

Investor Presentation FY20



GR ENGINEERING SERVICES LIMITED
ENGINEERING CONSULTANTS AND CONTRACTORS

Corporate Profile

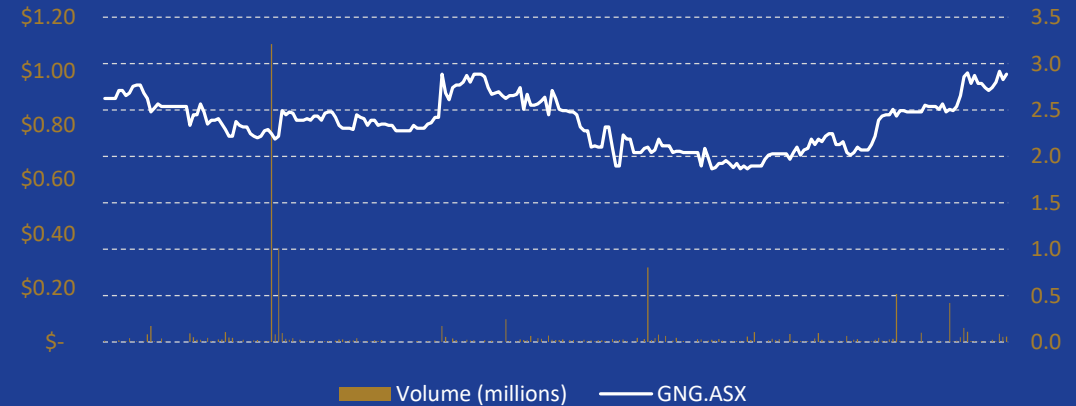
Capital Structure

Shares on issue	m	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

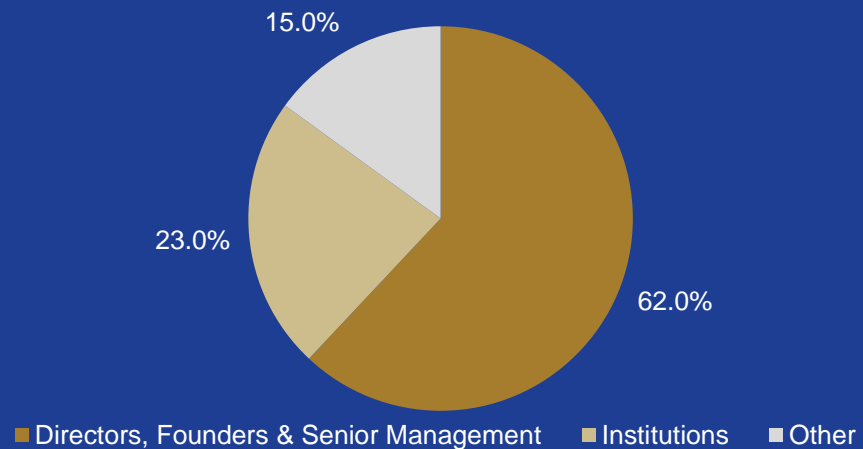
Directors & Management

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



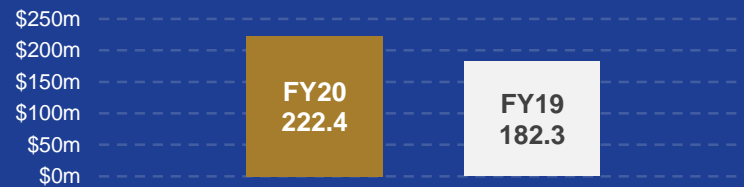
Selected Clients



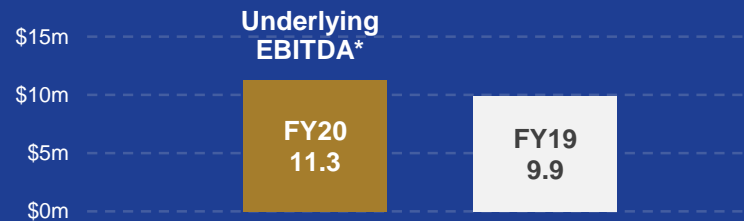
FY20 Results Summary

Earnings

Revenue



EBITDA

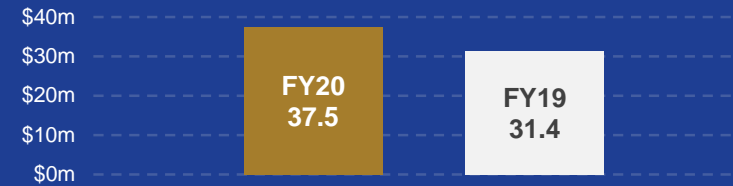


PBT

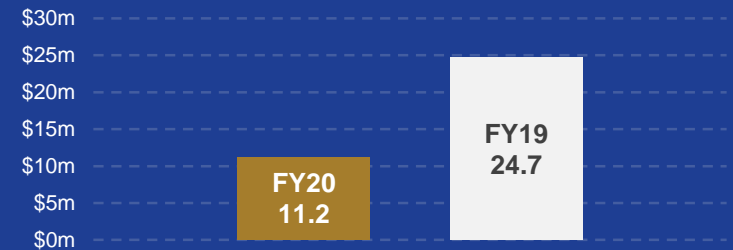


Balance Sheet & Cash Flow

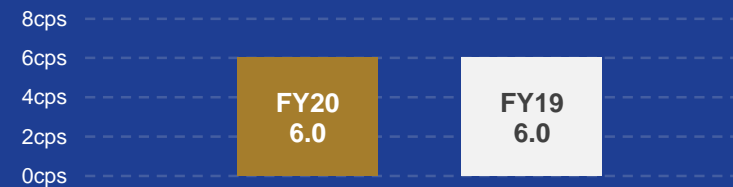
Cash



Net Operating Cash Flow



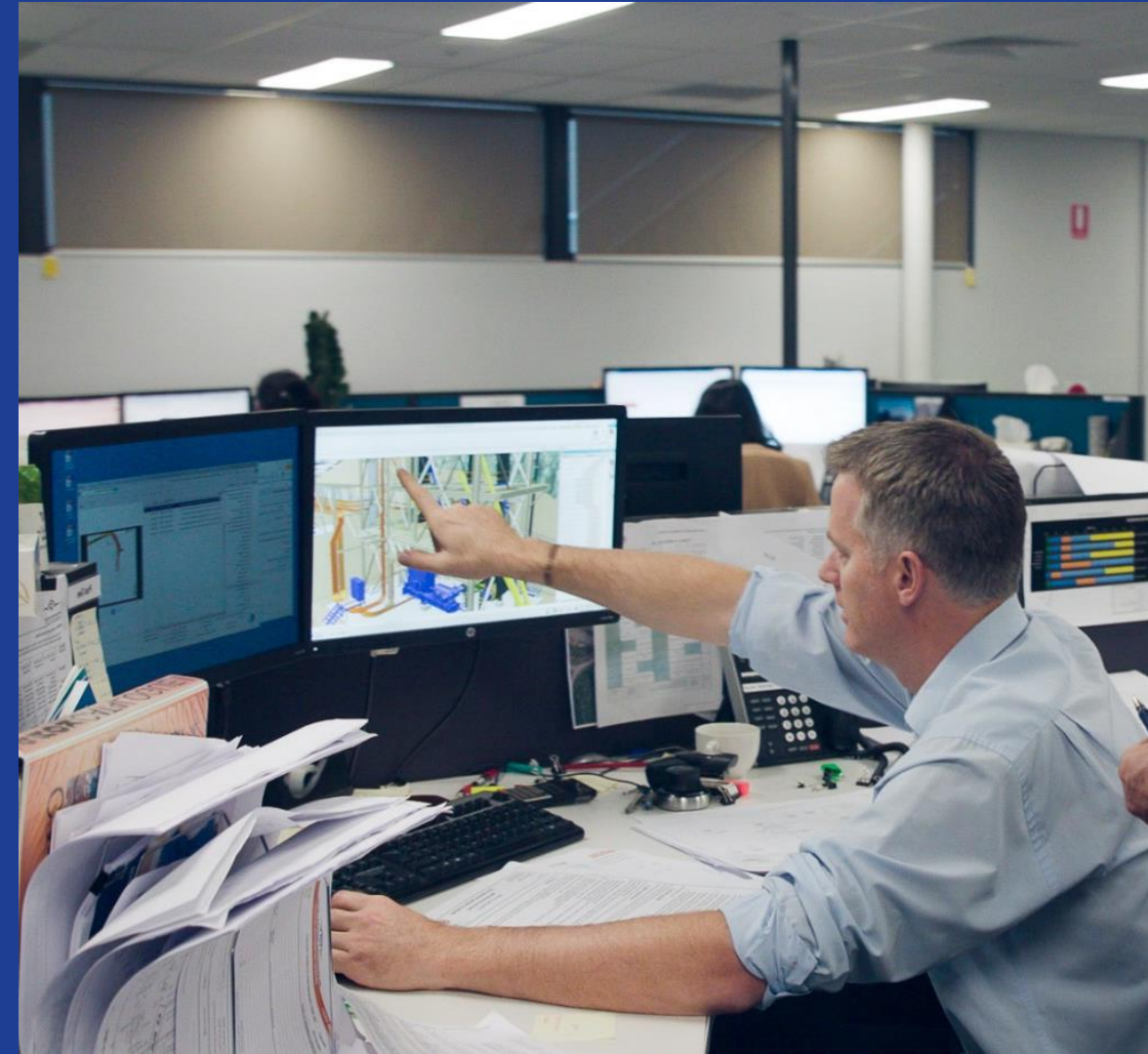
Total Dividend



*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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