



ASX RELEASE

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For immediate release to the market

GR ENGINEERING REPORTS STRONG EARNINGS AND INCREASES INTERIM DIVIDEND

HY16 Results Highlights

- Sales revenue \$127.2 million (HY15 \$98.2 million) ↑ 29.5%
- EBITDA \$10.8 million (HY15 \$9.9 million) ↑ 9.1%
- PBT \$10.5 million (HY15 \$8.3 million) ↑ 26.5%
- NPAT \$8.7 million (HY15 \$6.5 million) ↑ 33.8%
- Interim dividend of 5.0cps (fully franked) (HY15 4.5cps fully franked) ↑ 11.1%

GR Engineering Services Limited (ASX:GNG) (**GR Engineering** or **Company**) today announced its financial results for the half year ended 31 December 2015 (**HY16**).

GR Engineering reported HY16 sales revenue of \$127.2 million, EBITDA of \$10.8 million and NPAT of \$8.7 million. Commenting on the Company's HY16 financial performance, GR Engineering's Managing Director, Mr Geoff Jones, said:

"We are pleased with our operational performance and progress on key contracts, which has provided GR Engineering with a platform to maintain strong financial results in HY16, against a backdrop of soft capital expenditure in the global resources sector."

The Board has also resolved to declare an increased interim dividend of 5.0 cents per share, fully franked, in light of the Company's profitability and strong balance sheet, which is supported by net cash of \$42.6 million as at HY16.

Following the delivery of the Hemerdon Tungsten & Tin Project and Keysbrook Mineral Sands Project in HY16, ongoing earnings contributions for FY16 are expected from EPC works associated with the Deflector Gold Project and Nova Nickel Project, both in Western Australia and EPCM projects underway in Indonesia and Greece.

With 13 studies completed during the half and a further 18 studies on hand as at HY16, GR Engineering maintains a strong study order book which forms the basis of the Company's medium term opportunities. These studies relate to a range of projects located in Australia and offshore across various commodities.



Upstream Production Solutions, GR Engineering's wholly owned oil and gas services subsidiary, achieved sales revenue of \$17.2 million in HY16 and continues to deliver financial outcomes in line with expectation, despite a market constrained by multi year lows in energy prices and declining capital expenditure. Upstream Production Solutions has continued to grow its presence in Western Australia and Queensland and has continued to assist its clients achieve safe operating outcomes and strong production performance.

GR Engineering maintained its record of strong safety performance through HY16 and continues to drive safety initiatives aimed at achieving a zero harm workplace environment.

HY16 Results Summary

A summary of the HY16 financial results follow:

		HY16	HY15
Revenue from operations	\$m	127.2	98.2
EBITDA	\$m	10.8	9.9
PBT	\$m	10.5	8.3
Tax	\$m	1.8	1.8
NPAT	\$m	8.7	6.5
Basic EPS	cps	5.8	4.3
Net operating cashflow	\$m	-11.2	19.8
Net Cash	\$m	42.6	50.4
Total Equity	\$m	49.1	48.5

Balance Sheet & Operating Cashflow

GR Engineering maintains its strong balance sheet, with cash and equivalents of \$44.1 million and total interest bearing debt of \$1.5 million as at HY16. The Company's working capital position remains robust, with current assets exceeding current liabilities at a ratio of 1.73:1.00 as at HY16.

The Company's net cash position as at 31 December 2015 reflects normal working capital movements along with significant cash outflows of \$14.5 million associated with the payment of dividends and income tax during the half. An increase in receivables of \$23.5 million during HY16 versus an increase in payables of \$8.2 million contributed to net operating cash outflows of \$11.2 million.

Dividend

The record date for the Company's interim dividend of 5.0 cents per share (fully franked) is 23 March 2016. The interim dividend is payable on 30 March 2016.

Strategy and Outlook

GR Engineering is uniquely placed as an independent, ASX listed process engineering design and construction group providing fixed price, turnkey solutions to the mining and mineral processing



sector. The Company will continue to leverage its technical expertise and track record in the delivery of these services in a market that is increasingly seeking certain project outcomes and performance.

The Company continues to identify opportunities in Australia and overseas, particularly in the precious metals sector where GR Engineering has a strong reputation and long history of successful project delivery.

The Company has reliable visibility for the remainder of FY16 and expects revenue and earnings in the second half of FY16 to be consistent with HY16.

Further Information

Please refer to GR Engineering's HY16 Reviewed Financial Report and HY16 Investor Presentation for further information.

Ends.

For further information contact:

Geoff Jones

Managing Director

☎ +61 8 6272 6000

✉ geoff.jones@gres.com.au

Joe Totaro

Chief Financial Officer

☎ +61 6272 6000

✉ joe.totaro@gres.com.au



GR Engineering Services Limited (ASX:GNG) is an ASX listed engineering design and construction 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, GR Engineering also has the ability to contract through a variety of models, including EPCM and hybrid contracting arrangements.

GR Engineering 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 employs more than 300 professional and support staff throughout Australia and internationally, in addition to a direct construction workforce and subcontracted personnel.