



GR ENGINEERING SERVICES
ENGINEERING CONSULTANTS AND CONTRACTORS

ASX RELEASE

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For immediate release to the market

**GR ENGINEERING MAINTAINS CONSISTENT
EARNINGS AND SHAREHOLDER RETURNS**

HY17 Results Highlights

- Sales revenue \$105.9 million (HY16 \$127.2 million)
- EBITDA \$10.8 million (HY16 \$10.8 million)
- PBT \$10.5 million (HY16 \$10.5 million)
- NPAT \$7.9 million (HY16 \$8.7 million)
- Interim dividend of 5.0cps (fully franked) (HY16 5.0cps)

GR Engineering Services Limited (ASX:GNG) (**GR Engineering** or **Company**) today announced its financial results for the half year ended 31 December 2016 (**HY17**).

GR Engineering reported HY17 sales revenue of \$105.9 million, EBITDA of \$10.8 million and NPAT of \$7.9 million, demonstrating broadly consistent earnings outcomes to those achieved in HY16.

Commenting on the Company's HY17 financial performance, GR Engineering's Managing Director, Mr Geoff Jones, said:

"The first half of the financial year was marked by the successful completion and safe delivery of key projects and consistent operational performance. Whilst GR Engineering's core mineral processing business has continued to underpin group earnings, a marked increase in the contribution from Upstream Production Solutions has been demonstrated in HY17."

The Board has resolved to declare an interim dividend of 5 cents per share, fully franked.

Contributions to GR Engineering's HY17 financial results were made primarily by domestic design and construction works on the Nova Nickel Project in WA, the Wetar Copper Project in Indonesia, the Mungana Project in Queensland and Davyhurst Project in Western Australia, alongside the Olympias Phase II EPCM project in Greece.

Upstream Production Solutions, GR Engineering's wholly owned oil and gas services business, achieved strong revenue and earnings growth in HY17, with revenue of \$31.6 million in HY17 (HY16 \$17.2 million) and PBT of \$3.4 million (HY16 \$1.0 million). This has been predominantly associated with increased levels of operations and maintenance services activity associated with the award of a contract to operate and maintain the Northern Endeavour floating production and offloading facility

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located in the Timor Sea. Upstream Production Solutions has continued to maintain its strong presence in Western Australia and Queensland, with key contract renewals being achieved for onshore and offshore operations and maintenance engagements in the Perth Basin.

Strong safety performance was recorded in HY17, with no LTIs being reported across the group. Continued efforts are being made to continually drive safety initiatives and maintain a zero harm workplace environment.

HY17 Results Summary

A summary of the HY17 financial results follow:

		HY17	HY16
Revenue from operations	\$m	105.9	127.2
EBITDA	\$m	10.8	10.8
PBT	\$m	10.5	10.5
Tax	\$m	2.6	1.8
NPAT	\$m	7.9	8.7
Basic EPS	cps	5.2	5.8
Net operating cashflow	\$m	-15.3	-11.2
		HY17	HY16
Net Cash	\$m	41.3	42.6
Total Equity	\$m	51.8	49.1

Balance Sheet & Operating Cashflow

GR Engineering maintains its strong balance sheet, with cash and equivalents of \$41.3 million and total interest bearing debt of \$1.2 million as at HY17. The Company's working capital position remains robust, with current assets exceeding current liabilities at a ratio of 2.02:1.00 as at HY17.

Net operating cash outflows of \$15.3 million reflect normal working capital movements, predominantly attributable to an increase of \$12.5 million in trade receivables, income tax payments of \$3.2 million and dividend payments of \$7.6 million in the half.

Dividend

A fully franked interim dividend of 5.0 cents per share has been declared. The ex-dividend date is 13 March 2017 and the record date is 14 March 2017. The interim dividend is payable on 30 March 2017.

Strategy and Outlook

GR Engineering remains uniquely placed as a proven process engineering design and construction group providing fixed price, turnkey solutions to the 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 demanding certain project outcomes and performance.



During HY17, the Company completed 16 studies and as at 31 December 2016 was engaged on a further 15 for projects at various pre-development stages. Opportunities exist for GR Engineering to be awarded design and constructions contracts for some of these opportunities in the near term. Subject to the award of these contracts and continued strong contributions to GR Engineering's performance by Upstream Production Solutions, the Company anticipates FY17 financial outcomes consistent with FY16 results.

Further Information

Please refer to GR Engineering's HY17 Reviewed Financial Report for further information.

Ends.

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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 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 450 professional and support staff throughout Australia and internationally, in addition to a direct construction workforce and subcontracted personnel.

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