



ASX RELEASE

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For immediate release to the market

FY16 FINANCIAL RESULTS

FY16 Results Highlights

- Sales revenue \$255.3 million
- EBITDA \$26.1 million
- PBT \$25.4 million
- NPAT \$19.3 million
- Cash flow from operations \$18.2 million
- Final dividend of 5cps (fully franked) – total FY16 dividend of 10cps
- FY16 net cash of \$64.0 million

GR Engineering Services Limited (ASX:GNG) (**GR Engineering or Company**) is pleased to announce its financial results for the full year ended 30 June 2016 (**FY16**).

GR Engineering achieved another year of record sales revenue of \$255.3 million in FY16 (FY15 \$216.9 million). The increase in revenue was attributable to strong levels of EPC contracting activity, primarily in Western Australia. Earnings improved across all key metrics, with EBITDA of \$26.1 million (FY15 \$20.3 million) and NPAT of \$19.3 million (FY15 \$12.9 million) being recorded in FY16.

GR Engineering's oil and gas services business, Upstream Production Solutions (**Upstream PS**) also made a solid contribution to the group's earnings, reporting increased revenue of \$37.7 million (FY15 \$31.2 million) and delivering EBITDA of \$3.3 million, despite a prevailing downturn in the oil and gas sector.

The board has declared a final dividend of 5cps, fully franked, bringing the total fully franked dividend payable for FY16 to 10cps (FY15 9.5cps).

Commenting on the FY16 results, GR Engineering's Managing Director, Mr Geoff Jones, said:

"Having commenced FY16 with a healthy order book, GR Engineering has maintained its focus on performance and delivery, which supported the achievement of strong financial results. The Company has been able to maintain steady earnings growth and incremental improvement in returns over the past four financial years, amongst a backdrop of volatility in commodity prices and resources related capital expenditure over this period."

Strong leadership throughout our business and the retention of a loyal, committed workforce has resulted in the group maintaining industry leading operational capability and the ability to service clients in a safe manner to make important contributions to their projects."



Importantly, GR Engineering enters FY17 with adequate work in hand and opportunities for further engagement on projects that we are well placed to undertake both in Australia and overseas. This operating outlook, coupled with our balance sheet strength, has facilitated the declaration of a final dividend of 5cps (fully franked) and the payment of a record total dividend in FY16."

Summary Financial Results

A summary of GR Engineering's FY16 results follow:

Revenue & Earnings		FY16	FY15	% (YoY)
Revenue from operations	\$m	255.3	216.9	↑18%
EBITDA	\$m	26.1	20.3	↑29%
PBT	\$m	25.4	17.2	↑48%
Tax	\$m	6.1	4.3	
NPAT	\$m	19.3	12.9	↑50%
Basic EPS	cps	12.7	8.6	↑48%
Balance Sheet & Cashflow		FY16	FY15	
Net Cash	\$m	64.0	63.5	
Total Equity	\$m	52.0	48.7	
Net operating cashflow	\$m	18.2	42.5	

Please refer to GR Engineering's FY16 Audited Financial Report and Investor Presentation for further information on the Company's operational and financial performance.

Zero Harm

During FY16, GR Engineering recorded a Lost Time Injury Frequency Rate (LTIFR) of 0.42 and Total Recordable Injury Frequency Rate (TRIFR) of 5.89. The group remains committed to a zero harm working environment and is continually improving its health and safety related work practices, policies and procedures to achieve this outcome.

Strategy & Outlook

With the exception of the gold mining industry, economic conditions for the mining sector more generally remain volatile and competitive pressure on the limited number of design and construction opportunities remains high.

At the commencement of FY17, GR Engineering was engaged on 16 studies, with an emphasis on gold and copper projects.

GR Engineering enters FY17 with a solid order book comprising mainly Australian projects, including the Nova Nickel project and Mungana completion works. Currently, contracted revenue for the Company that will report to FY17 is approximately \$115 million and near term opportunities exist for



design and construction projects, primarily in the precious and base metals sector.

Should the conversion of these opportunities be consistent with historical conversion rates, FY17 revenue is expected to be broadly consistent with FY16, again weighted towards the second half.

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 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 300 professional and support staff throughout Australia and internationally, in addition to a direct construction workforce and subcontracted personnel.