



23 February 2017

## RCR EXCEEDS CONSENSUS AND RESUMES GROWTH CYCLE AS REVENUE, EARNINGS AND ORDER BOOK REBOUND FROM PREVIOUS SIX MONTHS

### Performance Highlights:

- Current Order Book of \$1.0 billion with a further \$0.8 billion at preferred contractor status<sup>1</sup>, up 20%
- Half Year ("HY17") Revenue of \$484.4 million, up 20% from previous six months of \$405.3 million
- HY17 EBIT of \$13.7 million, up 74% from previous six months
- HY17 NPAT of \$9.0 million, which exceeded consensus estimates<sup>2</sup>
- Low gearing ratio maintained of 17.6%
- Lost Time Injury Frequency Rate currently at a Historic low of 0.3

Diversified engineering company, RCR Tomlinson Ltd ("RCR"), today released its half year results with its earnings exceeding consensus estimates. On the back of over \$500 million in recent contract wins, a growing pipeline and a record order book and preferred status of \$1.8 billion, RCR expects to have stronger revenue and earnings growth in the second half of FY17 and into FY18.

### HY17 Results

Sales Revenue for the period was up 20% on the previous six months and similar to the Prior Comparative Period ("PCP"). NPAT was up over 50% on the previous six months but down 32% on PCP from continuing operations.

The order book and preferred contractor status was up 20% on the previous six months and up 60% on PCP.

Managing Director and CEO of RCR, Dr Paul Dalgleish, said "We have bounced back from the second half of last year with good revenue and earnings growth that should continue over this financial year and the next. We have secured a stronger order book from leveraging our smart engineering solutions to reduce customer costs and therefore win large projects. The use of our Engineering Intelligence has seen a significant increase in our order book and preferred contractor status and includes large EPC contracts, which extend over a number of years.

Pleasingly all three businesses, Infrastructure, Energy and Resources, grew in this half compared with the previous six months and Energy returned to profitability."

“In addition to the large contract wins announced around six months ago, we have more recently announced significant new contract awards valued at over \$500 million.

Recent major project wins include Pilbara Minerals’ Lithium Plant<sup>3</sup>, Sun Metals’ 116MW Solar Farm, the Yaloak Wind Farm, and Rail signalling works for the major Northwest rail project.

Our financial position remains strong with net debt of \$64 million and a low gearing ratio of 17.6%. Our balance sheet is supported by the renewal and increase of our three year banking facility, which when combined with bonding facilities provides RCR with approximately \$295 million in available cash and undrawn banking and bonding facilities.

RCR’s total shareholder returns over the past five years ended 31 December 2016 are 112%, and for the past seven years approximately 500% which demonstrates our approach to consistent long-term value creation for our shareholders.”

### **Outlook**

“We continue to identify growth opportunities and are currently preferred on over 350MW of renewable energy projects. Conversion of these renewable energy projects into contracted revenues is dependent upon financial close and in some cases ARENA funding however this remains a significant growth area for our Infrastructure business.

We see significant opportunities across all three of our businesses plus new markets in which to bring our Engineering Intelligence (“EI”). In addition to our current pipeline, valued at over \$11 billion, we are working on further diversification through defence and technology and have developed technology partnerships with Kiruna Wagons, Rhomberg Rail, Deakin University, Tesla and BAE Systems.

In the coming months, as we convert the pipeline of preferred tenders into contracted revenue, we will continue to 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. With the recent strengthening of the prices for commodities across the majority of our core markets we are seeing renewed capital spending and turnkey delivery models that benefit from our Engineering Intelligence (“EI”); that’s what we do.

As we look forward, with a combined order book and preferred contractor status of \$1.8 billion (up 20% from 30 June 2016), RCR is now positioned for revenue and earnings growth in the second half of FY17 with a number of contracts to flow through to support FY18 revenue” concluded Dr Dagleish.

### **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.

## Notes

- 1 Preferred Contractor Status: Where RCR refers to preferred contractor status, RCR cannot guarantee that this status will convert to a contract and therefore may not be an indicator of future earnings.
- 2 Consensus – RCR is covered by four sell side analysts who have published reports since 25 August 2016, which provide forecast earnings for FY17. Two of these analysts have forecast NPAT for the first half of between \$7.5 million to \$8.5 million with an average of \$8.1million.
- 3 The contract for the development of the Pilbara Minerals (“PLS”) Project is subject to PLS’ final investment decision and completion of the stage one front-end engineering and design (which is expected by March 2017) and PLS has the option but not the obligation to commit to the stage 2 construction which is planned to commence in May 2017.

### For further information please contact:

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## About RCR

RCR Tomlinson Ltd (ASX code: RCR) is a diversified engineering company providing turnkey integrated solutions to clients in the infrastructure, energy and resources sectors. RCR has a 118 years of history in the engineering sector and owns some of Australia’s oldest engineering businesses including RCR Tomlinson™, O’Donnell Griffin™, Haden™, and Resolve FM™.

RCR’s core capabilities encompass engineering, procurement and construction (“EPC”) of power and steam generation plants (using a wide range of fuels, solar and wind), water and waste treatment systems; rail and road tunnel infrastructure, rail signalling and overhead wiring systems, mineral processing and material handling plants, construction of mechanical, piping and electrical disciplines (SMP/E&I), integrated oil & gas services (both onshore and offshore), supply of RCR proprietary materials handling and process equipment, asset repair, fabrication 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)

## E.I. Engineering Intelligence. That’s What We Do.

### Disclaimer Important Information

The information in this announcement about RCR Tomlinson Ltd (“RCR”) and its activities is current as at 23 February 2017 and should be read in conjunction with the Company’s Appendix 4D, HY17 Half Year Financial Report and the 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 HY17 Half Year Financial Report has been subject to audit review and the 2016 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 release 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.