

ASX ANNOUNCEMENT

15 February 2024

NRW delivers record HY24 Results and is positioned for a strong finish to FY24

Summary

- HY24 Results consistent with guidance;
 - Revenue \$1.43 billion, up 6.7% on pcp
 - EBITDA⁽¹⁾ \$157.2 million, up 10.2% on pcp
 - EBITA⁽²⁾ \$92.1 million, up 9.1% on pcp
 - NPATN⁽³⁾ \$58.0 million, up 8.6% on pcp
 - Normalised Earnings per Share⁽⁴⁾ 12.8 cps, up 7.6% on pcp
- Cash holdings of \$176.7 million
- Strong Order Book of \$5.5 billion
- Pipeline remains robust at \$15.6 billion, with \$2.6 billion of submitted tenders
- Fully franked interim dividend of 6.5 cents per share, up 9.2% on pcp (on a comparable franked basis).

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

“I’m again very pleased to be able to deliver a strong set of interim results to NRW’s shareholders. These financial results for the first half of the FY24 financial year, reflect the diversity and resilience of our business model. Our diversified operations and commitment to financial discipline has resulted in the Group delivering revenue in this first half of \$1.43 billion, a 6.7% increase over the prior period.

Our EBITA reached \$92.1 million, up 9.1%, and EBITDA rose to \$157.2 million, a significant 10.2% increase from HY23.

The normalised Earnings per Share of 12.8 cents, up 7.6%, delivers on our commitment to grow shareholder value. With a solid headline cash position of \$176.7 million, a strong order book of \$5.5 billion and our revenue for this year fully secured, the Group is on track to meet the upgraded guidance announced at the AGM in November last year. This gives us the confidence to lift the fully franked interim dividend by 9.2% to 6.5 cents per share.

I would like to once again thank and acknowledge the dedicated efforts of our 7,000 strong workforce as they have been instrumental in safely delivering these excellent results.”

1) EBITDA is EBITA add back depreciation.

2) EBITA is earnings before interest, tax, and 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

To date, weather conditions in our key markets have not materially impacted operations. The Civil segment is experiencing increasing levels of tender activity across its core markets of public and private infrastructure. The demand for housing is directly driving strong growth in the Urban infrastructure business in Queensland. Indirectly, the housing shortage and population growth are supporting high activity levels in the public infrastructure sector as the demand for transport, energy and utility infrastructure continues to grow, evidenced by the recent announcement of NRW as the preferred proponent for the \$225 million Reid Highway Interchanges project in Western Australia.

In the resources sector, the major miners have all announced large multi-year iron ore replacement and sustaining capital cycle projects, resulting in a visible pipeline of new mine developments, expansions, and upgrades. The Civil segment is presently executing a number of projects that support the expected future mine output expansions.

In addition, the continuing demand for carbon reduction projects in the resources sector also supports our perspective of continuing positive market conditions.

Work in hand currently totals \$0.7 billion and there are current active tenders totalling circa \$0.2 billion.

Mining

With no major impacts from adverse weather conditions, a full order book for FY24 and almost all of FY25's revenue under contract, the focus is on opportunities that will contribute in FY26 and beyond. The outlook in our core markets of iron ore, metallurgical coal and gold remains positive with strong levels of tender activity across these commodities. As often noted, the Group is very disciplined in the deployment of capital to new opportunities and selectively targets those commodities and projects that will deliver the best return.

It is expected that during the second half of FY24, revenues from lithium mining activities will reduce slightly as clients respond to the current weakness in market pricing. However, the impact is expected to be limited based on their current advice. During FY24, 3.4% (circa \$100 million) of the Group's expected revenue is projected to be earned from lithium mining activities at Greenbushes and Mt Cattlin. Of this, approximately \$50 million has been delivered during the first half. Accordingly, the potential impact of any volume reductions is expected to be immaterial.

Work in hand currently totals \$3.4 billion and there are current active tenders totalling circa \$1.9 billion.

Minerals, Energy & Technologies (MET)

The MET segment is well diversified across iron ore, gold, rare earths and battery critical minerals. The majority of revenue in this period was earned from iron ore and gold.

Despite the current weakness in the lithium market, the Group continues to regard the battery critical minerals sector as strategically important and an area of future growth. Primero continues to be at the forefront of the lithium processing industry with expertise that is recognised and sought out globally, having recently completed the Covalent Lithium concentrator and Pilbara Minerals P480 expansion, and continuing to deliver the P680 expansion.

The recent award to Primero of Northern Star's KCGM Fimiston Growth Project demonstrates the transferability of Primero's processing and construction expertise, facilitating the diversification that is the core of the Group's multi-faceted strategy and giving us multi-year visibility.

Across RCR, DIAB and OFI, the iron ore, gold and rare earths clients continue to feed a strong pipeline of opportunities. Ongoing work for these clients is contributing to the recovery of margins in the segment.

Outside the resources sector, OFI and RCR are continuing to pursue opportunities in the defence sector which is also viewed as a significant future opportunity.

Work in hand currently totals \$1.3 billion and there are current active tenders totalling circa \$0.5 billion.

Group

The total Group pipeline is \$15.6 billion. Of this amount, \$2.6 billion is submitted tenders. With a strong order book of \$5.5 billion, the outlook remains very positive.

Interim Dividend

In line with the Company's dividend policy, the Board has resolved to pay an interim fully franked dividend of 6.5 cents per share. The interim dividend will be paid on 11 April 2024.

Guidance

Guidance is reconfirmed for FY24 as follows:

- Revenue in excess of \$2.9 billion;
- EBITA between \$175.0 million to \$185.0 million with expectations firming at the high end of the range; and
- Cash and gearing consistent with long-term averages.

Mr. Pemberton said,

“Our strong performance in the first half of FY24 sets a promising tone that is expected to continue for the remainder of the fiscal year and into FY25.

The current forecast indicates a revenue stream in excess \$1.5 billion will be delivered in the second half of the year, underlining our consistent financial strength. Furthermore, we have already secured revenue of \$4.0 billion for FY25 and beyond, which underpins our confidence in the Group's future performance.”

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 7,000 people supporting projects around Australia for clients across the resources, renewable energy, 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).