



GR ENGINEERING SERVICES
ENGINEERING CONSULTANTS AND CONTRACTORS

ASX RELEASE

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For immediate release to the market

FY15 FINANCIAL RESULTS

Headline Results

- **Record sales revenue up 90% to \$216.9 million**
- **EBITDA up 18% to \$20.3 million**
- **PBT up 2% to \$17.2 million**
- **NPAT down 9% to \$12.9 million**
- **Cash flow from operations up 127% to \$42.5 million**
- **Final dividend of 5.0 cps (fully franked) – total FY15 dividend 9.5 cps up 36% on FY14**
- **FY15 net cash up 72% to \$63.5 million**

GR Engineering Services Limited (ASX:GNG) (**GR Engineering** or **Company**) is pleased to announce its financial results for the full year ended 30 June 2015.

GR Engineering achieved record sales revenue of \$216.9 million in FY15 (FY14 \$114.2 million) and EBITDA of \$20.3 million (FY14 \$17.2 million). The strong earnings result reflects the successful implementation of the Company's growth strategy to pursue geographical expansion, apply its process engineering capabilities to a broader range of commodities and expand contracting models to include EPCM project delivery.

GR Engineering's wholly owned oil and gas services business, Upstream Production Solutions (**Upstream PS**) performed in line with expectations in a challenging market environment, reporting revenue of \$31.2 million.

Cash flow from operations of \$42.5 million and a strong FY15 cash balance of \$64.6 million has enabled GR Engineering to increase its final dividend to 5.0 cps, fully franked, bringing the total fully franked dividend payable for FY15 to 9.5 cps (FY14 7.0 cps).

Commenting on the FY15 results, GR Engineering's Managing Director, Mr Geoff Jones, said:

"GR Engineering was able to deliver record revenue and strong earnings in FY15 from projects across diversified geographic regions and commodities. The Company has been well aligned with a marketplace demanding project certainty in the areas of performance and price, all of which GR Engineering has been able to offer its clients through fixed price, turnkey EPC project delivery.

The Company worked with a range of highly credentialed clients that have given GR Engineering the opportunity to assist them with the development of quality projects in Africa, the United Kingdom,



Indonesia and Australia. GR Engineering also had the benefit of being able to retain a workforce that is well versed in the successful design and construction of mineral processing plants globally.

We are also pleased to be continuing our track record of delivering strong shareholder returns, with the Company's profitability and cash flow generation facilitating the declaration of a higher final dividend of 5.0 cents per share (fully franked), bringing the total dividend return for FY15 to 9.5 cents per share. The Company's strong order book into FY16 and anticipated cash flow leaves it well placed to continue delivering returns to its shareholders."

Summary Financial Results

A summary of GR Engineering's FY15 results follow:

		FY15	FY14
Revenue from operations	\$m	216.9	114.2
EBITDA	\$m	20.3	17.2
PBT	\$m	17.2	16.8
Tax	\$m	4.3	2.6
NPAT	\$m	12.9	14.2
Basic EPS	cps	8.6	9.4
Net operating cashflow	\$m	42.5	18.7
		FY15	FY14
Net Cash	\$m	63.5	36.9¹
Total Equity	\$m	48.7	46.6

Please refer to GR Engineering's FY15 Audited Financial Report for further information on the Company's operational and financial performance.

In FY15 the Company recorded a Total Reportable Injury Frequency Rate of 6.3. GR Engineering recognises that the safety of its employees is of paramount importance and will continue to provide work environments and implement policies and procedures aimed at the elimination of workplace injury.

Strategy & Outlook

GR Engineering has recently entered into major contracts for the design and construction of the Nova Nickel Project processing plant and associated infrastructure in Western Australia, valued at approximately \$126 million in aggregate. The Company has also been awarded additional work by Western Areas in 1H16. These awards, coupled with existing revenue on hand leaves GR Engineering with a solid order book dominated by Australian based projects and good revenue visibility through to FY17.

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



During FY15, 31 studies involving a wide range of commodities were completed and as at 30 June 2015, the Company was engaged on a further 14 studies. This level of study activity is encouraging as it serves as an indicator of potential future design and construction opportunities. In addition, a solid base load of study activity facilitates efficient manpower utilisation and therefore greater overhead absorption.

Contracted and recurrent revenue for FY16 is estimated to be approximately \$220 million. Despite the increased levels of revenue and utilisation, GR Engineering retains the operational and financial capacity to execute additional work and it is working diligently on near term opportunities to pursue new business in Australia and abroad.

Ends.

For further information please contact:

Geoff Jones

Managing Director

☎ +61 8 6272 6000

✉ geoff.jones@gres.com.au

Joe Totaro

CFO & Company Secretary

☎ +61 8 6272 6000

✉ joe.totaro@gres.com.au



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

GR Engineering has successfully completed the engineering design and construction of projects for a diverse range of clients, including global mining houses, mid-tier miners and junior developers undertaking their first project. Traditionally an EPC contractor, GRES also has the ability to contract through a variety of models, including EPCM and hybrid contracting arrangements.

GR Engineering also has a long history of providing a diverse range of process engineering consulting services, including feasibility study preparation and management, process design and peer review engagements. These services have been delivered for projects globally and play a key role in delivering organic growth opportunities through design and construction project execution.

The Company also has a presence in the hydrocarbons industry via its wholly owned subsidiary, Upstream Production Solutions. Upstream production Solutions is a leading provider of operations and maintenance and well management services to the Australian and South East Asian oil and gas industry.

As a group, GR Engineering and Upstream Production Solutions employs more than 300 professional and support staff throughout Australia and South East Asia, in addition to a direct construction workforce and subcontractors.