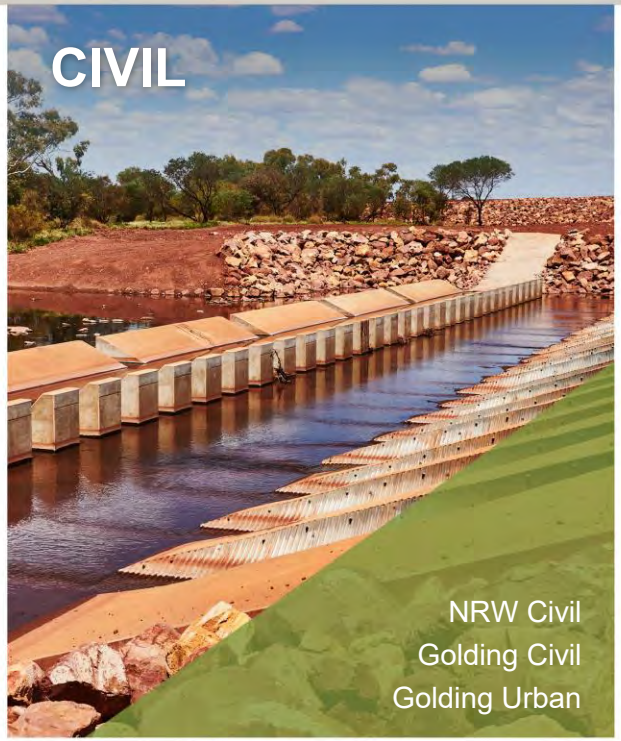
## HEADCOUNT



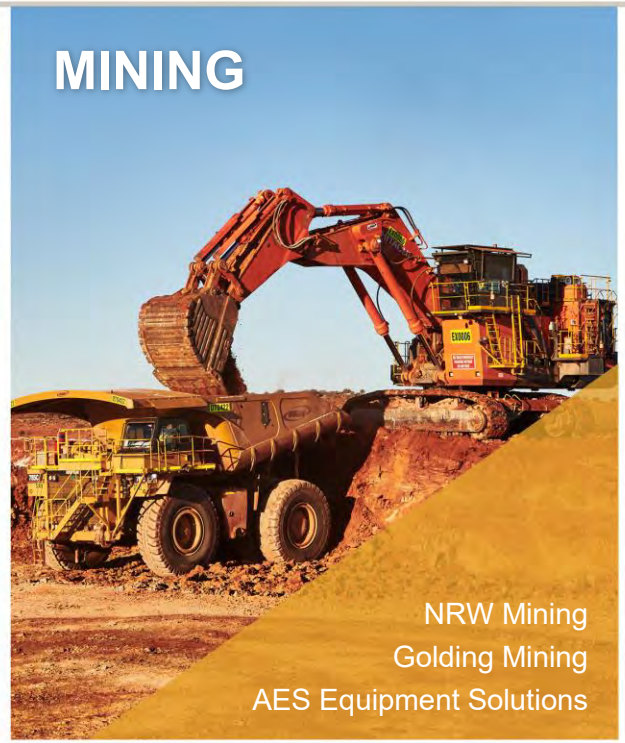

## TOTAL RECORDABLE INJURY FREQUENCY RATE (TRIFR)



# BUSINESS UNITS

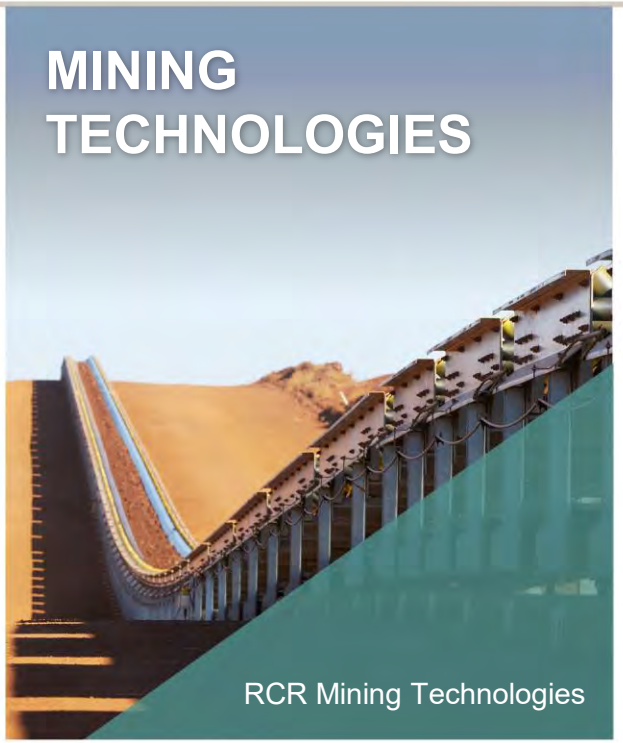



- Mine development
- Bulk earthworks
- Roads & bridges
- R5/ B4 prequalification
- Rail
- Marine works
- Commercial & residential subdivisions
- NPI
- Concrete
- Airstrips




- Whole of mine management
- Mine development
- Load & haul
- Dragline
- Coal handling preparation plants
- Mine site rehabilitation
- Maintenance services
- Mobile equipment
- Truck sales

- Full scope drill & blast
- Production drill & blast – metalliferous mining
- Production drill & blast – coal mining
- Pit development drill & blast
- Civil works drill & blast
- Explosives supply & management
- Blast engineering & optimisation



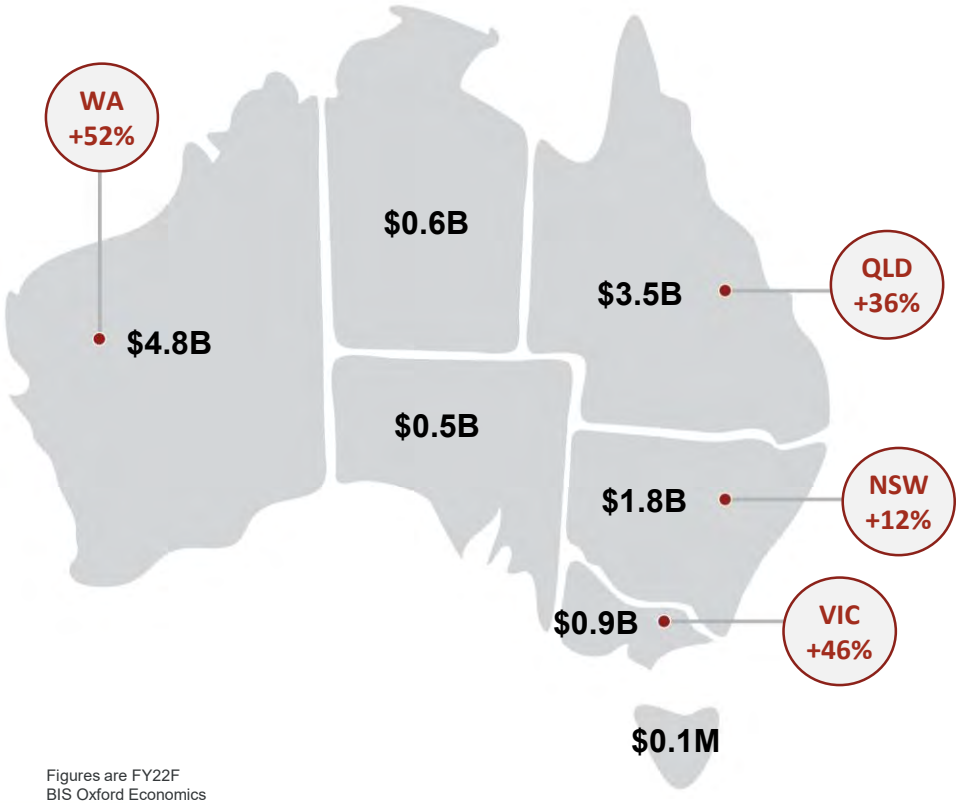

- Apron, belt & hybrid feeders
- Stackers
- Belt reelers & turning stations
- Autogenous drum scrubbers
- Product support, spare parts & service
- Off-site repair & fabrication
- Maintenance services
- Heat Treatment
- Crushers
- Conveyors

# MAINTENANCE SERVICES OPPORTUNITY

## AUSTRALIAN MAINTENANCE SERVICES - MINING

- Australian Maintenance spend to grow $3B in the next three years, from ~$8.7B (FY19) to ~$12.1B (FY22F)

### MAINTENANCE SERVICES EXPENDITURE BY STATE FY19 – 22F



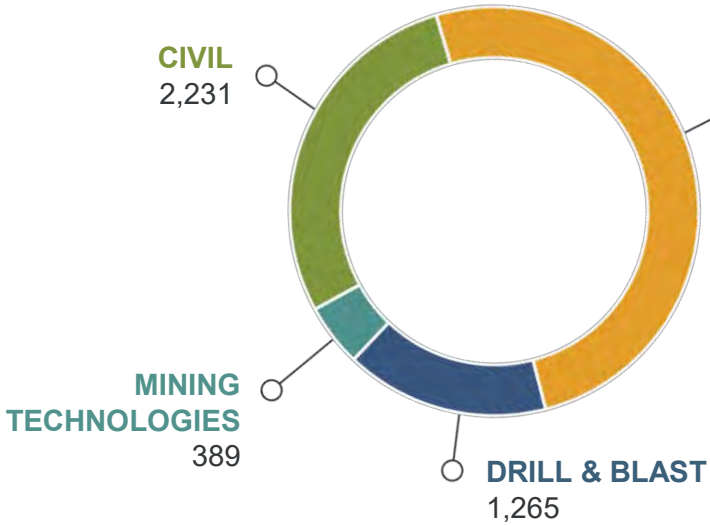

Figures are FY22F
BIS Oxford Economics

### TOTAL MAINTENANCE EXPENDITURE (MINING)

BIS Oxford Economics

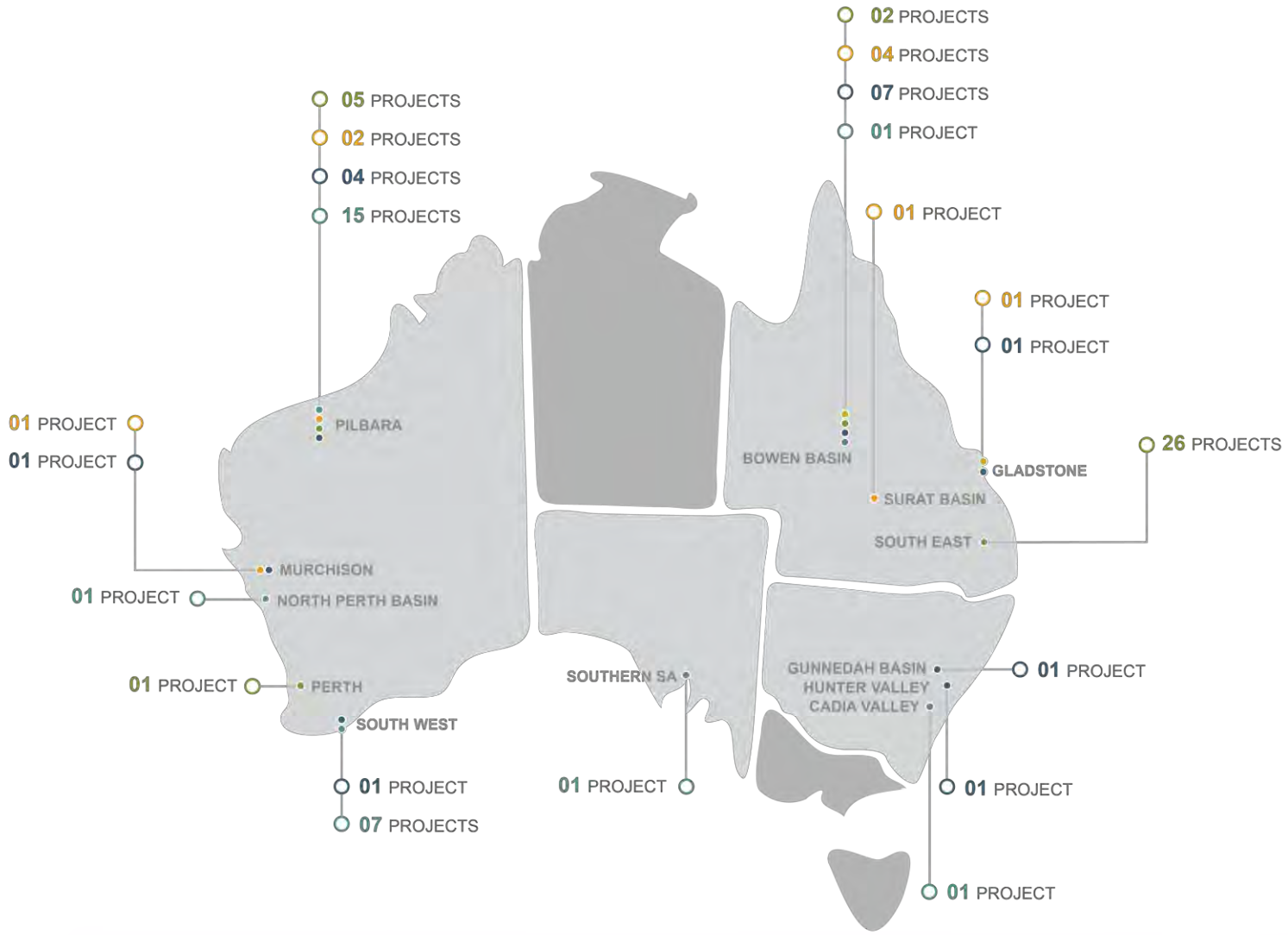
# TENDER PIPELINE & OUTLOOK

- Current Order book $2.5B (as at October 31)
- Secured revenue for FY20 is $1.46B
- Strong pipeline circa $8.0B(1) – current submitted tenders of $1.2B
- Strategically positioned in key civil markets to address continued investment in Iron Ore
- NRW operating model continuing to evolve as a multi disciplined through cycle capex and opex business
- Further strategic / market consolidation opportunities under review - highly disciplined approach to assessing value (as demonstrated in other recent transactions).



*(1) One year award / commencement potential.*

# NRW – A LEADING NATIONAL AUSTRALIAN CONTRACTOR




- CIVIL
- MINING
- DRILL & BLAST
- MINING TECHNOLOGIES

*Note: Map for illustrative purposes only and does not include all projects.*

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