

Infrastructure



20  
15

Energy



Resources



Half Year Results

**For the 6 Months to  
31 December 2014**

19 February 2015

**Managing Director & CEO**  
Dr Paul Dalglish

**Chief Financial Officer**  
Mr Andrew Phipps

# Company Overview



RCR is a leading provider of integrated engineering solutions in the Infrastructure, Energy and Resources sectors.

**One of Australia's most diversified engineering and infrastructure companies,** RCR uses in-house expertise to provide a comprehensive range of engineering and construction projects from design and manufacture, to construction, installation, maintenance and off-site repair.

**Delivered through our three business streams,** [RCR Infrastructure](#), [RCR Energy](#) and [RCR Resources](#), we employ approximately 4,000 people supporting major infrastructure, energy and resource projects across our extensive network of operations in Australia, New Zealand and Asia.

**RCR's core capabilities** include design & construction of power stations and steam generation plants; structural, mechanical, piping and electrical construction and maintenance for the resource sector; and high voltage power systems, railway signalling, communications, water & wastewater solutions and overhead wiring systems for the infrastructure sector.



**~4,000**  
people

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**3**  
sectors

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**5**  
countries

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# Agenda

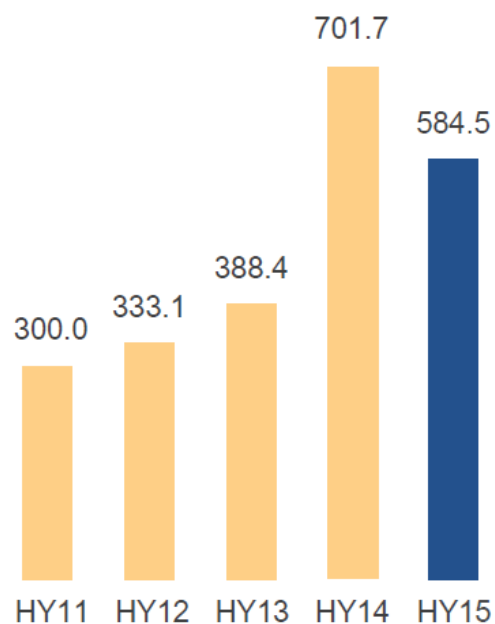


- Delivering Returns to Shareholders
- Total Shareholder Returns (TSR)
- HY15 Highlights
- HY15 Financial Performance
- RCR Business Structure
- Review of Operations
  - Infrastructure
  - Energy
  - Resources
- Sustainability
- Strategy

# Delivering Returns to Shareholders

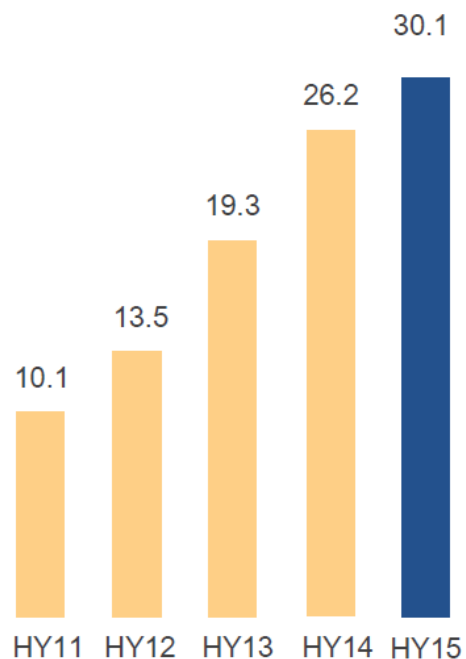


**Revenue**  
\$M



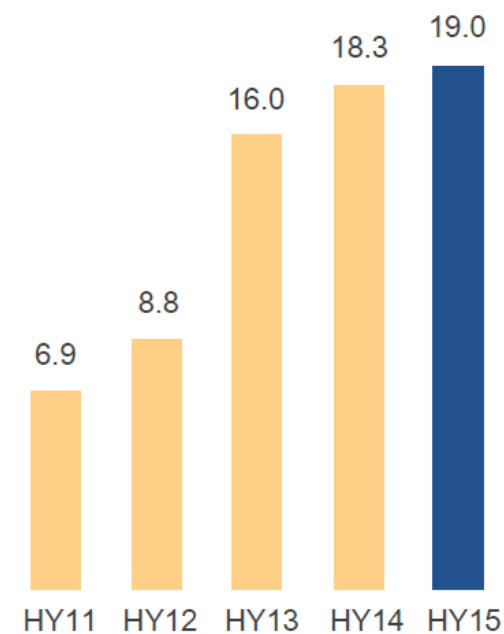
**↓ 17%**

**EBIT**  
\$M



**↑ 15%**

**NPAT**  
\$M



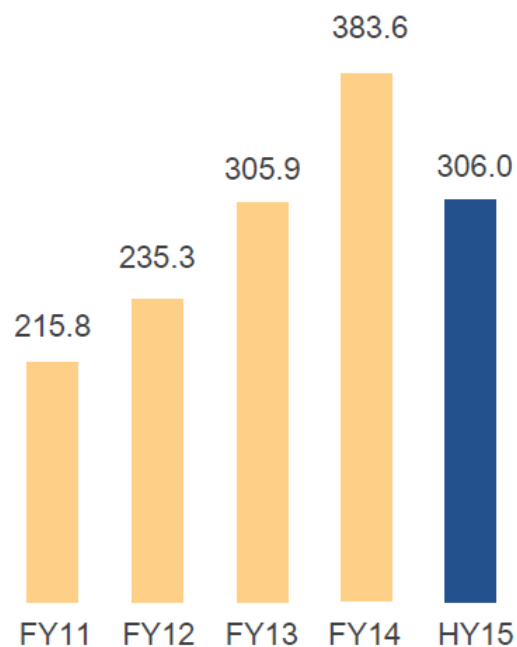
**↑ 4%**

# Delivering Returns to Shareholders



## Market Cap

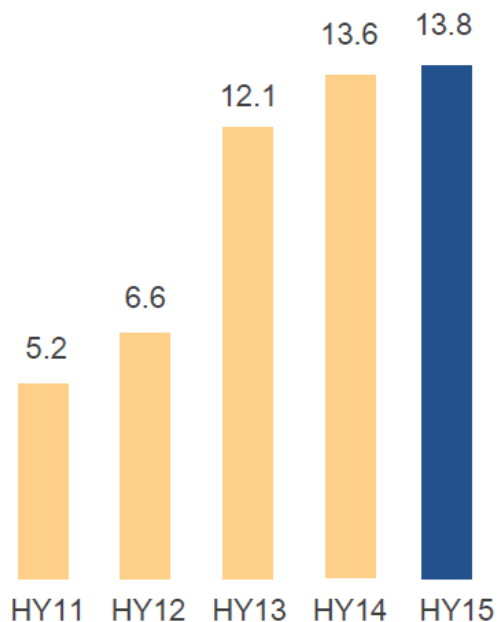
\$M



↓ 20%

## Earnings Per Share

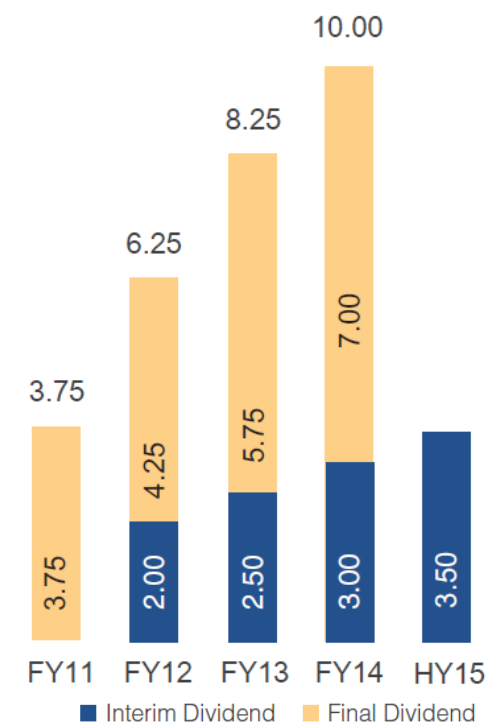
Cents



↑ 1%

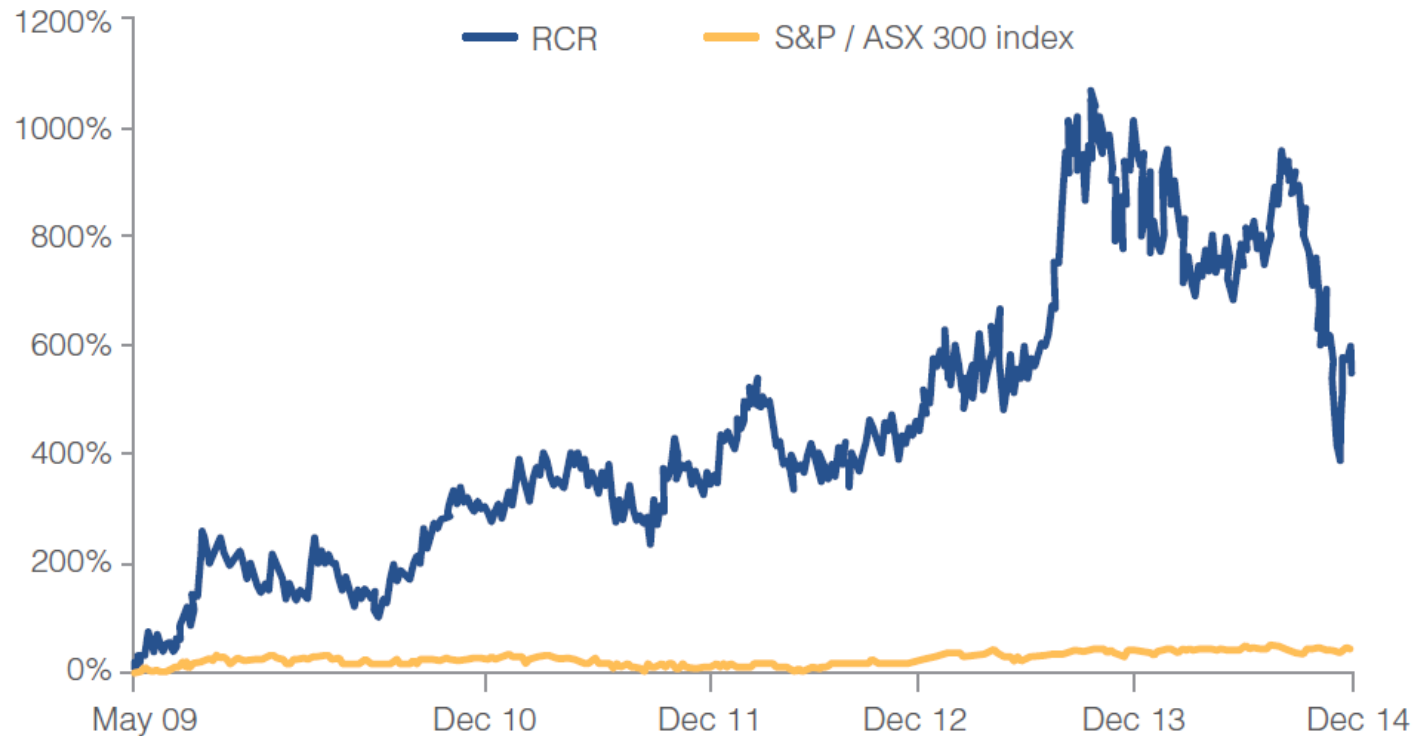
## Dividends

Cents per share



↑ 17%

# Total Shareholder Returns (TSR)



- **583%** increase since 25 May 2009
- Compound Annual Growth Rate (CAGR) of **41% p.a.**
- Institutional shareholding at **65%**
- Member of the S&P/ASX All-Australian 200 Index

# HY15 Highlights



- 70% of Revenue & Earnings from Infrastructure and Energy sectors
- Revenue of **\$584.5M**
- EBIT (before non-recurring items) of **\$28.8M**
- Operating Margins up to **4.9%**
- NPAT up **4%** to **\$19.0M**
- Earnings of **13.8 cents per share**
- Dividends up **17%** to **3.50 cents per share** fully franked
- Net Debt down to **\$18.1M**; Gearing **6%**
- Order Book **\$712M**
- Safety performance continues to improve

## Operating Margins

**↑ 14%**

## NPAT

**↑ 4%**

## Dividends

**↑ 17%**



Switchroom works at Amcor Paper Mill, NSW

# HY15 Financial Performance





# Earnings



	HY15	HY14
	\$M	\$M
<b>Revenue</b>	<b>584.5</b>	<b>701.7</b>
EBITDA (before non-recurring items)	39.6	40.7
Depreciation	(7.0)	(7.4)
Amortisation	(3.8)	(3.4)
<b>EBIT (before non-recurring items)</b>	<b>28.8</b>	<b>29.9</b>
<b>EBIT %</b>	<b>4.9%</b>	<b>4.3%</b>
Non-recurring items	1.3	(3.7)
<b>EBIT</b>	<b>30.1</b>	<b>26.2</b>
Net Interest	(2.9)	(2.8)
<b>PBT</b>	<b>27.2</b>	<b>23.4</b>
Tax	(8.2)	(5.1)
<b>NPAT</b>	<b>19.0</b>	<b>18.3</b>

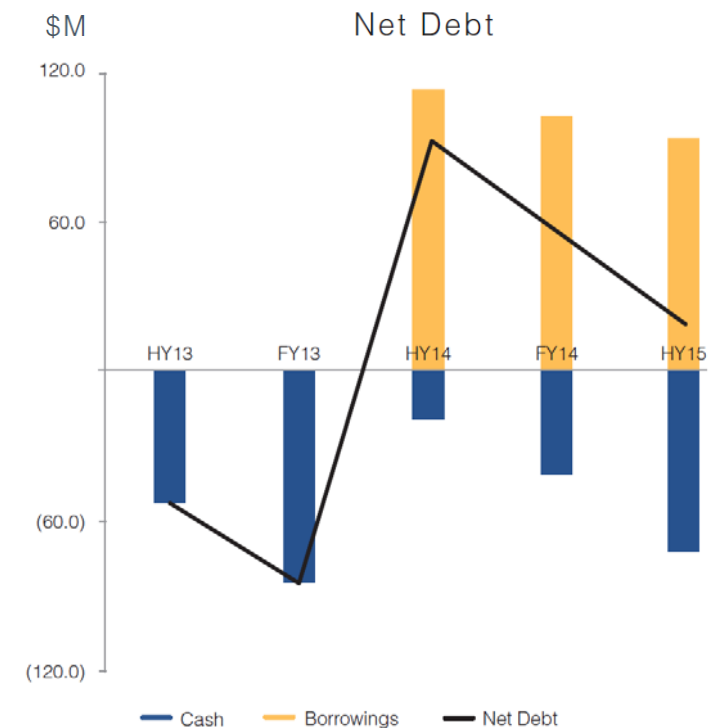
Numbers have been subject to rounding

- EBITDA steady at **\$39.6M**
- EBIT (before non-recurring items) of **\$28.8M**
- EBIT margins up to **4.9%**
- Non-recurring items of **\$1.3M**
- HY14 non-recurring item (transaction costs) **\$3.7M**
- Effective tax rate increased to **30%** (HY14: 22%)

# Cash Flow



- **82%** conversion of EBITDA
- Adjusted operating cash flow of **\$32.4M**
- Interest paid of **\$3.1M**
- Business Rationalisation of **\$8.9M**
- Major projects working capital movement of **\$6.9M**
- Net tax refund of **\$2.2M**



# Funding Facilities



<b>Funding Summary</b>	<b>HY15 \$M</b>	<b>HY14 \$M</b>
Senior Debt and Working Capital Facility	260	280
Insurance Bonding Facilities	150	100
<b>Total facilities</b>	<b>410</b>	<b>380</b>
Less: Senior Debt Utilised	90	110
Less: Non-Cash Facilities Utilised	92	118
<b>Available Facilities</b>	<b>228</b>	<b>152</b>
Plus: Cash	73	21
<b>Total Cash/Funding Facilities Available</b>	<b>301</b>	<b>173</b>

<b>Key Financial Ratios</b>		
Net Debt	\$18.1M	\$90.5M
Gearing Ratio *	6%	25%
Facility Utilisation	44%	60%
Available Cash	\$148M	\$71M
Debt Facility Expiry	Nov 2017	July 2016

\* Gearing Ratio = Net Debt / (Net Debt + Equity)

- Net Debt of **\$18.1M**
- Low Gearing Ratio of **6%** down from 25% at HY14
- Capacity to support future growth and acquisitions
- Available Cash of **\$148M**
- Renewed CBA facility to November 2017
- Lower Interest rates and facility costs secured
- Total CBA Facility **\$260M**
  - **\$90M** in senior debt
  - **\$170M** working capital and guarantee facility
- **\$150M** Insurance Bonding Facilities

# RCR Business Structure



## INFRASTRUCTURE

- Rail signalling & overhead wiring systems
- Power generation, transmission & distribution systems
- Facilities management
- Communications, fire & data
- High voltage cabling, switchboards and process control instrumentation
- Installation & maintenance of HVAC
- Water & desalination solutions

 O'DONNELLGRIFFIN

HADEN

**Resolve FM**



## ENERGY

- Power and energy plants (HRSG, turbine, geothermal, biomass)
- Combined Cycle Power Plants
- Packaged boilers
- Conventional and renewable fuels
- Burners, heaters and combustion systems
- Servicing & maintenance
- Laser cutting



## RESOURCES

- SMP construction (Mining and Oil & Gas)
- Underground construction
- Mechanical installation
- Shutdowns
- Materials handling equipment
- Apron feeders, belt feeders
- Radial stackers, reclaimers & ship loaders
- Mobile mining equipment
- Off-site repair services (heavy engineering)

# Review of Operations



Level Crossing installed at BHP Billiton rail operations, North West, WA





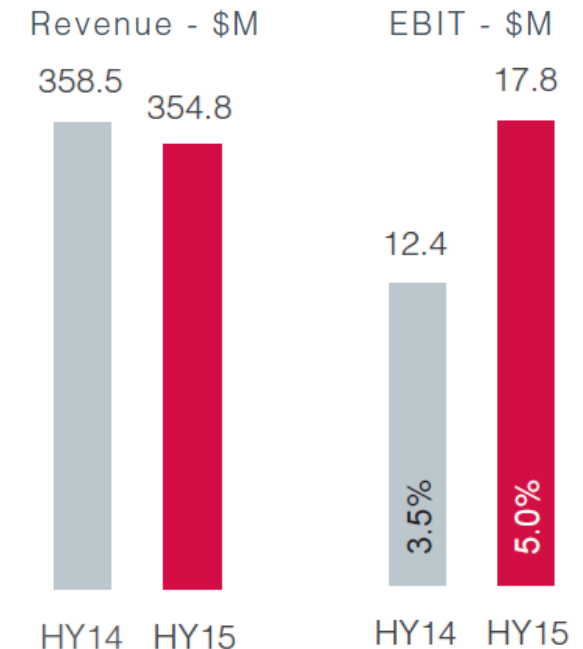
1500 DC Feeder Project, part of Novo Rail Alliance Programme, NSW

## Performance

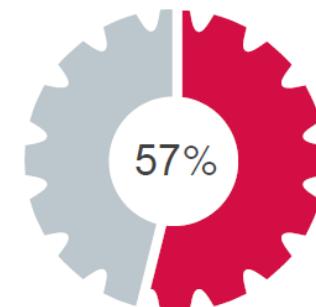
- Improved margins, up to 5%
- Ongoing business rationalisation initiatives
- Focused on maintaining profitability
- Nearing completion on Legacy Way Tunnel
- Secured First Solar Broken Hill Solar Farm
- Multiple packages awarded under Sydney Water panel

## Opportunities

- Preferred tenderer on a Victorian Rail Expansion package
- Targeting large opportunities in rail and transport
- Focus on 'turnkey' capability and vertical integration
- Major opportunities include:
  - Large Road Tunnels in NSW and QLD
  - Rail and Light Rail projects in NSW, VIC and WA
  - NSW Transmission and Distribution



Revenue Contribution







RCR Proprietary Heat Recovery Steam Generators, Sino Iron Project, WA

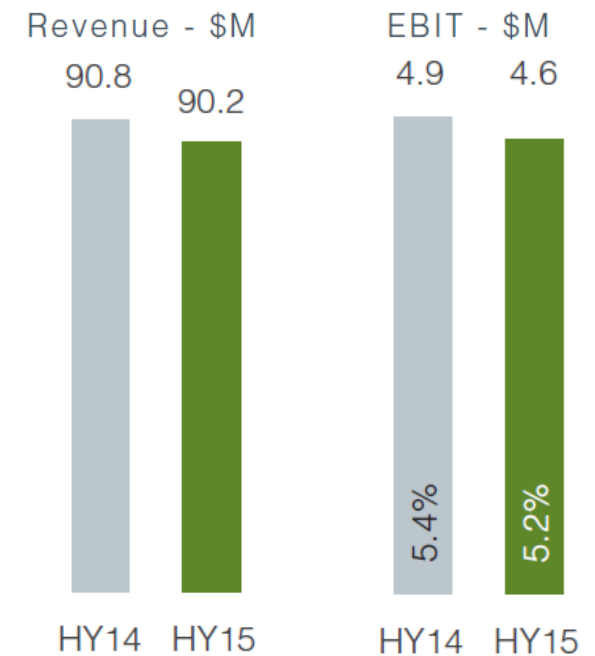


## Performance

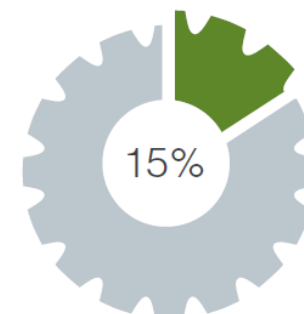
- Steady revenues with recurring revenue base
- Major works include:
  - Alinta
  - Thai Oil
  - Fonterra
  - Nestle
  - Orica
- Growth in upgrades and maintenance business
- Secured three-year maintenance contracts
  - NRG and AGL Torrens Island

## Opportunities

- Tendering turnkey power projects in SE Asia
  - Senipah, Lombok and Thailand
- ECI for power generation for Adani Coal
- Pipeline of Projects for Closing Steam Cycle



Revenue Contribution





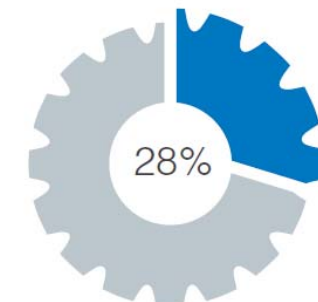
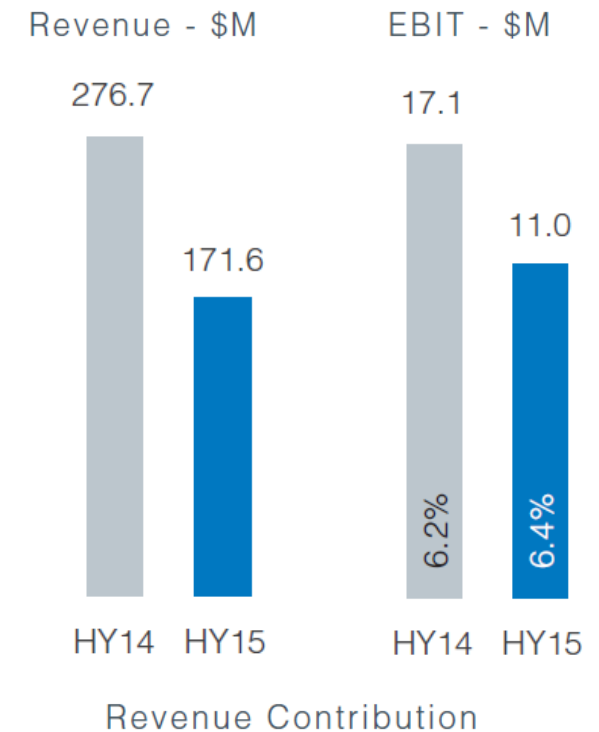
RCR Construction works at Rio Tinto's West Angelas Deposit B Mine, WA

## Performance

- HY14 revenue includes completion of FMG contract
- Recurring revenues continue to be strong for OSR
- Solid demand for RCR materials handling equipment
- EBIT margin improved
- Major Project Activity:
  - Glencore - Completion of Ernest Henry
  - Roy Hill - Apron & Belt Feeders
  - Newcrest - Cadia Panel Cave 2
  - Rio Tinto - West Angelas Deposit B
  - Rio Tinto - Mesa J (IP2C)
  - BHPB - Bulking-in Hoppers

## Opportunities

- Major projects for Mineral Sands, Coal, Nickel, Zinc & Aluminium
- Oil & Gas maintenance and remedial services
- Cost Reduction and Debottlenecking in Iron Ore





# Sustainability



HVAC works at Amcor Paper Mill, NSW

# Our People



## Safety Performance

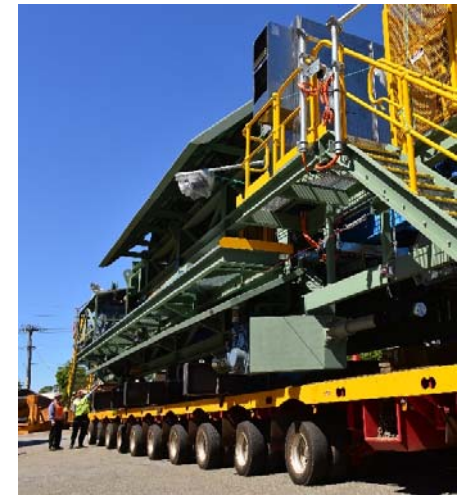
- Safety performance continues to improve
- LTIFR reduced **17%** to **1.09**

## Workforce

- Long tradition of employing our own people and trades
- Workforce of around **4,000** in Australia, New Zealand and Asia
- Apprentices and Trainees **236**

## Leading Indicators

- **289,994** Stop & Think actions completed
- **16,399** Tool Box & Pre-start meetings conducted
- **14,760** Unsafe Acts prevented
- **15,637** Job Safety Hazard Analyses completed



# Strategy



Ventilation fan installation at the Legacy Way Tunnel, Brisbane, QLD



## RCR's Strategic Objectives

- Provide direct services to customers as prime contractor
- Target larger project opportunities
- Leverage IP-rich businesses into delivery of turnkey solutions
- Diversify revenue; Infrastructure, Geography and Services

## Specific initiatives include:

- Consolidate engineering and technology capability
- Partner for large turnkey EPC projects in Resources
- Continue integration of the acquisition and improve profitability
- Focus on rail, transport and power infrastructure
- Expand applications of our IP2C technology
- Further grow Energy business in SE Asia
- Develop long-term partnerships with complementary companies
- Continue to grow through M&A and new revenue streams



M&E Fit-out works at the Legacy Way Tunnel, QLD

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