

Half Year Results

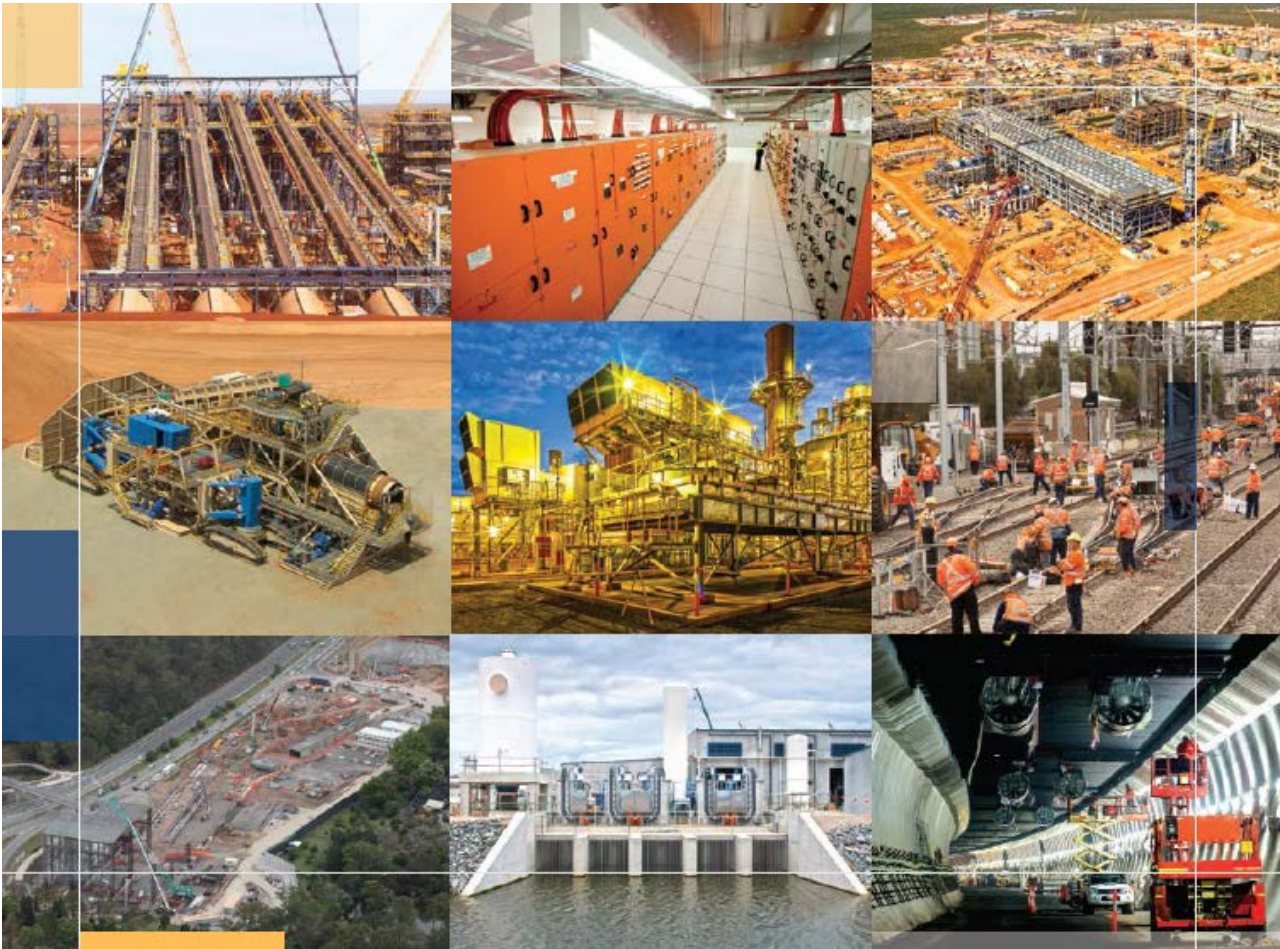
For the 6 Months Ended
31 December 2015

Investor Presentation

18 February 2016

Managing Director & CEO
Dr Paul Dalglish

Chief Financial Officer
Mr Andrew Phipps



Presentation Overview



- Company Overview
- Long Term Returns to Shareholders
- Positioning to Deliver Growth
- Total Shareholder Return
- HY16 Highlights
- Financial Performance
- Review of Operations
 - RCR Core Capabilities
 - RCR Infrastructure
 - RCR Energy
 - RCR Resources
- Sustainability
- Strategy

Company Overview



RCR is a leading provider of integrated engineering solutions to the infrastructure, energy and resources sectors.

One of Australia's most diversified engineering and infrastructure companies, RCR uses in-house expertise to deliver 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 employ 3,578 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, solar plants and steam generation plants; structural, mechanical, piping and electrical construction and maintenance; onshore and offshore oil & gas construction, brownfield modification and asset lifecycle support services; and high voltage power systems, rail signalling, telecommunications, water & wastewater solutions and overhead wiring systems for the infrastructure sector.



Strong employee base
including 192 apprentices



Diverse operations
through 3 divisions

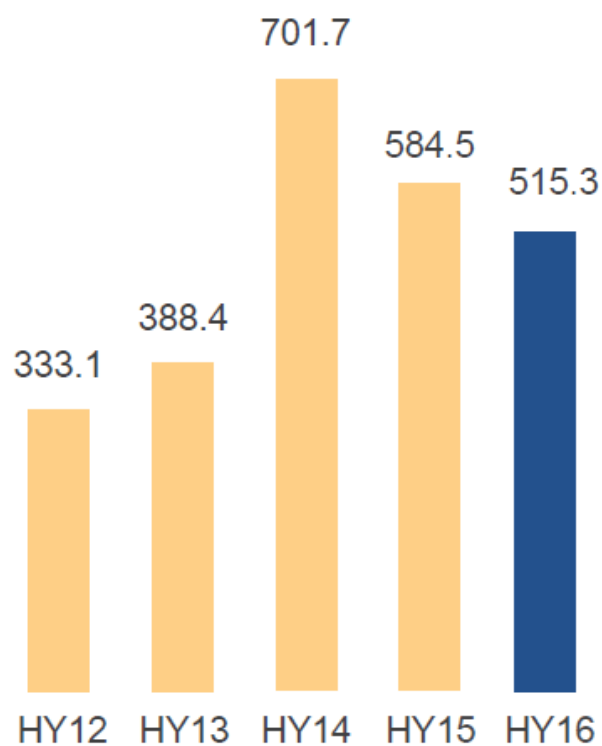


Strategically located
across 6 countries

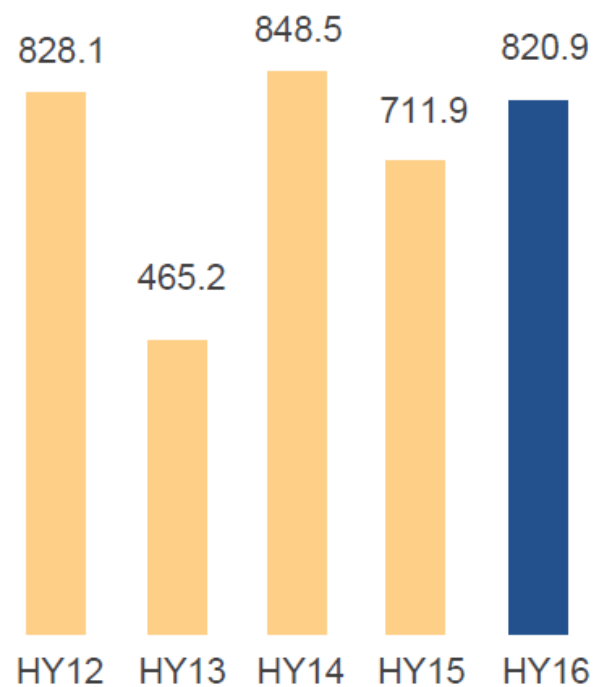
Long Term Returns to Shareholders



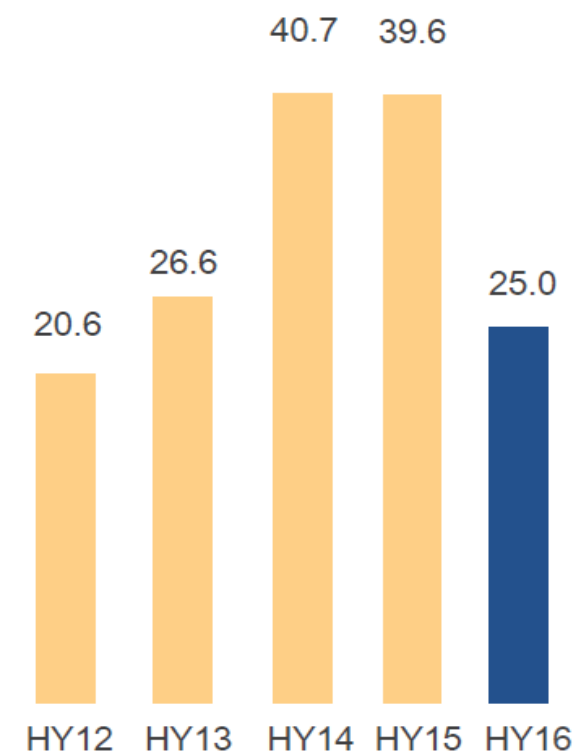
Revenue
\$M



Order Book
\$M



EBITDA*
\$M

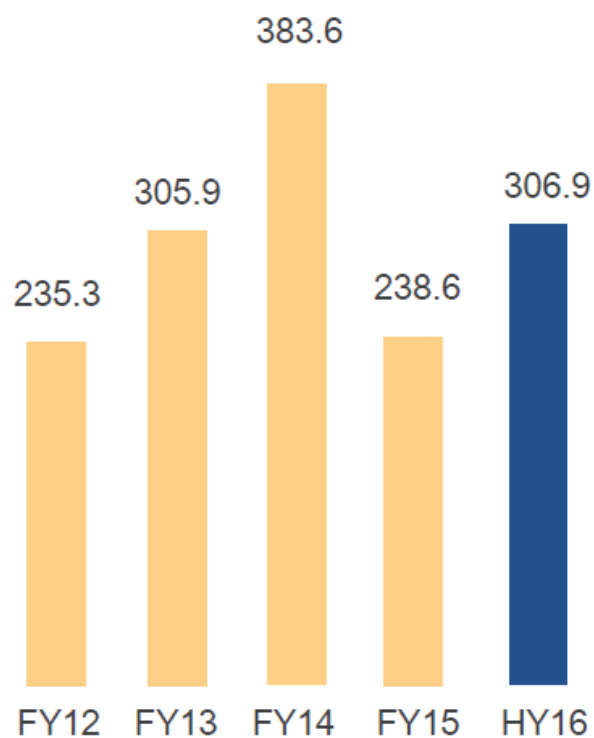


* Excludes HY16 and HY14 transaction costs
and HY15 non-recurring items

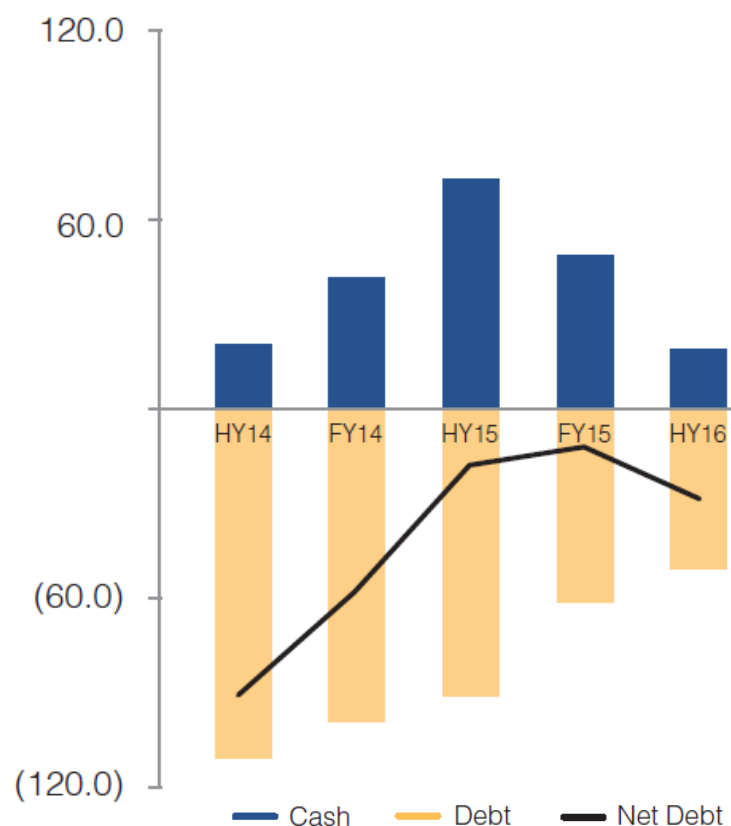
Positioning to Deliver Growth



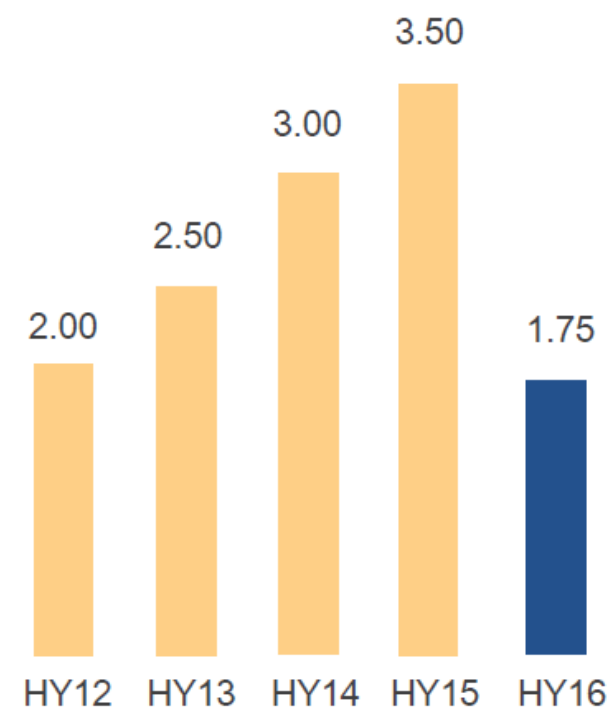
Market Cap
\$M



Net Debt
\$M



Interim Dividends
Cents per share



Total Shareholder Return

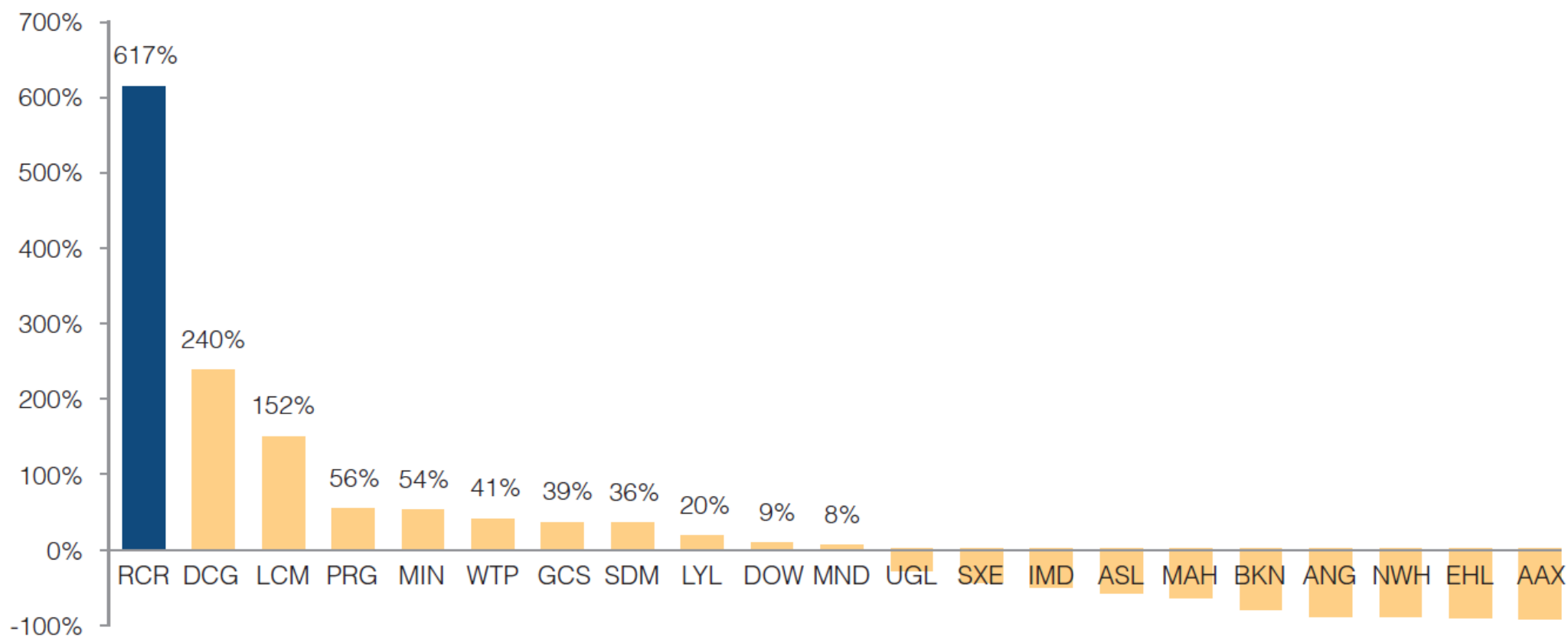
Total Shareholder Return
25 May 2009 - 31 December 2015



Total Shareholder Return



Total Shareholder Return
25 May 2009 - 31 December 2015



* Source: Thomson Reuters

- **617%** increase since 25 May 2009
- Institutional shareholding at **65%**

HY16 Financial Performance

RCR, as part of the Novo Rail Alliance, is delivering the Wynyard Station upgrade in Sydney, NSW

Wynyard Station Upgrade

For more information, please visit
transport.nsw.gov.au/projects or call
1800 684 490

For urgent information, please call
1800 775 1234

We're Building
**TOMORROW'S
SYDNEY**

mysydney.nsw.gov.au



HY16 Highlights



- Revenue of **\$515.3M**
- **70%** of Revenue from Infrastructure and Energy
- EBITDA^ of **\$25.0M**, down **37%** from PCP
- NPAT^ of **\$9.7M**
- Order Book up **15%** to **\$821M**
 - Excludes preferred contractor status on +\$300M of new work
- Net Debt of **\$32.0M**; Gearing* **9%**
- Strong cash flow conversion at **92%**
- Interim dividend of **1.75 cps** unfranked
- Completed Australia's largest Solar Project
- Acquisition of WA Water business completed and major project awarded

^ Excludes transaction costs

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

PCP = Prior comparative period

Financial Performance



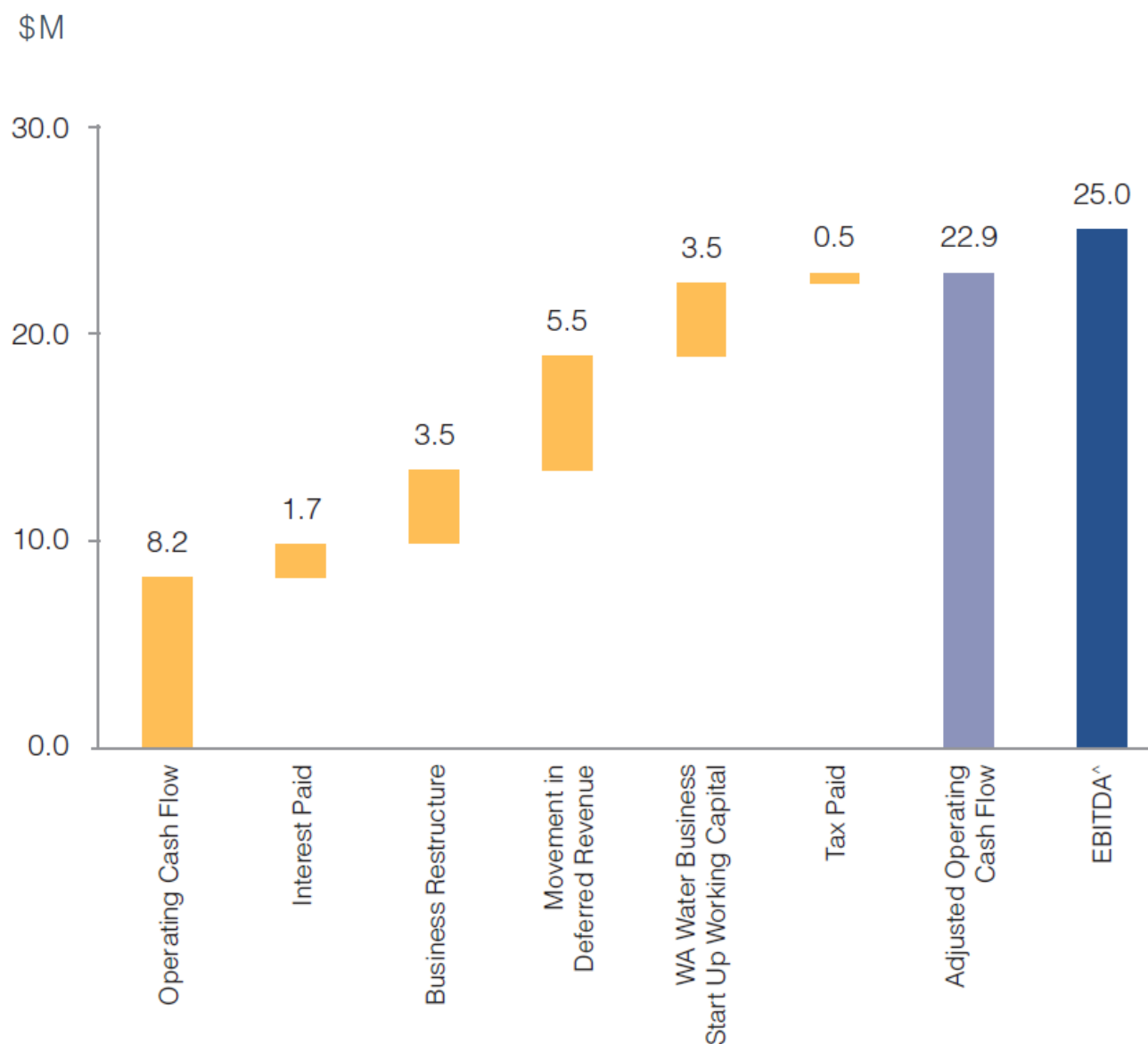
	HY16	HY15
	\$M	\$M
Revenue	515.3	584.5
EBITDA (before transaction costs/non-recurring items)	25.0	39.6
Depreciation	(6.6)	(7.0)
Amortisation	(4.1)	(3.8)
EBIT (before transaction costs/non-recurring items)	14.3	28.8
EBIT % (before transaction costs/non-recurring items)	2.8%	4.9%
Transaction costs/non-recurring items	(0.8)	1.3
EBIT	13.5	30.1
EBIT %	2.6%	5.1%
Net Interest	(1.6)	(2.9)
PBT	11.9	27.2
Tax	(3.0)	(8.2)
Statutory NPAT	8.9	19.0

Numbers have been subject to rounding

- Order Book up **15%** on HY15 to **\$821M**
 - Excludes preferred contractor status
- EBITDA^ margin of **4.9%**
- EBIT^ margin of **2.8%**
- Net Interest down to **\$1.6M**
- Effective tax rate of **25%**
 - Reflecting credits for R&D
- NPAT^ of **\$9.7M**
- Transaction costs of **\$0.8M** relate to the acquisition of WA Water business

^ Excludes transaction costs

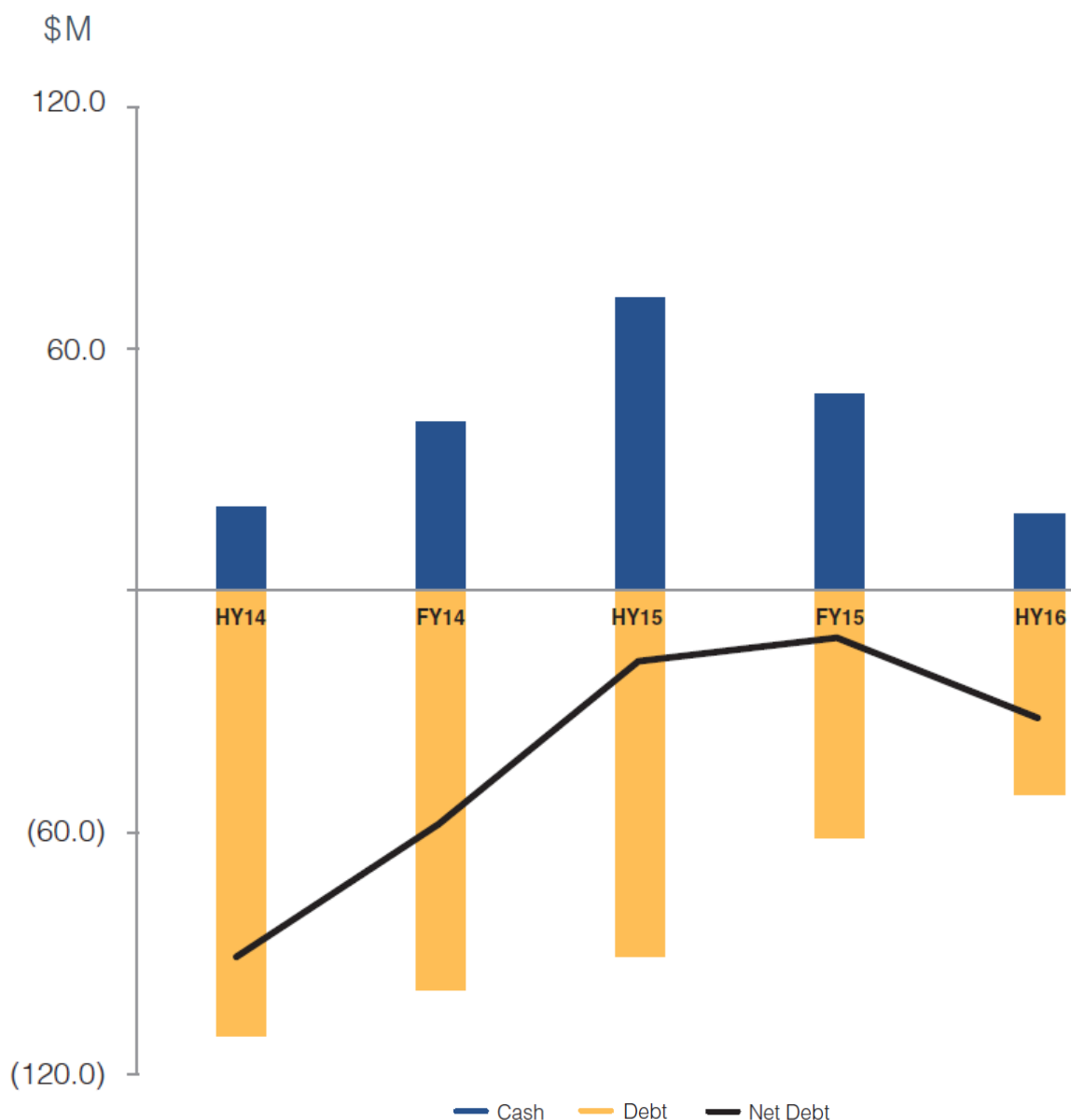
Operating Cash Flow



- Strong operating cash flow
- **92%** conversion of EBITDA[^]
- Focus on cash and working capital
- Interest paid **\$1.7M**
- Business restructure **\$3.5M**
- Movement in deferred revenue **\$5.5M**
- Acquisition working capital **\$3.5M**
- Tax paid **\$0.5M**

[^] Excludes transaction costs

Net Debt and Capital Management



- Net Debt up to **\$32.0M** (31 Dec 2015) from **\$12.2M** (30 June 2015)
- **\$10.4M** paid for WA Water Business
- **\$3.5M** working capital required for new WA Water Business
- **\$10.5M** in final dividends paid for FY15
- **\$6.5M** capex investment
- Low gearing at **9%***
- Extended on-market share buy-back
- Interim dividend payout ratio maintained
 - Interim dividend of **1.75 cps**
 - Payable in April 2016

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

Funding Facilities

Funding Summary	HY16 \$M	HY15 \$M
Senior Debt and Working Capital Facility	126	165
Insurance Bond & Guarantee Facilities	265	245
Total Facilities	391	410
Less: Senior Debt Utilised	51	90
Less: Non-Cash Facilities Utilised	82	92
Available Facilities	258	228
Plus: Cash	19	73
Total Cash/Funding Facilities Available	277	301

Key Financial Ratios		
Net Debt	\$32M	\$18M
Gearing Ratio*	9%	6%
Facility Utilisation	34%	44%
Available Cash	\$94M	\$148M
Debt Facility Expiry	Nov 2017	Nov 2017

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

- Capacity to support future growth and acquisitions
- Strong balance sheet
- Available cash **\$94M**
- Total CBA Facility **\$221M**
 - **\$51M** in senior debt
 - **\$75M** working capital
 - **\$95M** guarantee facility
- Additional project financing available via
 - **\$150M** insurance bonding facilities
 - **\$20M** HSBC guarantee facility
- Unused and available facilities **\$258M**

Review of Operations



RCR-installed Tertiary Supply Pump Intake
– Melbourne Water Treatment Facility, VIC

RCR Core Capabilities



Tunnel Infrastructure



Mechanical & Electrical installation of HV and LV distribution systems, lighting and power, air conditioning, ventilation and fire detection & suppression

Innovative Mining Technologies



Design & manufacture of innovative, award-winning solutions, including fully track-mounted in-pit mining units, apron and belt feeders, conveyors, stackers and bucket-wheel excavators

Turnkey Energy Generation



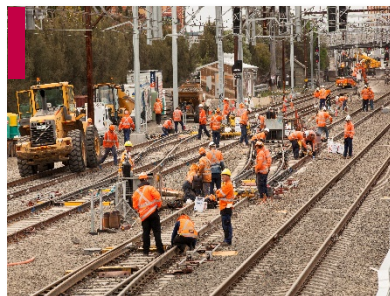
Design, supply, manufacture & installation of open cycle and combined cycle power plants and boilers, using a range of fuels and technologies, and solar & wind energy plants

HVAC, Communications and E&I



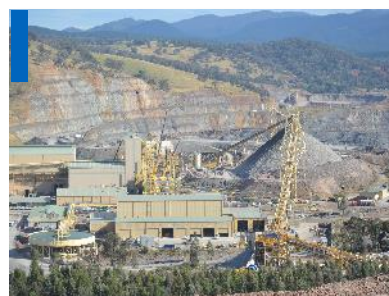
End-to-end solutions for the design, fabrication, construction, installation and maintenance of HV electrical and instrumentation systems; HVAC; and communication & data networks

Rail Infrastructure



Specialist services in rail signaling design & installation, overhead wiring systems, computer-based interlocking systems and Automatic Train Protection (ATP)

EPC - Above & Below Ground



Turnkey design and construction projects including engineering, procurement and construction (EPC) services, in-house fabrication, mechanical and E&I installation; and commissioning

SMPE&I/Modular Construction



Innovative modular construction solutions and integrated Structural, Mechanical Piping, Electrical & Instrumentation packages

Oil & Gas - Onshore and Offshore



Fully integrated services providing construction, brownfield modification and asset lifecycle support services to both onshore and offshore facilities



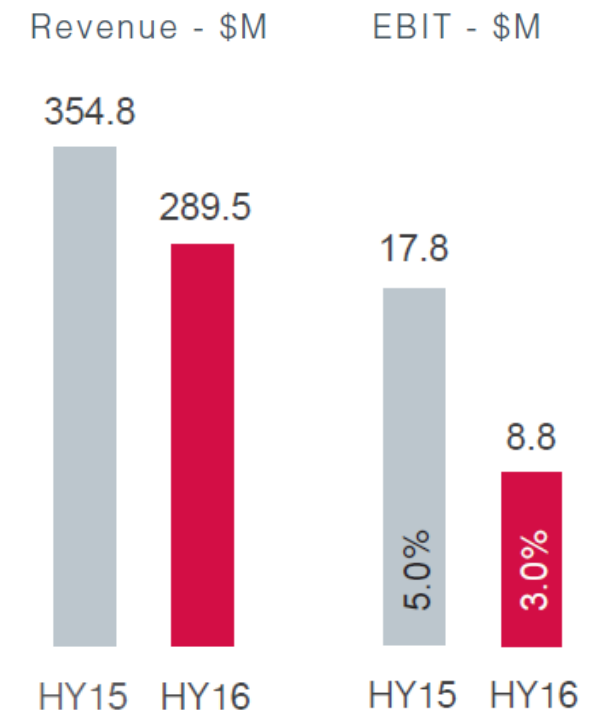
RCR fabrication, installation and E&I Works for Composter – Neerabup Treatment Plant, WA

Performance

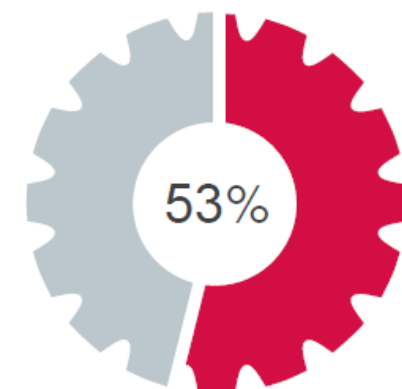
- Reduction in major project revenues
- Cost-reduction programs continue
- NovoRail Commenced \$83M Wynyard Station upgrade
- Expanding Water business
 - Subiaco Waste Water Treatment Plant commenced
 - Multiple contracts awarded under Sydney Water panel agreement
- Completed major Solar project at Broken Hill
- Awarded 11 Rail projects in Victoria
- Solid recurring revenue base for HVAC, E&I and FM

Opportunities

- Positioned for major spend in solar and wind
 - Preferred on large solar project
- Targeting large opportunities in rail, transport and water
 - Large Road Tunnels
 - Rail and Light Rail projects in NSW, VIC, WA and NZ
 - NSW Transmission and Distribution
- Focus on 'turnkey' capability and vertical integration



Revenue Contribution





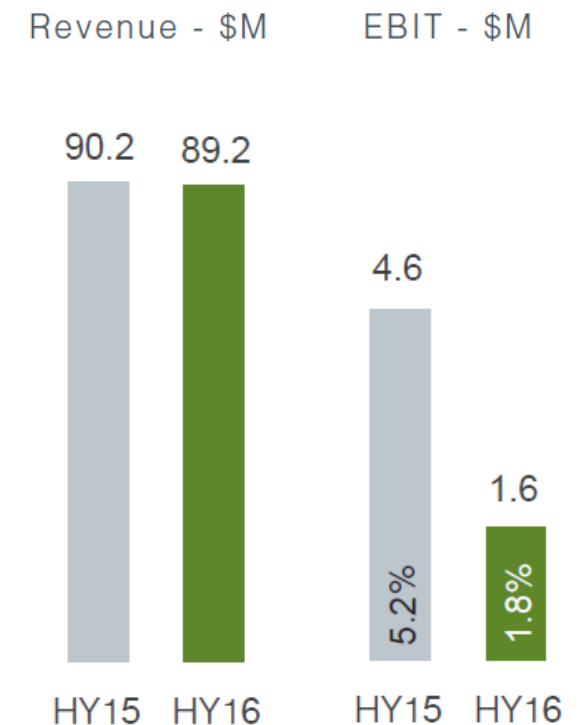
RCR Proprietary Heat Recovery Steam Generators, at BHP Billiton's Yarnima Power Station, WA

Performance

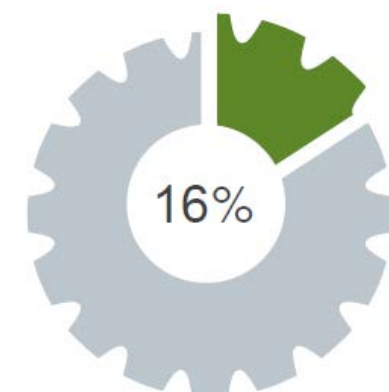
- EBIT impacted revenue mix tendering costs
- Expanding our reach into Asian energy markets
 - Completion of Thai Oil power project
 - Finalising negotiation on Senipah power project, Indonesia
 - Expanded engineering office capability in Asia
- Long term power station maintenance contracts awarded
 - Eraring Power Station
 - NRG Gladstone
 - Liddell, Bayswater & Condamine

Opportunities

- Preferred tenderer on large power generation project
- Multiple opportunities in NZ dairy sector
- Tendering further turnkey power projects in Asia
 - PNG, Indonesia and Thailand
- ECI for Adani - MOU extended to March 2018



Revenue Contribution





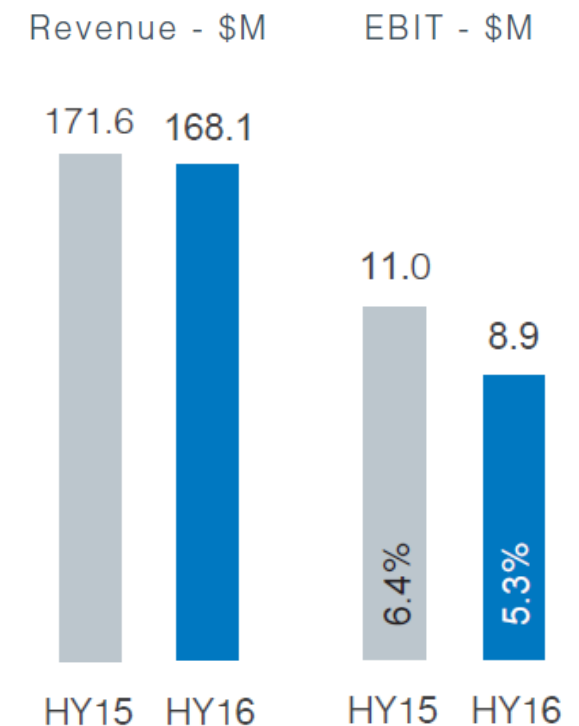
RCR SMP/E&I works at Roy Hill operations, WA

Performance

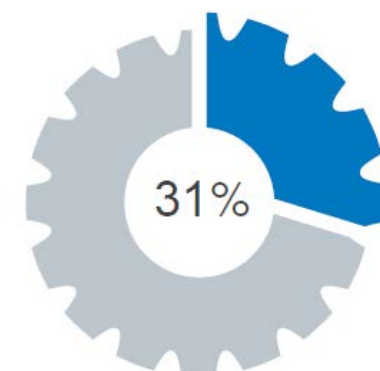
- Good performance despite challenging environment
- Lower revenue from RCR proprietary equipment sales
- Strong activity for asset maintenance and spare parts
- Reduction in “walk in the door” revenue across workshops
- Project Activity
 - SMP/E&I works and equipment supply to Roy Hill - ~200 personnel presently on site
 - Newcrest - Cadia (commencing in H2)
 - Completed Rio Tinto - Mesa J Project (crushing plant)
 - Completion of SITA composters

Opportunities

- EPC provider for major resource projects in Iron Ore
- Major projects for Mineral Sands, Coal, Nickel and Alumina
- EPC Process plants for Gold, Zinc and Lead
- Sustaining capital works in Oil & Gas
- International equipment sales in Africa, Asia, the Americas and Europe



Revenue Contribution



RCR completed E&I, installation and energisation of 680,000 Photo-Voltaic panels for AGL's 53MW Broken Hill Solar Project, NSW

Sustainability



Safety, Environment & People



Safety Performance

- All injury frequency rate continues to improve
- LTIFR of **1.84**

Environmental Performance

- Zero reportable environmental incidents
- Remained below reporting level for carbon emissions

Workforce

- Long tradition of employing our own people and trades
- Workforce of **3,578** in Australia, New Zealand and Asia
- Apprentices and trainees **192**

Leading Indicators

- **315,149** Take 5 actions completed
- **19,115** Tool Box & Pre-start meetings conducted
- **13,163** Safe Act Observations
- **13,985** Job Safety Hazard Analyses completed



RCR supplied crushing plant at Rio Tinto's Mesa J mine, WA



RCR Facilities Management works for Intel, Vietnam



RCR is carrying out construction & installation services at the Chevron-operated Gorgon Project, North-West WA

Our Strategy



RCR's Strategic Objectives

RCR is focused on growth in Australia and International markets in our core sectors of infrastructure, energy and resources.

We aim to

- Target large project opportunities over multiple years for each business
- Provide services direct to customers as prime contractor
- Diversify revenue further: infrastructure, oil & gas, water and geographic reach

Specific initiatives include

- Acquired Water Corporation ECS business
- Improve branding throughout Australasia
- Large turnkey EPC projects in infrastructure, energy, resources, rail and water
- Specific opportunities identified in solar and wind
- Leverage water acquisition through other markets
- Focus on rail, transport and power infrastructure
- Further grow Energy business in SE Asia
- Continue to grow through M&A and new revenue streams

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