

# 2013 Half Year Results Presentation



# 2013 Half Year Results

## **DISCLAIMER**

IMPORTANT: The information within this document has been provided to you for information only by Nomad Building Solutions Limited ("Nomad"), and is subject to change without notice. Nothing contained in this document constitutes investment, legal, tax or other advice. The information in this document does not take into account your investment objectives, financial situation or particular needs. Before making an investment decision, you should consider, with or without the assistance of a professional securities adviser, whether an investment in Nomad is appropriate in the light of your particular investment needs, objectives and financial circumstances.

Nothing in this document should be considered a solicitation, offer or invitation to buy, subscribe, offer or invitation to buy, subscribe for or sell any security in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation. The distribution of this document outside of Australia may be restricted by law. Persons who come into possession of this document who are not in Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

By accepting this document, you agree to be bound by these limitations. Nomad has prepared this document based on information available to it. Although all reasonable care has been taken to ensure that the facts stated and opinions given in this document are fair and accurate, the information provided in this document has not been independently verified. Accordingly, no representation or warranty, express or implied is made as to the fairness, accuracy, completeness or correctness of the information and opinions contained in this document. To the fullest extent permitted by the law, none of Nomad, its directors, employee or agents or any other persons accepts any liability for any loss whatsoever arising from any use of this document or its contents, or otherwise arising in connection therewith.

# 2013 Half Year Results

## Highlights:

- 12 months lost time injury free
- Strengthened balance sheet with net cash as at February 2013 of \$11.8m

## McGrath Homes

- Award of \$28.8m contract in October 2012 to design, manufacture and install 60 Modular Homes for Rio Tinto
- First delivery of houses to Wickham site in April 2013
- Completion of work expected by November 2013

## Nomad Rental

- \$2.4m sale of Pilbara based rental assets in November 2012 to Auzcorp
- \$9.9m sale of WA, QLD and SA rental assets announced in December 2012 to Black Diamond Group Limited (transacted in January/February).

## Results:

	Half Year Ended 31 December 2011	Half Year Ended 31 December 2012	% Change FY13H1 to FY12H2
	\$M	\$M	
<b>Revenue</b>	<b>61.5</b>	<b>34.6</b>	(44%)
<b>EBITDA</b> Before Rapley	9.7	3.3	(66%)
Rapley EBITDA	0.6	(4.6)	(900%)
<b>EBITDA</b>	<b>10.3</b>	<b>(1.4)</b>	(113%)
Depreciation & Amortisation	2.3	1.8	
<b>EBIT</b>	<b>8.0</b>	<b>(3.1)</b>	(139%)
Discontinued Operations (Nomad Modular)	(4.2)	0.0	
Interest	0.7	0.2	
<b>Operating Profit/(Loss) Before Income Tax Expense</b>	<b>3.1</b>	<b>(3.3)</b>	(208%)
Income Tax Expense	0.9	(1.0)	
<b>Operating Profit/(Loss) After Tax Expense</b>	<b>2.2</b>	<b>(2.4)</b>	(209%)
Goodwill Impairment	0.0	5.0	(441%)
<b>Statutory Net Profit After Tax</b>	<b>2.2</b>	<b>(7.4)</b>	(441%)
Earnings Per Share	0.8	-2.7	(444%)
Net Cash Surplus	4.1	3.3	(19%)

# 2013 Half Year Results (Contd.)

→ H1 2013 Results impacted by slow-down in resource sector activity levels in WA & QLD

- McGrath Homes Breakeven EBITDA performance
- Nomad Eastern States \$0.1m EBITDA loss
- Rapley \$4.6m EBITDA loss
- Nomad Rental \$5.3m EBITDA contribution on the back of rental asset sales

→ NPAT \$7.4m loss after Tax – Headline result

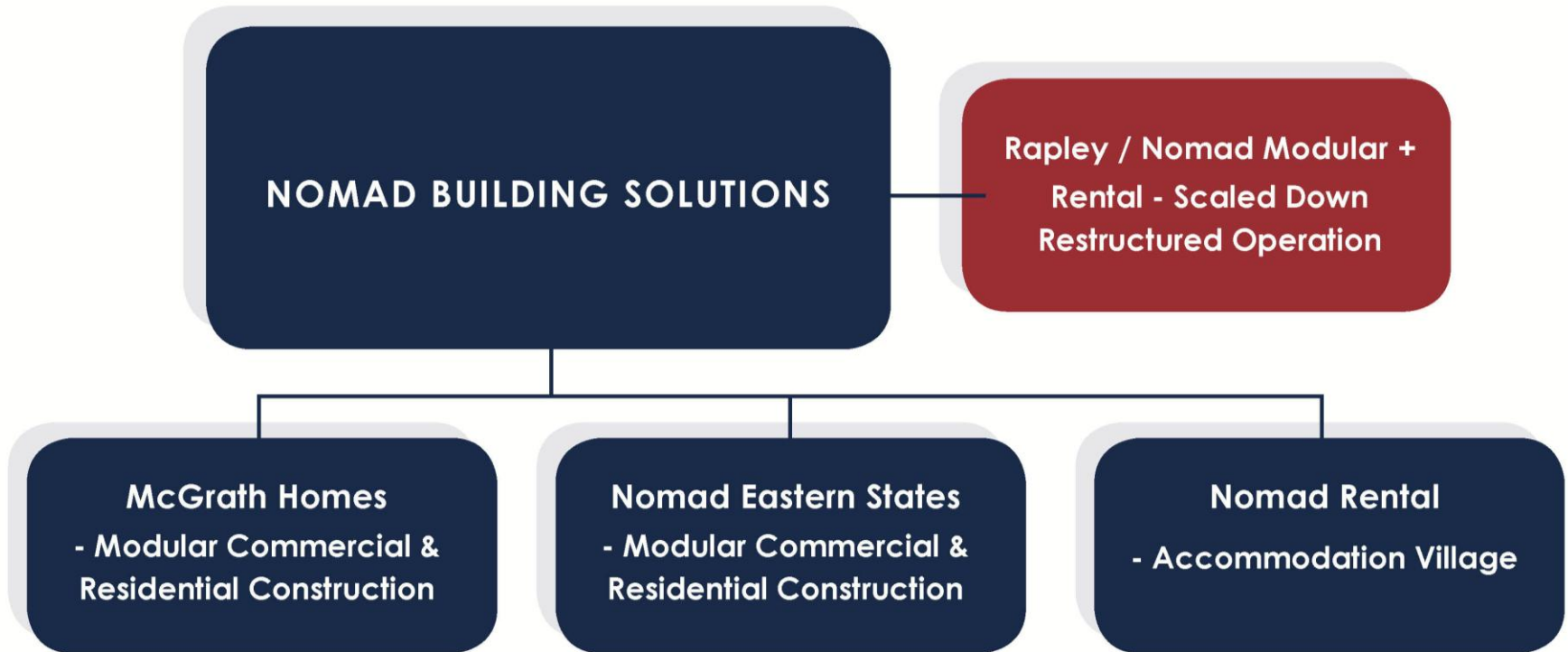
- Includes \$3.2m loss after tax by Rapley business
- Includes \$5m write down in Goodwill associated with continued under performance of Rapley business

# 2013 – Cash & Debt (\$'000s)

	June-10	June-11	June-12	Dec-12	Feb-13
Cash At Bank	8,845	17,042	10,180	3,815	11,800
Borrowings	26,842	14,564	6,900	478	0
Net Cash / (Debt)	-17,997	2,478	3,280	3,337	11,800
Debt Repayments		12,278	7,664	6,422	478

- \$26.8m of debt repaid since June 2010
- Debt payments funded from asset sales and cash generated from operations
- Debt is nil at 28 February 2013
- Cash at 28 February 2013 following January and February asset sales is \$11.8m

# Evolving Nomad Divisional Structure



# Future Foundations • Focus on Proven Performers

## **MCGRATH HOMES + NOMAD EASTERN STATES**

- Manufacturing based businesses
- Centralised Operations and associated efficiencies
- Common Management & Workforce
- Low Risk

## **McGrath Homes – Performance & Outlook**

- ✓ Cost-base maintained to meet future contract wins which were delayed until Q2
- ✓ Approx 50% of Rio Tinto contract value will flow through to sales in H2
- ✓ Rio Tinto contract plus other commercial contracts are expected to result in H2 EBITDA of \$3.7m
- ✓ Increasing positioning towards residential markets (higher margin)

## **Nomad Eastern States – Performance & Outlook**

- ✓ Strong Q1 performance but H1 impacted by a weak Q2 in response to diminished coal sector demand
- ✓ A small but positive EBITDA contribution of \$0.7m expected in H2
- ✓ Well managed & positioned to win new business as the QLD market recovers
- ✓ Has substantial operating leverage to increase sales and throughout
- ✓ Improved penetration into the residential sector

# Future Foundations • Focus on Proven Performers

## **Nomad Rental – Performance & Outlook**

- Sale of Pilbara rental assets for \$2.4m in November 2012, generating \$0.6m EBITDA in H1
- January and February sales of \$9.9m will generate EBITDA of \$4m which will be booked in H2

## **Rapley (Regional insitu home builder) – Performance & Outlook**

- Major disappointment in H1 posting a EBITDA loss of \$4.6m
- Unable to win new business in competitive market
- A number of existing contracts poorly executed resulting in losses
- Decision made to restructure and scale-down business
  - : H1 loss includes redundancy costs
- Remaining order book to be completed by end H2
  - : Further cost reductions to be implemented to minimise drag on future earnings
- Remaining goodwill of \$5m written down based on 3 years of losses
- Losses on Rapley have now been quarantined



# Company Positioning & Strategy 2013/14

## **BUILD on McGrath Homes strong market position**

- Strong medium-term order book position in corporate market
- Expanding residential market profile with 2 new display centres in Perth

## **POSITION Nomad Eastern States for market recovery**

- Reduce cost-base to reflect current market conditions
- Leverage market position and manufacturing capacity as demand improves

## **MONETISE rental assets**

- \$12m in cash from the sale of rental assets in first 8 months of 2012/13
- Continue sale process provided appropriate value can be achieved
- Further \$7m in sales could be realised by end H2

## **FOCUS on Shareholder value**

- Unsolicited enquiries received for certain assets
- Process to evaluate enquiries in place
- Return of cash to shareholders in 2013/14 will be considered

## **CLOSE out Legacy issues**

- Long standing legacy issues for Nomad Modular and Rapley contracts being progressed
- Remaining legacy issues to be closed-out by end H2

## **Bank Debt / Cash Flow**

- Bank debt eliminated in January 2013
- Net cash expected to grow from \$3.3m at end H1 to \$10m+ by end H2

## **Corporate Overheads**

- Corporate cost run-rate \$4.1m per year in H1
- Aim to reduce this to approx. \$2.5m by end of H2 in line with reduced scope of Nomad business

# Full Year Earnings & Outlook

	FY 2013 H1 \$M	FY 2013 H2 \$M	FY 2013 Total \$M
<b>Revenue</b>			
McGrath Homes	11.5	33.6	45.1
Nomad Eastern States	10.6	12.8	23.4
Nomad Rental	8.3	11.2	19.5
Corporate and Other	0.0	0.0	0.0
<b>Revenue Before Rapley</b>	<b>30.4</b>	<b>57.6</b>	<b>88.0</b>
Rapley	4.2	5.3	9.5
<b>Total Revenue</b>	<b>34.6</b>	<b>62.9</b>	<b>97.5</b>
<b>EBITDA</b>			
McGrath Homes	0.0	3.7	3.7
Nomad Eastern States	(0.1)	0.7	0.6
Nomad Rental	5.3	4.7	10.0
Corporate and Other	(2.0)	(1.8)	(3.8)
<b>EBITDA Before Rapley &amp; Provisions</b>	<b>3.3</b>	<b>7.3</b>	<b>10.5</b>
Rapley	(4.6)	(0.4)	(5.0)
Provision for Legacy Issues	0.0	(1.0)	(1.0)
<b>Total EBITDA</b>	<b>(1.4)</b>	<b>5.8</b>	<b>4.5</b>

# Contacts



Level 2, 76 Hasler Road, Osborne Park, W.A. 6017

PO Box 894 Innaloo, W.A. 6918

**T:** (08) 9204 8798 **F:** (08) 9204 8701

ABN: 52 117 371 418

Contacts:

Peter Hogan - Managing Director (08) 9204 8798

Andrew Sturcke – Chief Financial Officer (08) 9204 8798



**RAPLEY**

