

24 November 2011

# Financial Results for the Half-Year Ended 30th September 2011



ASX: NFK

**NORFOLK**   
INTEGRATED ENGINEERING

**A LEADING  
PROVIDER OF  
INTEGRATED  
ENGINEERING  
SOLUTIONS**

**NORFOLK**   
INTEGRATED ENGINEERING

# A growing company...

## Built on heritage and experience

**O'Donnell Griffin** dates from 1906, founded by Frederick O'Donnell and Thomas Griffin in Sydney



ELECTRICAL &  
COMMUNICATIONS  
ENGINEERING

**O'DONNELLGRIFFIN**  
EXPERTISE • COMMITMENT • RESULTS

**Haden** dates from 1816 and has operated in Australia for over 40 years



AIR CONDITIONING  
& MECHANICAL  
ENGINEERING

**HADEN**  
EXPERTISE • COMMITMENT • RESULTS

**Resolve FM** dates from 1962 as a specialist, integrated facilities management business



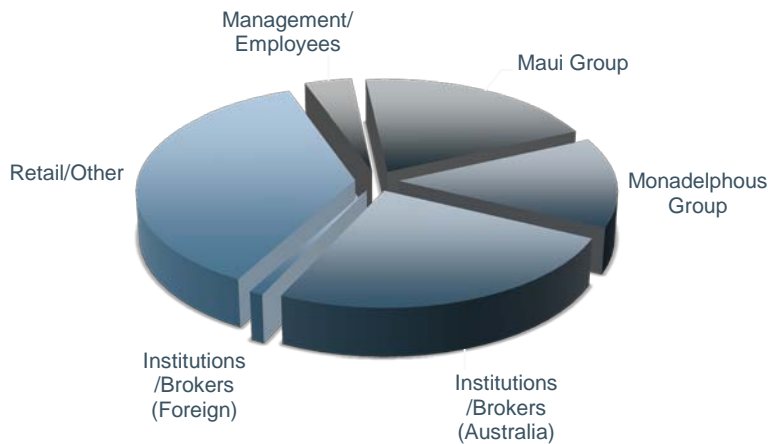
TECHNICAL FACILITIES  
MANAGEMENT SERVICES

**Resolve FM**  
EXPERTISE • COMMITMENT • RESULTS

**NORFOLK**   
INTEGRATED ENGINEERING

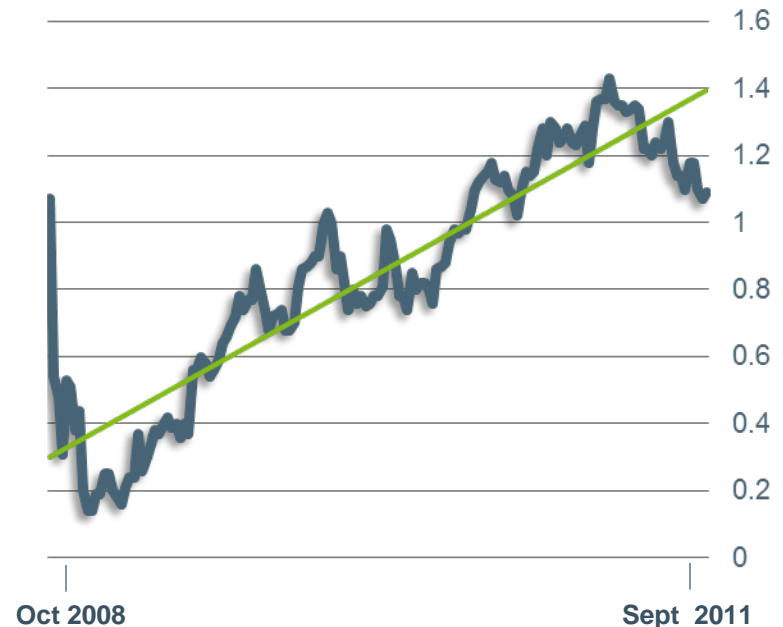
# Corporate overview

## Share register 30 September 2011



- ASX market capitalisation (circa): **\$175,000,000**
- Shares on issue: **158,890,730**

## Oct 2008 – Sept 2011 share price performance



# 1. Key highlights

2. Financial performance

3. Divisional performance

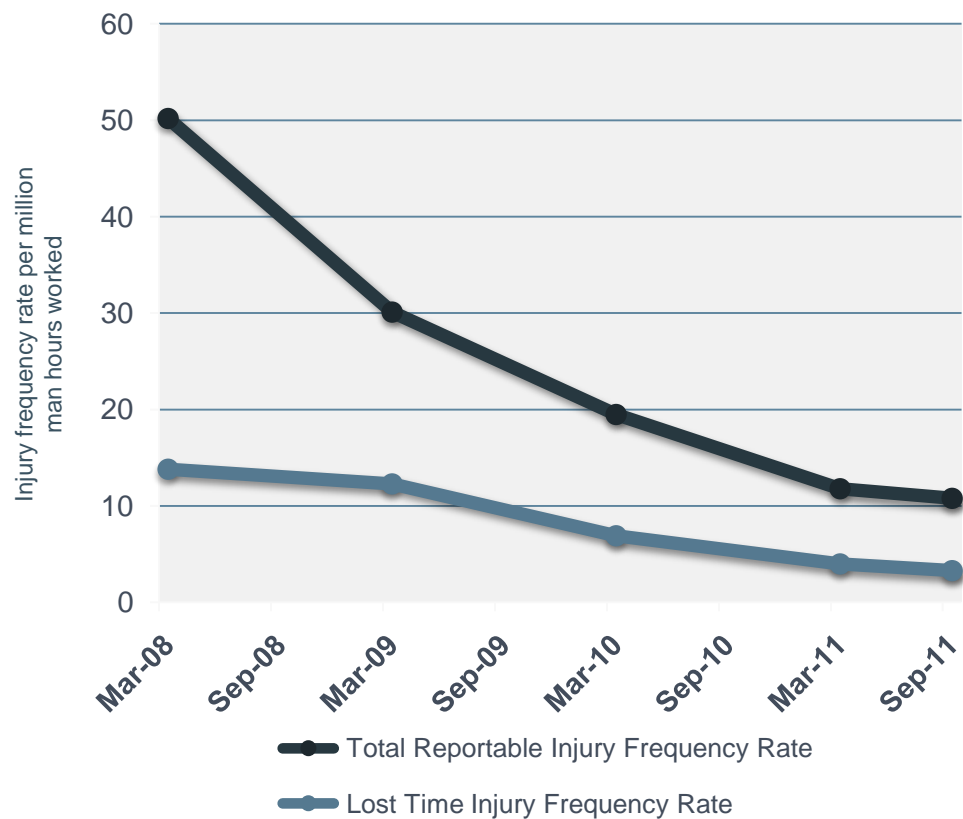
4. Outlook

# Key highlights



- Strong 1H 2012 revenue of \$443.7 million<sup>1</sup>
- 10.5 per cent increase in earnings before interest and tax (EBIT)<sup>1</sup> from previous corresponding period (pcp)
- Net Profit After Tax (NPAT)<sup>1</sup> increased to \$9.3 million from \$8.0 million pcp
- Earning per share (EPS)<sup>1</sup> up 16.3 per cent to 5.85 cents from pcp
- Strong order book of \$788 million, which has since increased to \$864 million
- Interim unfranked dividend of 1.5 cents declared

# Safety focus



## Ongoing commitment to safety resulting in improving safety performance:

- Improvement in Lost Time Injury Frequency Rate (LTIFR)
- 47 Branches without LTI (Lost Time Injury), and 35 without with TRI (Total Recordable Injury) in the 12 months to 30 September 2011
- The safety of our employees is a key priority for Norfolk

# Technology leaders



- In-house technical skills developed and expanded to continue Norfolk's focus on technology
- Developing a strong record of performance in the green retrofit market:
  - Design & construction of Co / Tri generation systems
  - Carbon emission reduction projects
  - Improving building energy rating schemes
- Further skills growth in core disciplines:
  - Mechanical, electrical, controls and communications engineering
  - Rail signalling, Automatic Train Protection (ATP)
  - Telecommunications, communications, controls and SCADA

1. Key highlights
- 2. Financial performance**
3. Divisional performance
4. Outlook

# Financial performance (1)

		1H 2012	1H 2011	Change
Revenue	A\$m	443.7	445.3	(0.4)%
EBIT	A\$m	14.7	13.3	10.5%
EBIT Margin %	%	3.3	3.0	0.3%
EBITDA	A\$m	17.9	17.6	1.7%
NPAT	A\$m	9.3	8.0	16.2%
EPS (cents)	cps	5.85	5.03	16.3%
Operating Cash Flow	A\$m	6.9	10.5	(34.3)%

(1) From continuing operations

# Cash flow summary <sup>(1)</sup>

		1H 2012	1H 2011
EBITDA	A\$m	17.9	17.6
Change in Working Capital	A\$m	(9.3)	2.5
Finance Costs (Net)	A\$m	(1.3)	(1.8)
Income Tax Paid	A\$m	(0.4)	(7.8)
Operating Cash Flow	A\$m	6.9	10.5
Capital Expenditure (Net)	A\$m	(4.7)	(3.7)

- Timing of cashflows associated with a number of large-scale projects impacted working capital
- CAPEX increase due to ongoing investments in R&D and business reengineering introducing consistent operating processes

# Balance sheet, capital structure & dividend policy

- Continued focus on strengthening balance sheet to support its anticipated growth
- Unfranked interim dividend declared of 1.5 cents per share, in line with Norfolk's current dividend policy of paying out 25% of NPAT

Balance Sheet		1H 2012	FY 2011
Net Cash/(Debt) (including finance leases)	A\$m	6.0	8.1
Total Equity	A\$m	96.8	89.9
Net Debt / Net Debt plus Equity	%	N/A	N/A
Net Debt / EBITDA <sup>(1)</sup>		N/A	N/A
Interest Cover (rolling 12 months)		12.0 x	12.3 x

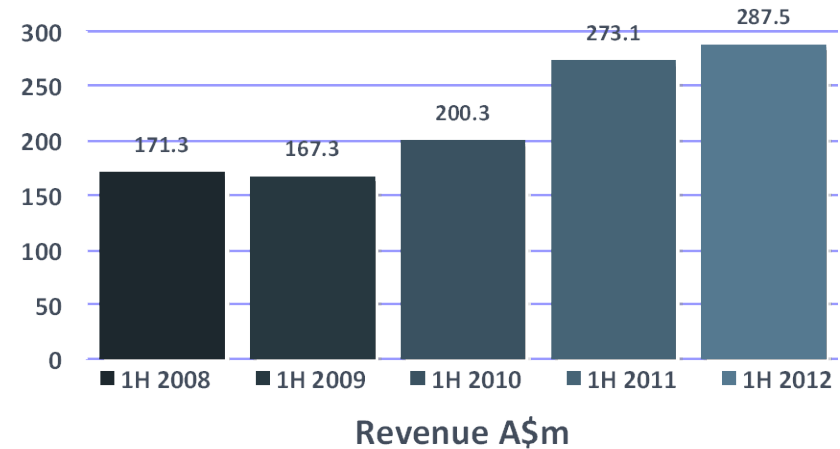
1. Key highlights
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4. Outlook

# Divisional performance

ELECTRICAL &  
COMMUNICATIONS  
ENGINEERING

**O'DONNELLGRIFFIN**  
EXPERTISE • COMMITMENT • RESULTS

- Continued to perform well in resources, power and rail:
  - BHP Billiton's Rapid Growth Project 5
  - BHP Billiton's Jimblebar project
  - The Pilbara Underground Power Project
- Significant order book of \$579 million (since increased to \$649 million)
- Healthy project pipeline with over \$1.5 billion in submitted tenders and \$1 billion in identified prospects



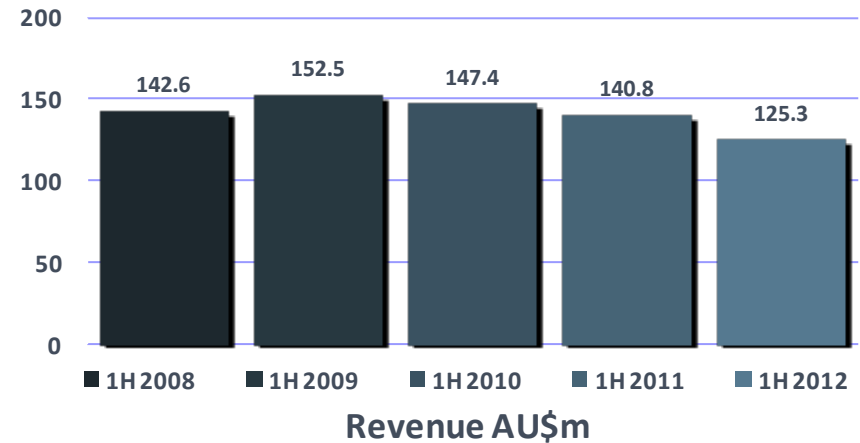
		1H 2012 <sup>(1)</sup>	1H 2011 <sup>(1)</sup>	Change
<b>Revenue</b>	A\$m	287.5	273.1	5.3%
<b>EBIT</b>	A\$m	17.7	17.9	(1.1)%
<b>EBIT Margin</b>	%	6.2	6.6	(0.4)%
<b>Order Book</b>	A\$m	579.3	671.6	(13.7)%

# Divisional performance

AIR CONDITIONING  
& MECHANICAL  
ENGINEERING

**HADEN**  
EXPERTISE • COMMITMENT • RESULTS

- Continued to be impacted by a stagnant commercial building market, project delays and reduced service volumes
- In response, the company is continuing its drive into the health sector, industrials and the green building retro-fit market
- Stronger full year result than FY2011 forecast based on:
  - Increased service volumes increase
  - Recent contract wins in infrastructure and health



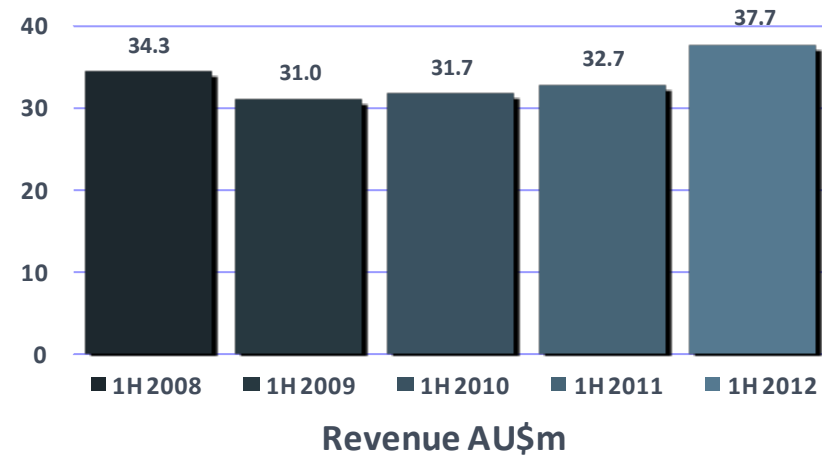
		1H 2012 <sup>(1)</sup>	1H 2011 <sup>(1)</sup>	Change
<b>Revenue</b>	A\$m	125.3	140.8	(11.0)%
<b>EBIT</b>	A\$m	0.06	0.01	500%
<b>EBIT Margin</b>	%	0.1	0.0	0.1%
<b>Order Book</b>	A\$m	80.4	62.4	28.8%

# Divisional performance

TECHNICAL FACILITIES  
MANAGEMENT SERVICES

**Resolve FM**  
EXPERTISE • COMMITMENT • RESULTS

- Record half year performance
- Continued strength in the custodial sector, as demand for specialist services drives maintenance and capital works volumes
- Good prospects in the delivery of technical facility management solutions :
  - Energy consumption reductions
  - Facility lifecycle costing



		1H 2012 <sup>(1)</sup>	1H 2011 <sup>(1)</sup>	Change
<b>Revenue</b>	A\$m	37.7	32.7	15.3%
<b>EBIT</b>	A\$m	2.5	0.5	400.0%
<b>EBIT Margin</b>	%	6.6	1.5	5.1%
<b>Order Book</b>	A\$m	128.4	72.9	76.1%

# Key growth sectors



## RAIL

- Novo Rail Alliance
- BHPB RGP5
- South Improvement Alliance
- Sunbury Electrification Project
- KiwiRail upgrade projects



## POWER

- Pilbara Underground Power
- 76 Berry St, North Sydney Tri-generation
- Te Huka contact Energy Geothermal Power station
- Jimblebar HV Early Works



## AGRIBUSINESS

- Bundled M & E at Fonterra Darfield
- On going HVAC Maintenance at various Fonterra sites



## RESOURCES

- Argyle Diamond Mine
- Mount Arthur Coal
- NW Shelf LNG trains
- Worsley Alumina
- Kestrel Coal Mine



## HEALTH

- West Australian Institute of Medical Research
- Kalgoorlie Hospital
- Broome Health Services

# Strategy and progress

## 1. Build strong health & safety culture



- KPIs expanded to include lead and lag Indicators
- Targeting a further 20% reduction in LTIFR & TRIFR 2011-12
- Divisional & Group Safety Targets established as a key metrics for 2011-12 incentive program

## 2. Focus on growth sectors



- Growth in rail, power, health, resources & agribusiness
- Continued success in infrastructure, industrial & telco sectors
- Drive into sustainability / energy management market

## 3. Recurring & alliance-style revenue



- Continuing strong earnings from multiple significant alliance-style and cost-reimbursable-style contracts
- Revenue growth in service & maintenance contracts into diversified industry sectors

## 4. Technology Leaders



- Partnering with leading technology providers across all sectors
- Vertically Integrated Green Building & Retrofit Offering
- In-house skills development offering complete technical solutions

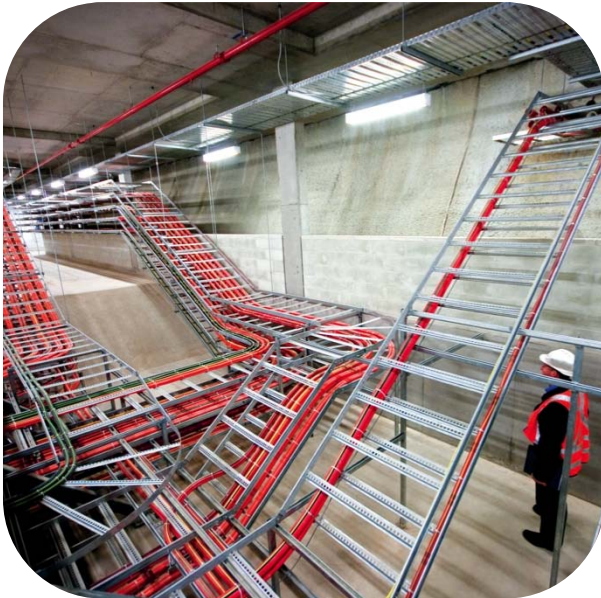
## 5. Leverage existing customer network



- Increased success in bundled mechanical, electrical and fire services
- Increased focus on strategic cross-business selling
- Revenue growth through offering more capability & skills to established customers

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# Outlook



- Norfolk forecasts continued, sustainable growth at a Group level
  - O'Donnell Griffin: Growth focused on key market sectors delivering a strong pipeline and increasing order book
  - Haden: The recovery of Haden could be slower than anticipated and project delays could have an impact on the second half of the year
  - Resolve FM: Ongoing strength in the delivery of specialised services, building on a record half year
- Norfolk continues to explore strategic opportunities to strengthen the business for future growth
- Current dividend policy expected to be maintained
- Norfolk remains on track to deliver full year NPAT growth of between 5 – 10 per cent

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