

Investor Presentation FY20

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GR ENGINEERING SERVICES LIMITED
ENGINEERING CONSULTANTS AND CONTRACTORS

Corporate Profile

Capital Structure

Shares on issue	<i>m</i>	153.65
Share price (GNG.ASX) (Aug 2020)	\$	0.96
Market Capitalisation	\$m	147.5
Cash (30 June 2020)	\$m	37.5
Debt (30 June 2020)	\$m	4.0
Enterprise Value	\$m	114.0

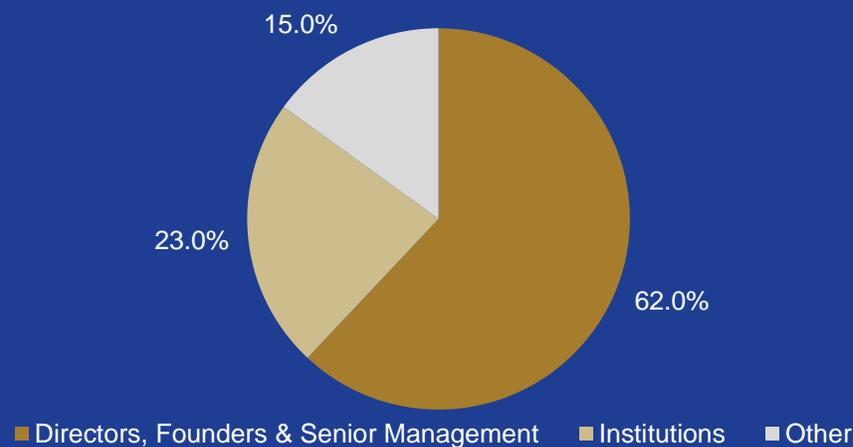
Directors & Management

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 – FY20



Register Analysis



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



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



FY20 Results Summary

Earnings

Revenue



EBITDA



PBT

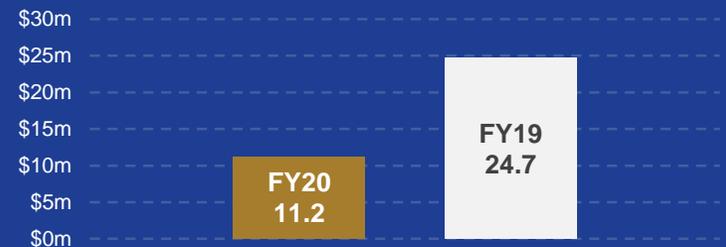


Balance Sheet & Cash Flow

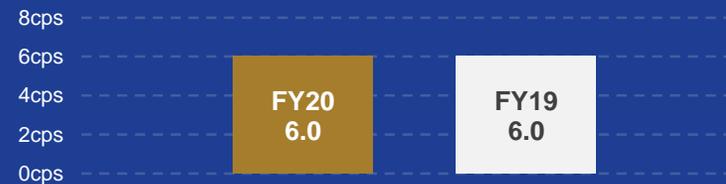
Cash



Net Operating Cash Flow



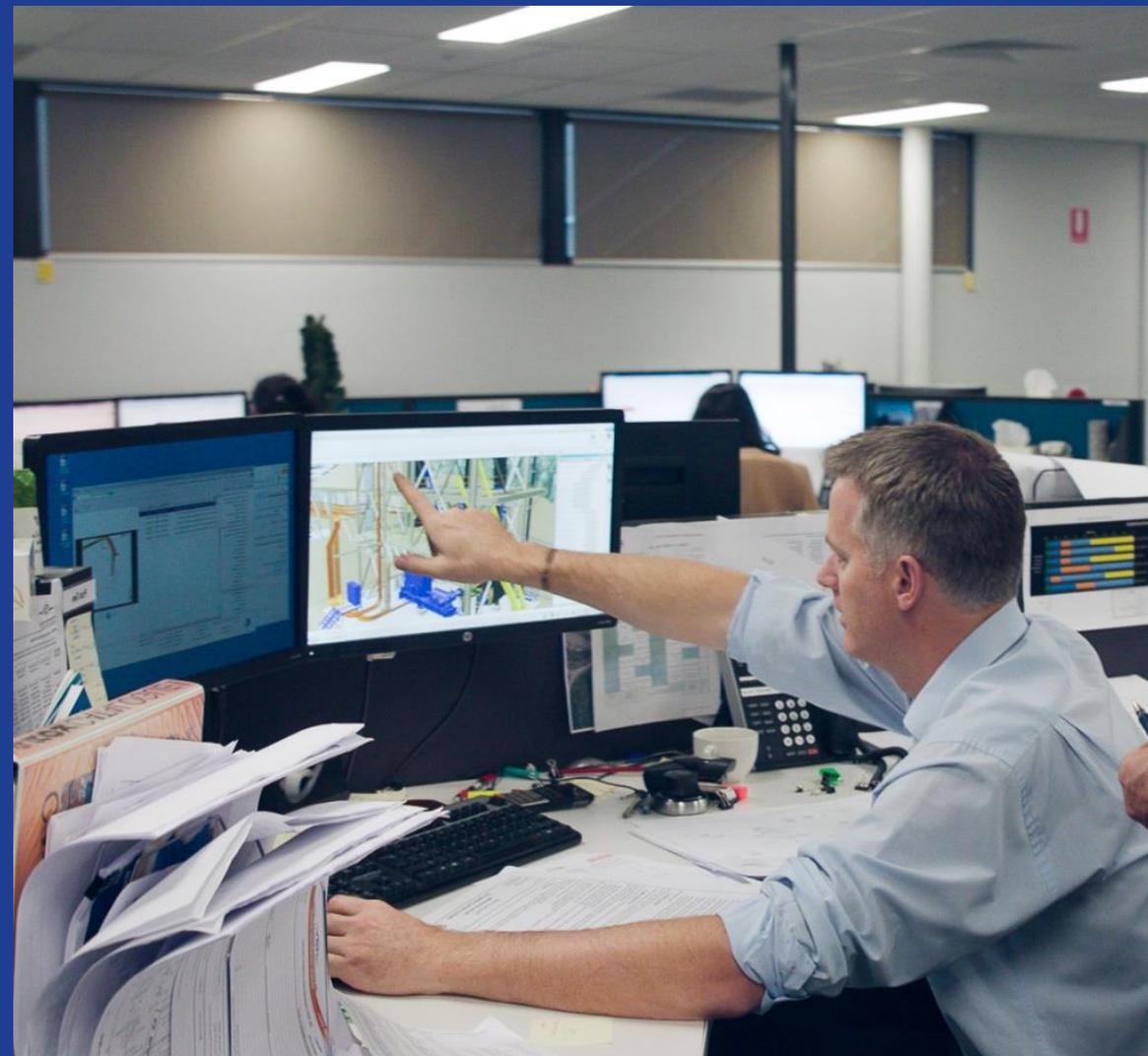
Total Dividend



*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.
- 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) has been 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.



FY20 Summary – Mineral Processing

- Practical completion achieved:
 - OZ Minerals Limited's Carapateena Northern Wellfield Water Supply Project in South Australia
 - Kirkland Lake Gold Limited's Fosterville Paste Plant Project in Victoria

- New and ongoing projects include:

<i>Salt Lake Potash Ltd</i>	<i>Lake Way Project</i>	<i>EPCM/EPC</i>	<i>\$107.0m</i>	<i>Australia</i>
<i>Silver Lake Resources Ltd</i>	<i>Deflector Flotation Tails Leach Project</i>	<i>EPC</i>	<i>\$23.0m</i>	<i>Australia</i>
<i>Saracen Minerals Holdings Ltd</i>	<i>Thunderbox Paste Plant Project</i>	<i>EPC</i>	<i>\$22.0m</i>	<i>Australia</i>
<i>Saracen Minerals Holdings Ltd</i>	<i>Carosue Dam Operations Plant Expansion Project</i>	<i>EPC</i>	<i>\$32.6m</i>	<i>Australia</i>
<i>Ora Banda Mining Ltd</i>	<i>Davyhurst Restart Project</i>	<i>EPC</i>	<i>\$10.8m</i>	<i>Australia</i>
<i>Tellus Holdings Ltd</i>	<i>Sandy Ridge Waste Storage Project</i>	<i>EPC</i>	<i>\$46.0m</i>	<i>Australia</i>
<i>First Majestic Corp.</i>	<i>San Dimas Silver Mine Project</i>	<i>EPCM</i>	<i>US\$4.5m</i>	<i>Mexico</i>
<i>Bluestone Mines Tasmania JV</i>	<i>Renison Tin Upgrade Projects</i>	<i>EPC</i>	<i>\$8.7m</i>	<i>Australia</i>



FY20 Summary – Mineral Processing

- GR Engineering's pipeline of work opportunities includes:

<i>Galena Mining Ltd</i>	<i>Abra Base Metals Project</i>	<i>\$74.0m</i>	<i>Australia</i>
<i>Geopacific Resources Ltd</i>	<i>Woodlark Gold Project</i>	<i>\$92.4m</i>	<i>PNG</i>
<i>EcoGraf (Australia) Ltd</i>	<i>WA Battery Graphite Manufacturing Facility</i>	<i>\$25.0m</i>	<i>Australia</i>
<i>Sheffield Resources Ltd</i>	<i>Thunderbird Minerals Sands Project</i>	<i>-</i>	<i>Australia</i>
<i>Strandline Resources Ltd</i>	<i>Fungoni Mineral Sands Project</i>	<i>US\$17.9m</i>	<i>Tanzania</i>
<i>Bacanora Lithium Plc</i>	<i>Sonora Lithium Project</i>	<i>-</i>	<i>Mexico</i>

- At 30 June 2020, GR Engineering was engaged on 26 studies across a broad range of commodities for projects both in Australia and abroad. Eleven of these studies related to prospective gold projects.



FY20 Summary – Oil & Gas

- GR Engineering's wholly owned subsidiary, Upstream Production Solutions Pty Ltd (Upstream), 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.



Balance Sheet

- Strong balance sheet maintained at 30 June 2020
- Cash: \$37.5 million (30 June 2019: \$31.4 million)
- Listed investments: \$5.3 million
- Significant headroom on project facilities:
 - Bank guarantee facility: \$70 million
 - Insurance bond facility: \$60 million
- Net operating cashflows: \$11.2 million (FY19: \$24.7 million)
- Full year dividends paid: 6 cents (unfranked)



FY21 Outlook

- Since 1 June 2020, GR Engineering has increased its order book by \$170 million. 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.



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