



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

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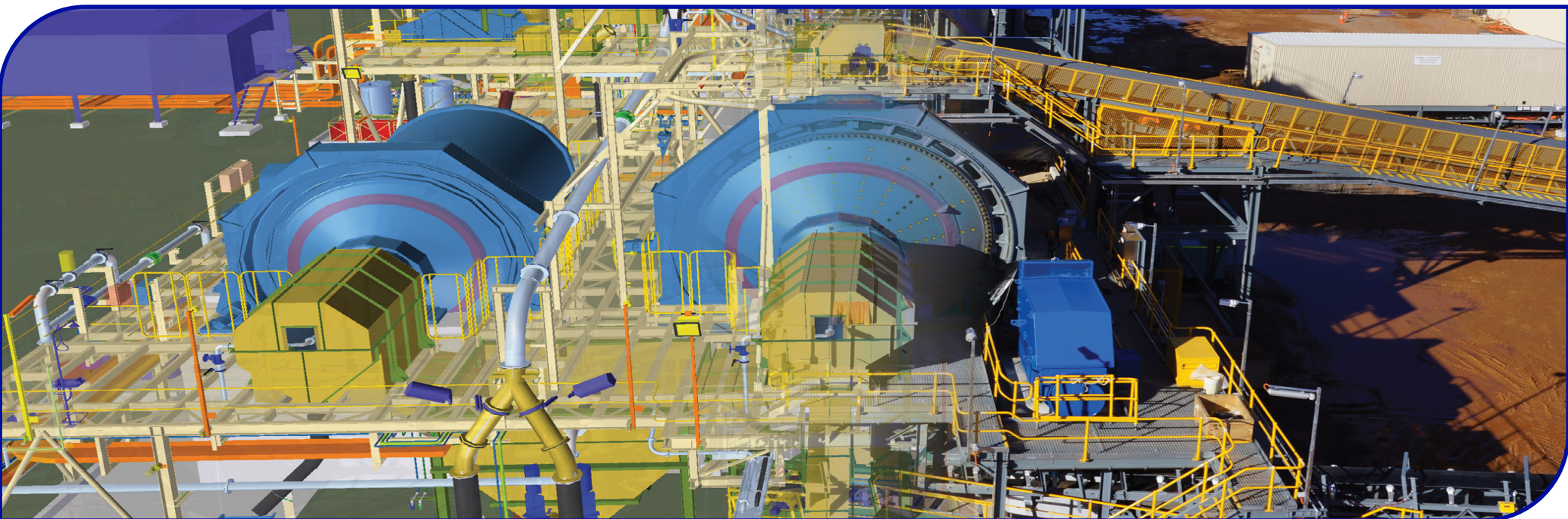
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GR ENGINEERING SERVICES LIMITED

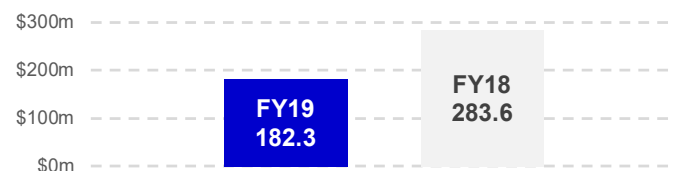


2019 Annual General Meeting Presentation
28 November 2019

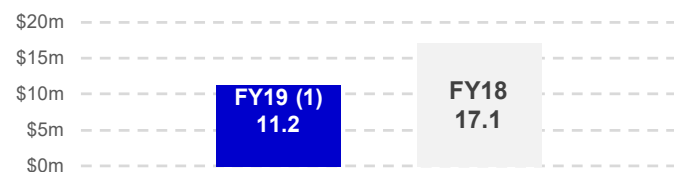
FY19 Results Summary

Earnings

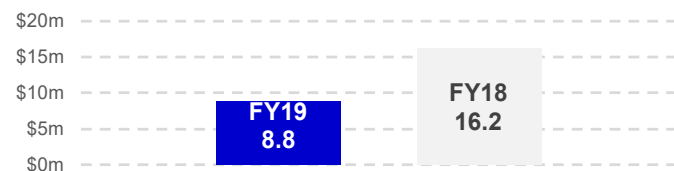
Revenue



EBITDA

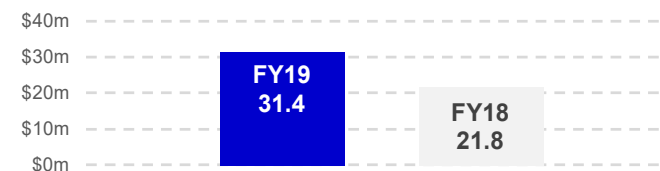


PBT

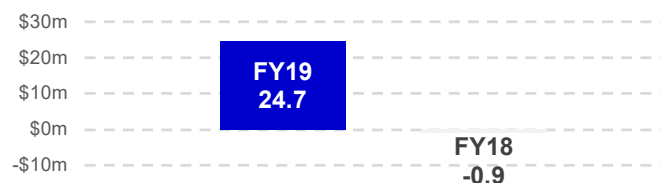


Balance Sheet & Cash Flow

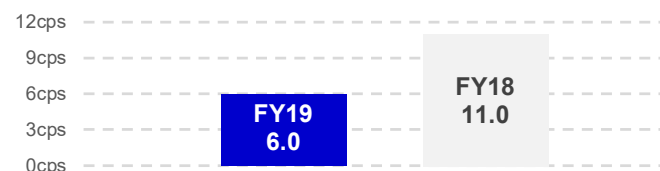
Cash (ex. available facilities)



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

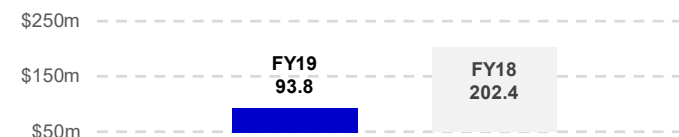
FY19 Results Summary

Key features

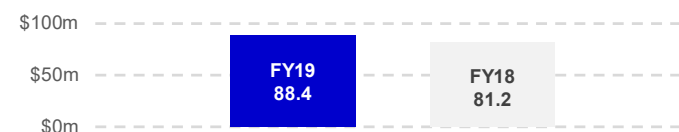
- GR Engineering transitioned from a period of strong design and construction activity in FY18 into a phase of consolidating new project opportunities
- The financial results were impacted by delays in key projects outside of GR Engineering's control
- Notwithstanding this, GR Engineering significantly 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

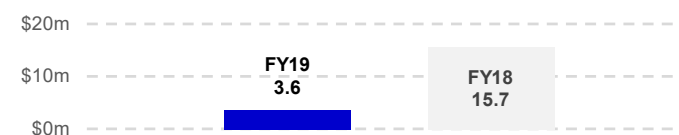


Oil & Gas

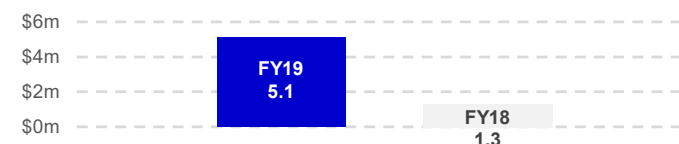


Segment PBT

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

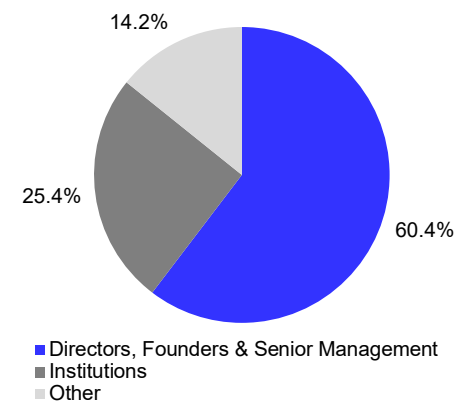
Directors & Management

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



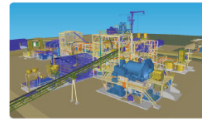
Higginsville Gold Project

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

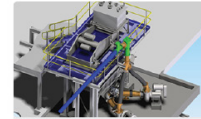
Kalgoorlie, Western Australia



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

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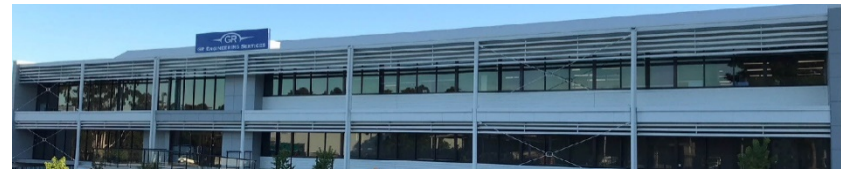
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