

22 February 2018

RCR Delivers Record Half Revenues, Cash Conversion and Earnings Growth

Performance Highlights for the Half Year Ended 31 December 2017 (“HY18”)

- Record combined Order Book and Preferred Contractor Status of \$3.2 billion
- Awarded new contracts of over \$800 million, largely in infrastructure and energy
- Record Revenue of \$940 million
- EBIT of \$22.8 million, up 51%
- NPAT of \$16.3 million from continuing operations, up 63% and exceeded consensus estimates
- Cash generated from operations \$48.7 million, a 149% conversion of EBITDA to cash
- Net Cash up to \$84.7 million and supports a growing pipeline in renewable energy, rail and transport
- Interim Dividend of 2.5 cents per share declared (unfranked)
- Lost Time Injury Frequency Rate maintained a low of 0.61

Note: Percentage changes indicated above relate to the previous comparative period (“PCP”) and are based on continuing operations.

Diversified engineering company, RCR Tomlinson Ltd (“RCR”), today released its half year results with its earnings exceeding consensus estimates¹.

On the back of over \$800 million in recent contract wins, a growing pipeline, an Order Book² of \$1.2 billion and Preferred Contractor Status³ of \$2.0 billion, RCR expects to deliver revenue and earnings growth in FY18 and into FY19.

RCR has been successful in the renewable energy sector during the past year and has secured over 850MWac of renewable energy projects. These wins are expected to contribute strongly to RCR’s continuing growth momentum.

RCR also continues to build on its strategy around other growing markets and is ideally positioned in the rail and transport, water, resources and defence sectors, where there is a significant growing pipeline of projects.

HY18 Results

Sales revenue for the period was at a record \$940 million. Net Profit after Tax (“NPAT”) from continuing operations was \$16.3 million, up 63% on PCP, which was supported by strong operating cash flows of \$48.7 million. This represents an EBITDA cash conversion of 149%, driven predominantly by advance payments on Infrastructure projects and moderated by a couple of Resources projects.

After allowing for non-recurring costs of \$6.6 million (after tax) from discontinued operations in the Resources business, the Company recorded a statutory NPAT of \$9.7 million.

RCR's financial position remains strong, with Net Cash up to \$84.7 million at 31 December 2017 (previously, Net Debt of \$25.2 million at 30 June 2017).

RCR's balance sheet was strengthened during the reporting period with the completion of a successful capital raising of \$90 million (before costs) and an increase in bank guarantee and bonding facilities. At 31 December 2017, RCR has available cash and undrawn banking and bonding facilities of \$450 million (up \$135 million since June 2017) to facilitate its growth aspirations.

Managing Director's Comments

RCR's Managing Director and CEO, Dr Paul Dalglish, said "RCR has delivered record revenues and earnings growth, whilst investing in growing our renewable energy and rail businesses. Our cash flows have improved significantly over the past year, and combined with our successful capital raising, we now have a record \$84.7 million in net cash."

"Over the past six months we have secured a number of large contract wins valued at over \$800 million, which is partly a result of the conversion of a number of preferred contractor positions into orders. Pleasingly, we have added a number of new opportunities to further grow our strong pipeline of preferred contractor status to \$2.0 billion (up from \$1.6 billion at 30 June 2017 and from \$0.8 billion one year ago)."

"Our success in the renewable energy sector over the past year is expected to contribute to RCR's continuing growth momentum."

"In the coming year, as we convert our preferred contractor status into contracted revenue, we will continue to focus on other opportunities. These opportunities represent a pipeline of over \$20 billion generated from increases in rail and transport, water and general infrastructure spending in Australia and New Zealand and new power projects in the Asia Pacific region."

Outlook

"As we look forward, with a combined order book and preferred contractor status of \$3.2 billion, up an impressive 76% from a year ago, RCR is well placed for expected revenue and earnings growth, with a number of contracts to flow through to support FY19 revenue." concluded Dr Dalglish.

Interim Dividend

The Board has declared an Interim Dividend of 2.5 cents per share, unfranked. The record date for entitlement to the Interim Dividend will be 15 March 2018 and the payment date will be 5 April 2018.



ASX Announcement & Media Release

Investor Presentations

RCR will be undertaking investor roadshow meetings with institutional shareholders, brokers and analysts, commencing today.

Further information regarding RCR's half year results for the six months ended 31 December 2017 is set out in RCR's Investor Presentation and Half Year Financial Report, which will be provided on the ASX Announcements Platform and RCR's website www.rcrtom.com.au.

FURTHER INFORMATION

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ABOUT RCR

RCR Tomlinson Ltd (ASX code: RCR) is a diversified engineering and infrastructure company, working with some of the world's leading organisations to provide intelligent engineering solutions to the Infrastructure, Energy and Resources sectors.

RCR's core capabilities encompass development, engineering, procurement, construction, operation and maintenance of major infrastructure, energy and resource projects. RCR has operations across Australia, Asia and New Zealand. Additional information is available at www.rcrtom.com.au.

E.I. ENGINEERING INTELLIGENCE™. That's What We Do.

Notes

1. Consensus – RCR is covered by five sell side analysts who have published reports since 24 August 2017, which provide forecast earnings for HY18. These analysts have forecast NPAT (normalised) for the first half of between \$15.0 million to \$16.9 million with an average of \$15.7 million.
2. Order Book – RCR's Order Book and backlog comprise certain estimates, are unaudited, and vary from time to time due to the impact of project delays or cancellations. The Order Book also includes amounts expected or anticipated under contracts, current work programs, maintenance arrangements and framework arrangements. The Order Book includes amounts which cover multiple financial periods. Accordingly, RCR's Order Book at any particular date remains subject to change and is therefore an uncertain indicator of future earnings.
3. Preferred Contractor Status – Where RCR refers to Preferred Contractor Status, RCR cannot guarantee that this status will convert to a contract and is therefore an uncertain indicator of future earnings.

Disclaimer and Important Information

The information in this announcement about RCR Tomlinson Ltd ("RCR") and its activities is current as at 22 February 2018 and should be read in conjunction with the Company's Appendix 4D, Half Year Financial Report for the six months ended 31 December 2017 ("HY18 Half Year Report") and the 2017 Annual Report for the full year ended 30 June 2017 ("2017 Annual Report"). It is in summary form and is not necessarily complete. The financial information contained in the HY18 Half Year Report has been subject to audit review and the 2017 Annual Report has been audited by the Company's external auditors.

Risks - An investment in RCR is subject to known and unknown risks, some of which are beyond the control of RCR. Furthermore, RCR's performance is subject to a range of risks that can impact performance (including those summarised in the 2017 Annual Report) and factors outside of the control of RCR (for example, the timing for commencement of projects or awards of tenders, claims, disputes and proceedings). Risks related to both Order Book and Preferred Contractor Status ("Preferred"), 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.

This release contains certain forward-looking statements. Examples of forward-looking statements used in this release include: "expect", "estimate", "intend", "may" and "designed". Indications of, and guidance on, future earnings, Order Book, Preferred Contractor Status and financial position and performance are also forward-looking statements. Forward-looking statements, opinions and estimates provided in this release are based on assumptions and contingencies that are subject to change without notice. Forward-looking statements are not a guarantee of future performance and are subject to a variety of risks and uncertainties beyond RCR's ability to control or predict, which could cause actual events or results to differ materially from those anticipated in such forward-looking statements.

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

This release does not include all available information on RCR and should not be used in isolation as a basis to invest in RCR. Any potential investors should refer to RCR's other public releases and statutory reports and consult their professional advisers before considering investing in RCR.