

30 October 2018

**ADDRESS BY CHAIRMAN, RODERICK BROWN
2018 ANNUAL GENERAL MEETING**

Good morning ladies and gentlemen.

My name is Rod Brown, Chairman of the Board of RCR Tomlinson Ltd.

On behalf of my fellow Directors, I'd like to welcome you to our 2018 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.

Safety is paramount in everything we do and as such I would like to make sure you are familiar with the evacuation procedures we will follow in the unlikely event of an emergency. In the event of an emergency, you will hear an evacuation alarm. Please follow the instructions of the wardens and assemble at the primary evacuation point for the Hotel.

Ladies and gentlemen, I'm satisfied a quorum is present and so I declare the meeting open.

A Notice of Meeting was distributed earlier, setting out the business and resolutions to be considered at today's meeting, and I will take that Notice as read.

Introduction of the Board and Others

I'd now like to introduce my fellow Directors.

On stage here with me is:

- RCR's Interim CEO and Executive Director, Mr Bruce James.
- Our Non-Executive Directors, firstly, Mr Lloyd Jones (who is Chair of the Remuneration & Nominations Committee), next is Mr David Robinson (who is Chair of the Board Tender Review Committee) and finally, Ms Sue Palmer (who is Chair of the Audit & Risk Committee).

In the audience today are a number of RCR senior executives, employees, and advisers.

We also have Mr Alex Collinson from our Auditors, Deloitte Touche Tohmatsu. Alex is available to answer any questions you may have on the conduct of the audit (or the auditor's report itself), later in the meeting.

Meeting Format

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

Two of the items involve the re-election of myself and the election of Mr David Robinson. The additional items relate to considering and receiving the 2018 Annual Financial Report, the adoption of the Company's 2018 Remuneration Report; and the renewal of the RCR Performance Incentive Plan.

Voting on items will be conducted by a poll, which will be conducted by casting your votes on your voting card.

Before we move to the formal part of the meeting, I'll make some comments about our performance over the last financial year and update you on the Company's strategic direction and outlook.

Mr Bruce James, our Interim CEO and Executive Director, will present further detail on the Company's strategic priorities, as well as an overview of current business activities. After that we will be happy to take questions.

Then we will move to the formal business. Shareholders will be given a further opportunity to ask questions related to the items of business. After the items of business are dealt with, we will formally close the meeting.

At the conclusion of the formal meeting, we hope you will join us for tea, coffee and refreshments while the votes are being counted. Once the votes are counted, we will announce the results.

2018 was a difficult year for the Company

2018 was a difficult year for the Company despite significant revenue growth of 58.2% on the prior comparative period.

Shareholders will be aware of the Company's statutory net loss after tax of \$16.1 million. This regrettable loss was largely due to cost overruns experienced on the Daydream and Hayman Solar Farms Project, and includes cumulative write-downs of \$57 million on the Project.

The business ended the financial year as Preferred Contractor on \$2.7 billion of opportunities, up 69% from the prior comparative period. Our Order Book¹ value as at 30 June 2018 was \$1.1 billion.

Capital Raising

In order to strengthen our balance sheet and to address the financial impacts of the Project, on 28 August 2018 the Board announced a \$100 million capital raising initiative.

¹ **Order Book** - RCR's Order Book and backlog comprise certain estimates, are unaudited, and may 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. The value of the Order Book in this announcement is at 30 June 2018.

Pleasingly, the capital raising was well supported by existing and new institutional shareholders and also by our existing base of retail shareholders: we raised \$70 million from our institutional shareholders and approximately \$14 million from our retail shareholders, with the shortfall being taken up by five sub-underwriters.

RCR appreciates the support that its shareholders have provided through this challenging period.

Strategy - Change in Risk-Profile

The difficulties experienced on the Daydream and Hayman project triggered the Company, now led by Interim CEO Mr Bruce James, to undertake a comprehensive review of the Company's projects.

These overruns were most regrettable, and as such our primary focus in the near term will be on consolidating and re-positioning the Company towards a more acceptable risk profile with a lower cost base.

The Board, in conjunction with RCR's Management, has taken immediate action to enhance the Company's systems, including establishing a Project Controls Group which reports to the CEO, implementing regular audit of cost control structures on all projects, and standardising key processes in the engineering and construction of our renewable energy projects. This, along with additional oversight at the pre-contract stage, will reduce potential project risks.

An important element of RCR's near-term strategy is to focus on a higher proportion of projects that use "alliance style" contracting models, which are more working capital intensive but offer a more favourable risk allocation to RCR as the contractor and should provide a higher degree of margin predictability relative to fixed price Engineering, Procurement and Construction contracts.

It is clear that RCR's future continues to be built on the same principles that have driven our success throughout this Company's long and proud history - a deep commitment to continually evolve through intelligent application of engineering.

Our core strategy remains to continue to broaden our engineering led activities, to leverage our strengths and to enhance our offerings in the infrastructure, energy and resources markets.

Safety and People

Now turning to our safety performance and our people.

RCR's safety performance demonstrates that our ongoing focus on a strong safety culture and robust safety management systems continues to deliver results.

The commitment of our employees has seen an improvement by 62% in our Lost Time Injury Frequency Rate ("LTIFR") to 0.30 per million man hours.

We proactively promote a strong safety culture, primarily by focusing on leading behaviours which ultimately keeps our employees safe in our workplaces.

Currently, RCR employs in excess of 3,000 people who are located across multiple countries. Their unwavering dedication has been key in enabling RCR to underpin its future success and I thank all our employees for their past and ongoing contribution.

Importantly, we also continue to maintain a strong apprentice and graduate workforce of over 100 people. It is these young people who are the foundation of our future workforce.

Board of Directors

This year has seen several changes to our Board.

At last year's AGM, we announced Mr Paul Dippie's resignation as a director, which took place in November 2017.

After nearly 10 years as CEO, in August Dr Paul Dalgleish stepped down as Managing Director & CEO of the Company.

Mr Bruce James, who at the time was an Independent Non-Executive Director appointed in 2014, was appointed as Interim CEO. Mr James has an engineering background with significant experience in infrastructure resources, oil & gas, defence and energy operations in Australia and New Zealand. Mr James will continue to hold this position until the Company employs a permanent CEO, the search for which is well underway.

This month we also announced that Non-Executive Director Ms Eva Skira retired from the Board. On behalf of her fellow colleagues and shareholders I would like to thank Eva for over 10 years of dedicated service to the Company. I would also like to acknowledge Eva's significant contribution during her tenure and wish her all the best with her future endeavours.

Following Ms Skira's retirement, we are assessing the skills and experience needed to compliment the existing board, ahead of our search for a new Non-Executive Director. As such, we anticipate an appointment in the new year.

The recent changes in management and Board have meant that there is a need for continuity and I have put myself forward for re-election to ensure a smooth renewal of the Board, as well as overseeing the appointment of a permanent CEO.

2019 Outlook

In recent months, RCR has secured new contracts in water, rail, property services and resources bringing our current Order Book to \$1.1 billion. We are the Preferred Contractor² for over \$2.7 billion in new projects, currently under negotiation or under an ECI process.

We continue to see significant opportunities across all three of our business units of infrastructure, energy & resources.

² **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. The value of the Preferred Contractor Status in this announcement is at 30 June 2018.

We have been awarded a number of new rail projects, including recently entering into an Interim Project Alliance Agreement to carry out project services on the Auckland City Rail Project. The Company's focus on new rail and transport opportunities will be assisted through developing strategic partnerships with leading transport solution providers. We are well positioned for future opportunities being driven by increased spending in rail infrastructure in Australia and New Zealand over the next 5 years.

The Company has continued to demonstrate market leadership in minerals processing equipment, this year delivering one of Australia's largest lithium processing plants. We intend to continue to capitalise on future lithium projects, servicing the growth in global demand for battery storage and electric vehicles. We also expect the recent uptick in new mining projects to become more visible from mid-2019 and carry through to a peak in 2022.

The Company's rate of growth in the renewable energy sector will moderate in the near-term to allow RCR to consolidate its market position in this sector.

In the near-term, the Company will act to:

- consolidate its existing operations, successfully completing current projects and carefully assessing near-term opportunities with a focus on contracting with well-known counterparties and projects with a more acceptable risk profile;
- capitalise on opportunities in the resources sector;
- increase exposure to the rail and transport sectors;
- selectively pursuing opportunities in the renewable energy sector; and
- shift the project portfolio towards a higher proportion of "alliance style" contracting models.

I will summarise our outlook by saying that our immediate focus is on converting the major pipeline of tenders for which we are nominated as Preferred Contractor, into revenue.

We will also continue to lead the resources sector on individual project opportunities that enable us to provide intelligent engineering solutions for customers across a variety of commodities.

It is fair to say that FY19 continues to offer up challenges for RCR, with some delays in contract awards and additional costs on some existing projects, offset by identified cost savings through overhead restructure. Mr James will give further details of our plan for FY19 in the CEO Presentation.

Thanks

I acknowledge that this financial year has had its challenges, and I want to sincerely thank all our talented people. Your continued commitment and dedication forms the bedrock of our business.

I also thank Mr James and our executive leadership team for their efforts during this challenging period. The work they are undertaking will lay the foundation for our return to better earnings in the years ahead.

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.

Disclaimer Important Information

The information in this announcement about RCR Tomlinson Ltd (“RCR”) and its activities is current as at 30 October 2018 and should be read in conjunction with the Company’s Annual Report for the full year ending 30 June 2018. 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 2018 has been audited by the Company’s external auditors.

This announcement contains forward looking statements, including statements of current intention, statements of opinion and expectations regarding the Company’s present and future operations, possible future events and future financial positions. Such statements are not statements of fact and 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 2018 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.

FOR 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, rail and transport, energy and resource projects. RCR has operations across Australia, Asia and New Zealand. Additional information is available at www.rcrtom.com.au

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