

ASX RELEASE

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For immediate release to the market

HY19 FINANCIAL RESULTS

HY19 Results Highlights

- Sales revenue: \$91.3 million
- Underlying EBITDA: \$5.9 million¹
- Profit Before Tax: \$4.4 million
- Net cash flows from operating activities: \$13.5 million
- Interim dividend: 4.0cps (fully franked)

GR Engineering Services Limited (ASX:GNG) (**GR Engineering** or **Company**) today announced its financial results for the half year ended 31 December 2018 (**HY19**).

GR Engineering reported HY19 sales revenue of \$91.3 million, underlying EBITDA of \$5.9 million¹ and profit before tax of \$4.4 million. As at HY19, the Company held net cash of \$26.6 million.

Commenting on the Company's HY19 financial performance, GR Engineering's Managing Director, Mr Geoff Jones, said:

"Project execution activity was lower in HY19 against levels experienced throughout FY18, directly impacting financial performance in GR Engineering's core mineral processing design and construction business for the half. Upstream Production Solutions performed solidly, contributing to approximately half of the group's total HY19 revenue."

"Positive outcomes were achieved in securing a total of approximately \$42 million in new work at Carosue Dam and Fosterville, reflecting GR Engineering's strong capability in the design and construction of paste backfill plants."

"GR Engineering entered into material design and construction contracts during HY19 and into the second half of FY19, most recently in relation to the Northern Wellfield project supporting the Carrapateena development in South Australia and on a conditional basis in respect of the Sandy Ridge and Thunderbird Mineral Sands projects in Western Australia and Fungoni Mineral Sands project in Tanzania."

"Study activity remains strong in a supportive commodity price environment. GR Engineering remains well placed to demonstrate capacity and the resources required to achieve study conversion and successfully deliver mineral processing infrastructure to its clients."

The Board has resolved to declare an interim dividend of 4.0 cents per share (fully franked).

¹ Excludes the impact of a \$1.0 million bad debt expense attributable to the Davyhurst Gold Project refurbishment contract.



HY19 Results Summary

A summary of the HY19 financial results follow:

		HY19	HY18
Revenue from operations	\$m	91.3	177.2
EBITDA	\$m	4.9	12.1
PBT	\$m	4.4	11.6
Tax	\$m	1.7	4.1
NPAT	\$m	2.7	7.5
Basic EPS	cps	1.8	4.9
Net operating cashflow	\$m	13.5	12.6
		HY19	FY18
Net Cash	\$m	26.6	21.3
Total Equity	\$m	47.9	52.5

Outlook

GR Engineering enters the second half of FY19 in a supportive commodity price environment and with contracted work activity consistent to that experienced in HY19.

The conditional design and construction contracts that GR Engineering has announced represent secure opportunities for activity levels to increase, however project development delays have been experienced and commencement timing remains uncertain. As a result, the Company's revenue for the second half of FY19 is now expected to be in line with HY19.

Further Information

Please refer to GR Engineering's HY19 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 employs more than 250 professional and support staff throughout Australia and internationally, in addition to a direct construction workforce and subcontracted personnel.