



GR ENGINEERING SERVICES LIMITED

Investor Presentation

FY14 Financial Results

September 2014

Disclaimer

This document has been prepared by GR Engineering Services Limited ACN 121 542 738 (**GR Engineering**) to provide an overview and update of GR Engineering's activities and FY14 financial performance.

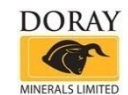
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About GR Engineering

- Australian based process engineering design and construction contractor servicing the mining and minerals processing industry
- Specialising in EPC / EPCM contracting to provide project delivery with secure cost, time, plant performance and contract completion warranties and guarantees
- Australian offices in Perth and Brisbane. Offshore presence in West Africa, United Kingdom, PNG and Indonesia
- Primary expertise in gold, base metals and industrial mineral commodities
- GR Engineering operates in a niche market – limited EPC competitors, high barriers to entry
- Upstream Production Solutions – new addition to GR Engineering group providing operations, maintenance and well management services to Australian and South East Asian oil and gas industry

Selected Clients



FY14 Results Summary

Revenue

- Revenue \$114.2 million (flat)

Earnings

- EBITDA \$17.2 million (↑ 56%)
- PBT \$16.8 million (↑ 46%)
- NPAT \$14.2 million (↑ 89%)
- EPS 9.4 cents (↑ 88%)
- Cash flow from operations \$18.7 million (↑ 246%)

Dividend

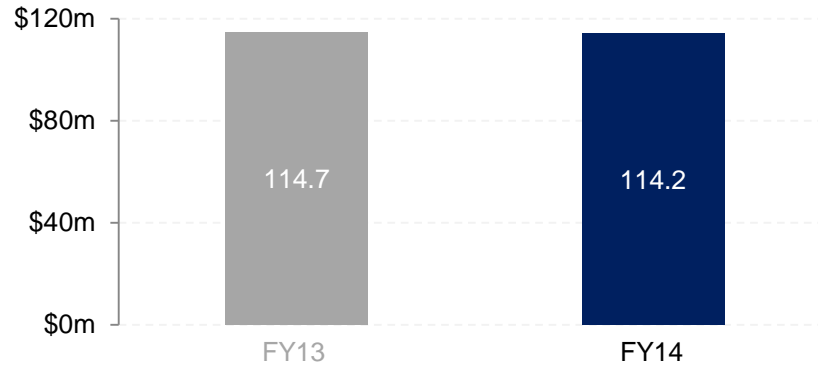
- Strong cash generation and profitability supports 4cps final dividend (full franked)
- Total dividend of 7cps for FY14 (payout ratio of 74.3% of NPAT)
- Since its listing in April 2011, GR Engineering has declared 24cps (over \$36 million) in dividends

Balance Sheet

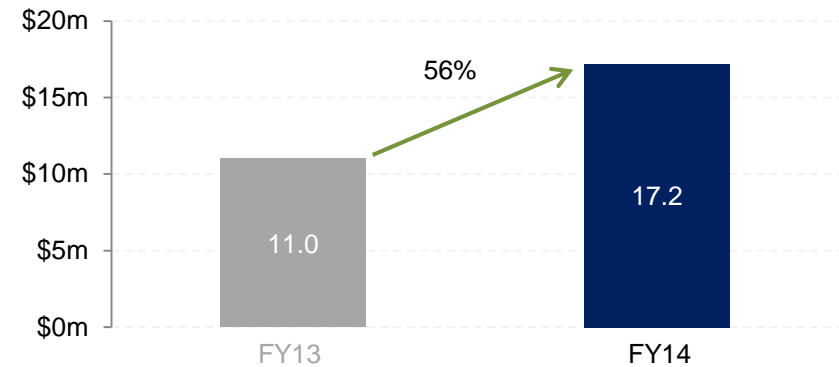
- Cash \$37.4 million¹
- Debt \$0.5 million
- Net cash \$36.9 million¹ (↑ 10%)

FY14 Results Analysis

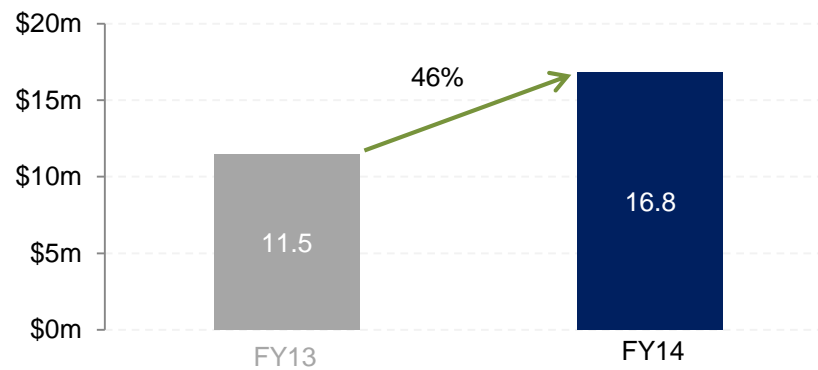
Revenue



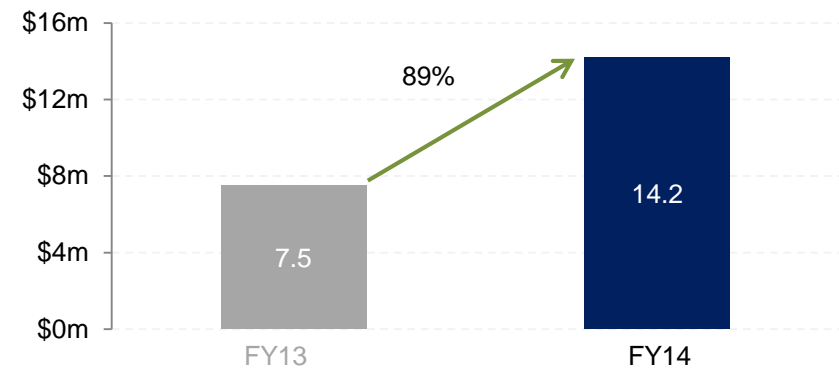
EBITDA



PBT



NPAT



Operational Performance

- All projects completed on time and on budget
- Site works commenced on £75 million Hemerdon Tungsten & Tin Project in the United Kingdom with engineering now complete and all major equipment packages awarded
- Andy Well gold project and Whyalla brownfields upgrade completed and achieving successful operational outcomes
- Awarded \$17 million EPC contract to undertake engineering design, procurement, construction and commissioning works on Moisture Reduction Project at Rio Tinto's Greater Paraburdoo Operations
- Retain preferred contractor status for \$55 million Keysbrook Mineral Sands project – GR Engineering continues to work closely with MZI prior to final investment decision and commencement under an EPC contract
- Operational efficiencies established to respond to lower levels of market activity
- One LTI recorded in May 2014, resulting in the Company's LTI free record of almost four years ending. Further strengthened resolve to prioritise safety
- Study activity improved in 2H14 from earlier subdued levels



- In December 2013, GR Engineering agreed to acquire Production Solutions, a leading independent provider of specialist operations & maintenance and well management services to the oil and gas sector across Australia and South East Asia
- Asset acquisition by Upstream Production Solutions (**UPS**), a wholly owned subsidiary of GR Engineering for \$5.75 million. Completion April 2014
- Early contract wins achieved, most recently with Origin for Australia Pacific LNG well site maintenance and associated services
- Growth expected to be achieved in operations and maintenance (O&M) delivery stream
- The well management delivery stream expects to see continued growth in well site maintenance, servicing and the supply of well appraisal packaged equipment, particularly in the QLD CSG sector
- Strong HSE performance achieved to date with zero LTIs recorded
- Potential synergies to be realised with GR Engineering's process engineering and design capabilities



Strategy & Outlook

- Continuing to drive business efficiencies whilst maintaining renowned execution capability
- Remain alert to opportunities in the precious metals, base metals and iron ore sectors
- Contracted revenue of approximately \$110 million in FY15 for GR Engineering
- Contracted revenue primarily from the Hemerdon Tungsten & Tin Project and Greater Paraburdoo Operations Moisture Reduction Project
- Further upside potential from additional revenue that may be received from the pending contract for the design and construction of the \$55 million Keysbrook mineral sands processing facility (expected to commence in FY15)
- Additional group earnings to be received from Upstream Production Solutions – forecast revenues of \$37 million, approximately 70% contracted in FY15

Appendix: Corporate Summary

Capital Structure

Shares on issue ¹	<i>m</i>	150.4
Share price (GNG.ASX) (03/09/14)	\$	0.865
Market capitalisation	\$m	130.1
Cash (30 Jun 2014) ²	\$m	37.4
Debt (30 Jun 2014)	\$m	0.5
Enterprise Value	\$m	93.2

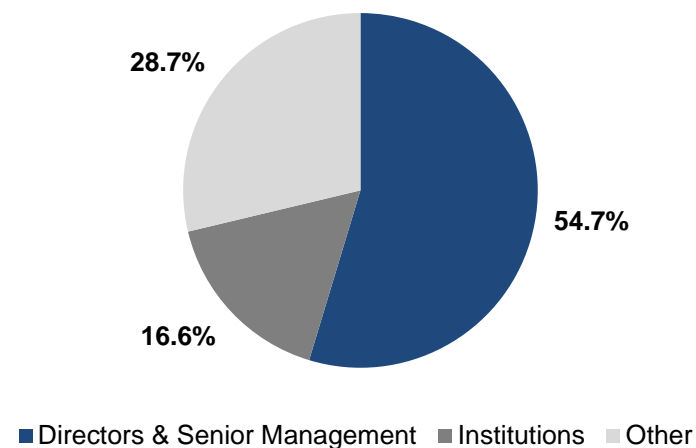
Directors & Management

Joe Ricciardo	<i>Executive Chairman</i>
Geoff Jones	<i>Managing Director</i>
Tony Patrizi	<i>Executive Director</i>
Barry Patterson	<i>Non-Executive Director</i>
Terry Strapp	<i>Non-Executive Director</i>
Peter Hood	<i>Non-Executive Director</i>
Joe Totaro	<i>CFO & Company Secretary</i>

Share Price Performance



Shareholder Breakdown



1. The Company also has 2,315,000 Performance Rights and 1,669,337 Share Appreciation Rights on issue vesting on various dates with various vesting criteria.

2. Including cash held to secure contingent liabilities under the Company's bonding facilities less borrowings

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