



25 August 2016

## RCR DELIVERS \$20.1M UNDERLYING NPAT AND POSITIONS FOR GROWTH IN FY17

- Underlying NPAT from ordinary activities of \$20.1 million<sup>1</sup>, at the top end of consensus.
- Order Book of \$970 million with a further \$550 million at preferred status, up 48%.
- Revenue of \$0.9 billion with solid underlying EBIT Margin of 3.2%.
- Strong Cash Flow with Net Debt of \$56 million and ahead of consensus.
- Low gearing ratio of 16% and available banking facilities of \$216 million.

Diversified engineering company, RCR Tomlinson Ltd ("RCR"), today released its full year results for FY16 confirming its underlying earnings were at the top end of consensus and supported by strong cash flow. On the back of recent contract wins and a growing pipeline, RCR is well positioned to deliver earnings growth in future periods with a record order book and preferred status that was up 48% on PCP.

Managing Director and CEO of RCR, Dr Paul Dalgleish, said "We have adjusted our focus to the growing areas of the market, whilst continuing to build on our strategy of sector diversification. Innovation and technology initiatives are also increasingly a part of RCR's winning strategy as we drive costs down for our customers and provide smarter delivery. Innovation and modularisation were key components to our recent Silvergrass and Dugald River contract wins."

"Over the past four months we have secured significant new contract awards valued at \$500 million which is a material improvement on the past two years where we saw a number of projects deferred or cancelled. Today, with an order book of \$970 million and preferred contractor status on a further \$550 million we are well positioned for growth in FY17 and FY18."

"In addition to our current pipeline, we are working on the next generation of technology including rail transport with Kiruna Wagons and Rhomberg Rail, and major development opportunities in renewable energy, defence and health, and developing our 3D printing partnerships."

### Growth in Our Traditional and New Markets is Firmly on Track

"We see significant opportunities across all three of our businesses plus new markets in which to bring our expertise. We continue to diversify our business into the expanding sectors of the market and strengthen our position in our existing markets including EPC for mining and minerals projects and engineering led solutions across all businesses."

“We have identified growth opportunities in rail, water and renewable energy sectors and have been successful in securing significant new business in these areas and are preferred on over 140MW of renewable energy projects.”

“In our traditional markets, where RCR maintains its market-leadership, we have recently announced over \$300 million in new contracts, including with Rio Tinto for the development of the Silvergrass iron ore mine, MMG’s Dugald River lead and zinc operation, Newcrest’s Cadia gold operation, a five year maintenance agreement with BHP Billiton and a contract for the construction of Rio Tinto’s Cape Lambert Power Station.”

“This week we announced a significant new licencing agreement to supply Kiruna’s helix wagon and car dumpers for the Australian market, which is already gaining interest from a number of Australian mining companies. We also see significant longer term opportunities in 3D printing, technology partnerships and defence, and we will be continuing to develop our capability in these areas.”

## **FY16 Results**

“Our FY16 results, reflect our underlying business performed well and as a result the Company has reported an underlying NPAT of \$20.1 million<sup>1</sup>. This result was at the top end of consensus.

As announced on 4 April 2016, we made a strategic decision to reorganise our business and discontinue our coal operations to position for growth in the rail and renewable sectors. This resulted in a statutory loss of \$16.2 million with a statutory NPAT of \$9.0 million from continuing operations.”

“Our financial position remains relatively strong with a net debt position of only \$56 million, gearing of 16% and over \$216 million in available cash and undrawn banking and bonding facilities.”

“RCR’s total shareholder returns over the past 5 years are 22%, which positions RCR well ahead of its peers and demonstrates our approach to consistent long term gains for our shareholders.”

## **Outlook**

“In the coming year, we will continue to convert the major pipeline of preferred status into revenue and focus on the opportunities generated from increases in renewable energy, rail, water and general infrastructure spending in Australia and New Zealand and 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 cost effective and innovative solutions for customers across a variety of commodities.”

“As we look forward, with a combined order book and preferred contractor status of \$1.5 billion (up 48% on previous year), RCR is now positioned for strong revenue growth in FY17 with a number of contracts flowing through to support FY18 revenue”, said Dr Paul Dalglish.

Note:

<sup>1</sup> 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).

## Investor Presentations

RCR will be undertaking Investor roadshows to meet with institutional shareholders, brokers and analysts commencing today. A copy of RCR's Investor Presentation will be provided on the ASX Announcements Platform and on the Company's website.

For further information please contact:

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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 and 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](http://www.rcrtom.com.au).

## Disclaimer Important Information

The information in this announcement about RCR Tomlinson Ltd ("RCR") and its activities is current as at 25 August 2016 and should be read in conjunction with the Company's Appendix 4E and Annual Report for the full year ended 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.