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

ASX ANNOUNCEMENT (ASX:NWH)

16 February 2023

Australian Securities Exchange
Perth

NRW Half Year Results Announcement

Summary

- Revenue $1.3 billion, up 15% on pcp - **in line with guidance**.
- EBITA[1] $80.1 million, up 7.4% on pcp - **in line with guidance**.
- Earnings (EBITA) for FY23 full year guidance maintained at $162 million to $172 million.
- NPATN[2] $50.4 million, up 3.9% on pcp.
- Cash balance at 31 December $154.8 million - expected reduction from FY22 year end as part of normal operations.
- Final FY22 dividend paid during the half of $31.4 million (7 cps fully franked), increased from pcp of $22.5 million (5 cps fully franked).
- Net debt increased to $172 million to fund new fleets on Karara and Kogan Creek mining projects forecast in FY22 but incurred in this period when delivered. Gearing remains prudent at 28.5%.
- Strong order book of $4.9 billion.
- Pipeline remains robust at $19.3 billion, with $4.1 billion of submitted tenders.
- Interim dividend increased to 8.5 cents per share unfranked, up from 5.5 cents franked pcp (9% increase on comparable franked basis).

Jules Pemberton Managing Director and CEO commenting on the results said:

“These strong results reflect the consistent and steady delivery of our strategy. The diversification of the Group’s business model over recent years has allowed us to rapidly respond to the variable and challenging market conditions resulting from the continued tight labour market conditions, inflationary pressure environment and the La Niña weather patterns in Queensland.

I am very proud of the way in which our workforce has managed through these constantly changing conditions and have remained focused on profitably growing our business over the past six months, safely and sustainably.

Over the period we have extended a number of our long-term contracts, extracting additional value from the secured order book and have secured a number of new strategic contracts. We have maintained a very disciplined approach to bidding new work, which has meant that we have at times not won projects that we were well positioned to secure. Whilst disappointing to come second to a competitor, our people know the criticality of pricing our bids responsibly in line with current market conditions.

1) EBITA is earnings before interest, tax, and amortisation of acquisition intangibles and non-recurring transactions.
2) NPATN - Operating EBIT less interest and tax (at a 30% tax rate).

Revenue and profits have increased relative to the prior comparative period, however margins have been impacted by the La Niña weather pattern, higher levels of overheads due to the delayed commencement of new work, longer tender cycles and investment in building capacity in Primero's North American delivery capability to support growing client demand in Canada and the USA.

The Group's cash balance decreased in the six months, which was expected, resulting from the unwinding of project advances received in prior periods, and the investment in working capital for the new long-term mining contract awards and extensions. This is expected to recover over the remainder of the year as these contracts mature."

Outlook

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

Civil

The outlook for the Civil business continues to be buoyant across the key markets of resources and public infrastructure. Government funded large programs of new infrastructure projects, together with the iron ore replacement cycle and the rapidly expanding battery critical minerals sector is creating a continuing pipeline of new mine developments and expansions. We currently have $0.8 billion of active tenders.

Mining

The Mining business retains a positive outlook with most of the work to be delivered in FY23 currently under contract. The long-term contracts in this segment provide a meaningful level of secured work into FY24 and well beyond.

Current active tenders exceed $2.3 billion across base metals and importantly, battery critical minerals.

MET

The MET segment continues to experience strong demand from the battery critical minerals and rare earths sectors. We expect these sectors to be a major area of future growth where the Group's demonstrated track record is recognised and sought out both domestically and internationally.

Primero continues to be a global leader in the lithium processing industry, engaged on several projects internationally, spanning the earliest stages of process design, through to the construction, and operations and maintenance of processing plants.

The RCR and DIAB businesses are also both active in the new minerals sector, together with continuing to support their base metals clients.

Together with providing the technical intellectual property to bring new projects to market, the Group will continue to look for opportunities to obtain equity positions in specific projects such as the recent investment in Green Technology Metals.

Current active tenders in MET are approximately $1 billion.

Group

NRW's total pipeline is $19.3 billion continuing the strong trend reported in FY22, and of this, $4.1 billion is submitted tenders. The value of work secured for FY23 is approximately $2.6 billion which is either in the order book or is expected as repeat business.

Guidance for the full year is reconfirmed with revenue expected to be between $2.6 billion to $2.7 billion and EBITA to be between $162 million and $172 million.

Tempering the positive near-term outlook is the macroeconomic environment where rising direct costs, together with high interest rates are delaying new project starts, particularly in the resources sector.

In addition, abnormally high rainfall levels in Queensland and some parts of Western Australia have caused delays on some of our current projects. This has impacted the results for the first half of FY23, which may carry over to the full year unless weather patterns return to long-term norms.

Interim Dividend

The Directors have declared an unfranked interim dividend for the six months ended 31 December 2022 of 8.5 cents per share. This is a 9% increase on a comparable franked basis to the interim dividend paid for the prior comparative period. The interim dividend will be paid on the 6th of April 2023.

Future dividend payments until early 2025 are expected to be unfranked as the Group continues to access the ATO's temporary full expensing allowance.

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

Richard Simons
Chief Financial Officer
NRW Holdings Limited
+61 8 9232 4200

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 an office in Canada and the USA, NRW's geographical diversification is complemented by its ability to deliver a wide range of services. NRW's Civil & 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) operating unit 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 6,500 people supporting projects around Australia for clients across the resources, infrastructure, industrial engineering, maintenance and urban subdivision sectors.

Forward Looking Statements
To the extent this document 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).