



**GR ENGINEERING SERVICES**  
ENGINEERING CONSULTANTS AND CONTRACTORS

**ASX RELEASE**

22 August 2013

For immediate release to the market

**FY13 FINANCIAL RESULTS**

**Headline Results**

- Sales revenue \$114.7 million
- EBITDA \$11.0 million
- PBT \$11.5 million
- NPAT \$7.5 million
- Cash flow from operations \$5.5 million
- Final dividend of 3 cps (fully franked) – total FY13 dividend of 5 cps (fully franked)
- FY13 net cash of \$33.6 million<sup>1</sup>

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GR Engineering Services Limited (ASX:GNG) (**GR Engineering** or **Company**) today announced its financial results for the full year ended 30 June 2013.

GR Engineering reported sales revenue of \$114.7 million and PBT of \$11.5 million, reflecting a weaker financial performance than achieved in FY12, largely due to a soft first half. Encouragingly, the Company was able to deliver a materially improved result in the second half of FY13 to achieve strong profitability (NPAT: 2H13 \$6.2 million; 1H13 \$1.3 million) and PBT (2H13 \$9.2 million; 1H13 \$2.3 million) at the upper end of its earnings guidance.

Cash flow from operations of \$5.5 million and a FY13 cash balance of \$33.6 million<sup>1</sup> has enabled GR Engineering to increase its dividend to 3 cps, fully franked (1H13 – 2 cps), bringing the total fully franked dividend payable for FY13 to 5 cps.

Commenting on the FY13 results, GR Engineering's Managing Director, Mr Geoff Jones, said:

*"The Company's FY13 results reflect the Company's improved performance in the second half of the financial year due to strong contract performance and reduced corporate overheads. Whilst the prevailing adverse market conditions have clearly impacted on growth, the ability to generate business efficiencies and quickly adjust to a different operating environment has preserved profitability and cash flow generation, albeit at lower levels. We carry no material debt and continue to maintain our balance sheet strength.*

*It is pleasing to be able to present these results in the context of some significant operational achievements in FY13, particularly on overseas projects, that have been delivered successfully and made meaningful contributions to GR Engineering's earnings.*

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<sup>1</sup> Including cash held to secure contingent liabilities under the Company's bonding facilities.



GR Engineering's safety performance remains outstanding, with the achievement of 1099 LTI free days as at 30 June 2013 and counting. We are committed to maintaining this record and continuing to distinguish ourselves in providing a safe working environment for our people."

A summary of GR Engineering's FY13 results follow:

		<b>FY13</b>	<b>FY12</b>
<b>Revenue from operations</b>	<b>\$m</b>	<b>114.7</b>	<b>152.8</b>
<b>EBITDA</b>	<b>\$m</b>	<b>11.0</b>	<b>18.4</b>
<b>PBT</b>	<b>\$m</b>	<b>11.5</b>	<b>19.9</b>
<b>Tax</b>	<b>\$m</b>	<b>3.9</b>	<b>6.7</b>
<b>NPAT</b>	<b>\$m</b>	<b>7.5</b>	<b>13.1</b>
<b>Basic EPS</b>	<b>cps</b>	<b>5.0</b>	<b>8.7</b>
<b>Net operating cashflow</b>	<b>\$m</b>	<b>5.5</b>	<b>16.2</b>
		<b>HY13</b>	<b>FY12</b>
<b>Net Cash<sup>1</sup></b>	<b>\$m</b>	<b>33.6</b>	<b>38.4</b>
<b>Total Equity</b>	<b>\$m</b>	<b>41.2</b>	<b>42.2</b>

1. Including cash held to secure contingent liabilities under the Company's bonding facilities.

Please refer to GR Engineering's FY13 Audited Financial Report and FY13 Financial Results Presentation for further information on the Company's performance.

## Strategy & Outlook

GR Engineering continues to respond to prevailing weakness in its core markets by driving business efficiencies. The Company is confident of its ability to achieve these efficiencies whilst maintaining its renowned execution capability and continuing to develop its personnel.

The Company considers that a return to growth and increased levels of project activity across the minerals sector will be dependent on sustained increases in commodity prices, reduced operating costs for miners, particularly in gold and improved access to capital and equity markets for junior explorers and developers. GR Engineering remains extremely well placed to withstand current market conditions in the meantime.

The corporate strategy remains focussed on securing the Company's FY14 revenue base both in Australia and overseas, continuing to reduce costs, generating strong performances on existing projects and preserving balance sheet and cash flow strength.

GR Engineering has a solid base load of work as it commences FY14, with meaningful contributions expected from the Hemerdon Tungsten & Tin Project (FY14 revenue approximately \$78 million) and brownfields upgrades in South Australia and Mali to provide earnings visibility into FY14. GR Engineering is also pursuing additional opportunities both domestically and abroad.

Ends.



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GR Engineering Services Limited (ASX:GNG) is an engineering, consulting and contracting company specialising in fixed price engineering design and construction services to the resources and mineral processing industry.

Founded in Perth, Western Australia in 2006, GR Engineering has successfully grown through the completion of design and construction projects for a diverse range of clients, including global mining houses, mid-tier miners and junior developers undertaking their first project.

GR Engineering undertakes feasibility studies and consulting engagements on projects globally. These studies play a key role in delivering organic growth opportunities through their conversion into design and construction projects.

GR Engineering directly employs approximately 190 professional and support staff at its offices in Perth and Brisbane in addition to its direct construction workforce and subcontractors.