



GR ENGINEERING SERVICES LIMITED
ENGINEERING CONSULTANTS AND CONTRACTORS



FY13 Financial Results
Investor Presentation

August 2013

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FY13 Results Summary

Revenue

- Revenue \$114.7 million

Earnings

- EBITDA \$11.0 million
- PBT \$11.5 million
- NPAT \$7.5 million
- EPS 5.0 cents
- 2H13 PBT \$9.2 million (in line with guidance of \$8.5 million - \$9.5 million)

Cash Flow

- Cash flow from operations \$5.5 million
- Supports final dividend of 3cps, fully franked (interim and final dividends totalling 5cps for FY13)

Balance Sheet

- Cash \$34.5 million¹
- Debt \$0.9 million
- Net cash \$33.6 million¹
- Balance sheet further strengthened from 1H13

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

FY13 Results Summary

Operational

- Action taken to respond to changed market conditions
 - Professional and support staff numbers reduced to suit anticipated workload
 - Brisbane office retaining only core staff to service reduced work flow
 - Company wide reductions in overheads implemented
- Robust project execution maintained across all business units
- Primary revenue contributions made from greenfields and brownfields gold projects in WA and West Africa (Andy Well, Telfer, Syama)
- Medium term revenue secured through award of Hemerdon Tungsten & Tin Project EPC contract (£75 million over approximately 2 years)
- Positive contribution from Whyalla brownfields upgrade in 2H13, continuing into 1H14
- Study activity subdued, in line with market conditions
- Board & senior management restructure implemented, effective FY14
 - Joe Ricciardo appointed Executive Chairman
 - Geoff Jones appointed Managing Director

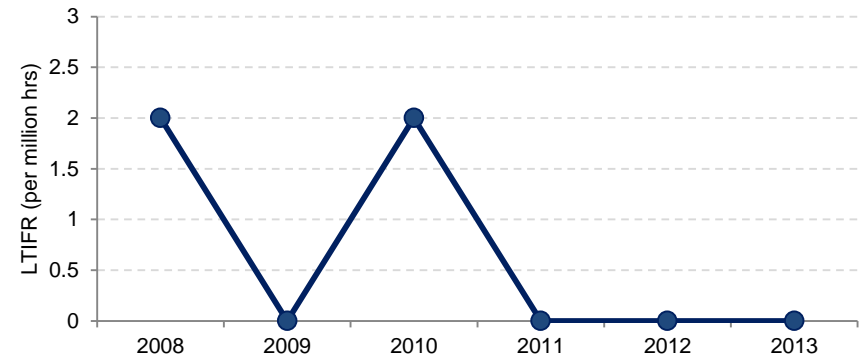
Corporate

Health, Safety & Environment

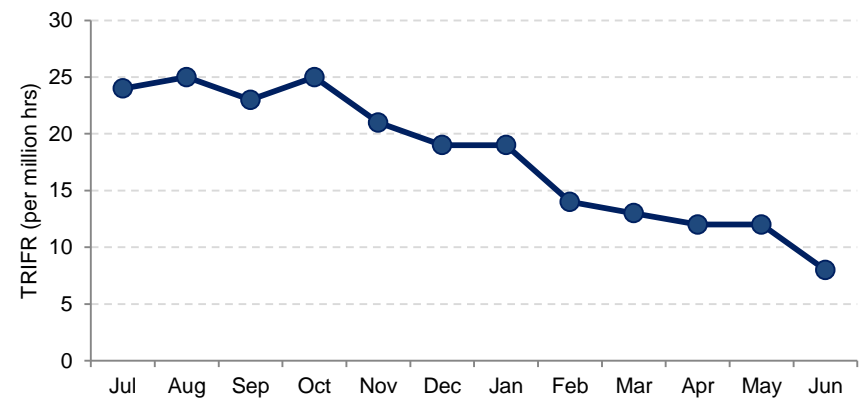
- Continued strong safety performance
- Record 1099 LTI free days as at 30 June 2013, continuing into FY14
- Safety is a key element of GR Engineering's operating ethos - our people are our greatest asset
- Committed to the protection of the natural environment, and actively playing a constructive role in communities

LTIFR – Lost Time Injury Frequency Rate
TRIFR – Total Recordable Injury Frequency Rate

LTIFR



TRIFR



Operational Performance

Design & Construction

- Positive outcomes achieved on all completed projects – on time / on budget delivery
- Activity levels impacted by ongoing deferrals, scope reductions and project cancellations
- Gold price decline in 2H13 has compounded challenges for opportunities in the gold sector
- Focus on brownfields upgrade and optimisation work – industry participants seeking to extract maximum value from existing operations
- Successfully delivered Andy Well project on budget and ahead of schedule
- Completed significant design & EPCM engagements in West Africa – Bonikro, Sissingue & Obotan
- Whyalla & Syama upgrades progressing well
- Commencement of design and procurement works on £75 million Hemerdon Tungsten & Tin Project

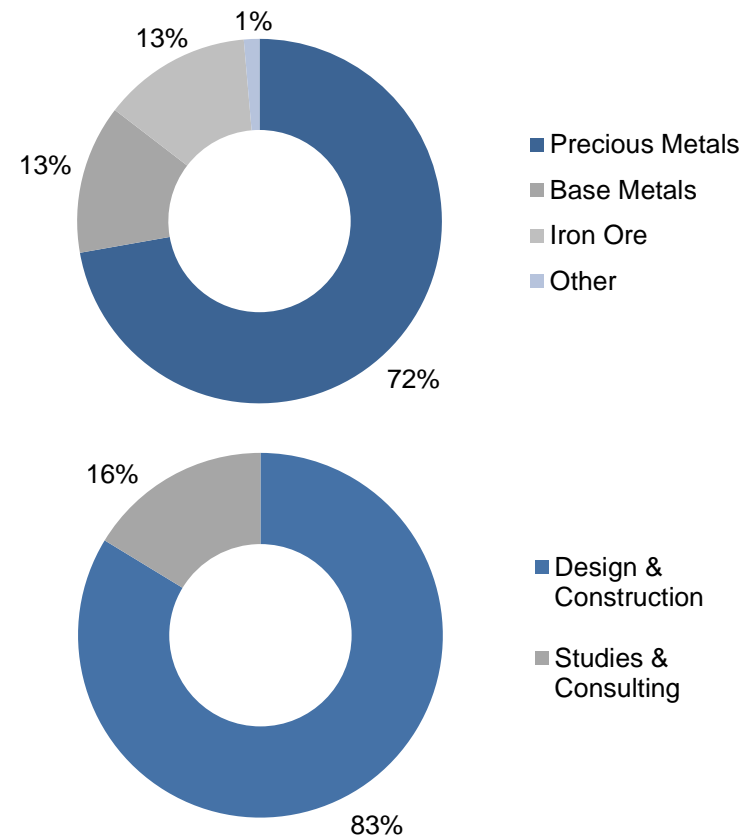


Operational Performance

Studies & Consulting

- 16% contribution to revenue
- Study work predominantly undertaken on Australian and international gold projects
- Continued conversion of studies into design & construction engagements:
 - Andy Well Gold Project
 - Telfer, Whyalla upgrades (EPC)
 - Syama upgrade (EPCM)
- Access to funding by junior explorers has adversely impacted study and consulting work volumes and revenue
- Action taken to maintain competitiveness and continue securing studies, engineering & design engagements
- Priority on retaining and developing IP and execution capability

FY13 Revenue Mix



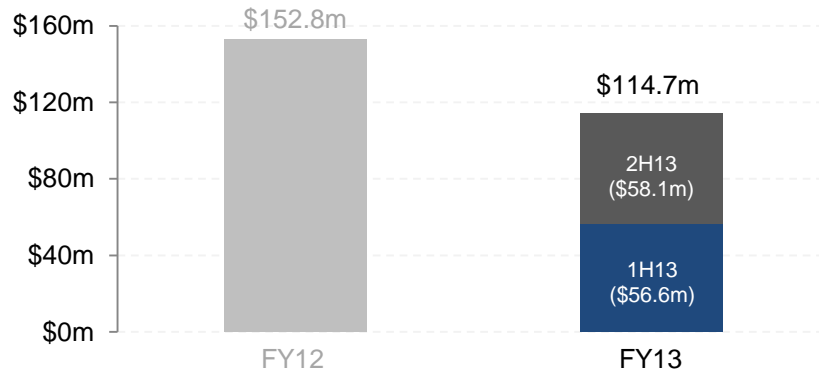
FY13 Results Analysis

		FY13	FY12	Comment
Revenue from operations	\$m	114.7	152.8	<ul style="list-style-type: none"> Revenue decline experienced across all business units – impacted by broad downturn in mining investment in Australia and overseas
EBITDA	\$m	11.0	18.4	
<i>EBITDA Margin</i>	<i>%</i>	<i>9.6%</i>	<i>12.1%</i>	<ul style="list-style-type: none"> 2H13 margins improved to reflect strong contract performance and reduced corporate overhead
EBIT	\$m	10.0	17.8	<ul style="list-style-type: none"> Action taken to increase business efficiency
<i>EBIT Margin</i>	<i>%</i>	<i>8.7%</i>	<i>11.6%</i>	
PBT	\$m	11.5	19.9	<ul style="list-style-type: none"> PBT guidance achieved
Tax	\$m	3.9	6.7	<ul style="list-style-type: none"> Tax rate normalised at 34.3% to reflect domestically recognised earnings
NPAT	\$m	7.5	13.1	
<i>NPAT Margin</i>	<i>%</i>	<i>6.6%</i>	<i>8.6%</i>	
Basic EPS	cps	5.0	8.7	
Net operating cashflow	\$m	5.5	16.2	<ul style="list-style-type: none"> Cashflow generation supports payment of 3cps final dividend (fully franked)
		HY13	FY12	Comment
Net Cash¹	\$m	33.6	38.4	<ul style="list-style-type: none"> Balance sheet strength preserved – no material debt
Total Equity	\$m	41.2	42.2	<ul style="list-style-type: none"> \$35 million of bonding facilities in place to secure project performance and delivery

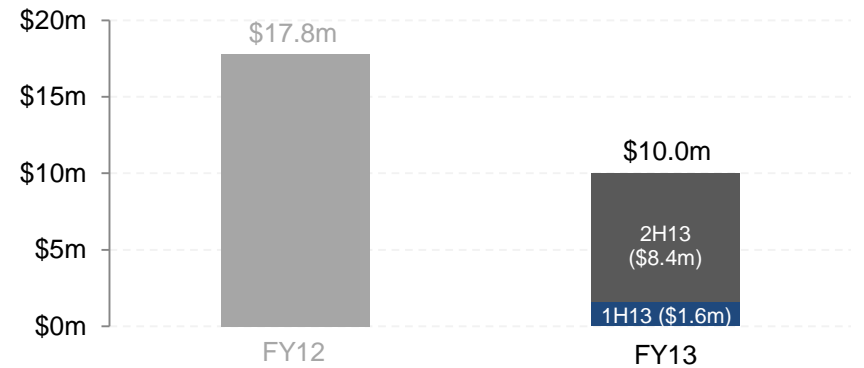
1. Including cash held to secure contingent liabilities under the Company's bonding facilities

FY13 Results Analysis

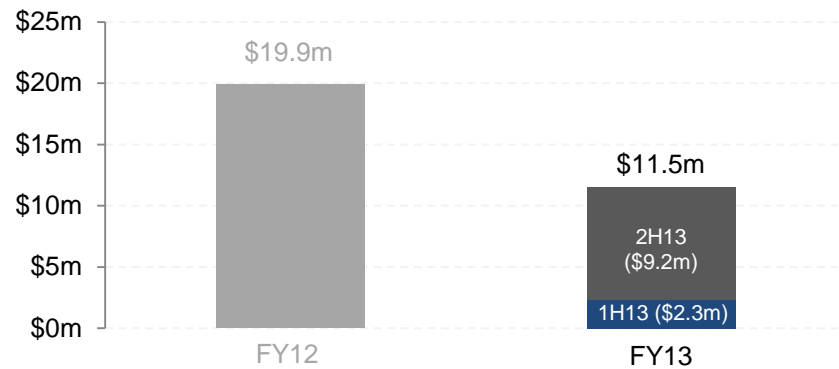
Revenue



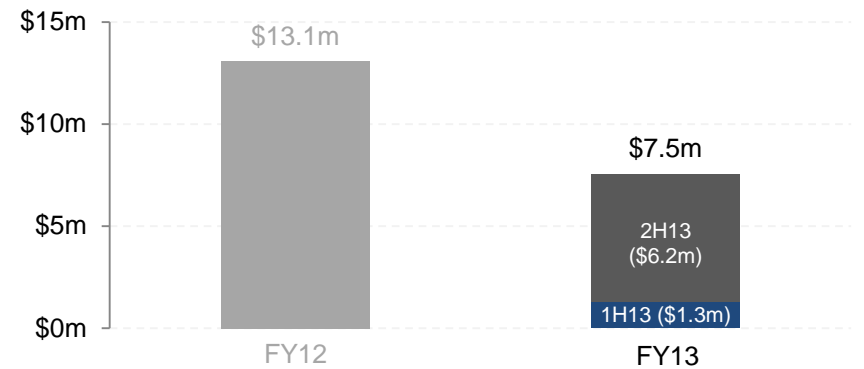
EBIT



PBT



NPAT



Outlook

- Positive contributions expected to be made in 1H14 from existing projects
- Expectation that core markets will remain challenging, with headwinds prevailing into FY14
- A return to growth in core markets will require:
 - sustained increases in commodity prices;
 - reduced operating costs for miners, particularly in gold; and
 - improved capital market conditions for junior explorers and developers
- Strategy is to remain focused on:
 - securing FY14 revenue base by targeting current opportunities in Australia and West Africa;
 - continuing to reduce costs whilst maintaining execution capability;
 - generating strong performance on existing projects; and
 - balance sheet and cash flow preservation

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