



25 October 2016

**ADDRESS BY CHAIRMAN, RODERICK BROWN
2016 ANNUAL GENERAL MEETING**

Good morning ladies and gentlemen.

My name is Rod Brown, Chairman of the Board of RCR Tomlinson Ltd. On behalf of the Company's Board, I'd like to welcome you to our 2016 Annual General Meeting.

Before we begin proceedings, I would firstly like to acknowledge and pay respect to the traditional owners of the land on which we meet; the Gadigal people of the Eora Nation and to acknowledge the indigenous people of all regions of Australia where we operate.

Safety is paramount in everything we do and as such I would like to make sure you are familiar with the evacuation procedures we will follow in the unlikely event of an emergency. In the event of an emergency, you will hear an evacuation alarm. Please follow the instructions of the wardens and assemble at the primary evacuation point for the Hotel.

Introduction of the Board and Others

Ladies and gentlemen, I'm satisfied a quorum is present and so I declare the meeting open. I propose to take the Notice of Meeting as read.

I'd now like to introduce my fellow Directors.

On stage here with me is:

- RCR's Managing Director and Chief Executive Officer, Dr Paul Dalgleish.
- Our Non-Executive Directors, firstly, Ms Eva Skira (who is Chair of the Remuneration & Nominations Committee), next is Mr Paul Dippie, Mr Lloyd Jones, Mr Bruce James and finally, Ms Sue Palmer (who is Chair of the Audit & Risk Committee).
- Finally, I am joined by our Chief Financial Officer, Mr Andrew Phipps and our Company Secretary, Mr Darryl Edwards.

In the audience today are a number of RCR senior executives, employees, advisers and Mr Alex Collinson, Partner of Deloitte Touche Tohmatsu, the Company's Auditors.

Meeting Format

As you will be aware from the Notice of Meeting, there are a number of items of business to be discussed when we move into the formal part of the meeting.

Two of the items involve the re-election of Ms Eva Skira and Mr Lloyd Jones. The additional items relate to the adoption of the Company's 2016 Remuneration Report and approval for the proposed grant of long-term equity based incentives to Managing Director, Dr Paul Dalglish.

Before we move to the formal part of the meeting, I'll make some comments about our performance over the last financial year and update you on the Company's strategic direction and outlook.

Then we will move to the formal business.

Finally, Dr Dalglish will present further detail on the Company's strategic priorities, as well as an overview of current business activities. After that we will be happy to take questions.

Past Year's FY16 Financial Performance

Looking back on our financial performance in FY16 and like many in our industry, our performance was impacted, in part, by delays in project awards and also by the closure of loss making businesses tied to the coal sector.

This resulted in a statutory loss after tax of \$16.2 million with underlying earnings from continuing operations of \$20.1 million¹, before non-recurring items. Whilst necessary, the cost of the reorganisation has resulted in the Board determining that it would not be prudent to pay a final dividend.

The Board is confident that these decisive measures, the resilience of our business and future project awards will again secure future ongoing returns to shareholders.

I am also confident that the Company is in a very sound financial position, our balance sheet is strong and we are well positioned to take advantage of growth opportunities in the future.

RCR's Strategy is Firmly on Track

Over this past year we have strived to manage risk in volatile contracting markets by continuing to diversify our business and broaden our engineering led activities. We have also strengthened our market position in the infrastructure, energy and resources markets.

This diversification has allowed us to create opportunities in a number of desirable and growing markets, where as a team we use engineering intelligence to deliver more productive solutions for our clients.

¹ Underlying Earnings are a key financial indicator used to reflect greater understanding of RCR's underlying business performance. Underlying Earnings are derived from statutory profit after certain adjustments which reflect the Director's assessment of the FY16 results for the ongoing business activities and performance of RCR and its subsidiaries. FY16 underlying profit after tax ("Underlying NPAT") of \$20.1M is calculated as statutory loss after tax being \$16.2M, less the costs (net of tax) for discontinued operations \$25.2M, restructuring costs \$6.8M, legacy claims of \$3.2M associated with the acquired Norfolk business and acquisition costs of \$1.1M (in aggregate costs net of tax excluded is \$36.3M).

We are firmly focused on a future where we constantly achieve success by applying our engineering intelligence and driving lower cost solutions for our customers with innovation and certainty of delivery.

As advised in our update in August 2016, following the release of our annual results, we have recently secured over \$500 million in contracted revenue to be delivered in FY17 and FY18. Pleasingly, this material improvement has continued compared with the past two years where we saw a number of projects deferred or cancelled.

In addition to this and as advised also in August 2016, RCR is the preferred contractor² for a further \$550 million in new projects. RCR is currently in negotiation or participating in an Early Contractor Involvement (“ECI”) process for a number of new projects where the award and decisions on a number of these are anticipated over the remainder of this financial year, and should these come to fruition they will continue building both our order book and contracted revenue. However, there can be at this stage, given the nature of contracting, no guarantee that these will turn into contracted revenue. However, given the engineering intelligence that RCR brings to our clients we remain very positive in regard to these opportunities.

We continue to build on our strategy and are ideally positioned in the growth sectors of rail, transport, water, renewable energy, defence and commodities, and have been successful in securing significant new business in these areas.

RCR continues to target the significant pipeline of rail systems projects currently available in the Australia and New Zealand markets and as a result we were recently awarded major rail projects, including Hornsby Turnback, an extension to works on Sydney’s Wynyard Station and various other rail upgrade projects in New South Wales and Victoria. In addition, we have partnered with world leaders in specialised rail systems, to provide a strong technology edge for the expected major pipeline of rail projects across the Asia Pacific region.

By taking advantage of the rapid growth in renewable energy infrastructure, we have positioned RCR as a future leader in the design and construction of large photovoltaic solar farm projects. Following completion of work on the largest solar farm in Australia, covering some 140 hectares and 650,000 solar panels, we commenced work with Origin Energy under an ECI arrangement on the development of a large-scale 100MW solar farm, which has recently received ARENA funding. With detailed design on this now well under way we expect a full construction contract to be awarded before the end of 2016, subject to the final investment decision by Origin Energy and agreement on terms. Pleasingly, our forward pipeline for renewable energy projects looks very promising in a market which has over 3,000 MW of solar projects to be awarded.

Our efforts to expand our water infrastructure capability were rewarded during the past year, with a number of water and waste water projects secured in Western Australia and New South Wales. Opportunities in this sector are continuing to emerge both nationally and internationally.

² As at 30 September 2016, RCR currently has an order book of \$900 million in contracted revenue. In addition, RCR is preferred contractor for a further \$550 million. Where RCR refers to preferred contractor status, it includes projects which RCR’s tender is preferred and has resulted in the customer progressing to negotiation of a contract; or where the customer engaging RCR under an early contractor involvement (“ECI”) on an exclusive basis. Preferred contractor status is expected to convert into a contracted revenue on entering into formal contracts and be earned over the FY17 and FY18 periods. RCR however, cannot guarantee that this status will convert to a contract and is therefore an uncertain indicator of future earnings.

In the defence sector, we are also seeking to expand our service offerings and have recently teamed with leading defence company BAE Systems who have bid to upgrade Australia's long-range high frequency radar network for the Jindalee Operational Radar Network ("JORN").

We have also entered into a Memorandum of Understanding with Deakin University for the commercialisation of a number of research developments including a robotics-driven target system ("Ozbot Raider"), for use by armed forces in training.

In our traditional resources and energy markets, where RCR maintains market-leadership, we successfully completed our work on the Roy Hill Iron Ore Project and commenced work on MMG's Dugald River Lead/Zinc Project and Rio Tinto's Cape Lambert Power Station.

Further, in August 2016, we were awarded a contract by Rio Tinto for the highly coveted Silvergrass Mine to deliver a primary crusher and overland conveyor system, valued at over \$120 million. This award is testament to our focus and our engineering intelligence delivering innovation and reduced costs for our client.

Our approach of bringing innovative solutions to our clients is part of our DNA and again, in August 2016, we also announced an exciting new licencing arrangement to supply Kiruna's Helix Wagon and Car Dumpers for the Australia, New Zealand and SE Asia markets. This arrangement is already gaining interest from a number of Australian mining companies and is another example of the technology changes we can deliver to our clients.

We also see opportunities in 3D printing and technology partnerships and will be continuing to develop our capability in these areas.

Having recently completed an annual review of RCR's strategy, the Board remains convinced that our primary objective is to continue to build on our engineering intelligence and deliver lower cost solutions for our clients.

Our clear strategy also enables us to spread our risk across a very significant portfolio of businesses, customers and geographies and grow into new market sectors, secure additional market share in our traditional markets and invest in the long-term growth of our company. Importantly, for our business and our customers, we continue to build on our strengths acquired over 118 years of experience.

We also believe that using our engineering intelligence, building strong relationships, safe performance and our delivery capability will continue to underpin our competitive advantage in our markets.

Safety and People

Now turning to our safety performance and our people.

We consider a strong safety culture fundamental to our success and remain committed to maintaining a safe environment for our workforce. To achieve this, our priority will be to continue developing a workforce that is inclusive, diverse and well equipped to deliver positive safety outcomes.

I am pleased to report that, in the past 12 months, we have recorded a strong reduction of 20% in our Lost Time Injury Frequency Rate ("LTIFR") to 1.10; we are, however, conscious of the need to improve our safety performance every day.

Our people currently number around 3,100 located in over 100 facilities across 6 countries. Importantly, we also continue to maintain a strong workforce of 140 apprentices and graduates and build futures for our people.

On behalf of your Board, I would like to thank our employees for their outstanding contribution; and from the interactions I have with them, I know they have a passion for doing what they love and doing it well.

Outlook

I will summarise our outlook by saying that our immediate focus is on converting the major pipeline of tenders, where we are nominated as preferred contractor, into revenue. In infrastructure we are developing the pipeline of opportunities generated from increased spending in renewable energy, rail, transport, water, defence and general infrastructure both in Australia and New Zealand, as well as on new power projects in the Asia Pacific region.

We will also continue to lead the resources sector on individual project opportunities that enable us to provide an EPC service offering, with an engineering led approach that provides cost effective and innovative solutions for customers across a variety of commodities. We will also move further into the oil & gas sector.

As we look forward, with a current order book of \$900 million and preferred contractor status² of \$550 million and a solid pipeline of tenders, the Board is of the opinion that RCR is now positioned for revenue and earnings growth in FY17 but being more heavily biased to the second half with a number of contracts and opportunities flowing through to support FY18 revenue.

Thanks

My thanks once again to all of our talented people, whose commitment and dedication forms the foundation of our business, and to Dr Dalglish and our executive leadership team whose dedication ensures we deliver on our vision.

Finally, I would like to thank you, our shareholders, for continuing to support RCR, and I trust you will continue to share in our future.

ENDS.

Disclaimer Important Information

The information in this announcement about RCR Tomlinson Ltd ("RCR") and its activities is current as at 25 October 2016 and should be read in conjunction with the Company's Annual Report for the full year ending 30 June 2016. It is in summary form and is not necessarily complete. The financial information contained in the Annual Report for the full year ended 30 June 2016 has been audited by the Company's external auditors.

This announcement contains forward looking statements. These statements should not be relied upon as a representation or warranty, express or implied, as to future matters. Prospective financial information has been based on current expectations about future events and is, however, subject to risks, uncertainties, contingencies and assumptions that could cause actual results to differ materially from the expectations described in such prospective financial information. RCR undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date of the release of this presentation, subject to disclosure requirements applicable to RCR. Nothing in this presentation should be construed as either an offer to sell or solicitation of an offer to buy or sell RCR securities in any jurisdiction. The information in this release is not intended to be relied upon as advice to investors or potential investors and does not take into account your financial objectives, situation or needs. Investors should consult with their own legal, tax, business and/or financial advisors in connection with any investment decision.

RCR's performance is subject to a range of risks that can impact performance (including those summarised in the 2016 Annual Report) and factors outside of the control of RCR (for example, the timing for commencement of projects or awards of tenders). Investors or potential investors are therefore cautioned on placing undue reliance on any forward looking information.

The information reported in this announcement contains Non-IFRS financial indicators to assist in understanding the Company's performance.

FOR FURTHER INFORMATION PLEASE CONTACT:**INVESTORS CONTACT:****Managing Director & CEO**

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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's key brands include some of Australia's oldest businesses including RCR Tomlinson, O'Donnell Griffin, Haden, and Resolve FM.

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