NRW HOLDINGS

Presentation to UBS Conference: Mining Services and Contractors

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Forrestfield-Airport Link, Perth WA

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10th April 2018

NRW HOLDINGS OVERVIEW

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1994
Founded NRW Civil & Mining

2007
Listed on the ASX

2010
Established Action Drill & Blast

2016
Acquired Hughes East Coast Drill & Blast

2017
Acquired Golding

Order Book
$2.0(1) billion

(1) Assumes Baralaba awarded at full contract value

Leader of **diversified services** to the **resource** and **infrastructure** sectors

Workforce
2000

Mining and construction fleet
750 + items

OUR DIVISIONS

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NRW Civil & Mining

Leading provider of civil and mining services to the public infrastructure and resource sectors, boasting an extensive schedule of plant and equipment and fully mobile workforce.

Golding

Market leading Queensland-based civil, mining and urban services contractor, with an exceptional technical capability and proven history.

Action Drill & Blast

One of the largest drilling and blasting teams in Australia, Action Drill and Blast offer an integrated drill and blast service across civil and mining sectors.

RESULTS OVERVIEW

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- Revenue of $345.3M (1) up 95% on the same period last year
- Underlying EBITDA(2) of $40.3M up 38% on the prior comparative period
- Net Profit after Tax before amortisation of $19.5M(3) (up 70%) on the prior comparative period
- Golding acquisition completed September 2017; Acquisition price $85M; Golding net cash balance on acquisition (generated in July and August) totalled $10.7M
- Net Debt reduced to $49.8M compared to pro forma post acquisition debt of $76M
- Improved gearing ratio of 20.4% compared to pro forma acquisition gearing of 33%
- Cash holdings of $53.0M
- Strong cash conversion, circa 93% of EBITDA

Forrestfield-Airport Link, Perth WA

Curragh Coal Mine, QLD

Notes

(1) Statutory Revenue of $312.7M plus revenue from associates $32.5M and excludes pre acquisition revenues generated by Golding in July and August 2017.

(2) Underlying EBITDA excludes one off costs related to the Golding acquisition of $2.5M

(3) Statutory comprehensive income of $15.3M add back $4.2M of amortisation

OPERATIONAL SUMMARY

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- Golding
  - ✓ Integration well advanced
  - ✓ The business is meeting or exceeding our expectations
  - ✓ Recent announcement of Baralaba
- NRW Civil & Mining
  - Rio Tinto Yandicoogina Project completed followed by recent award of Marandoo ($37M)
  - Commenced works on Carrapateena – Aerodrome nearing completion
  - Commenced at Dalgaranga
  - Appointed EGM and other key operational staff ahead of expected increased project activity in Western Australia
- Action Drill & Blast
  - Revenue increase due to Hughes acquisition
  - Weather and drill utilisation impacting performance during the half
- New work secured across the group circa $0.7B; Order book $1.6B as at December 2017

FORRESTFIELD AIRPORT LINK (FAL)

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Status (1)

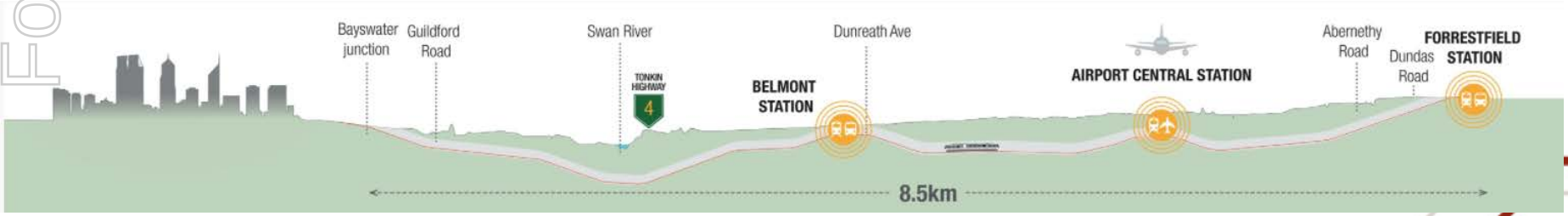
- Tunnel Boring Machines (TBM's) temporarily halted at request of the client currently in Perth Airport (PAPL) grounds
- TBM 1 (Grace) encountered some minor ground disturbances when travelling through the Ascot formation
- TBM 2 (Sandy) stopped - due to proximity to Grace
- Expert review completed – reports being assessed by PTA and PAPL, full tunnelling operations expected to resume as soon as possible

Project

- All three new stations, Airport Central, Redcliffe and Forrestfield well into construction, (2)
- TBM's have covered a combined length of 2.5 kilometres (2)
- Total contract value $1.2B
- JV: Salini Impregilo (80%) NRW (20%)

Guidance

- In response to the PTA directing the Joint Venture to cease tunnelling activities, the JV is assessing the impact of the temporary halt against schedule and cost,
- The JV is reviewing options with the PTA to ensure the overall project completion date is not impacted,
- Assuming TBM's are reactivated within the timeframe indicated by the client the delay is not expected to have a material impact on the FY18 results



Note 1 – source PTA FAL website 13th March 2018
Note 2 – source PTA FAL website 19th February 2018

SUMMARY FINANCIALS

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	First Half FY18			First Half FY17		
$M	**Revenue**	**Earnings**	**EBITDA**	**Revenue**	**Earnings**	**EBITDA**
Civil	161.1	7.8	9.7	41.8	(1.5)	(0.4)
Mining	133.1	13.5	25.4	104.5	14.3	24.4
Drill & Blast	56.1	1.7	4.9	35.0	1.6	3.8
Eliminations/ other	(5.0)			(4.7)		
Corporate		(2.3)	(1.6)		(2.6)	(1.8)
Interest add back		1.9	1.9		3.2	3.2
Group Revenue inc assoc, Normalised EBIT/EBITDA	**345.3**	**22.5**	**40.3**	**176.6**	**14.9**	**29.2**
Revenue from associates	(32.5)			(5.2)		
Amortisation		(4.2)				
Transaction costs		(2.5)			(2.4)	
EBIT		**15.8**			**12.6**	
Interest		(3.2)			(3.1)	
Tax		2.7			2.1	
Statutory Revenue and NPAT	**312.7**	**15.3**		**171.3**	**11.6**	

- Results exclude activity in July and August from Golding as pre acquisition
- Segment presentation reflects revised business structure following Golding acquisition
- Transaction costs relate to Golding (FY18) and Hughes and debt restructuring (FY17)
- Tax credit is further recognition of off balance sheet tax assets (outstanding balance now $13.5M) ($21.9M June 17)
- Amortisation relates to Golding acquisition

Note
Revenue and earnings from Golding is for four months only post acquisition beginning September 2017

BALANCE SHEET & LIQUIDITY

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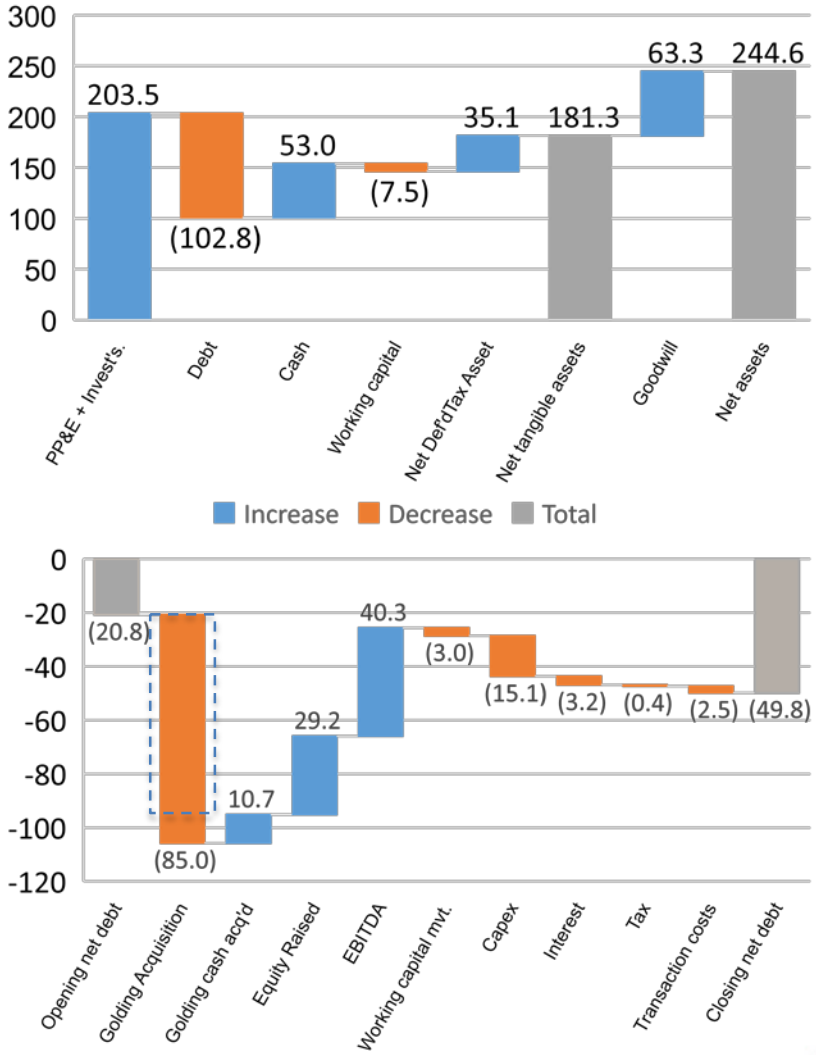
Balance Sheet

- Net assets increased to $244.6M
- Goodwill relates to Golding transaction of which circa $18M will be amortised in FY18 and FY19
- Gearing at 20.4% - already significantly down on the 33% post acquisition pro forma gearing
- Strong support from Banks and Insurance market providing capacity for Contract Guarantees
- Continued access to working capital facilities (undrawn)
- All covenants in compliance

Cashflow and Debt

- Net Golding acquisition cost $74.3M including cash in the business at acquisition date
- Strong cashflow conversion - relatively modest increase in working capital reflects increased work on civil projects with longer payment terms
- Capital expenditure mostly for fleet component replacement – second half spend will include incremental $8M to support Dalgaranga project
- Tax payments relate to Golding
- Debt at Dec 17 $102.8M
  - NRW Notes $54M outstanding – repayable quarterly to Dec 2020
  - Bank Debt $44M outstanding – repayable quarterly to Sep 2020



CIVIL

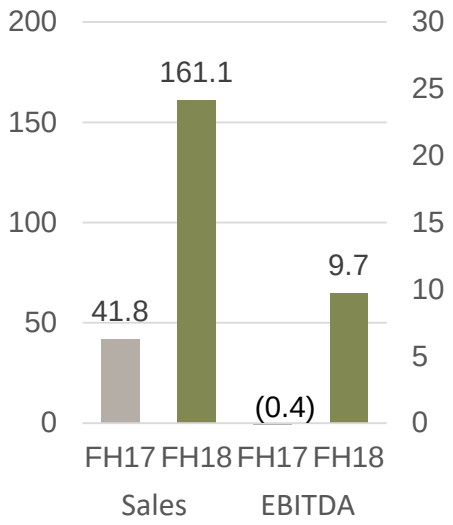
- Revenue increase due to Golding Civil and Urban, new work in WA and increasing activity on FAL
- EBITDA improvement reflects revenue increases (FY17 loss due to low volumes and bidding costs)
- Margin (EBITDA) at 6.0%

Current projects include

- Woolgoolga to Ballina (RMS), Offline storage facility (GAWB), Urban (includes Sunland, Mirvac), FAL (PTA), Yandi (Rio Tinto), Solomon (FMG), Aerodrome Carrapateena (OZ Minerals)

Contract awards

- ECI for OZ Minerals at Carrapateena project valued at $111M
- Tailings facility at Marandoo for Rio Tinto – $37.5M (announced Feb 18)



Outlook

- Currently bidding work for replacement tonnes programs (Iron Ore)
- Growing Infrastructure requirements in Queensland and New South Wales
- Further stages of existing property developments, growing SE Queensland property sector

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MINING

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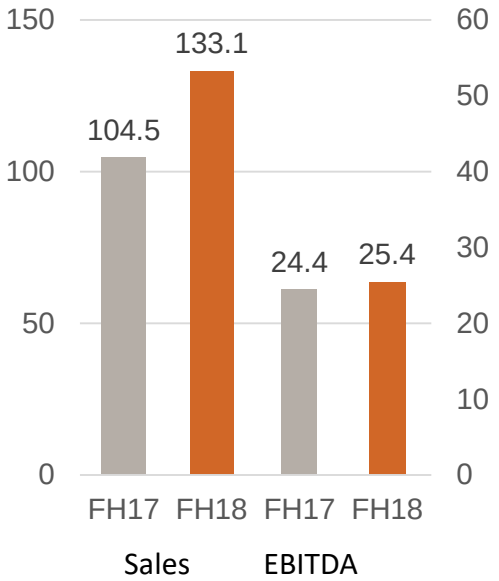
- Revenue increase due to Golding partly offset by completion of Nammuldi Incremental Tonnes in Q3 FY17
- EBITDA improvement reflects revenue increases
- EBITDA margins at 19.1% slightly down on FY17 mostly mix related and some weather impact. FH17 result also positively impacted by coal price linked incentive earned back from prior periods

Current projects include

- Curragh, Isaac Plains, Kogan Creek, Middlemount, Pilgangoora and Dalgaranga

Contract awards

- $324M for Gascoyne Resources at Dalgaranga gold – commenced 2nd half FY18, term - 72 months
- Broadlea - $25M mining services contract awarded to Golding
- Baralaba North coal project – LNTP $7.5M leading to $350M (to be finalised) awarded to Golding



Outlook

- Increasing activity in the Coal market
- Other opportunities in Gold, Nickel, Bauxite and Lithium

DRILL & BLAST

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- Revenue increase due to Hughes acquisition
- EBITDA increased to $4.9M but margin impacted by mix of sales and weather delays particularly on East Coast coal projects and lower than expected drill utilisation

Current projects

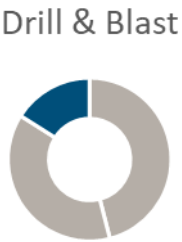
- Active on 18 projects – including:
  - Isaac Plains, Blackwater, Middlemount, Pilgangoora, Telfer, Greenbushes, Boggabri

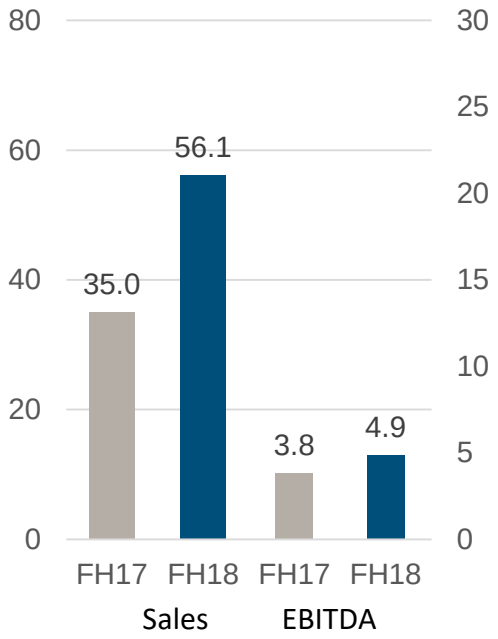
Contract awards

- $57M – a mix of new awards (e.g. Broadlea) and contract extensions (e.g. Boggabri)
- Drill and blast support to the Mining business for Dalgaranga – circa $70M

Outlook

- Key focus is improving drill utilisation and securing extensions to contracts completing in CY 2018
- Opportunities to further support the Mining business as Drill & Blast provider





TENDER PIPELINE & OUTLOOK

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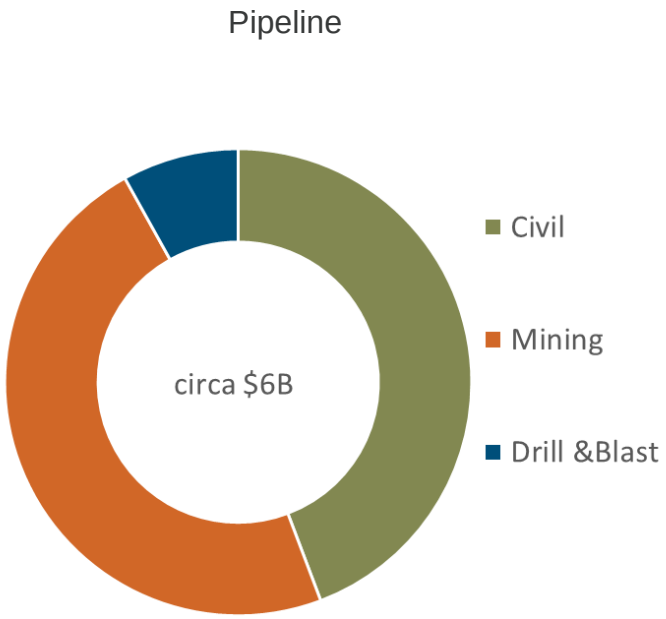
- Order book $1.6B increasing to circa $2.0B with recent announcements (1)
- Secured revenue for second half is $360.0M
- Pipeline circa $6.0B, with $1.5B in active tenders

Outlook

- Golding delivers expansion and diversification of NRW's business profile and geographic exposure
- Integration of Golding well advanced – key focus is building on current capability
- The quality of prospects continues to improve and more closely aligns with our historic delivery capability
- Mining utilisation will improve in the second half with commencement of Dalgaranga in March
- Management restructuring aligned to enlarged business



(1) includes Marandoo and assumes Baralaba converts to full contract value

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