

## **NRW Holdings Limited - FY22 Annual General Meeting**

Presentation by Mr Jules Pemberton, CEO and Managing Director

9 November 2022

### **Introduction**

Thank you Mike, and good morning everyone.

I would like to reinforce the comments made by the Chairman on the importance of doing what we do safely. The business has performed well over the last 12 months in an environment very different to pre-pandemic years. NRW's workforce has had to deal with the many and varied challenges of life with COVID and the continuing challenges of sourcing and retaining people and ensuring the supply chain supports our project delivery timeframes.

I would like to acknowledge what has been an exceptional effort by our workforce over the last 12 months in achieving these record results.

In this morning's presentation, I will focus on three main topics:

- Performance in FY22 including our Sustainability initiatives
- The development of the business over the last 6 years and how the new platform we have built increases opportunities across a much broader range of markets, and
- Recognising that the annual report provides details on the operational performance of the 3 business units, I would like to highlight some key programmes and projects we are working on and the outlook for each business unit.

### **Highlights**

This slide shows a snapshot of some of the highlights from FY22;

- Another record revenue year, delivering annual compound growth of around 50% per annum since 2017
- A record Order book on the back of a number of major contract wins and a very strong set of contractual renewals delivered by the Golding Mining business.
- Cash holdings were over \$200M, cash conversion over 100%. Our gearing at 11% was well within our target guidance providing significant capacity to address a range of growth opportunities.
- And our workforce grew to 7000 despite the very challenging labour market

### **Sustainability**

NRW has released its second Sustainability Report, which includes information on how we are delivering sustainable outcomes for our clients and broader stakeholders.

In FY21, we committed to completing a number of ESG initiatives including

- Adoption of the TCFD Recommendations.
- Alignment to Global Reporting Initiative or GRI Standards, and
- Engaging with our stakeholders to further understand how they view the key issues facing the business.

And in my view, more importantly we have made two key appointments to provide increased focus on our ESG objectives. I would like to warmly welcome both

- Tanya Eales as EGM of People & Culture, and
- Brett McIntosh as EGM of HSE & Sustainability.

On the backdrop of a strong labour market, attracting, retaining and developing our workforce is paramount to quality project delivery. We need to continue to build capability within the business.

Last year we recruited a record number of apprentices - more than 200; we continued the development and training of 85 graduates and undergraduates; and we set up the NRW Training Centre in Bullsbrook, to provide fast-track opportunities for training and upskilling of operators required for our projects.

As an organisation, we are committed to providing a culture that embodies a safe and positive working environment for our people, including the promotion of diversity and inclusion. We remain committed to the important effort underway towards gender balance. Tanya has identified this as one of her key initiatives in both the short and medium term.

We can't round out ESG without recognising the impacts of Climate Change. With the consolidation of the MET business, we are excited about our ability to work with key stakeholders to develop lower carbon solutions for our clients through innovative product development and technology within the Group. I will talk about some of these initiatives when we look at what we are doing in the MET business later.

Lastly, we remain committed to making a positive contribution to society. We are proud of our community giving, which last year exceeded \$400k mostly driven by initiatives important to our employees.

### **Business Structure – The NRW Journey**

For those who are new to NRW, this next slide provides a brief history of the development of the Group over the last 6 years. The acquisitions of Golding, RCR, BGC Contracting including DIAB and Primero have delivered a business structure capable of delivering a broad but complementary range of services to the markets in which we now operate. And, importantly those markets are broader than they used to be, providing increased opportunities the most important of which is the ability to offset the cyclical nature of some of the markets in which we operate.

### **Business Structure – Capability**

To put that into context, this slide shows the current 3 business pillars and the capability we were able to deliver pre-2017.

### **Business Structure – Today**

This next slide shows the incremental capability added through the acquisitions.

We have added a new business pillar – Minerals, Energy and Technologies, a Mining business with significantly more scale and a Civil business with the highest qualifications to address public and private Infrastructure projects in Road and Rail.

### **Through Cycle Delivery**

This chart shows the growth and contribution of the various businesses since 2017. Not only does the slide highlight revenue expansion of the business through the last 6 years but also demonstrates the ability I referred to earlier for one part of the business to mitigate cyclical contractions in another part of the business – in this case MET growth offset a volume reduction in the Civil business in FY22

### **Civil**

I am going to present a feature project for each of our business units, to show you the scope and standard of the work that our teams are delivering for our clients.

The Bunbury Outer Ring Road is the largest transport infrastructure project ever undertaken in the Southwest, a project with a total value of \$1.25 billion and is due for completion in 2025.

NRW is a major construction partner in this project being 40% of the South West Gateway Alliance, and NRW's participation resulted from the successful acquisition of BGC Contracting, which held the highest main roads prequalification required to participate.

This project involves the construction of a 27kilometre, four-lane, high-standard road.

Once complete, new connections from Forrest Highway to Bussell Highway and South Western Highway will greatly improve freight capacity, efficiency and productivity across the region.

And more importantly, for most of you in the room that drive Down South, you and many generations to come will appreciate the difference this project makes to that journey.

Our involvement as a major partner in this alliance, along with other major infrastructure projects NRW is currently constructing, further increases the prospects of NRW participating in upcoming large-scale civil infrastructure projects, of which there are many in the pipeline.

### **Civil - Outlook**

As I indicated earlier, the Civil business unit operates across both the resources and public infrastructure sectors.

Both sectors have a growing pipeline of opportunities. In WA, several large infrastructure projects are scheduled to be awarded within the next 12 months. In Queensland, there is a similar range of opportunities and in Iron Ore the next set of incremental and replacement tonnes projects are expected to be awarded soon and with further projects to follow will extend activity for several years.

Additionally, our Urban business continues to grow in a sector of the market apparently unaffected by trends in the broader housing market.

The Civil business currently has around \$800 million of submitted tenders which are expected to be awarded before the end of the calendar year although as I outlined in my year end commentary the timing of awards is clearly client dependent and remains both a risk and opportunity to the amount of work we deliver in FY23.

### **Mining**

In the Mining business the Karara iron ore project is our largest mining and drill and blast operation in the Mid-West Region and in Western Australia.

The mine is located 200km south-east of Geraldton in the Shire of Perenjori. It produces a premium, high-grade concentrate product for export to steelmakers.

With an expected life of more than 30 years, it will underpin a long-term iron ore business and provide sustainable benefits to the community in the Mid-West.

The Karara Mining contract was formalised in December 2021 with an expected contract value of circa \$700 million.

Operations at Karara commenced in March 2022 and have now ramped up to full capacity.

Our Action Drill & Blast business is operating alongside our NRW mining business and at its peak, we expect to have a workforce of approximately 270 people working on this key project.

Gascoyne Resources Limited, our client at Dalgarranga, announced a trading halt on 7 November and then on 8 November, that they were suspending operations whilst they "develop a new strategic operating plan and implement a financial restructure". They have stated that this process will take them "several months to complete".

With the Dalgara operations placed on care and maintenance for an indefinite period, we are busy redeploying our equipment and personnel to other projects.

At 7 November, the date of the trading halt, our shares in Gascoyne were valued at \$7.2M and we were owed \$8.6M under the production royalty agreement that was established in 2021.

The current receivables exposure is immaterial as we insisted on weekly payments.

We will wait for further updates from Gascoyne as their process continues, but in the interim, we have fully mitigated any further exposure.

### **Mining – Outlook**

The Mining business has secured most of the work expected to be delivered in FY23 and has long-term contracts for several years beyond.

Presently, the business has submitted tenders of circa \$2.23 billion including contracts where we can deploy currently available equipment, further contract extensions to current contracts and opportunities in the Green Metals sector – one we have prioritised for capital investment if needed.

### **Minerals, Energy and Technologies**

The highly strategic acquisition of the Primero Group significantly enhanced our capability to deliver services across the whole lifecycle of projects. It also opened opportunities to diversify our business streams into the new energy sectors of Hydrogen and Lithium.

The Covalent Lithium project ably demonstrates Primero's capability and capacity from early project inception and feasibility through turnkey multi-discipline delivery.

This is a major project for Western Australia and one that is progressing well and a project we are immensely proud to be a part of.

### **Minerals, Energy and Technologies - Outlook**

The MET business continues to see growth opportunities in the battery minerals and the materials handling sectors. The Group's experience, capability and reputation is growing both locally and on a global scale in these sectors. Teams are manning up for the Core Operations and Maintenance \$60 million contract recently awarded. Primero's O&M division now has close to 200 employees working on multiple year contracts, which has been built from scratch in 3 years.

The business is well placed to address a growing range of Lithium, Hydrogen and Carbon Capture projects having recently been awarded a number of FEED and early engineering projects for blue chip clients, as well as ECI agreements for major greenfield and brownfield projects located in Western Australia across more traditional commodities.

We see Primero's long-established engineering group in Canada and recently opened presence in Houston as strategically important given the stated goal of both the US and Canada to increase their domestic production of Lithium and other battery materials.

RCR continues to go from strength to strength securing further orders for their industry standard Apron Feeders whilst DIAB recently secured both fabrication and installation work for Lynas's Rare Earth project at Mount Weld. Both businesses are working on a number of exciting prospects in support of the overall growth objective of the MET business.

### **Outlook and Guidance**

As you will appreciate from this presentation, the opportunities for the Group over the next few years have never been better. The Pipeline of work remains at just under \$20 billion which includes submitted tenders of \$3.8 billion.

Guidance for the current financial year was provided with the FY22 full year results and I am pleased to be able to reconfirm that guidance. We expect revenue to be between \$2.6 to \$2.7 billion and Earnings to be between \$162 million and \$172 million.

**Final Comments**

That brings me to the end of the presentation for this year's AGM.

In closing, I want to thank all our valued employees again for their dedication and commitment. Our business relies on having a skilled workforce to safely deliver our projects, and to maintain our reputation in the market as a leading provider of diversified services.

I would also like to acknowledge my Leadership Team and fellow Board members for their commitment and support over the last 12 months.

Thank you again for your attendance.

End.



# NRW HOLDINGS

ANNUAL GENERAL MEETING

9 NOVEMBER 2022

CEO ADDRESS - JULES PEMBERTON



# FY22 HIGHLIGHTS

**\$2.4B**  
REVENUE

**\$5.2B**  
RECORD  
ORDER BOOK

**\$97.4M**  
NET PROFIT  
UP 79.4% ON FY21

**\$219.3M**  
CASH HOLDINGS

**7000+**  
WORKFORCE  
FY21 – 6,200

**100+**  
PROJECTS



**REVENUE GROWTH**

# SUSTAINABILITY

- NRW's second sustainability report released
- Executive appointments during 2022



**BRETT MCINTOSH**  
Executive General Manager  
HSE & Sustainability



**TANYA EALES**  
Executive General Manager  
People & Culture



- Stakeholders engaged during FY22 via our Stakeholder Survey, to support the prioritisation of material topics.

## SAFETY

- Remains our top priority
- Strengthened Critical Risk Management focus
- Expect to see continual improvement.

## PEOPLE & CULTURE

- Critical to our business and quality project delivery
- Continual focus on building capability, particular through Apprenticeships
- Reinforcement of strong workplace culture on the back of 'Enough is Enough Report'.

## CLIMATE CHANGE

- Transitioning to a low-carbon economy is pivotal to business success
- Current short-term initiatives in place to reduce carbon emissions
- Continual focus on medium to long-term partnerships and solutions.

## COMMUNITY SUPPORT

- Remain committed to making a positive contribution to society
- Includes donations to Telethon, Ronald McDonald House and GIVIT, in addition to promoting and supporting many social and wellbeing initiatives.





# BUSINESS STRUCTURE

# THE NRW JOURNEY – DIVERSIFIED CAPABILITY

## 2017

**GEOGRAPHIC  
EXPANSION**

**GOLDING ACQUISITION**

Increased exposure to east coast civil infrastructure, urban and mining markets.

## 2019

**INCREASED  
CAPABILITIES**

**RCR MINING TECHNOLOGIES  
ACQUISITION**

Established Mining Technologies and maintenance pillar.

Platform for growth across products and fixed plant maintenance.

## 2019

**INCREASED CIVIL  
INFRASTRUCTURE  
OPPORTUNITIES**

**BGC CONTRACTING  
& DIAB ENGINEERING  
ACQUISITION**

BGC Contracting significantly enhanced NRW's ability to participate as a large construction partner in public works projects.

DIAB Engineering added maintenance, construction and shutdowns capability.

## 2021

**EPC CAPABILITIES**

**PRIMERO ACQUISITION**

Primero adds significant Engineering, Procurement and Construction (EPC) capability to Minerals, Energy & Technologies.

## 2022

**CONSOLIDATION**

Focus on the consolidation of our Group offering, and the alignment of systems and processes.

The focus of the business has been to **add capability, broaden the regions** in which we operate and **diversify** our service offering.

# BUSINESS STRUCTURE – PRE 2017



## CIVIL

- Rail formations
- Mine development
- Bulk earthworks
- Airstrips.



## MINING

- Mine development
- Load & haul
- Mine site rehabilitation
- Full scope drill & blast
- Explosives supply and management
- Maintenance services
- Mobile equipment
- Service vehicle manufacture and sales.



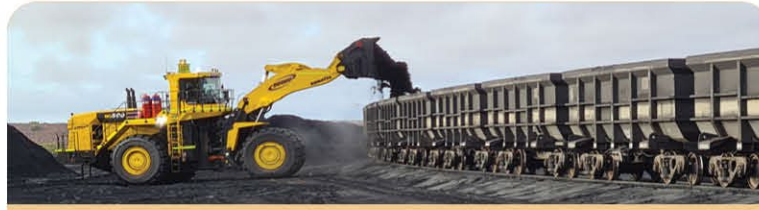
## MINERALS, ENERGY & TECHNOLOGY

# BUSINESS STRUCTURE - TODAY



## CIVIL

- Rail formations
- Mine development
- Bulk earthworks
- Airstrips
- ▶ **National infrastructure pre-qualifications - R5, B4, F150+**
- ▶ **Roads & bridges**
- ▶ **Public / defence infrastructure**
- ▶ **Renewable energy projects**
- ▶ **Marine works**
- ▶ **Commercial & residential subdivisions.**



## MINING

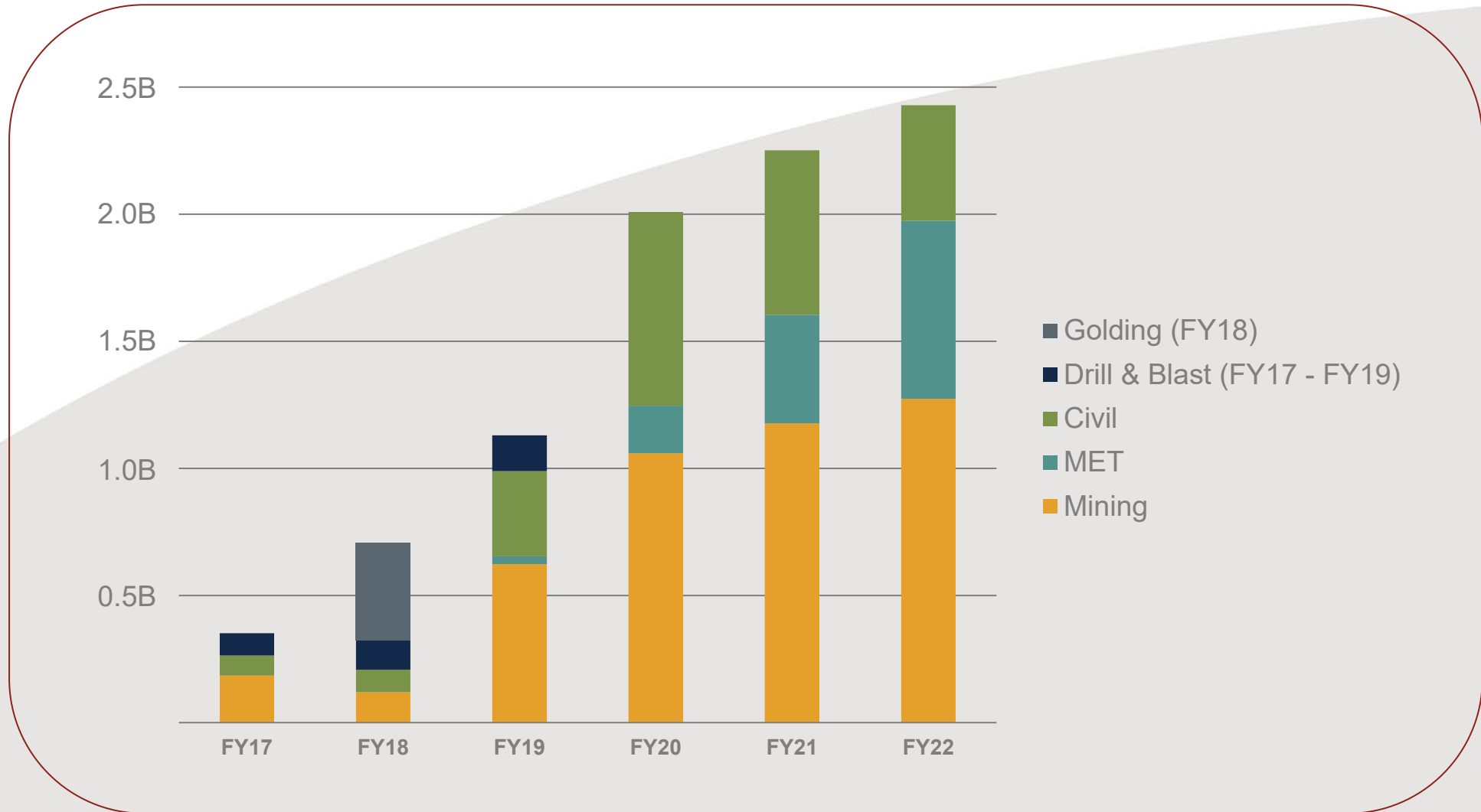
- Mine development
- Load & haul
- Mine site rehabilitation
- Full scope drill & blast
- Explosives supply and management
- Maintenance services
- Mobile equipment
- Service vehicle manufacture and sales
- ▶ **Whole of mine management**
- ▶ **Dragline operations**
- ▶ **Coal handling preparation plants.**



## MINERALS, ENERGY & TECHNOLOGY

- ▶ **Full EPC capability**
- ▶ **Non process infrastructure**
- ▶ **Apron, belt & hybrid feeders**
- ▶ **Project Equity Participation**
- ▶ **Build Own Operate**
- ▶ **Operations & Maintenance services**
- ▶ **Green energy projects**
- ▶ **Structural, mechanical & piping**
- ▶ **Routine preventative & OHP shutdowns**
- ▶ **Product support, spare parts & service.**

# GROUP DEVELOPMENT – THROUGH CYCLE DELIVERY





# CIVIL

## BUNBURY OUTER RING ROAD

- NRW is a major construction partner (40%) in the South West Gateway Alliance
- The project is the largest transport infrastructure project ever undertaken in the South West (\$1.25B)
- Current workforce on the project is 170
- Project completion: February 2025
- NRW is also currently working on other major infrastructure projects including:
  - Smart Mitchell Southbound – Reid Highway to Vincent Street
  - Mitchell Freeway Southbound Upgrade – Hodges Drive to Hepburn Avenue (H2H)
  - Mackay Ring Road
  - Forrestfield Airport Link.



# CIVIL OUTLOOK

- Outlook for NRW civil business is buoyant across both resources and public infrastructure
- Infrastructure – new projects have been added to pipeline set for release between now and end of next calendar year
- Iron Ore opportunities growing and likely to be sustained levels of Capex through extended replacement and growth cycle
- Golding business continues to track a solid pipeline of civil opportunities in sectors where they have strong track record of delivery
- Urban business continues to strong demand in SEQLD despite current interest rate pressures
- Current active tenders total circa \$0.8B.





# MINING

## KARARA

- Largest mining operation and the first major magnetite mine in WA's Mid West
- Premium, high-grade concentrate product for export to steelmakers
- Expected mine life of 30+ years
- The current 5 year contract is valued at circa \$700M
- Investment in new equipment valued all now fully deployed \$170M
- NRW has a workforce of 270 personnel on site.

## GASCOYNE (GCY) update post 8/11/22 announcement

- Staff and equipment being redeployed to other sites
- NRW position as at November 22
  - GCY shareholding \$7.2M
  - Outstanding production royalties \$8.6M



# MINING

## OUTLOOK

- Current active tenders exceed \$2.2B – Green Metals, Gold and Iron Ore
- Opportunities with key clients in Coal to deploy available fleet augmented with hire fleet to support strong demand
- Mining business has secured most of the work expected to be delivered in FY23 and has long term contracts for a number of years beyond
- Focus is on improving productivity and asset utilisation
- Future investments in Green Metals is a priority.



# MET COVALENT

- Engineering, Procurement and Construction (EPC) of the Mt Holland Concentrator project for Covalent Lithium – a joint venture between Wesfarmers and SQM
- Major project for Western Australia and the further development of the state's battery minerals supply chain
- Demonstrates NRW's capability and capacity from early project inception and feasibility through turnkey multi-discipline delivery and more
- Primero peak workforce of 350 personnel.



# MET OUTLOOK

- Primero regarded as an industry leader in both upstream and downstream Lithium processing design and construct
- Office has been established in Houston to assist with upcoming downstream Lithium refinery project works situated in the US
- Opportunities in energy sector to support emerging and established clients in hydrogen and natural gas
  - Hydrogen pilot plant completed
  - Early engineering and FEED studies (in Hydrogen and Carbon Capture) awarded for major clients
- RCR and DIAB tendering a growing number of new clients and projects
- Current active tenders in MET circa \$0.8B.

# SUMMARY

# OUTLOOK AND GUIDANCE

## OUTLOOK

- Near-term tender pipeline capable of being awarded in next 12 months has consolidated at \$19.8B
- Current submitted tenders circa \$3.8B

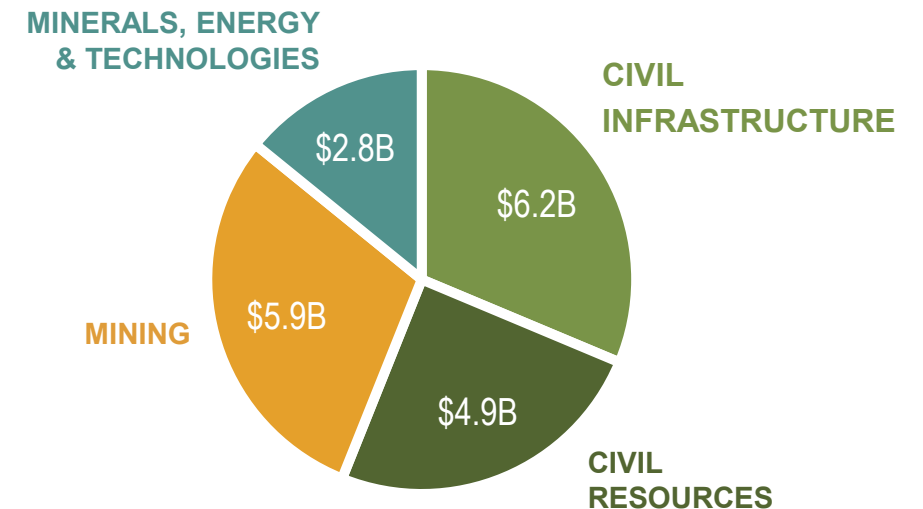
## GUIDANCE - RECONFIRMED

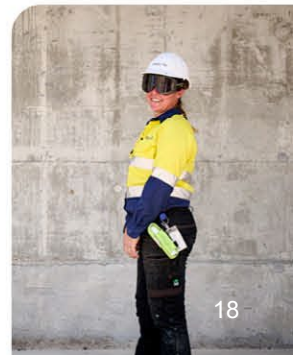
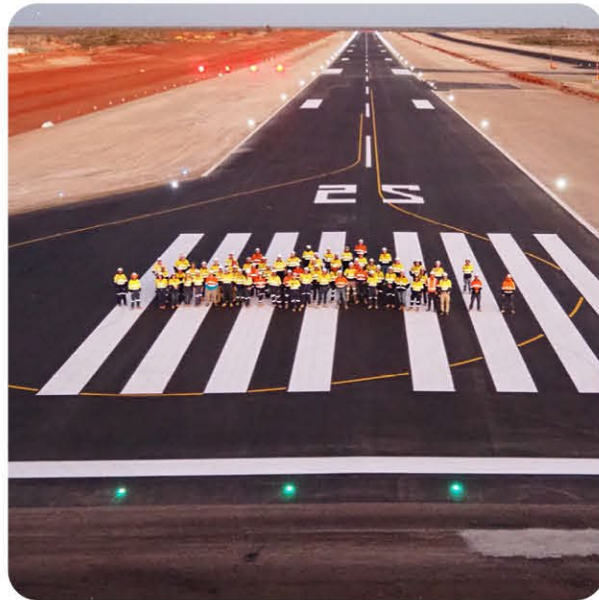
- Group's order book at 30 June 22 was \$5.2B compared to \$3.4B at same time last year
  - The FY23 revenue forecast now includes \$2.5B which is either delivered, in the order book or is expected as repeatable business in Urban, RCRMT and DIAB Engineering with the balance of the work to be won and delivered in the year
- FY23 full year revenue is expected to be between \$2.6B to \$2.7B
- Earnings (EBITA) for FY23 are expected to be between \$162.0M and \$172.0M<sup>(1)</sup>.

## PIPELINE

**\$19.8B**

NOV 22





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