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ASX ANNOUNCEMENT

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NRW delivers another record result in FY24 and expects continued growth in FY25.

Summary

- FY24 record results:
  - Revenue $2.9 billion, up 9.2% on FY23;
  - EBITDA(1) $334.8 million, up 15.9% on FY23;
  - EBITA(2) $195.1 million, up 17.4% on FY23 at a 6.7% margin; and
  - NPATN(3) $123.8 million, up 18.6% on FY23.
- Cash holdings of $246.6 million, 94.9% conversion.
- Normalised EPS(4) 27.3 cps, up 17.7% on FY23.
- Strong order book of $5.5 billion, (inclusive of repeat business).
- Pipeline of near-term prospects is very solid at $16.4 billion, with $5.5 billion of active tenders.
- Fully franked final dividend of 9.0 cents per share, total FY24 dividend 15.5 cents per share up 11.1% pcp (on a comparable franked basis), 57.0% payout ratio.

Jules Pemberton, Managing Director and CEO, commenting on these results said:

“I’m very pleased to be able to deliver another set of record results to NRW’s shareholders. These financial results reflect the strength of the different markets and sectors in which we operate across Australia and North America. Our diversified business model and continuing commitment to financial discipline has resulted in the Group delivering revenue in FY24 of $2.9 billion, a 9.2% increase over FY23.

More importantly, our EBITDA reached $334.8 million, up 15.9%, and our EBITA rose to a record $195.1 million, a significant 17.4% increase from FY23.

The normalised earnings per share of 27.3 cents, up 17.7%, supports our commitment to grow shareholder value. With a record headline cash position of $246.6 million, a strong order book of $5.5 billion and active tenders of a further $5.5 billion, the Group’s potential for growth in FY25 is clear.

I would like to thank and acknowledge the dedicated efforts of our 7,400 strong workforce as they have been instrumental in safely delivering these excellent results and securing the growth of our business. I would also like to thank and welcome our newest members of the team who have joined us through the HSE transaction at the South Walker Creek project. With the addition of these new team members, our workforce now totals approximately 8,000.”

1) EBITDA is earnings before interest, tax, depreciation, amortisation of acquisition intangibles and non-recurring transactions..
2) Operating EBIT / EBITA is earnings before interest, tax, amortisation of acquisition intangibles and non-recurring transactions.
3) NPATN is Operating EBIT less interest and tax (at a 30% tax rate).
4) Normalised Earnings per share is EBITA less interest and tax (at a 30% tax rate) over number of shares.

Outlook

Outlook commentary for each of the three operating segment is provided below:

Civil

The macro drivers of resources and public infrastructure expenditure remain positive, continuing to support a favourable outlook for the Civil segment.

In the resources sector, the segment observed that the major iron ore miners remain committed to their previously announced capital expenditure programs. The current and most immediate opportunities for the Civil segment are sustaining capital projects and the business is presently delivering a number of these and tendering for more.

The Civil segment is also presently working on tenders and ECI projects for iron ore replacement tonnage developments. These are major capital projects that the tier one miners are progressing to deliver replacement tonnage for depleting existing mines. These new ore body developments typically require mine site infrastructure such as haul roads, tailing storage facilities, rail formations, ore handling and loading infrastructure, utilities, warehousing, maintenance and refuelling facilities, all of which the Civil and MET segments have delivered historically.

In addition, the number of carbon reduction projects in the resources sector is also growing which will create further opportunities for the Group.

In the public and private infrastructure sectors, the demand for housing and urban infrastructure continues unabated. Population growth in South East Queensland supports a strong pipeline of current projects and near-term prospects for the Group's urban sub-division development business. Further, in both Queensland and Western Australia, the continuing housing shortage and population growth support a visible pipeline of transport and utility infrastructure projects.

Work in hand, inclusive of preferred tenders, currently totals $0.7 billion and there are current active tenders totalling circa $1.0 billion.

Mining

The Mining segment has over 90% of its expected revenue for the forthcoming financial year secured. In addition, there are specific near-term opportunities that, if won, would contribute revenue and earnings in FY25, delivering growth beyond current expectations. This is a very strong starting position for the new financial year and underscores the clear visibility of revenue and earnings for a number of future years.

In addition to a major near-term metallurgical coal tender, other coal, iron ore and gold mining opportunities are presently under consideration. Given the extent of secured contracts, the Group continues its highly disciplined approach of selectively targeting those commodities and projects that will deliver the best returns.

Work in hand currently totals $3.5 billion and there are current active tenders totalling circa $3.5 billion.

Minerals, Energy & Technologies (MET)

The MET segment has continued to diversify its operations across multiple commodities including iron ore, gold, rare earths and battery critical minerals. This diversification has extended beyond mining and minerals processing into the growing alternative energy, decarbonisation and defence sectors. A strong pipeline of opportunities and increasing activity levels are also supporting the recovery of margins in the MET segment.

Securing the near $1 billion KCGM Fimiston Growth Project demonstrates the applicability of Primero's processing and construction capability beyond the battery critical minerals expertise for which it is recognised globally. The Fimiston project provides revenue visibility across three years and is also a very important demonstration of Primero's capability for other potential gold sector clients.

The diversity of MET capabilities is delivering a range of new and expanded organic growth opportunities. MET skills, combined with the Group's core civil and mining capabilities, now provides the ability for NRW to deliver new greenfields resource developments for clients on a fully outsourced basis - mine development through mining operations, process plant design and construction, materials handling, operations and maintenance. Potential early-stage opportunities for this type of outsourced project development and delivery are being discussed with specific customers and are expected to progress to an ECI phase in coming months.

Beyond core projects such as the P480 and P680 expansions for Pilbara Minerals, the Lynas Minerals plant expansions and the key KCGM Fimiston Growth Project for Northern Star, the MET businesses are also developing a number of potential new future income streams such as:

- RCR's recently launched sealed pan feeder, which has secured orders from tier one iron ore majors, has a significant capital and operating cost advantage over traditional apron feeders. This new machine will be launched globally at the MINEXPO in the US in September 2024;
- To further drive OEM parts and service support sales, RCR is launching a B2B portal targeting the mining companies that own RCR OEM equipment globally. This initiative, which is presently being piloted with a tier one iron ore miner, could double the current size of RCR's parts sales business within a few years;
- Primero process engineers have developed potential new methods of producing battery-ready lithium compounds. This internally developed IP is in the pilot testing phase and has produced early results which when scaled up, could change the current economics of lithium refining and potentially alleviate many of the start-up issues that hydroxide refineries currently experience; and
- OFI is developing a modular solution for mine site electrification in conjunction with a tier one iron ore miner, that simplifies and standardises in-pit electrification services. They are also supporting another NRW company with the internal development of hybrid-powered mining equipment.

The innovation initiatives that are occurring across MET are expected to enhance competitiveness in the future and could also potentially deliver major new sources of income outside of direct contracting.

Work in hand currently totals $1.3 billion and there are current active tenders totalling circa $1.0 billion.

Group

The total Group pipeline is $16.4 billion. Of this amount, $5.5 billion is active tenders. With a strong order book of $5.5 billion, which is either in the order book or is expected as repeat business, the outlook remains very positive.

During the year, the Group restructured its debt facilities, increasing available lines from $260 million to $450 million (drawn to $49.6 million), on materially improved terms, to facilitate corporate initiatives.

Dividend

The Directors have declared a final fully franked dividend for the financial year of 9.0 cents per share, following an interim fully franked dividend of 6.5 cents per share paid in April 2024. This brings the total fully franked dividend for the year to 15.5 cents per share. The final dividend will be paid in October 2024.

Guidance

Guidance is confirmed for FY25 as follows:

- FY25 full year revenue is expected to be circa $3.1 billion;
- Earnings (EBITA) for FY25 is expected to be between $205 million to $215 million; and
- Cash conversion and gearing consistent with long-term averages.

Mr. Pemberton said,

“Our record performance in FY24, which is the third year of consecutive earnings growth post the COVID-impacted FY21 year. Together with an order book of $5.5 billion, of which circa $2.9 billion will be delivered in FY25, and active tenders of $5.5 billion, I have great confidence in the Group’s future performance and growth potential.”

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.

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About NRW Holdings Limited:

NRW is a leading provider of diversified contract services to the resources and infrastructure sectors.

With extensive operations across all of Australia and engineering offices in Canada and the USA, NRW's geographical diversification is complemented by its ability to deliver a wide range of services.

NRW's Civil and Mining businesses provide civil construction, including bulk earthworks, road and rail construction and concrete installation, together with contract mining and drill and blast services.

The Minerals, Energy & Technologies (MET) segment offers tailored mine-to-market solutions, specialist maintenance (shutdown services and onsite maintenance), non-process infrastructure, innovative materials handling solutions, Build-Own-Operate (BOO) process plant solutions, and complete turnkey design, construction and operation of minerals processing and energy projects.

NRW also offers a comprehensive Original Equipment Manufacturer (OEM) capability, providing refurbishment and rebuild services for earthmoving equipment and machinery.

NRW has a workforce of around 8,000 people supporting projects for clients across the resources, renewable energy, infrastructure, industrial engineering, maintenance and urban subdivision sectors.

Future and Past Performance:

To the extent this Presentation contains certain "forward-looking statements" and comments about future events (including projections, guidance on future earnings and estimates) these statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Such statements by their nature involve known and unknown risks, uncertainty and other factors, many of which are outside the control of NRW. As such, undue reliance should not be placed on any forward-looking statement and no representation or warranty is made by any person as to the likelihood of achievement or reasonableness of any forward-looking statements, forecast financial information or other forecast.

Similarly, past performance should not be relied upon (and is not) an indication of future performance. It represents NRW's historical financial position at a specific date (and reference should be had to the full accounts released to ASX from which it is derived).

NRW is under no obligation to update or correct the content of this Presentation after its date of release.