

RCR Tomlinson Ltd

Annual General Meeting 2016 – Investor Presentation



E.I. Engineering Intelligence



InterContinental Hotel, Sydney
25 October 2016

Board of Directors & CFO



E.I. Engineering Intelligence



Mr Roderick Brown

Independent Non-Executive Director
and Chairman



Mr Paul Dippie

Independent Non-Executive Director



Ms Eva Skira

Independent Non-Executive Director



Ms Sue Palmer

Independent Non-Executive Director



Dr Paul Dalglish

Managing Director
and Chief Executive Officer



Mr Bruce James

Independent Non-Executive Director



Mr Lloyd Jones

Independent Non-Executive Director



Mr Andrew Phipps

Chief Financial Officer

Agenda



E.I. Engineering Intelligence

1. Chairman's Address
2. Items of Business
3. Close Formal Business of AGM
4. Managing Director's Address
5. Refreshments

RCR Tomlinson Ltd

Annual General Meeting 2016



E.I. Engineering Intelligence



Chairman's Address

Roderick Brown
25 October 2016

Formal Business Items



E.I. Engineering Intelligence

1. Annual Financial Statements, Directors' Report and Auditor's Report
2. Re-election of Directors
 - (a) Re-election of Ms Eva Skira
 - (b) Re-election of Mr Lloyd Jones
3. Adoption of the Remuneration Report
4. Grant of Performance Rights to Managing Director

Item 2(a) – Re-election of Ms E Skira

Item 2(a)	For	Against	Open/ Usable	Abstain
Re-election of Ms Eva Skira	89,417,728	87,690	529,185	23,626
	99.32%	0.10%	0.58%	N/A



*Independent Non-Executive Director
BA (Hons), MBA, SF Fin (Life Member), FAICD, FAIM, FGIA*

Ms Skira has a background in banking, capital markets, stock broking and financial markets, previously holding Executive positions at Commonwealth Bank in the Corporate Banking/Capital Markets divisions, and later with stockbroker Barclays de Zoete Wedd. Ms Skira has served on a number of Boards across a range of industries. Ms Skira is currently Chairman of the Water Corporation of WA, a Non-Executive Director of Macmahon Holdings Limited and Chairman of Trustees of St John of God Healthcare Inc.

*Board Committee Membership:
Chair of the Remuneration and Nomination Committee*

Item 2(b) – Re-election of Mr L Jones

Item 2(a)	For	Against	Open/ Usable	Abstain
Re-election of Mr Lloyd Jones	89,446,728	49,590	529,185	32,726
	99.36%	0.06%	0.58%	N/A



*Independent Non-Executive Director
BEng, MBA, GAICD*

Mr Jones is an engineer with significant experience in mining, energy, construction, heavy industrial operations and mergers & acquisitions. During his 25 year career at Alcoa, Mr Jones held senior management roles in Australia, the USA, Japan and China. Mr Jones is presently a Director of the Myer Family Investments and BlueScope Steel Limited and an advisory Director at Deutsche Bank of Australia. He is also a member of the advisory committee to the Dean of Engineering, Mathematics and Computer Science at the University of Western Australia.

*Board Committee Membership:
Member of Remuneration and Nominations Committee*

Item 3 – Adoption of Rem Report



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Item 3	For	Against	Open/ Usable	Abstain
Remuneration Report for FY16	83,361,707	4,891,038	499,907	154,646
	93.89%	5.51%	0.57%	N/A

Item 4 – Grant of Performance Rights



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Item 3	For	Against	Open/ Usable	Abstain
Grant of Performance Rights to Managing Director	87,831,642	502,690	501,107	71,859
	98.83%	0.57%	0.57%	N/A

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Managing Director's Presentation

Managing Director & CEO | Dr Paul Dalglish
25 October 2016

Overview



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Order Book and Preferred Status

- Current Order Book of **\$0.9B** plus preferred contractor status of **\$0.6B**
- Stronger backlog across all businesses
- Significant and multiple contracts awarded over the past 6 months

Strategy

- Sector diversification; focus on innovation & technology for cost competitiveness
- Targeting growing areas of the market in rail, transport & renewable energy
- Activity in resources sector improving for technology providers and EPC

FY16 Results

- Revenue from continuing operations of **\$891M**
- Underlying EBIT Margin of **3.2%**
- Strong cash generation ahead of consensus with underlying cash flow of **\$45M**
- Underlying profit after tax of **\$20.1M¹** at the top end of consensus

1. Refer to Non-IFRS Supplementary Information for reconciliation of underlying earnings to statutory earnings at Slide 40



Our Strategy

Our Strategy



E.I. Engineering Intelligence

To continue to diversify our business, through an engineering led approach, using innovation and technology to provide cost competitive solutions for our clients

Deliver long-term shareholder returns



5 Year TSR	22%
7 Year TSR	239%

Strategic Objectives



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Strategic Focus

Execution

E.I. Engineering Intelligence

- Use E.I. Engineering Intelligence to create advanced processes, systems, technology, equipment and materials to ensure RCR's competitive advantage
- Establish partnerships that bring proven innovative engineering solutions
- Acquire Intellectual Property for innovative solutions and materials

Integration of Engineering Capabilities - End to End Service Provision

- Build on previous experience on large complex turnkey EPC projects
- Expand products and services across sectors & whole of life approach

Geographical Diversification

- Build on Asia Pacific footprint using our existing presence in Malaysia as a hub
- Target potential acquisition opportunities in SE Asia for Infrastructure

New Market Sectors

- Focus on rail, transport, renewable energy & water through technology
- Build relationships as an entry point into the defence market

Enhance Shareholder Value

- Continue growth through new and existing organic revenue streams as well as strategic mergers and acquisitions

Total Shareholder Returns - 5 Years



RCR will strive to **exceed market expectations** in delivering shareholder returns

Targeting Growth Sectors



E.I. Engineering Intelligence

Rail and Transport

- Major pipeline of rail and tunnel projects across Australia and NZ
- Partnering with Rhomberg Rail
- Focus on EPC through technology, innovation and partnering

Renewables

- Renewable generation is forecast to be the fastest growing energy sector
- Developed an advanced system delivery approach for large solar projects
- Pipeline of solar project opportunities for over 3,000MW

Water

- Secured long-term service arrangements with water authorities
- Targeting opportunities in Australia, NZ and SE Asia

Commodities

- Innovative Technology approach to EPC (Silvergrass and Dugald River)
- Agreement with Kiruna 'Helix wagon and car dumper' technology



Strong Pipeline **\$11.0B**

Positioned for Growth



E.I. Engineering Intelligence

Chart 1: New Contract Wins

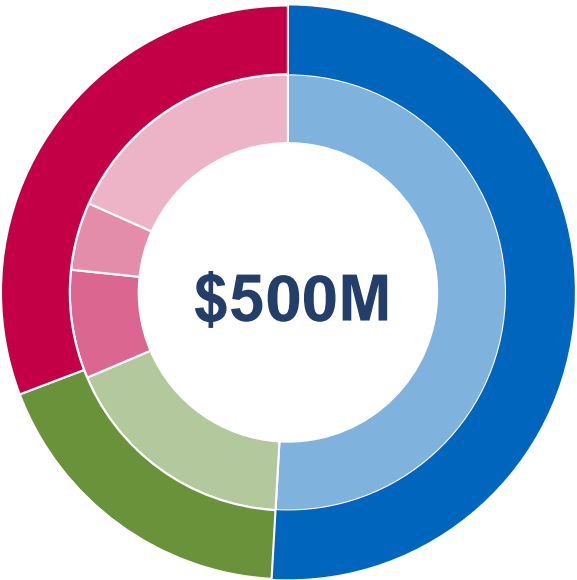


Chart 2: Order Book and Preferred

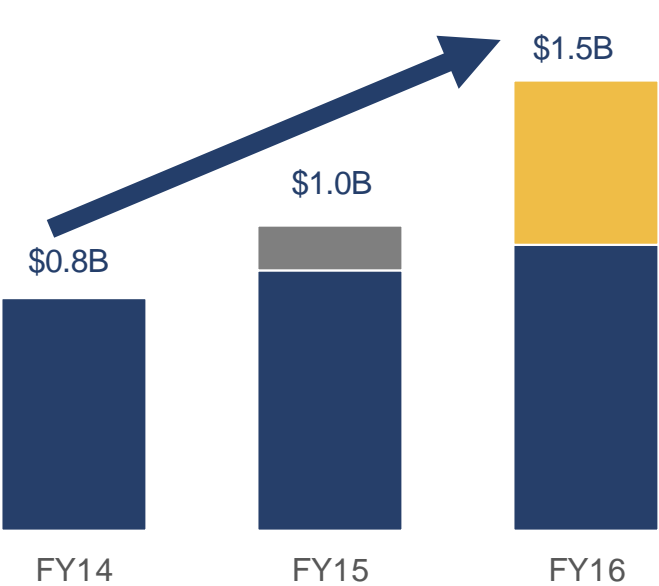
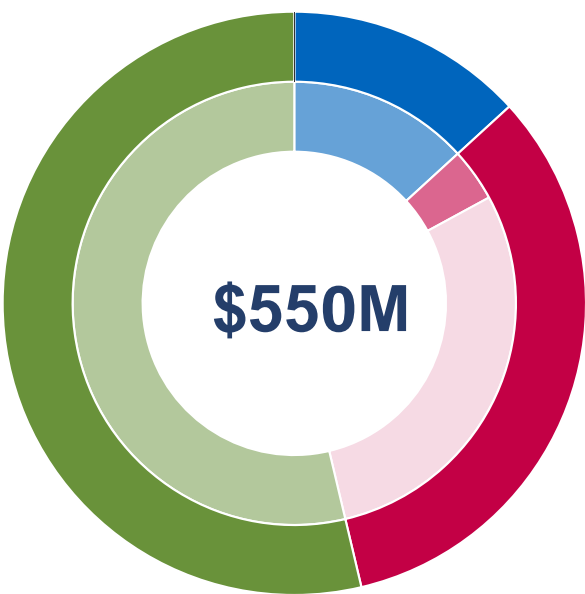


Chart 3: Preferred Status



Infrastructure	Energy	Resources
TfNSW - Multiple Rail Projects	NSW Power Maintenance	Rio Tinto - Silvergrass Mine
Vic Govt Housing	Rio Tinto - Cape Lambert	MMG - Dugald River Project
Visionstream		Newcrest - Cadia Operations
Sydney Water - Picton Upgrade		BHP - Multiple Projects

LEGEND:

Charts 1 & 3 - By Business

- Infrastructure
- Energy
- Resources

Charts 1 & 3 - By Sector

- Oil & Gas
- Rail & Transport
- Water
- Property Services
- Renewables
- Energy
- Minerals

Chart 2

- Order Book
- Water Business Acquisition
- Preferred Contractor Status

Secured \$500M in new contract wins in the past 6 months

Expanding Capabilities Through Innovation



E.I. Engineering Intelligence

As a leading diversified engineering company, RCR is focused on innovative solutions and smarter delivery to reduce costs for our customers

Leveraging New Technologies

- Designed and developed a modularised processing plant system for construction projects
- Innovative technology in EPC for mining and minerals
- Developed advanced systems delivery for large solar projects
- 3D printing capabilities for existing and emerging new markets
- Finalising technology partnerships for various robotic platforms
- Exclusive agreement with Kiruna for 'Helix wagon and car dumper'



3D Printed Airbus Fuel Connector
(© Bionic Production GmbH)



RCR's Award winning
Mobile In-Pit Crushing & Conveying Unit (IP2C)

RCR will expand our capabilities through **innovation and technology**

Kiruna Wagon

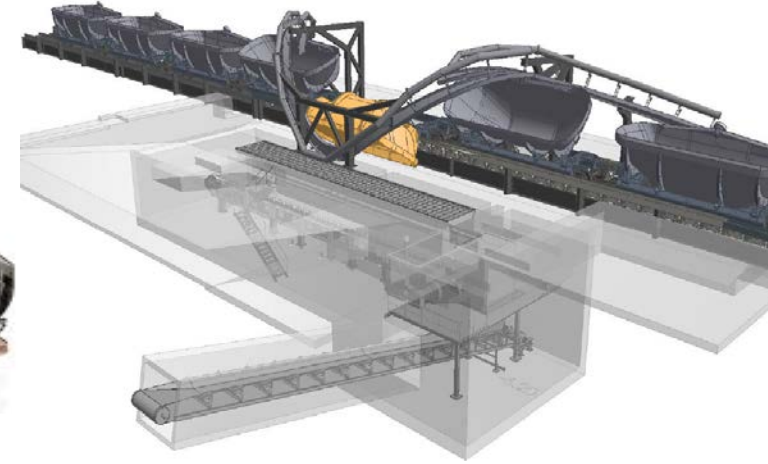
Helix Dumper Wagon & Unloading Solution



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RCR & Kiruna Wagon:

- Agreement for exclusive licencing with Kiruna Wagon AB
- Complete rail car unloading solution
- Continuous rolling discharge of bulk commodities
- Wagon body is rotated 148°; chassis remains on the rails
- RCR to manufacture & distribute throughout Asia Pacific
- Enquiries received for over 500 wagons

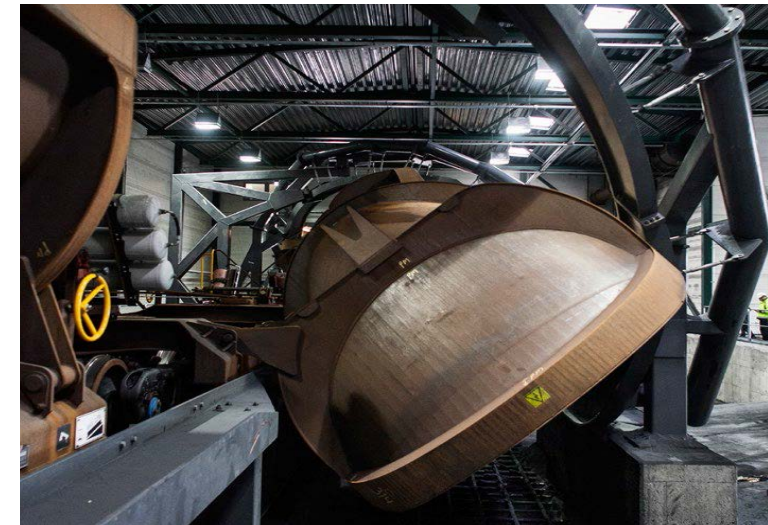


Helix Wagon Solution - Benefits:

- High-capacity continuous discharge up to over 30,000tpa
- Unloading rates 3-4 times faster than existing methods
- No additional power supply (4MW for existing methods)
- Reduced stresses and strains on the wagon (longer life)
- Reduce capital & maintenance cost
- Improved safety & reductions in dust & noise

Innovative technology
revolutionising rail transport and
unloading for bulk commodities

To see more visit:
<https://www.youtube.com/kirunawagon>



OzBot Raider

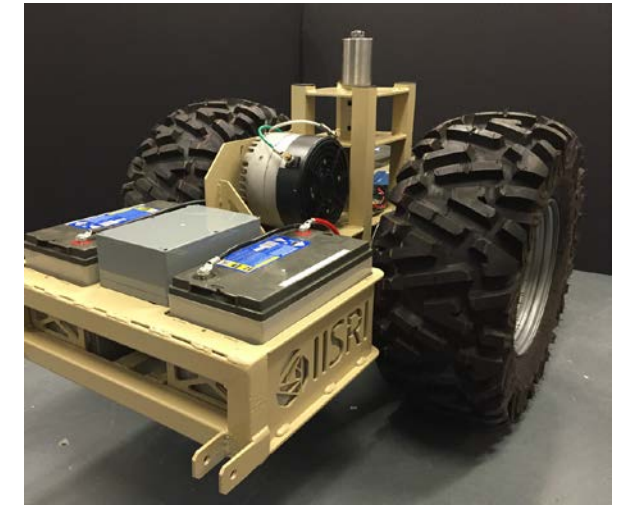
Innovative Targeting System



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RCR & Deakin University:

- Exclusive agreement to bring the innovative targeting system to market
- Joint venture will allow OzBot Raider to be commercialised globally
- Enabled armed forces to complete testing without risk to personnel
- RCR will leverage its financial, marketing and manufacturing capacity



About OzBot Raider:

- Modular design - allows a wide variety of targets
- On-board sensors track the speed and location of target
- Relatively low-cost system, can operate in GPS-denied areas
- Potential to be exported to allied countries

Robotics-driven target system to be **commercialised** by RCR



FY16 Financial Results

FY16 Financial Results Snapshot



E.I. Engineering Intelligence

Underlying Results¹:

- Revenue of **\$891M** from continuing operations
- NPAT of **\$20.1M** at the top end of consensus
- EBIT Margin of **3.2%**
- Strong cash conversion with adjusted operating cash flow of **\$45.2M**
- Low Gearing ratio of **16%**

Statutory Results from Continuing Operations:

- Statutory profit after tax of **\$9.0M**
- Recognised **\$10.0M** for restructuring and legacy claims (post tax)
- Transaction costs of **\$1.1M** for water business acquisition (post tax)

Statutory Result:

- Statutory loss after tax of **\$16.2M** (including discontinued operations)

1. Refer to Supplementary Information for Non-IFRS Information Reconciliation on Slide 40

Revenue **\$891M**

Underlying
NPAT **\$20.1M**

Order Book
& Preferred **\$1.5B**
(June 16)

FY16 Operating Cash Flow

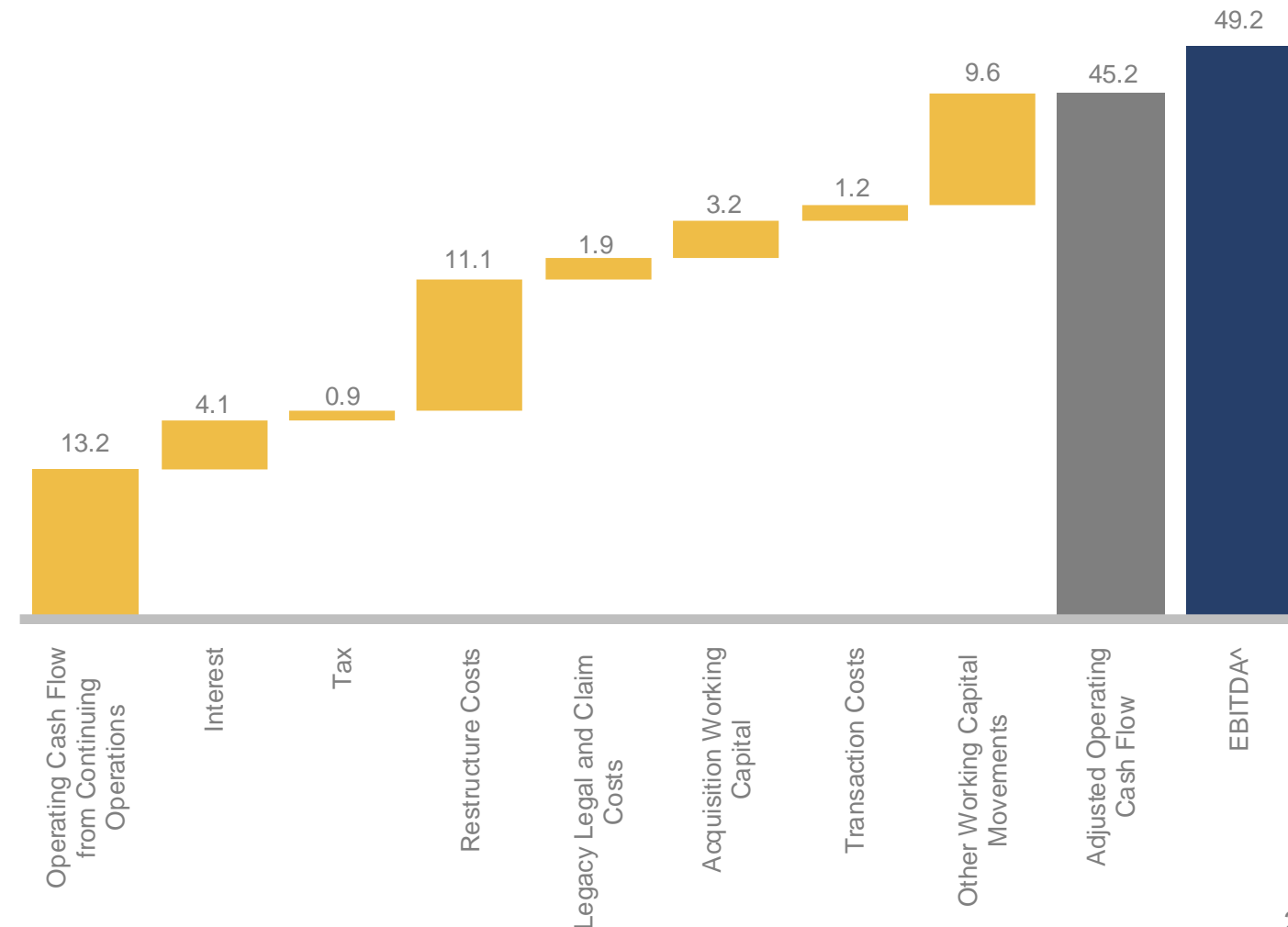


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Key Metrics

- Adjusted operating cash flow **\$45.2M**
- **92%** conversion of EBITDA
- Focus on cash and working capital
- Interest paid **\$4.1M**
- Tax paid **\$0.9M**
- Restructure costs **\$11.1M**
- Legacy legal and claims costs **\$1.9M**
- WA Water Business acquisition costs:
 - Acquisition working capital **\$3.2M**
 - Transaction costs **\$1.2M**

Operating Cash Flow from Continuing Operations (\$M)



[^] Refer to Supplementary Information for Non-IFRS Information Reconciliation on Slide 40

Funding Facilities



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Key Metrics

- Gearing ratio **16%** with Net Debt of **\$55.6M**:
 - Water business acquisition **\$15M**
 - Discontinued operations **\$22M**
 - Dividends paid **\$13M**
 - Capex **\$13M**
- Cash and available facilities **\$216M**
- Capacity to support future growth and acquisitions
- Total CBA Facility **\$236M** - term Nov 2017:
 - **\$41M** senior debt
 - **\$30M** cash advance
 - **\$70M** working capital
 - **\$95M** guarantee facility
- Additional project financing available via:
 - **\$150M** insurance bonding facilities

Funding Summary

Facility	FY16 \$M	FY15 \$M
Senior Debt and Working Capital Facility	236.3	231.3
Insurance Bonding Facilities	150.0	150.0
Total Facilities	386.3	381.3
Less: Senior Debt Utilised	41.3	61.3
Less: Cash Advance	30.0	0.0
Less: Non-Cash Facilities Utilised	114.3	81.0
Available Facilities	200.7	239.0
Plus: Cash	15.6	49.2
Total Cash/Funding Facilities Available	216.3	288.2

Key Financial Ratios

Net Debt	\$55.6M	\$12.2M
Gearing Ratio*	16.2%	3.7%
Facility Utilisation	48.0%	37.3%
Available Cash	\$85.6M	\$124.2M
Debt Facility Expiry	Nov 2017	Nov 2017

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



FY16 Review of Operations

COMBUSTIBLE
LIQUID
C1

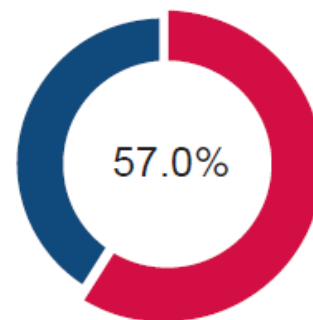
FY16 Performance

- EBIT Margin **4.5%**
- Continuing Wynyard Station Upgrade
- Commenced Hornsby turnback **\$65M**
- Delivering critical rail upgrade works for MTM in Melbourne and TfNSW in Sydney
- Renewable portfolio growing:
 - Completed 54MW solar farm
 - Awarded ECI with Origin for solar farm for over 100MW
- Expanding Water Business:
 - Subiaco Waste Water Treatment Upgrade
 - Picton Waste Water Treatment Upgrade
 - 20 active projects under the Sydney Water Panel Agreement
- Solid recurring revenue base over multiple years for HVAC and Facilities Management

Opportunities

- Preferred on multiple projects worth **~\$250M**
- Positioned for major spend in solar and wind
 - Pipeline of over 3,000MW
- Targeting large opportunities in rail, transport and water
 - Large road tunnels
 - Rail and light rail projects in NSW, VIC, WA and NZ
 - Substation and cabling projects in NSW, QLD and VIC
- Focus on 'turnkey' capability and vertical integration

Revenue Contribution



Revenue **\$540M**

EBIT **\$24M**

Preferred Status **\$250M**

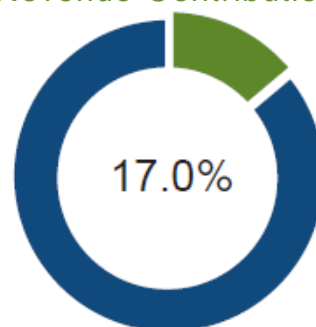
FY16 Performance

- Revenue **\$160M**
- Completion of major shutdown and maintenance work:
 - AGL's Liddell and Torrens Power Stations
 - Eraring, Gladstone, Bayswater and Condamine
- Design and construction of a 53MW natural gas fired boiler for Fonterra
- Design and construction of a new 20MW coal fired boiler for Synlait Milk
- Awarded Rio Tinto's 80MW Cape Lambert Power Station:
 - Includes project management, construction, commissioning and performance testing

Opportunities

- Preferred on multiple projects worth **~\$200M**
- Preferred tenderer on large 100MW open cycle power plant
- Multiple opportunities in NZ dairy sector
- Tendering further turnkey power projects in Asia Pacific
 - PNG, Indonesia and Thailand
- ECI for Adani - MOU extended to March 2018

Revenue Contribution



Revenue **\$160M**

EBIT **\$2M**

Preferred Status **\$200M**

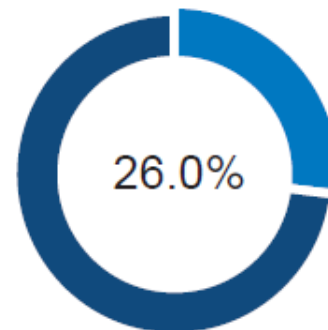
FY16 Performance

- EBIT Margin **5.1%**
- Completed major SMP and E&I works at the Roy Hill Iron Ore Project
- Strong activity for asset maintenance and spares
- Heat treatment works for Wheatstone offshore floating LNG platforms
- Significant contract awards - **\$250M**:
 - Silvergrass, Rio Tinto
 - Dugald River, MMG
 - Cadia, Newcrest
 - Cloudbreak, FMG
 - Asset Maintenance, BHP Billiton

Opportunities

- Preferred on multiple projects worth **~\$100M**
- EPC provider for major resource projects
 - Iron ore, mineral sands, zinc, coal, nickel, bauxite, gold, lead and lithium
- Sustaining capital works in Oil & Gas and Mining
- International equipment sales in Africa, Asia, the Americas and Europe

Revenue Contribution



Revenue **\$244M**

EBIT **\$13M**

Preferred Status **\$100M**



Outlook



Outlook



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- RCR's strategy is to continue to diversify into growing markets
- Focus on innovation and technology as a key differentiator:
 - Significant cost benefits to our clients
 - Substantial competitive advantage over peers
- Major pipeline of opportunities in:
 - Renewable energy and transport including rail
 - New power projects in Asia Pacific
- Lead the resources sector on technology led EPC projects:
 - Silvergrass
 - Kiruna Wagons
- With combined order book and preferred contract status of **\$1.4B**, RCR is now positioned for growth in FY17 and beyond



RCR's strategy will **focus**
on key growth areas



Corporate Overview

Our Business



E.I. Engineering Intelligence



6 countries

Strategically located

Australia, New Zealand, Malaysia, Indonesia, Thailand and Vietnam

Revenue* **\$1.0B**

** Average over past 2 years*

Employees **3,100**



3 business units

Diverse operations

Infrastructure, Energy and Resources

Our **diversification and growth strategy** is on track and with a strong order book we are well positioned for the future

Safety, Environment and People



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FY16 Safety Performance

- All injury frequency rate continues to improve
- TRIFR of **8.37**
- LTIFR of **1.77**

FY16 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 **3,100**
- Apprentices and trainees **142**

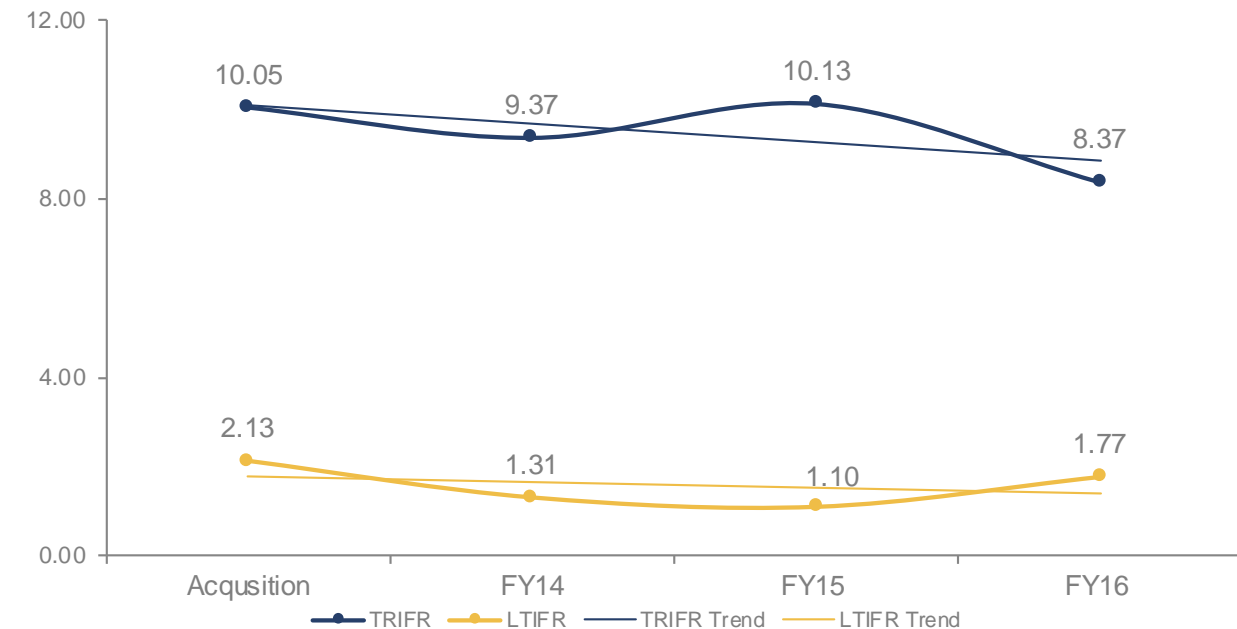
Leading Safety Indicators – FY16

- **576,147** Take 5 actions completed
- **36,364** Tool Box and Pre-start meetings conducted
- **24,367** Safe Act Observations conducted
- **26,360** Job Safety Hazard Analyses completed

Accreditations



Safety Performance



TRIFR

↓ 17%

RCR Core Capabilities



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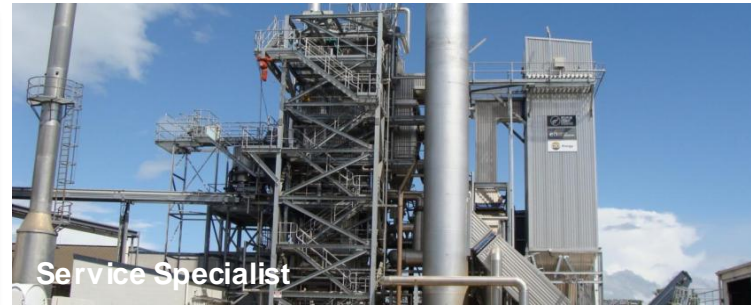
Infrastructure



Energy



Resources





Project Experience

THE MOST POWERFUL SOLAR POWER PLANT IN AUSTRALIA

Broken Hill, western New South Wales - perfect for solar energy.

AGL's new solar plant with electrical installation and construction by RCR is the largest and most powerful in Australia and a model of new, innovative and evolving renewable energy engineering. Occupying 140 hectares, the Broken Hill plant has over 650, 000 solar thin-film PV modules, producing 53 megawatts - enough to power 15,000 homes.

Built for the Australian Renewable Energy Agency, the NSW Government and AGL Energy. **Built by RCR.**

E.I Engineering Intelligence. That's what we do.



E.I. Engineering Intelligence

THE FACTORY THAT RUNS ON COFFEE



When Nestle developed plans for their coffee roasting plant in Australia, they worked with RCR on the innovative idea of using the coffee bean waste to generate power to roast the coffee beans - a biomass - fired steam boiler plant - creating a new energy efficient combustion method. Clean, low cost, low carbon emissions; renewable power generation that has been taken by Nestle and RCR from Australia to new plants in Chile and to the UK.

E.I Engineering Intelligence. That's what we do.



E.I. Engineering Intelligence

HOW TO BUILD A RAILWAY STATION WITHOUT STOPPING A CITY

Wynyard. It's the busiest rail station in Australia's busiest city.

Sydney's Wynyard Station Upgrade will connect Wynyard Walk, the Kent Street pedestrian tunnel, the Barangaroo development and a new Barangaroo Ferry Hub. RCR and partner companies designed and constructed Wynyard creating new, temporary people corridors while building 24 hours a day, 7 days a week, completing the major infrastructure project in just 12 months.

E.I Engineering Intelligence. That's what we do.



E.I. Engineering Intelligence

ENGINEERING INTELLIGENCE REDUCING THE TIME FOR CONSTRUCTION BY 75%



Fortescue's Solomon mine in Western Australia – capable of producing 95 million tonnes of iron ore each year.

The drivers of this production capacity are the Solomon Ore Processing Facilities, at Firetail and Kings Valley – built and commissioned by RCR. Through early client engagement and using innovative construction techniques, coupled with a flexible and proactive delivery framework, RCR completed the larger of the facilities in just 29 weeks: a record for the industry.

E.I Engineering Intelligence. That's what we do.



E.I. Engineering Intelligence



Non-IFRS Supplementary Information

Non-IFRS Reconciliations



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Reconciliation of Statutory Earnings from Continuing Operations to Underlying Earnings

	Underlying Operating Result	Restructuring Costs	Legacy Legal & Claim Costs	Transaction Costs	Capital Management Initiatives	Statutory Result from Continuing Operations
FY16^{1,2}	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	890.5	-	-	-	-	890.5
EBITDA	49.2	(9.7)	(4.6)	(1.2)	-	33.7
Depreciation and Amortisation	(21.1)	-	-	-	-	(21.1)
EBIT	28.1	(9.7)	(4.6)	(1.2)	-	12.6
Net Interest	(4.0)	-	-	-	-	(4.0)
Tax	(4.0)	2.9	1.4	0.1	-	0.4
Net Profit/(Loss) after Tax	20.1	(6.8)	(3.2)	(1.1)	-	9.0
FY15^{2,3}	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	1,033.6	-	-	-	-	1,033.6
EBITDA	89.1	(6.6)	(1.7)	-	2.6	83.4
Depreciation and Amortisation	(19.7)	-	-	-	-	(19.7)
EBIT	69.4	(6.6)	(1.7)	-	2.6	63.7
Net Interest	(4.2)	-	-	-	-	(4.2)
Tax	(13.8)	2.0	0.5	-	(0.8)	(12.1)
Net Profit/(Loss) after Tax	51.4	(4.6)	(1.2)	-	1.8	47.4

1. FY16 Underlying profit from ordinary activities ("Underlying Operating Result") is after tax and excludes the costs for discontinued operations of \$25.2M

2. Statutory Loss of \$16.2 million (FY15 NPAT: \$39.1 million). This includes discontinued operations and non-recurring items

3. FY15 Underlying Operating Result after tax excludes the cost for discontinued operations of \$8.3M (being those discontinued in March 2016 and results for those businesses disclosed on a comparative basis)

Disclaimer



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Summary of information: This presentation contains general and background information about RCR’s activities current as at the date of the presentation and should not be considered to be comprehensive or to comprise all the information that an investor should consider when making an investment decision. The information is provided in summary form, has not been independently verified, and should not be considered to be comprehensive or complete. RCR is not responsible for providing updated information and assumes no responsibility to do so.

Forward looking information: This presentation contains forecasts and other forward looking information (such as, Order book and Preferred Contractor Status). Such forward looking information and in particular Preferred Contractor Status, is not a guarantee of future revenue or performance and is subject to risks, uncertainties and assumptions which could cause actual results, timings or events to differ materially from the expectations described in such forward looking information. This forward looking information does not constitute any representation as to future performance and should not be relied upon as financial advice of any nature. Any forward looking information contained in this presentation is qualified by this cautionary statement. Before making an investment decision, investors should consider the risks and strategic objects of RCR as set out in its 2016 Annual Report.

Preferred Contractor Status – where RCR refers to preferred contractor status, RCR cannot guarantee that this will convert to a contract and is therefore an uncertain indicator of future revenue and earnings.

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Risks and Non-IFRS Information: 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). Risks related to both Order Book and Preferred Contractor Status are subject to, amongst other things, timing, cancellation or delays and therefore are not sufficiently certain. Investors or potential investors are therefore cautioned on placing undue reliance on any forward looking information.

RCR’s financial reporting complies with Australian Accounting Standards and International Financial Reporting Standards (“IFRS”). Underlying EBITDA, underlying EBIT and underlying NPAT, both adjusted for discontinued operations, restructuring, legacy claims and capital management initiatives and transaction costs, is unaudited but is derived from the audited annual financial report. RCR believe the non-IFRS earnings reflect a more meaningful measure of the company’s underlying performance. The information reported in this announcement contains non-IFRS financial indicators to assist in understanding the Company’s performance. A reconciliation to IFRS financial information is set out in the Supplementary Information.