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CEO Address: NRW Holdings Annual General Meeting 3 November 2016

Thank you, Mr Chairman, and good morning ladies and gentlemen.

I am also very pleased to report that we have achieved a significant recovery in the underlying financial performance of the business during the last financial year, despite the continuing challenges in the sector.

Our recovery included a return to profitability, a significant reduction in our debt profile, and capitalisation on key diversification strategies.

Let me first take you through the highlights of the 2016 financial year.

We achieved revenue of $288 million for the year and an EBITDA of $47.4 million, a margin of 16.4%.

Our net profit after tax was $21.5 million.

During the period we achieved a significant reduction in net debt to $59.3 million, from $107.6 million at June 2015. As a result, our gearing ratio improved to 39.6%, compared to 83.8% at June 2015, with cash holdings increasing to $37.2 million.

A major achievement during the year, was the debt rescheduling agreement, which was finalised with NRW's banking group after many months of negotiations. I would like to acknowledge and thank my CFO Andrew for his great effort in managing this process to a successful conclusion.

As activity levels reduced markedly from the prior year, a major area of focus for us has been to reduce overhead costs. In FY16 these were reduced by around 40%, compared to the same period last year.

Despite the challenges we faced, the company did very well to secure new work during the year totaling $577 million which increased our total order book to approximately $1 billion at year end.

During FY16, the Group's Civil and Mining business generated earnings before tax of $18.1 million, on a revenue of $203.6 million. Revenues were down on last year's figure of $694.1 million, which is mainly due to the completion of major civil projects, and the shortage of new project opportunities during the year.

To bring the magnitude of the slowdown in civil work into context, we delivered revenues during the year of around $30 million. At the division's peak, we delivered $30 million in revenue per fortnight. The low level of civil activity during the 2016 financial year has not been experienced by the Company since the early 2000's, when the company was in its early growth phase, and several years prior to major expansion activities commencing in the Pilbara.

During FY16 the Civil Division completed work on the Roy Hill Concrete Project, further development work for Rio Tinto at the Nammuldi Iron Ore site and completed the Ravensthorpe Heavy Haulage route for Main Roads Western Australia. The division also safely completed the Solomon Trinity Overpass for Fortescue Metals Group.

The Civil Division did however, secure several important contracts, during the second half of the year. Most significantly, we were awarded a landmark government infrastructure contract for the Public Transport Authority of Western Australia in the $1.2 billion Forrestfield-Airport Link project, in joint venture with Salini Impregilo. This four-year project provides NRW a significant opportunity to upskill its capabilities and reputation, within the urban infrastructure space.

The project is progressing well and after many months of planning, design, procurement and subcontractor negotiations, works are now underway to establish the construction site at Forrestfield. The site will be the base for key infrastructure for the project and the launch site for the tunnel boring machines in mid-2017. A demolition program is currently underway to remove buildings within the construction site. Beautifully timed with our AGM is the sod turning ceremony to mark the official start of construction on the project, which the premier is attending on site at 11am this morning with our Project Director, Richard Graham.

Other new work secured through the year included the Yandi Oxbow and the Nammuldi Waste Fines Storage projects for Rio Tinto Iron Ore. These projects commenced early this financial year and are progressing well. The Civil team also re-entered the Queensland market through the award of a contract by a new client, Rio Tinto Coal at the Kestrel Mine.

The Mining Division performed well during the year, with the highlight being the award of the Nammuldi contract to mine, crush and haul up to 10 million tonnes of ore per annum for long-standing client Rio Tinto Iron Ore. The two-year contract has a value of approximately $140.0 million and demonstrates the strength of our relationship with Rio Tinto and our proven track record of delivery. The project is performing well, with successful commissioning of the second 5 million tonne per annum crusher on schedule in July.

The Mining team continued to support the Middlemount Coal Mine during the year, and completed the Iron Bridge Magnetite project for Ironbridge Operations; a Fortescue Metals Group led group venture which includes Taiwan’s Formosa Group and China’s Baosteel Group.

New work secured across the Civil and Mining business during FY16 totaled $441.0 million.

The Drill and Blast business reported a revenue of $82.9 million at year-end, slightly below last years of $85.9 million. The division experienced a challenging first half, however improved its margin through the commencement of new projects during the second half. Improved project delivery and cost savings at ADB resulted in earnings before tax of $2.3 million, compared to $1.0 million in FY15.

The business secured $122.0 million in long-term contracts during the year including St. Ives Gold Mine for Gold Fields, Isaac Plains Coal Mine for Golding Contractors and a three-year contract extension for drilling services at the Middlemount Coal Mine.

Our AES business operated on a cash neutral basis during the financial year, following a further 12 months of low demand for service vehicles and water trucks. Revenue in the division reduced to $13.6 million at 30 June 2016, compared to $15.3 million in the prior comparative period. The business sustained a $1.4 million loss, which was slightly better than the FY15 loss of $2.0 million, which included pre-impairment expenses. Encouragingly, the market is showing some signs of improvement for workshop services.

The Health and Safety of our employees remains critical to the success of our business. I am again pleased to report that there were no serious injuries or incidents during the year. Our Frequency Rates have largely remained steady throughout the year and consistent with industry leading levels. The Group's current TRIFR is below 5.

At the end of FY16 our workforce totaled 832 personnel. This has now increased to over 1050 in line with increased project activity.

As I mentioned in my outlook statement in the annual report the two key markets in which we operate, the resources and infrastructure sectors, are showing signs of stability. This improvement in sentiment has led to an increase in tender opportunities, particularly over the last 6 months.

We have currently submitted bids in Civil across brownfield iron ore projects, bauxite, gold and lithium. In addition, we have submitted a proposal under the SI-NRW joint venture for the NorthLink WA Stage 3 works for Main Roads Western Australia.

While most of these projects are in WA, there are other major infrastructure projects across Australia which NRW intends to target through similar partnership models.

The Mining business has submitted tenders for gold, copper and lithium clients and I remain confident that activity will increase as we move through the next calendar year. While our equipment utilisation is over 80% on our fleet by net book value, we have a number of assets ready and available for use if successful on these bids.

The Drill and Blast business has won several key long-term projects in gold and coal during the year and has a number of identified opportunities together with the capacity to grow revenues in FY17.

Price stability in the iron ore market and recent strong price gains in the coking and thermal coal markets, if sustainable, will provide positive momentum for NRW's prospects particularly as we look beyond the current financial year and into FY18 and FY19.

The prolonged cycle of capex under investment by the majors across bulk commodities, will, at some point, need to reverse and we should see increased spending just to sustain existing production levels.

As Michael mentioned earlier we were very pleased at the strong demand shown for our placement, which, while I understand was not popular with all shareholders, was important for the company to ensure we have sufficient flexibility to take advantage of opportunities within the market while we transition back to normalising our banking arrangements. We welcome a number of new high quality institutions onto the register, and I look forward to their ongoing support. Post the raising, our gearing levels are now down to around 20% and we expect to achieve a net cash position sometime during 2017. There are a number of corporate opportunities under review by the company, one of which is our recent agreement with Empire Resources, where in return for short term payment deferral, NRW will be engaged on a cost plus mining contract, and will also receive a 9.5% gold royalty on all gold produced. All deployed fleet is owned by NRW and this innovative arrangement has the potential to realise significantly better returns than would normally be expected in the current market.

As you can see from the final slide, our forward order book and secured base of revenue over the next three to four years provides a solid platform for future growth.

The tender pipeline has grown slightly from our last update in the Annual Report, and as mentioned numerous tenders have been submitted; however, the tendering landscape remains highly competitive and subject to client's timing on award and commencement. The tender pipeline is currently assessed at $2.8 billion.

In closing, I would like to extend my thanks to the Board, my senior management team and the entire NRW family for your tremendous dedication to the Company over the last 12 months.

Lastly thanks to you, our shareholders for keeping the faith and supporting our great company through the most difficult period the industry has faced in many years. I look forward to continuing to grow the company in the years ahead and while our immediate priority has been focused on repaying debt, our objective is to resume dividend payments as soon as reasonably possible.

Thank you