



6 November 2015

**ADDRESS BY CHAIRMAN, RODERICK BROWN  
2015 ANNUAL GENERAL MEETING**

Good morning ladies and gentlemen.

I am 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 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.

I would also like to point out the nearest exits and the assembly point should they be required. These are shown on the screen behind me.

**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 Dalglish.
- Our Non-Executive Directors, Ms Eva Skira. Eva is Chair of the Remuneration and Nominations Committee and also the Audit & Risk Committee.
- Next, Mr Paul Dippie, Mr Lloyd Jones, and next is Mr Bruce James and Ms Sue Palmer. Both Sue and Bruce were appointed as Directors last year.
- And, our Company Secretary, Darryl Edwards.

In the audience today are a number of RCR senior executives, employees, advisors and Tim Richards, partner of Deloitte Touche Tohmatsu ("Deloitte").

**Change in Lead Audit Partner for FY16**

For the information of our shareholders I advise that because Deloitte has been RCR's external auditor since 2010, that Mr Richards will end his term as Deloitte's lead audit partner, having completed five years' service on the RCR audit.

We now therefore welcome, Mr Alex Collinson (who is also present). Alex is a partner of Deloitte's Sydney Office and will take the lead audit partner role for the RCR audit from the close of this meeting.

**Meeting Format**

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

Two of the items involve the retirements by rotation and re-election of Mr Dippie and myself. The additional items relate to the adoption of the Company's 2015 Remuneration Report, a new Performance Incentive Plan and the annual grant of long-term incentives to Dr Dalglish.

Before we move to the formal part of the meeting, I'll make some comments about our performance last year and update on our strategy.

Then we will move to the formal business.

Finally, Dr Dalglish will present in more detail, the Company's strategy, business activities and performance for the financial year ending 30 June 2015. After that we will be happy to take questions.

**Delivering on Strategy**

As our company approaches its 124th year of operation, we are proud to reflect on a journey which now sees us firmly established as one of Australia's largest and most diversified engineering and infrastructure companies, employing almost 4,000 people in Australia, New Zealand and South East Asia.

Now entering our seventh year under the assured leadership of Dr Dalglish, the benefits of adhering to a clear strategic vision are there for all to see.

Our ability to meet the challenges of prevailing market conditions, particularly in the Resources sector and to deliver a solid performance in the past year demonstrates that our strategy and growth aspirations are on track.

RCR's evolution to a more diversified services model by the introduction of significant infrastructure capacity, supplemented by our existing energy and resources capabilities, have seen RCR awarded a record \$1.3 billion of new work over the past financial year, of which 78% was in the energy and infrastructure sectors.

As you will know, our expansion gained momentum during the year with an increase in our market presence in the rail, oil & gas and water sectors domestically and in the power sector in South East Asia, where our energy business is bidding on a number of prospects. This includes the Senipah Power Project in Indonesia where RCR is the preferred contractor and is in the process of completing negotiations. Whilst in Australia, we are delivering a number of new rail projects in Victoria and NSW, including the redevelopment of Wynyard Station in Sydney's CBD. In the Oil & Gas sector we have achieved new contract awards and extensions including Woodside and the Chevron-operated Gorgon Project, where we currently have over 250 personnel on site.

Our growth into the infrastructure sector has advanced even further with the recent acquisition of the WA Water Corporation's Engineering and Construction Services business, as announced in August 2015. This acquisition has enabled RCR to expand its existing capability in the water and waste water treatment solutions and will further diversify our revenues in the infrastructure sector.

Operationally, we are confident that our market position will deliver significant benefits in the coming years as we continue to work hard at converting the major pipeline of opportunities in Australia, New Zealand and South East Asia.

Furthermore, we are well positioned to continue to pursue acquisition opportunities and invest in longer term growth strategies by acquiring new technologies (such as the 3D Metal Printing Technology announced this week). We are also positioned to increase our existing scale and expand into new markets and geographies.

Further details on our strategy and opportunities are detailed in Dr Dalglish's presentation later in the meeting.

### **FY15 Performance**

On the financial side, which Dr Dalglish will cover shortly in greater detail, the Company generated a Net Profit after Tax of \$39.1 million, this was from revenues of \$1.1 billion.

This result reflects solid performances across all of our businesses and the benefits of our sector and geographical diversification. Which, again highlights that our strategy is working and that our early move into the Infrastructure sector, as mining services were still at a peak, was strategically significant.

This result was also completed in challenging market conditions and without the benefit of a major Resource Project, unlike in the prior comparative year in which we completed the Solomon Ore Processing Facilities for Fortescue.

Our order intake was again supported by the traditional strong reoccurring revenue base that we enjoy across the business.

Our balance sheet ended the year with a significant reduction in Net Debt from \$90.5 million post the acquisition of our infrastructure business (December 2013), to just \$12.2 million; representing a gearing ratio of less than 4%.

On the back of our financial performance in 2015, shareholders received a final dividend of 7.5 cents per share, partly franked. This brought RCR's total dividends for FY15 to 11 cents per share, an increase of 10% on the previous year.

### **Measureable Improvements in Safety**

Now turning to our safety performance.

As ever, we have an unmovable commitment to safety and achieving our goal of zero harm. As we strive toward this critical objective, we are actively encouraging all of our employees to take individual responsibility for their safety, as well as the safety of those around them, as they carry out their daily activities.

RCR's focus on safety and the conduct of safety-awareness initiatives throughout the year have continued to deliver improvements in our safety performance. This was demonstrated by our Lost Time Injury Frequency Rate ("LTIFR"), which improved by 16% to 1.10 per million man hours.

### **Our Board**

As you will be aware, over the past two years there have been a number changes to the Board as we have worked diligently to ensure that our Director base is well balanced in composition. With another year passing for our newer Directors, I am confident that all of our Directors have the commensurate skills and experience required to ensure we deliver on our strategic ambitions and sustain our growth aspirations.

### **Changes to Audit & Risk Committee**

An outcome from this year's internal Board's review was that the Board has decided that Ms Sue Palmer will take the role of Chair of the Board's Audit & Risk Committee following this meeting.

Ms Palmer has the requisite financial qualifications and skills to ensure the Committee continues to deliver strong oversight in the areas of financial reporting and risk management. This change will also balance well with the commencement of Mr Collinson as the Deloitte Lead Audit Partner, as advised earlier.

I therefore would like to thank Ms Skira for her leadership of the Audit & Risk Committee over the past seven years. During her time on the Committee, Ms Skira has made great contributions to RCR's financial and risk management processes. This will also enable Ms Skira to devote her considerable energies and skill to the Remuneration Committee of which she is the Chair.

### **Conclusion**

In looking to the future, I believe that our strategy has positioned us to capitalise on acquisitional growth opportunities and a growing infrastructure pipeline in Australia and New Zealand (particularly in rail, transport, water and power stations) and the demand for energy in South East Asia. Whilst I also remain confident in the long-term, for prospects in the Resources sector when markets improve.

With a current order book of \$930 million and an increase in the major projects pipeline activity, in all sectors, we are well positioned. However, with infrastructure spending expected to gain momentum in the second half of this financial year we expect our revenues to remain flat for the first half and earnings to have a bias towards the second half of FY16.

At a group level, the strength of our balance sheet provides us with the financial capacity to invest in our growth strategies and to take advantage of acquisition growth opportunities as they arise. In this regard we are constantly reviewing opportunities, which present accretive growth opportunity.

In conclusion, our focus, as always has been to provide satisfactory returns to our shareholders and to grow and diversify our business. Our clear growth strategy is working and we have clear priorities; but we recognise that there is still more to achieve before we realise our full potential.

### **Thanks**

My thanks once again to all of our talented people, whose commitment and dedication forms the foundation of our business, and to Dr Dalgleish 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**

**FOR FURTHER INFORMATION PLEASE CONTACT:**

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**About RCR**

RCR Tomlinson Ltd (ASX code:RCR) ("RCR") is a diversified engineering and infrastructure company providing turnkey integrated solutions to clients in the **resources, energy** and **infrastructure** sectors. RCR together with its key brands, Tomlinson, O'Donnell Griffin, Haden, and Resolve FM, have collectively over 300 years of experience.

RCR's core capabilities encompass, structural, mechanical, piping and electrical disciplines, railway signalling, overhead wiring systems; OEM supply of materials handling and process equipment; laser cutting, asset repair and maintenance services; HVAC; facilities management, design and construction of power and steam generation plants (using a wide range of fuels) and water treatment systems.

RCR has operations across Australia, Asia and New Zealand. Additional information is available at [www.rcrtom.com.au](http://www.rcrtom.com.au)