



ASX RELEASE

28 November 2019

For immediate release to the market

Annual General Meeting Presentation – Outlook Statement

GR Engineering Services Limited (ASX:GNG) (**GR Engineering**) will today hold its 2019 Annual General Meeting.

The presentation materials to be delivered at the meeting follow this announcement and include an outlook statement at slide 7 addressing GR Engineering's revenue forecasts for FY20.

GR Engineering confirms details of the outlook statement that forecast total revenue for FY20 is likely to be in the range of \$200 million to \$220 million.

Please refer to the Annual General Meeting presentation for further details.

Ends

For further information please contact:

Geoff Jones

Managing Director

☎ +61 8 6272 6000

✉ geoff.jones@gres.com.au

Omesh Motiwalla

CFO & Company Secretary

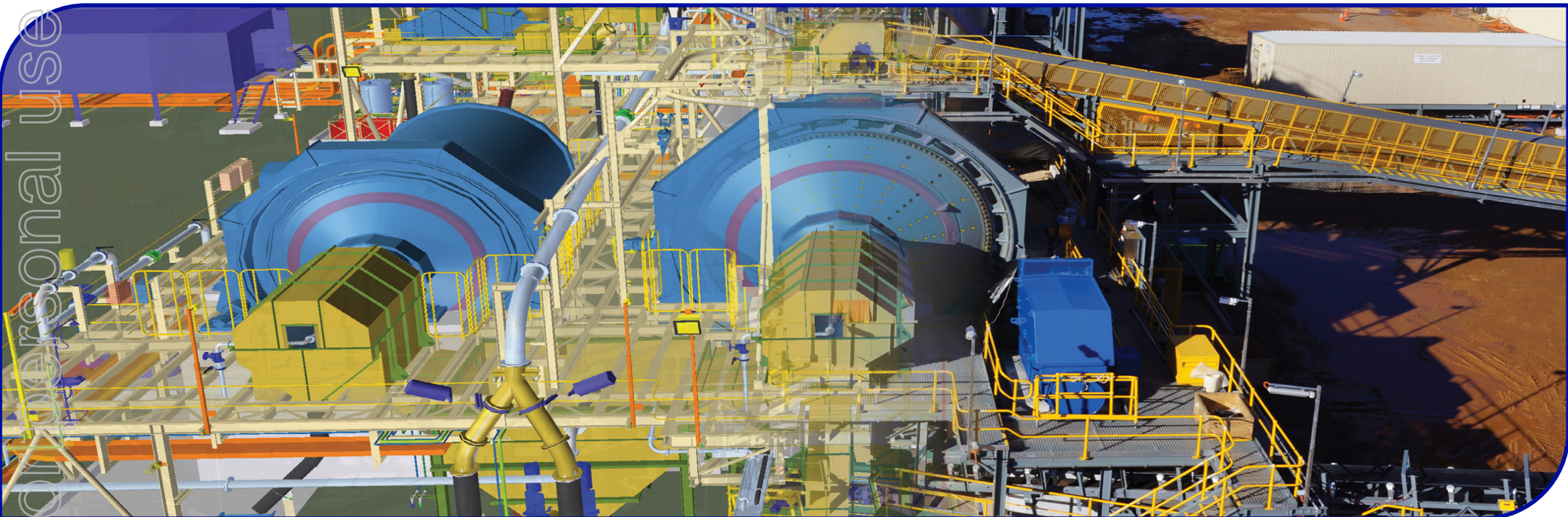
☎ +61 8 6272 6000

✉ omesh.motiwalla@gres.com.au

Personal use only



GR ENGINEERING SERVICES LIMITED

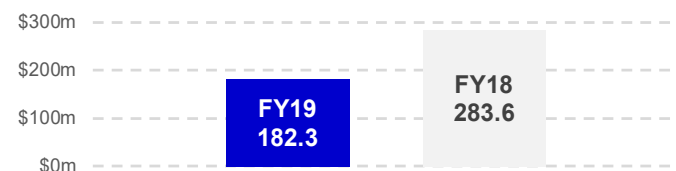


2019 Annual General Meeting Presentation
28 November 2019

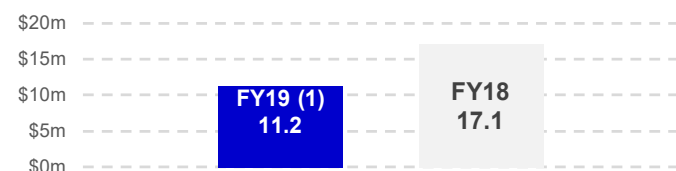
FY19 Results Summary

Earnings

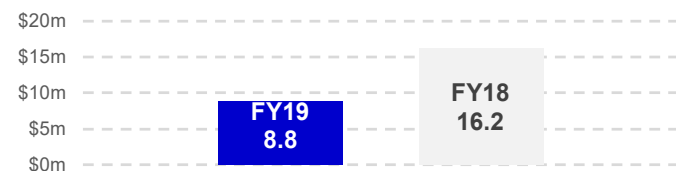
Revenue



EBITDA

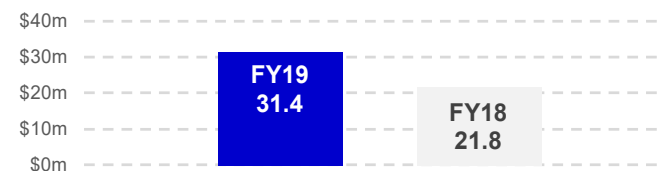


PBT

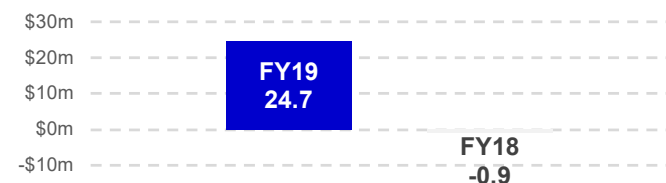


Balance Sheet & Cash Flow

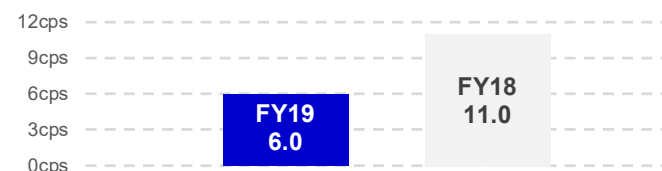
Cash (ex. available facilities)



Net Operating Cashflow



Total Dividend



(1) Represents underlying EBITDA – excludes bad debt expenses of \$1.0m primarily associated with the settlement agreed in relation to the EPC contract for Davyhurst Refurbishment Project and other doubtful debtors of \$0.3m

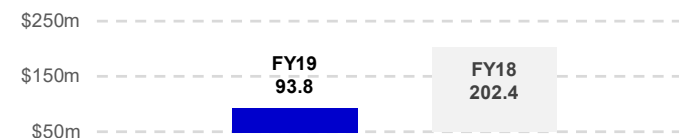
FY19 Results Summary

Key features

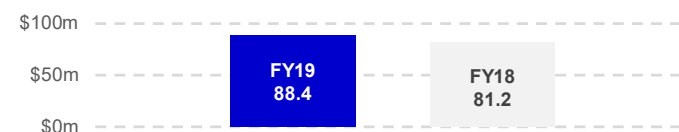
- GR Engineering transitioned from a period of strong design and construction activity in FY18 into a phase of consolidating new project opportunities
- The financial results were impacted by delays in key projects outside of GR Engineering's control
- Notwithstanding this, GR Engineering significantly increased its cash balance to \$31.4 million at 30 June 2019 (30 June 2018: \$21.8 million)
- Positive contributions from Upstream PS through operations and maintenance service delivery
- Group FY19 TRIFR: 4.99 (FY18: 8.62) comparing favourably to the industry average

Segment Revenue

Mineral Processing

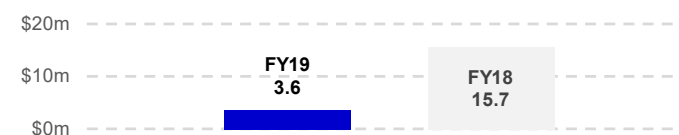


Oil & Gas

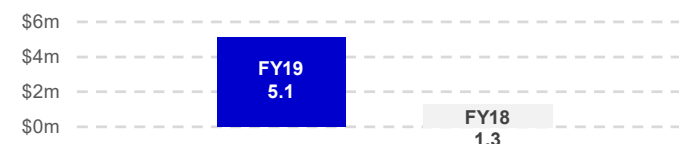


Segment PBT

Mineral Processing



Oil & Gas



FY19 Operational Performance

Mineral Processing

Design and Construction

- Successfully delivered Saracen Gold Mines Pty Ltd's Carosue Dam Paste Plant in Western Australia
- Progressed delivery of the Fosterville Paste Plant for Kirkland Lake Gold Ltd, Carapateena Northern Wellfield Water Supply Project for OZ Minerals Ltd, Sandy Ridge Waste Storage Project for Tellus Holdings Ltd and the Ok Tedi Crusher Upgrade (25 Mtpa) in PNG

Studies and Consulting

- 39 studies completed in FY19. Engaged on 40 studies at 30 June 2019 across a broad range of commodities for projects both in Australia and abroad
- Advanced studies completed or in progress include:
 - BFS for Salt Lake Potash Ltd's Lake Way Potash Project
 - DFS for Galena Mining Ltd's Abra Base Metals Project
 - DFS for BCI Minerals Ltd's Mardie Salt & Potash Project
 - DFS for Artmin Madencilik's Hod Maden Gold-Copper Project in Turkey
 - DFS for Red 5 Ltd's King of the Hills Gold Project

FY19 Operational Performance



Oil & Gas

- Upstream Production Solutions contribution to group revenue of approximately 50%
- Longer term operations and maintenance services revenue generating baseline revenue alongside project based work
- Revenue contributions primarily from:
 - Wellsite and plant maintenance work in Bowen and Surat Basins (Origin and Santos)
 - Timor Sea operations and maintenance services (ENI and Northern Oil & Gas Australia)
 - Maintenance work on assets in the Perth Basin including Mitsui and Triangle Energy



Balance Sheet

Key Features

- Strong balance sheet maintained at 30 June 2019:
 - Cash: \$31.4 million (30 June 2018: \$21.8 million)
 - Interest bearing debt: \$0.5 million (30 June 2018: \$0.5 million)
- Significant bonding headroom:
 - \$130 million total project bonding facilities
 - Bank guarantee facility: \$70 million
 - Insurance bond facility: \$60 million
- GR Engineering well placed to meet future bonding requirements under all growth assumptions, including where order book increases in value and project quantum

Outlook

Key Features

- Active contracts: Sandy Ridge Waste Storage Project (\$46.0 million), Carosue Dam Mill Expansion Project (\$24.5 million), Wassa Paste Plant Project (US\$9.3 million) and Renison Upgrade Project (\$6.0 million)
- In addition to existing conditional EPC agreements & Letters of Intent (including the Thunderbird Mineral Sands Project and Woodlark Gold Project), GR Engineering established quality exposure to a number of new projects (including the Lake Way Potash Project and Abra Base Metals Project) that have already attracted significant funding
- GR Engineering is forecasting total FY20 revenue of \$200 million to \$220 million
- GR Engineering's assessment of its subsidiary's (Upstream PS) exposure to the Timor Sea Oil & Gas Australia Pty Ltd (Administrators Appointed) contract is \$17.4 million (representing receivables). Upstream PS continues to work with the administrator and senior secured lender and as of 20 September 2019, is being paid on an agreed daily rate

Appendix: Corporate Summary

Capital Structure

Shares on issue	<i>m</i>	153.6
Share price (<i>GNG.ASX</i>) (25 Nov 2019)	<i>\$</i>	0.85
Market capitalisation	<i>\$m</i>	130.6
Cash (30 June 2019)	<i>\$m</i>	31.4
Debt (30 June 2019)	<i>\$m</i>	0.5
Enterprise Value	<i>\$m</i>	99.7

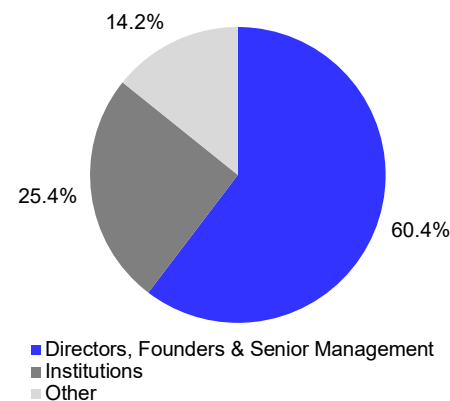
Directors & Management

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



Appendix: About GR Engineering

GR Engineering



- Process engineering design and construction contractor servicing the mining and minerals processing industry
- Specialising in EPC / EPCM contracting to provide project delivery with secure cost, time, plant performance and contract completion warranties and guarantees
- Australian offices in Perth and Brisbane. Offshore presence in the Americas, Africa, United Kingdom, PNG and Indonesia
- Expertise in gold, base metals and industrial mineral commodities

Selected Clients



Upstream Production Solutions



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

Selected Clients



Appendix: About GR Engineering

Significant gold process construction history



Mt Morgans Gold Project

Laverton, Western Australia



Fosterville Paste Plant Project

Bendigo, Victoria



Carosue Dam Paste Plant Project

Near Kalgoorlie, Western Australia



Sunrise Dam Gold Recovery Project

Laverton, Western Australia



Hellas Gold Project

Greece



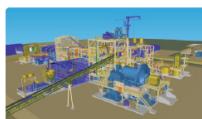
Higginsville Gold Project

Norseman, Western Australia



Dalgaranga Gold Project

Mid-West region of Western Australia



Deflector Copper Gold Project

Murchison, Western Australia



Andy Well Project

Meekatharra, Western Australia



Edna May Project

Westonia, Western Australia



Randalls 1mtpa Upgrade

Kalgoorlie, Western Australia



Gold Ridge Project

Solomon Islands

Significant base metal construction history



Birla Nifty Operation Upgrade

Great Sandy Desert Region, Western Australia



Cosmic Boy - Metal Recovery Enhancement Project

Forrestania, Western Australia



Cosmic Boy Concentrator

Forrestania, Western Australia



Nova Nickel Project

Fraiser Range Region, Western Australia



Rasp Mine Concentrator

Broken Hill, New South Wales



Sinclair Nickel Project

Eastern Goldfields, Western Australia



Wetar Island Copper Project

Indonesia



Hemerdon Tin and Tungsten Project

United Kingdom

Contact

Geoff Jones

Managing Director

☎ +61 8 6272 6000

✉ geoff.jones@gres.com.au

Omesh Motiwalla

CFO & Company Secretary

☎ +61 8 6272 6000

✉ omesh.motiwalla@gres.com.au

Australian Office Details



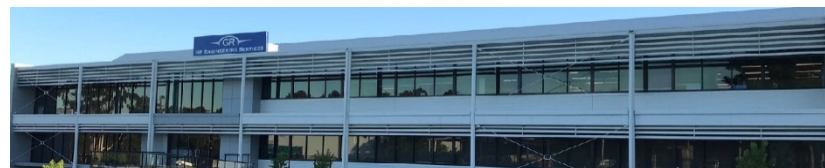
71 Daly Street
Ascot WA 6104

PO Box 258
Belmont WA 6984

☎ +61 8 6272 6000

Building 3, Level 3,
Kings Row Office Park
42 McDougall Street
Milton QLD 4064

☎ +61 7 3838 8000



Level 16, 350 Queen Street
Melbourne VIC 3000

☎ +61 3 8623 9800

Level 11, 99 St Georges Terrace
Perth WA 6000

☎ +61 8 6109 4000

17 Graystone Street
Tingalpa QLD 6173

☎ +61 7 3239 5800

Level 2, 70 Hindmarsh Square
Adelaide SA 5000

☎ +61 438 804 070



Disclaimer

RELIANCE ON THIRD PARTY INFORMATION

This presentation may contain Information that has been derived from publicly available sources that have not been independently verified. No representation or warranty is made as to the accuracy, completeness or reliability of the information. No responsibility, warranty or liability is accepted by GR Engineering Services Limited (**Company**), its officers, employees, agents or contractors for any errors, misstatements in or omissions from this presentation.

PRESENTATION IS A SUMMARY ONLY

This presentation is information in a summary form only and does not purport to be complete. It should be read in conjunction with the audited financial report for the financial year ended 30 June 2019. Any information or opinions expressed in this presentation are subject to change without notice and the Company is not under any obligation to update or keep current the information contained within this presentation.

NOT INVESTMENT ADVICE

This presentation is not intended and should not be considered to be the giving of investment advice by the Company or any of its shareholders, Directors, officers, agents, employees or advisers. The information provided in this presentation has been prepared without taking into account the recipient's investment objectives, financial circumstances or particular needs. Each party to whom this presentation is made available must make its own independent assessment of the Company after making such investigations and taking such advice as may be deemed necessary.

NO OFFER OF SECURITIES

Nothing in this presentation should be construed as either an offer to sell or a solicitation of an offer to buy or sell Company securities in any jurisdiction.

FORWARD LOOKING STATEMENTS

This presentation may include forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, these statements are not guarantees or predictions of future performance, and involve both known and unknown risks, uncertainties and other factors, many of which are beyond the Company's control. As a result, actual results or developments may differ materially from those expressed in the statements contained in this presentation. Investors are cautioned that statements contained in this presentation are not guarantees or projections of future performance and actual results or developments may differ materially from those projected in forward-looking statements.

NO LIABILITY

To the maximum extent permitted by law, neither the Company nor its related bodies corporate, Directors, employees or agents, nor any other person, accepts any liability, including without limitation any liability arising from fault or negligence, for any direct, indirect or consequential loss arising from the use of this presentation or its contents or otherwise arising in connection with it.

DISCLOSURE OF NON- IFRS FINANCIAL INFORMATION

Throughout this presentation, there are occasions where financial information is presented not in accordance with accounting standards. There are a number of reasons why the Company has chosen to do this including to maintain a consistency of disclosure across reporting periods

ROUNDING

Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided.