RCR Limited Tomlinson

4 April 2016

RCR EXITS COAL SERVICES AND SIGNIFICANTLY REDUCES FABRICATION CAPACITY AND REGIONAL PRESENCE IN MAJOR COST-OUT AND STRATEGIC RE-ORGANISATION

STRATEGIC REVIEW

As previously announced, RCR continues to adjust its business and review its strategy for the current and future markets in the Infrastructure, Energy and Resources sectors. Given the continued pressure on some commodity prices, in sectors in which we operate, and the general slowness in capital spend in both private and government projects, RCR will close fourteen local and two international unprofitable businesses as part of a re-organisation. RCR expects FY16 Underlying[1] NPAT for continuing operations[2] to remain materially consistent with current average consensus[3]. Strategically RCR will re-organise our business to achieve the following:

1. Reduce our exposure to coal mining services

The Australian coal industry has suffered significantly over the past 5 years with low profitability and capital investment. RCR has maintained its support for this industry with a number of significant regional operations and investment in people, equipment and premises. The continued pressure on service providers to reduce pricing is unsustainable and provision of services is unlikely to return a profitable business in the foreseeable future. RCR intends to discontinue twelve unprofitable businesses highly exposed to this type of mining services.

2. Remain committed for key resources

RCR remains committed to our iron ore, gold, base metals and mineral sands markets where we enjoy a leading position with our customers. We will focus on EPC and turnkey projects where we can deliver the greatest benefit to customers of our integrated approach to delivery.

RCR will continue to expand the manufacture of our proprietary mining products and deliver our off-site repair ("OSR") services for our key customers.

3. Reduce our exposure to the fabrication industry

Where previous support for Australian content had assisted some of our marginal larger workshops to at least break even, over recent years there has been diminishing support for this Australian industry over price considerations driven by overseas sourcing. RCR intends to discontinue a number of general fabrication facilities.

RCR will continue to manufacture our proprietary equipment and deliver our off-site repair ("OSR") capability in our remaining more specialised facilities for our key customers.

4. Reduce our fixed overhead

RCR has exposure to both the capital expenditure and operating expenditure across most of our sectors. Capex spending remains subdued in Infrastructure and many parts of the Resources sector. RCR will respond by reducing fixed overhead in the form of people and operations. The amalgamation of many of our operations across Australia and New Zealand will result in a more competitive offering and significant cost savings for the Company.

5. Increase our exposure to renewable energy and transport

The significant increase in available capital for renewable energy projects, supported by RETs and ARENA funding, have provided a major pipeline of projects in this sector. This is core business for RCR as highlighted by our recent completion of the Broken Hill Solar Plant and the award of the ECI for up to 200MW of solar power for Origin Energy at Darling Downs, Queensland. RCR will divert existing resources to support our aspiration in renewable energy initiatives.

RCR has a significant transport capability both in rail and in road tunnels and believes this remains a strong future market for the Company. In response, RCR will be strengthening this business to serve the growing pipeline of opportunities across both Australia and NZ.

COST AND SAVINGS

As a result of the above re-organisation, RCR will be discontinuing fourteen operations across Australia and New Zealand which will include redundancies and workshop and branch closures and two international operations; one in Hong Kong and the other in India. The one-off non-recurring impact for closing the discontinued operations is currently expected to be approximately $35M for this financial year of which around $10M is non-cash in FY16.

The discontinued operations had budgeted Revenue of approximately $100M and therefore the closures come with a reduction in revenue, mainly mining services and associated losses.

Additionally RCR will be completing further reductions in fixed overhead that will result in over 100 additional redundancies and associated rationalisations across the Company. This will result in a one-off cost for redundancies of approximately $7M this financial year with an annualised cost saving of approximately $12M per annum.

Other one-off non-recurring items will be around $2M in this financial year. Further measures may be implemented following the re-organisation to ensure the Company going forward has a lower cost base and is geared toward growth in FY17.

Taking into account the above discontinued operations, one-off and non-recurring items the expected Underlying[1] NPAT for continuing operations for FY16[3] remains materially consistent with current average consensus[3].

Notes:

[1] Underlying – Underlying NPAT (or UNPAT) excludes non-recurring costs and associated earnings from discontinued operations, redundancy and associated restructure costs and other one-off items, as reported above.

[2] The Company's ability to achieve its expected Underlying[1] NPAT for FY16 is dependent upon a range of risks that impact its business (including those summarised in the 2015 Annual Report) and factors outside of the control of the Company (for example, the timing for commencement of projects or awards of tenders). Shareholders are therefore cautioned on placing undue reliance on such statement.

[3] Consensus – RCR is covered by five sell side analysts who have published reports since 18 February 2016, which provide forecast earnings for FY16 consensus for Underlying NPAT for continuing operation of between $18.2M to $26.5M with an average of $22.2M.

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About RCR

RCR Tomlinson Ltd (ASX code: RCR) is a diversified engineering and infrastructure company providing turnkey integrated solutions to clients in the **infrastructure**, **energy** and **resources** sectors. RCR together with its key brands, Tomlinson, O'Donnell Griffin, Haden, and Resolve FM, have collectively over 300 years of experience.

RCR's core capabilities encompass, design and construction of power and steam generation plants (using a wide range of fuels, solar and wind), water and waste treatment systems; rail and road tunnels, structural, mechanical, piping and electrical disciplines (SMP/E&I); overhead wiring systems; integrated oil & gas services (both onshore and offshore); OEM supply of materials handling and process equipment; asset repair and maintenance services; HVAC services; and facilities management services.

RCR has operations across Australia, Asia and New Zealand. Additional information is available at www.rcrtom.com.au