



ASX RELEASE

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For immediate release to the market

FY22 FINANCIAL RESULTS

▪ Revenue:	\$651.7 million	▪ EBITDA:	\$55.8 million
▪ PBT:	\$50.3 million	▪ Basic EPS:	21.6 cps
▪ Cash:	\$102.0 million	▪ Final dividend:	10.0 cps (fully franked)

GR Engineering Services Limited (ASX:GNG) (GR Engineering or Company) today announces its financial results for the financial year ended 30 June 2022 (FY22).

Overview

GR Engineering reported record FY22 revenue of \$651.7 million, EBITDA of \$55.8 million and a profit before tax of \$50.3 million, demonstrating increased earnings from a materially higher revenue base.

GR Engineering achieved revenue growth of 66% during FY22 as a result of strong contracting activity and solid operational performance in challenging conditions given the COVID-19 pandemic.

The Board has resolved to declare a final dividend of 10.0 cps (fully franked).

Commenting on the Company's FY22 financial performance, GR Engineering's Managing Director, Mr Geoff Jones, said:

"The FY22 year was an excellent year that was characterised by solid operational performance in challenging conditions given the COVID-19 pandemic. The result was pleasing given the strong performance in the prior year.

GR Engineering successfully and safely achieved multiple project completions during the year and it is satisfying that these projects have further enhanced GR Engineering's reputation for reliability and dependability. GR Engineering continues to progress work on its contracted pipeline of work with completions scheduled in FY23 and FY24.

GR Engineering's wholly owned subsidiaries, Upstream Production Solutions (Upstream PS) and Mipac, provided strong contributions to the consolidated group's results.

At GR Engineering, we recognise that our people are our most significant assets. Whilst the COVID-19 pandemic, disruption of supply chains and tightening of labour markets has provided challenges, the commitment of the team across the group has been excellent, and I personally thank the team for their sustained effort.

The continued strong cashflow from operations enabled the business to pay total FY22 fully franked dividends of 19.0 cps to its shareholders compared to 12.0 cps in the prior year.

Based on GR Engineering's order book, strong operating cashflows and balance sheet, the business is well placed to continue to deliver returns to its shareholders through FY23 and future years."



Key Earnings and Balance Sheet Data – Consolidated Group

Revenue & Earnings		FY22	FY21
Revenue from operations	\$m	651.7	392.4
EBITDA	\$m	55.8	37.2 ¹
PBT	\$m	50.3	30.6
Tax	\$m	15.6	9.5
NPAT	\$m	34.7	21.0
Basic EPS	cps	21.6	13.5
Balance Sheet & Cashflow		FY22	FY21
Cash	\$m	102.0	69.0
Total equity	\$m	62.2	51.6
Net operating cashflow	\$m	69.7	49.5

Please refer to GR Engineering's FY22 Audited Financial Report for further information on the Company's operational and financial performance.

Mineral Processing

GR Engineering's design and construction order book for works currently being undertaken and which will continue into FY23 include:

- **Thunderbird Mineral Sands Project** - \$179.5 million EPC Contract with Kimberley Mineral Sands Pty Ltd (KMS) in relation to the engineering, procurement and construction of the mineral processing plant and associated facilities for the Thunderbird Mineral Sands Project. GR Engineering has commenced limited work under the contract ahead of a final investment decision being made by KMS. The final investment decision is expected in the first quarter of FY23 with project delivery scheduled to occur over an 18 month period.
- **Bellevue Gold Project** - \$87.8 million EPC Contract with Golden Spur Resources Pty Ltd, a wholly owned subsidiary of Bellevue Gold Limited, for the engineering, procurement and construction works in relation to the 1.0 Mtpa gold processing plant and associated infrastructure for the Bellevue Gold Project.
- **Abra Base Metals Project** - \$79.5 million EPC Contract with Abra Mining Pty Ltd (Abra Mining), for the design and construction of a 1.2 Mtpa lead sulphide flotation plant and ancillary infrastructure for the Abra Base Metals Project located in Western Australia. Abra Mining is 50% owned by Galena Mining Limited and 50% owned by Toho Zinc. GR Engineering has also been awarded additional work by Abra Mining, for a contract sum of \$10.0 million, to relocate, refurbish and commission the Higginsville Paste Plant.
- **Mt Ida Gold Project** - \$73.0 million EPC Contract with Aurenne Mt Ida Pty Ltd in relation to the design and construction of the processing plant and associated infrastructure for the Mt Ida Gold Project located in Western Australia.
- **Cosmos Nickel Concentrator Facility Upgrade** - \$48.0 million EPC Contract with Australian Nickel Investments Pty Ltd, a wholly owned subsidiary of IGO Limited (formerly Western Areas Limited), for the engineering, procurement and construction work in relation to the upgrade of the existing nickel concentrator at the Cosmos Nickel Operations.
- **Newmont Tanami Gold Mine** - \$68.0 million subcontractor arrangement with RUC Cementation Mining Contractors Pty Ltd (RUC) in relation to Newmont Corporation's (Newmont) Tanami Gold Mine in Australia. RUC has been engaged by Newmont under a head contract to complete certain underground construction works for Newmont. GR Engineering is responsible for the construction and commissioning associated with the surface infrastructure.

¹ FY21 EBITDA includes realised gains from sale of investments recognised in other comprehensive income.



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- **Thunderbox 6 Mtpa Expansion Project** - \$101 million EPC Contract with Northern Star Resources Limited in relation to the design, engineering, procurement, construction and commissioning of the Thunderbox 6 Mtpa Expansion Project. The project is expected to be completed in the first quarter of FY23.
 - **Norseman Gold Project** - \$59.5 million EPC Contract with Pantoro Limited for the engineering, procurement and construction of a new processing plant for its 50% owned Norseman Gold Project in Western Australia. The project is expected to be completed in the first quarter of FY23.
 - **Bluestone Mines Tasmania JV** - multiple projects with a combined value of \$31.7 million. GR Engineering was awarded an engineering, procurement and construction contract involving the design, supply, installation and commissioning of a new paste backfill plant and infrastructure at its Renison Tin Operations (Renison). In addition a contract was also awarded that includes the design, supply and installation of new transformers and HV switchgear for Renison's existing main switchyard.

GR Engineering's pipeline of work opportunities include:

- **West Musgrave Project** - GR Engineering is assisting OZ Minerals Limited (OZ Minerals) with early engineering and design works for the West Musgrave Project located in Western Australia, as well as supporting long lead procurement activities. OZ Minerals is progressing towards obtaining its remaining approvals for the project and a final investment decision is expected shortly.
- **WA Battery Graphite Manufacturing Facility** - letter of intent with EcoGraf (Australia) Limited for a design and construction contract for the development of a 20,000 tpa battery graphite facility in Western Australia. GR Engineering is undertaking early engineering works whilst working with EcoGraf to finalise the project scope and execute the contract.

At 30 June 2022, GR Engineering was engaged on 28 studies across a broad range of commodities for projects both in Australia and abroad.

Process Controls

Mipac is a leading provider of controls systems, operational technology and engineering services primarily in the mineral processing, energy and water industries. With an established proven track record of success, Mipac provides their clients with solutions that empower and engage workforces by providing automation and digitalisation that enables easy decision making and increased productivity, performance and safety.

During FY22, Mipac celebrated its 25th year in operations whilst continuing to deliver controls systems, automation and digital solutions for key repeat clients such as First Quantum Minerals Limited, OZ Minerals, Glencore Technology, Anglo American, Ok Tedi Mining Limited and other large conglomerates. FY22 represented a record revenue year for Mipac.

Oil & Gas

GR Engineering's operations and maintenance services business, Upstream PS, achieved sustained revenue contributions primarily through the provision of operations and maintenance services to the coal seam gas (CSG), liquefied natural gas (LNG), carbon sequestration and onshore and offshore oil and gas sectors throughout Australia.

In Western Australia, Upstream PS remains a leading provider of operations and maintenance services to clients in the Perth Basin, and expanded its presence offshore in the Browse Basin and provided operations services to the floating liquefied natural gas sector. Upstream PS was recently awarded a five year contract to provide commissioning, completions and operations support services for Chevron Australia in Western Australia.



In the Northern Territory, Upstream PS continued to provide maintenance services on the Blacktip gas field production facilities (onshore and offshore). On 4 January 2022, Eni Australia awarded Upstream PS a new contract to provide operational and maintenance support for this project. The term of the contract is for three years with an option to extend for a further two years. Upstream PS' 'Darwin Hub' also continues to operate as a maintenance service and supply base facility servicing tier 1 clients.

During FY22, Upstream PS continued working with the Australian Government to maintain the Northern Endeavour FPSO in a non-producing state. On 8 March 2022, Upstream PS executed a four month extension to its current contract with the Australian Government to provide operations, maintenance and project services to the FPSO and associated infrastructure in preparation for a disconnection and removal of the FPSO. It is anticipated that revenue from the contract extension will be approximately \$45 million for the four month period to 30 September 2022.

In Queensland, Upstream PS managed and executed maintenance and operations support services on over 5,000 CSG wells. Upstream PS has also recently expanded its service offering to Santos Limited in the Surat Basin and Cooper Basin and set up a Safety Critical Device servicing facility in Gladstone providing services for LNG, energy, refining and mining clients.

Balance Sheet & Dividend

During FY22, the consolidated entity achieved a high EBITDA to cash conversion and significantly improved its cash position to \$102.0 million. During this period, GR Engineering paid out \$25.8 million in fully franked dividends to shareholders.

The Board has resolved to declare a final dividend of 10 cps (fully franked). The ex-dividend date for the final dividend will be 1 September 2022, with a record date of 2 September 2022. The payment date will be 20 September 2022.

Zero Harm

GR Engineering's Total Reportable Injury Frequency Rate for FY22 was 7.99. The group pursues continuous improvement in its commitment to safety through its GRESAFE "360 Degree Safety from Every Angle" programme, with the primary objective being the achievement of a zero harm workplace environment on all jobs and at all locations.

FY23 Update and Outlook

GR Engineering has a strong order book dominated by Australian projects and has been building its pipeline for both FY23 and FY24. GR Engineering intends to provide FY23 guidance at its 2022 Annual General Meeting, to be held on 23 November 2022, when it is likely to have more certainty in relation to the timing of key projects.

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