

Annual General Meeting Presentation – FY20

25 November 2020

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GR ENGINEERING SERVICES LIMITED
ENGINEERING CONSULTANTS AND CONTRACTORS

Our Strategy

Growing to increase the Company's diversity and strength

Facilitate larger projects and minimise vulnerability to changing market conditions

**Extend
Geographical
Presence**

**Strategic
Alliances and
Investments**

**Larger
Projects**

**Strong
Client
Relationships**

**Extend
and Diversify
Experience**

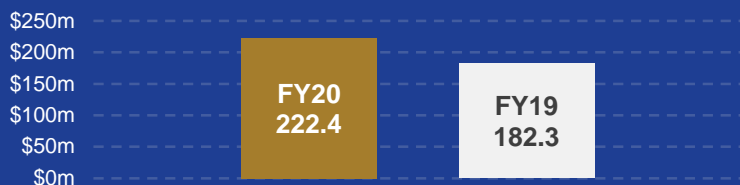
Acquisition



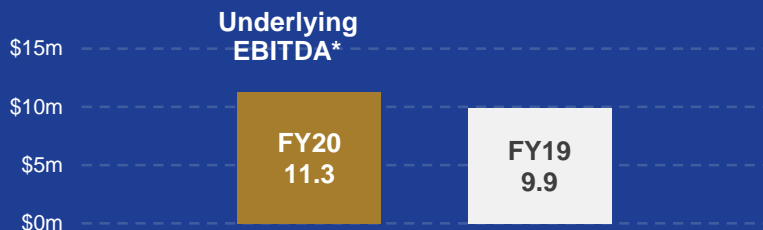
FY20 Results Summary

Earnings

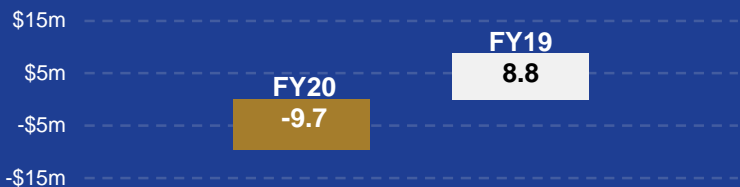
Revenue



EBITDA

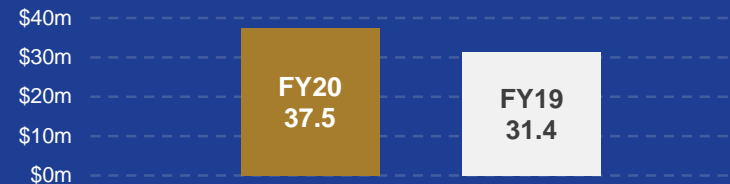


PBT

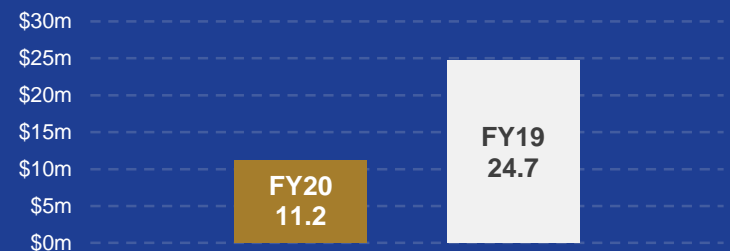


Balance Sheet & Cash Flow

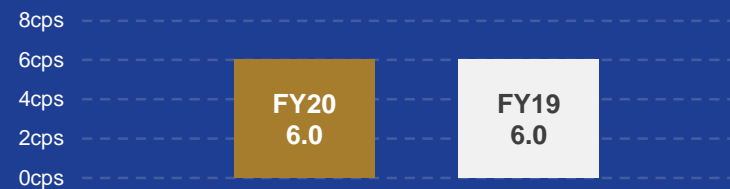
Cash



Net Operating Cash Flow



Total Dividend



*Underlying EBITDA excludes one-off bad debt expenses of \$17.6m primarily associated with the TOGA debtor write-off, \$0.3m relating to miscellaneous inventory and debtor write-offs and \$0.1m relating to Hanlon acquisition costs

FY20 Results

- During FY20, GR Engineering increased revenue by 22.0% to \$222.4 million. The solid underlying EBITDA contribution of \$11.3 million was the result of a strong second half performance. GR Engineering recorded an underlying EBITDA contribution of \$9.3 million in the second half of FY20.
- As reported at 31 December 2019, the FY20 financial results were negatively impacted by the impairment of a \$17.6 million receivable owed by Timor Sea Oil & Gas Pty Ltd (liquidators appointed) to the Company's wholly owned subsidiary, Upstream Production Solutions Pty Ltd (Upstream PS).
- Cash at bank increased significantly to \$37.5 million at 30 June 2020 (31 December 2019: \$20.7 million).
- The Total Reportable Injury Frequency Rate for FY20 was 3.77 comparing favourably to the FY19 result of 4.99.
- A final dividend of 4 cps (unfranked) was declared, resulting in FY20 dividends of 6 cps (unfranked).
- In February 2020, GR Engineering completed the acquisition of Hanlon Engineering & Associates Inc., a multi-disciplinary engineering services firm based in Tucson, Arizona. The acquisition increases GR Engineering's footprint in the Americas.



Mineral Processing

- Practical completion achieved in FY20:
 - OZ Minerals Limited's Carrapateena Northern Wellfield Water Supply Project in South Australia
 - Kirkland Lake Gold Limited's Fosterville Paste Plant Project in Victoria
- GRES has been successful in building up its contracted pipeline of work during FY20 and subsequent to year end. New and ongoing projects include:

| | | | | |
|--------------------------------------|---|---------------------------|-----------------|------------------|
| Salt Lake Potash Ltd | <i>Lake Way Project</i> | <i>EPC/EPCM</i> | <i>\$107.0m</i> | <i>Australia</i> |
| Calidus Resources Ltd | <i>Warrawoona Gold Project</i> | <i>EPC</i> | <i>\$84.0m</i> | <i>Australia</i> |
| Saracen Minerals Holdings Ltd | <i>Carosue Dam Operations Plant Expansion Project</i> | <i>EPC</i> | <i>\$32.6m</i> | <i>Australia</i> |
| Wiluna Mining Corporation | <i>Wiluna Gold Operation – Concentrator</i> | <i>EPC</i> | <i>\$25.7m</i> | <i>Australia</i> |
| Silver Lake Resources Ltd | <i>Deflector Flotation Tails Leach Project</i> | <i>EPC</i> | <i>\$23.0m</i> | <i>Australia</i> |
| Saracen Minerals Holdings Ltd | <i>Thunderbox Paste Plant Project</i> | <i>EPC</i> | <i>\$22.0m</i> | <i>Australia</i> |
| Ora Banda Mining Ltd | <i>Davyhurst Restart Project</i> | <i>EPC</i> | <i>\$10.8m</i> | <i>Australia</i> |
| Novo Resources Corp. | <i>Nullagine Mill Refurbishment Project</i> | <i>Reimbursable</i> | <i>\$8.3m</i> | <i>Australia</i> |
| BCI Minerals Ltd | <i>Mardie Salt Project – FEED / Early Works</i> | <i>FEED / Early works</i> | <i>\$6.1m</i> | <i>Australia</i> |
| First Majestic Corp. | <i>San Dimas Silver Mine Project</i> | <i>EPCM</i> | <i>US\$4.5m</i> | <i>Mexico</i> |



Mineral Processing

- GR Engineering's pipeline of work opportunities includes:

| | | | |
|--|---|---------------|------------------|
| <i>Galena Mining Ltd</i> | <i>Abra Base Metals Project</i> | <i>\$74m</i> | <i>Australia</i> |
| <i>Geopacific Resources Ltd</i> | <i>Woodlark Gold Project</i> | <i>\$92m</i> | <i>PNG</i> |
| <i>EcoGraf (Australia) Ltd</i> | <i>WA Battery Graphite Manufacturing Facility</i> | <i>\$25m</i> | <i>Australia</i> |
| <i>Sheffield Resources Ltd</i> | <i>Thunderbird Minerals Sands Project</i> | <i>\$244m</i> | <i>Australia</i> |
| <i>Australian Potash Ltd</i> | <i>Lake Wells SOP Project</i> | <i>\$170m</i> | <i>Australia</i> |
| <i>Bluestone Mines JV Ltd</i> | <i>Renison Paste Plant</i> | <i>\$16m</i> | <i>Australia</i> |
| <i>Galena Mining Ltd</i> | <i>Abra Paste Plant</i> | <i>\$12m</i> | <i>Australia</i> |

- At 31 October 2020, GR Engineering was engaged on 25 studies across a broad range of commodities for projects both in Australia and abroad.



Oil & Gas

- GR Engineering's wholly owned subsidiary, Upstream PS, generates longer term operations and maintenance services revenue which results in baseline revenue alongside project based design and construction work.
- During FY20, revenue contributions were primarily from:
 - Wellsite and plant maintenance work in the Bowen and Surat Basins (Origin Energy Ltd and Santos Ltd)
 - Timor Sea operations and maintenance services (Australian Government and Eni Australia Ltd)
 - Maintenance work on assets in the Perth Basin including Mitsui Co. (Australia) Pty Limited
 - Commissioning, operations and maintenance support services and surface facility construction in Victoria to clients including APA Group.
- As reported at 31 December 2019, Upstream PS' FY20 results were negatively impacted by the impairment of \$17.6 million relating to an outstanding receivable owned by Timor Sea Oil & Gas Pty Ltd (liquidators appointed) (TOGA).
- Following TOGA being placed into liquidation, the Australian Government engaged Upstream PS to provide operations and maintenance services to the Northern Endeavour FPSO, in a non-production environment. The contract has been extended until 31 December 2020.



Balance Sheet

- Strong balance sheet maintained at 30 June 2020
- Cash: \$37.5 million (30 June 2019: \$31.4 million)
- Significant headroom on bank guarantee and bonding facilities
- Net operating cashflows: \$11.2 million (FY19: \$24.7 million)
- Full year dividends paid: 6 cents (unfranked)



FY21 Outlook

- As the consolidated entity moves into FY21, GR Engineering has a strong order book dominated by Australian projects.
- The consolidated entity expects revenue for FY21 to be in the range of \$280 million to \$300 million, with improved EBITDA margins.
- GR Engineering's strong cash position means that it is well capitalised to deliver its FY21 pipeline of work.



Capabilities

GR Engineering

- Process engineering design and construction contractor servicing the mining and minerals processing industry
- Specialising in EPC / EPCM project delivery to provide project outcomes with secure cost, time, plant performance and contract completion warranties and guarantees
- Expertise in gold, base metals and industrial mineral commodities

Upstream Production Solutions

- Oil and gas services business providing operations, maintenance, project advisory and engineering services to Australian oil and gas industry
- Strong presence on and offshore Perth Basin, Timor Sea, Queensland and Victoria

Selected Clients



Selected Clients



Corporate Profile

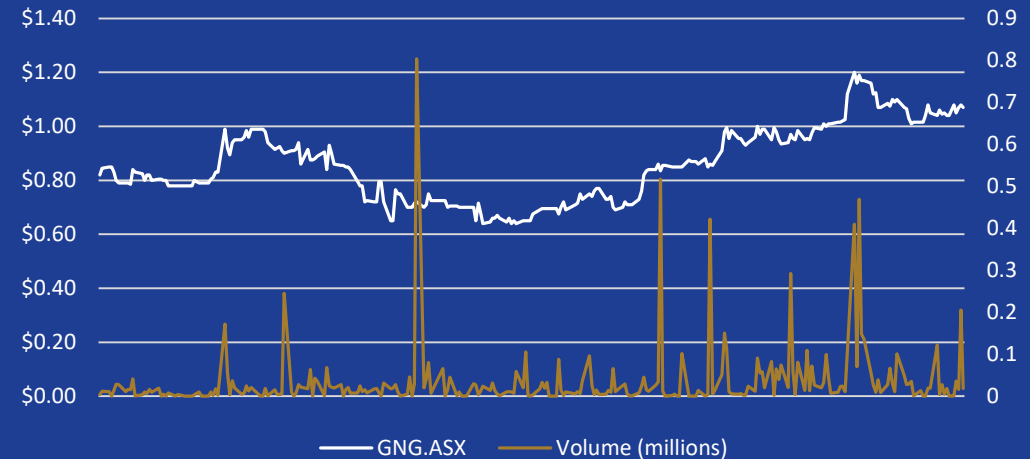
Capital Structure

| | | |
|--|------------|--------------|
| Shares on issue | m | 155.2 |
| Share price (GNG.ASX) (20 Nov 2020) | \$ | 1.07 |
| Market Capitalisation | \$m | 166.0 |
| Cash (30 June 2020) | \$m | 37.5 |
| Debt (30 June 2020) (excluding office lease liabilities) | \$m | 4.0 |
| Enterprise Value | \$m | 132.5 |

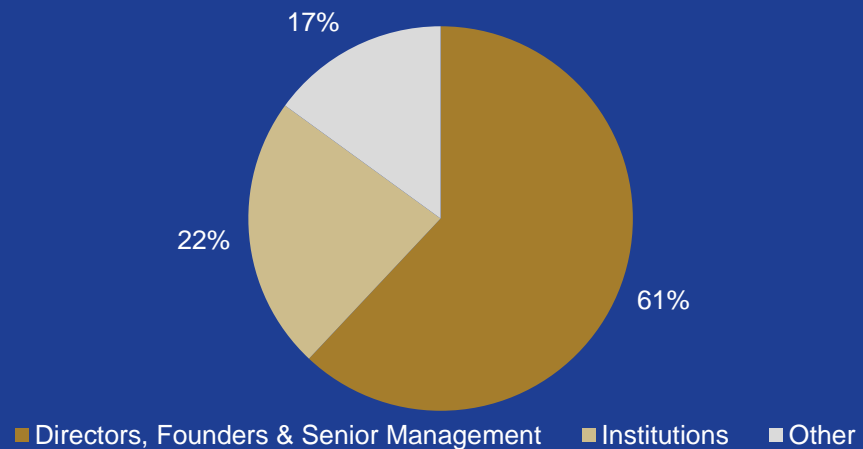
Directors & Management

| | |
|-----------------|--------------------------------|
| Phillip Lockyer | <i>Non-Executive Chairman</i> |
| Geoff Jones | <i>Managing Director</i> |
| Tony Patrizi | <i>Executive Director</i> |
| Barry Patterson | <i>Non-Executive Director</i> |
| Peter Hood | <i>Non-Executive Director</i> |
| Joe Totaro | <i>Non-Executive Director</i> |
| Omesh Motiwalla | <i>Chief Financial Officer</i> |

Share Price Performance



Register Analysis



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