



GR ENGINEERING SERVICES LIMITED
ENGINEERING CONSULTANTS AND CONTRACTORS

FY2011 Results Presentation



DISCLAIMER

This document has been prepared by GR Engineering Services Limited (“GR Engineering”) to provide an overview of GR Engineering and its 2010/2011 financial performance.

Any statements, opinions, projections or other material contained in this document do not constitute any commitments, representations or warranties by GR Engineering and associated entities or its directors, agents and employees. Except as required by law, and only to the extent so required, directors, agents and employees of GR Engineering shall in no way be liable to any person or body for any loss, claim, demand, damages, costs or expenses of whatsoever nature arising in any way out of, or in connection with, the information contained in the document.

This document includes certain statements, opinions, projections and other material, which reflect various assumptions. The assumptions may or may not prove to be correct. Recipients of the document must make their own independent investigations, consideration and evaluation of the opportunity to participate in any investment. By accepting this document the recipient agrees that if it proceeds further with its investigations, consideration or evaluation of the opportunity to participate in any investment it shall make and rely solely upon its own investigations and inquiries and will not in any way rely upon the document.

PRESENTATION OUTLINE

- About GR Engineering
- Corporate Overview and Highlights
- Financial Results
- Operational Overview
- FY12 Outlook

ABOUT GR ENGINEERING

- Australian based Engineering Design and Construction Contractor servicing the mining and minerals processing industry.
- Specialising in Engineering, Procurement and Construction (EPC) contracting to provide turnkey project delivery with secure cost, time, plant performance and contract completion warranties and guarantees.
- Founded in October 2006 but management team origins go back to 1986 when establishing JR Engineering.
- Employs +185 professional and support staff plus direct construction workforce and subcontractors.
- ASX listed 19 April 2011 following successful IPO.
- Offices in Perth, Kalgoorlie and Brisbane.
- Has provided services in over 20 countries across a range of commodities.
- Proven track record and excellent reputation.
- Over 80% negotiated repeat business.



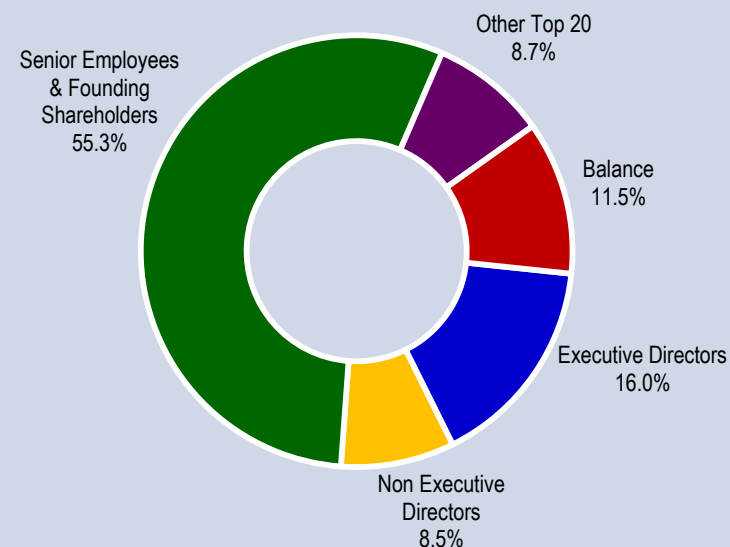
CORPORATE OVERVIEW AND HIGHLIGHTS

Capital Structure

Share Price (02-Sept-11)	\$1.77
Shares on Issue ¹	150.0m
Market Capitalisation	265.5m
Cash (as at 02-Sept-11)	45.1m
Debt (as at Sept-11)	1.0m
Net Cash	44.1m
Enterprise Value	221.4m

1. 2.5m options on issue exercisable at between \$1.25 and \$2.10 each that vest and expire on various dates.

Total Shares 150,000,000



CORPORATE OVERVIEW AND HIGHLIGHTS

Share Price Performance (since IPO)



CORPORATE OVERVIEW AND HIGHLIGHTS

■ Main Reasons for Public Listing

- ❖ Provide Balance Sheet to fund EPC contract bonding requirements via Bank Guarantees, normally 5 to 10%. Targeting opportunities for larger contracts.
- ❖ Increase GR profile and financial strength, capability and transparency to clients.
- ❖ Provides opportunity to make sensible value adding acquisitions via cash/script.



FINANCIAL RESULTS

- NPAT of \$21.1 million against IPO forecast of \$18.8 million.
- Revenue of \$142.5 million against IPO forecast of \$138.3 million.
- Fully franked dividend of 4 cents as per IPO forecast. Record date 16 September 2011 and payable 10 November 2011.

Financial Year Ending 30 June	FY11 Actual \$'000	FY10 Actual \$'000	% Change
Total Revenue	142,511	128,217	+11.1
EBITDA	28,877	24,228	+23.1
Depreciation & Amortisation	(542)	(500)	+10.2
EBIT	28,335	23,728	+19.2
Net Interest Income	912	699	+36.8
PBT	29,247	24,427	+19.7
Tax	(8,149)	(6,592)	+23.6
NPAT	21,098	17,835	+18.3



FINANCIAL RESULTS

- Balance sheet strength.

Financial Year Ending 30 June	FY11	FY10
Total Assets	68,075	48,905
Total Liabilities	27,241	38,720
Net Assets	40,834	10,185
Net Cash	36,045	12,400

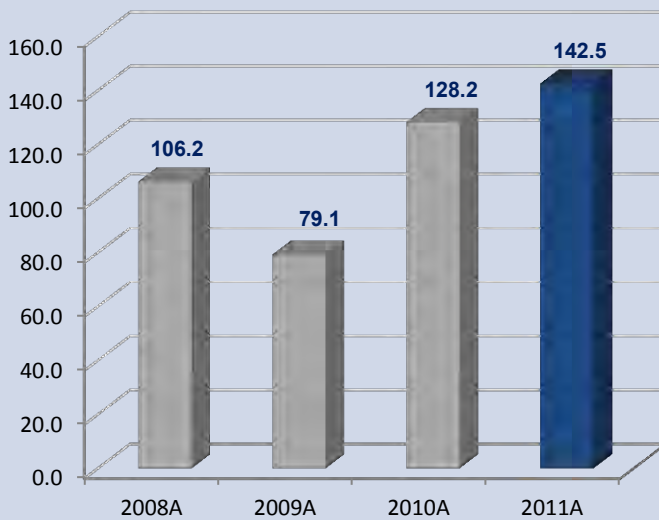


- Balance sheet can support significant project bonding requirements for larger EPC Contracts with aggregate value of around \$400M.
- Declared dividend is in line with policy targeting 50% - 60% payout.
- Very low capital expenditure/strong cash flow business.
- No material debt.

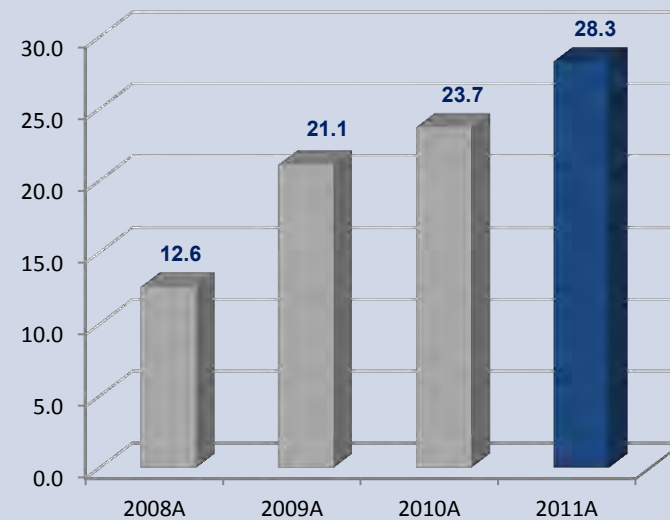
FINANCIAL RESULTS

- Revenue and EBIT history.

Revenue (\$ Millions)



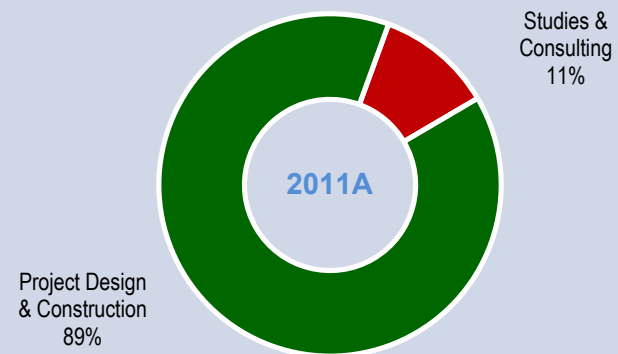
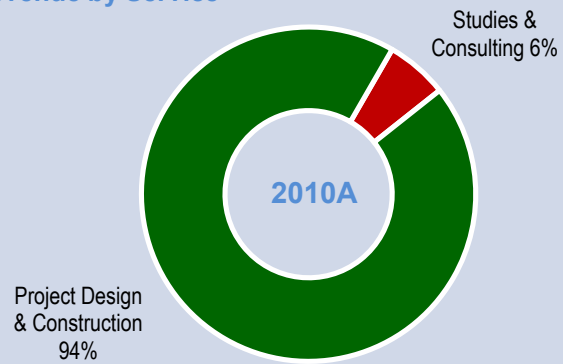
Earnings Before Interest and Tax (\$ Millions)



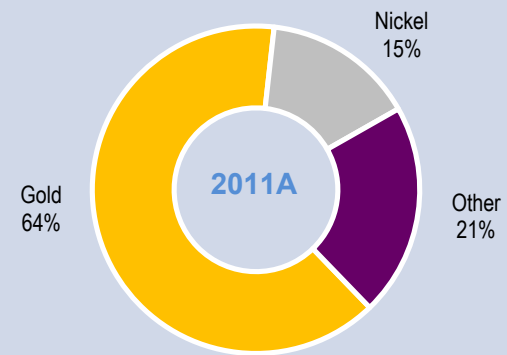
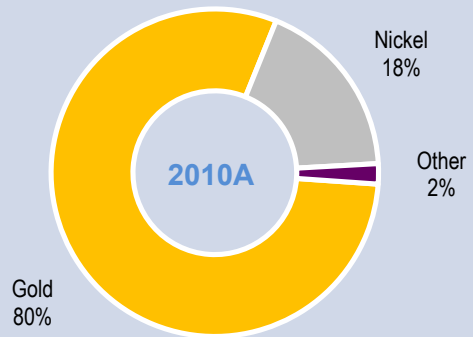
FINANCIAL RESULTS

Revenue Analysis

Revenue by Service



Revenue by Commodity



OPERATIONAL OVERVIEW

General

- Focused on providing integrated services which enables involvement in the entire project development life cycle:
 - ❖ Feasibility studies.
 - ❖ Engineering design and construction.
 - ❖ Asset management and operational support.
- Strong in gold, base metals and industrial mineral commodities.
- GRES operates in a niche market – Limited EPC competitors, high barriers to entry.
- Studies provide competitive advantage in winning future project work:
 - ❖ Delivers accurate estimation of scope, design, costs, time and performance due to continuous GRES project delivery activity.
 - ❖ Driving continuous back end project delivery experience into front end study expertise.
 - ❖ Established client working relationships.
 - ❖ GRES guarantee to deliver on study outcomes via EPC contracts.
 - ❖ Increases study/project bankability and debt financing ability.



OPERATIONAL OVERVIEW

- Projects delivered via turnkey EPC contracting arrangements. EPC „Risk“ managed by:
 - ❖ Tailoring EPC contracts to reflect client risk profile and needs; provides clients with secure and guaranteed outcomes.
 - ❖ Adopting comprehensive risk management and cost control systems.
 - ❖ Utilising in-house capabilities resulting in minimal subcontracting and maximum control.
 - ❖ Performing all design in-house. All site SMPE installations are self performed.
 - ❖ Employing strong EPC discipline culture – stay within area of expertise.
- Strong client base and relationships:
 - ❖ Range from junior and mid size companies to major internationals.
 - ❖ High levels of repeat business.



OPERATIONAL OVERVIEW

GR Engineering's Clients

Gold



Base Metals



Other



OPERATIONAL OVERVIEW

FY11

- Consistently increased professional and support staff to current +185 from 140 at beginning of FY11 – proven ability to attract high quality personnel. Maintained excellent staff retention rate.
- Significantly growing Brisbane office – stand alone business plus overflow Perth office capacity.
- Record level of feasibility studies undertaken.
- Significantly increasing study and project implementation services for international projects – mainly for Australian based clients. Some projects will be delivered on EPCM or „soft“ EPC model to manage risk.
- Maintained historical 40% to 50% conversion rate of final stage studies to EPC projects.
- Majority of Revenue came from study conversions, repeat business and negotiated work – minimal tendered work.

OPERATIONAL OVERVIEW

- Consistently attracting new clients as well as retaining existing clients.
- Increasing involvement in iron ore projects initially via studies and design services.
- In May 2011 awarded \$360M Moly Mines EPC Contract – conditional on full project financing, to be delivered over 2.5 years.
- Continued excellent safety performance. Twelve month LTI free achieved.
- Formed MDM Engineering Strategic Alliance for African project delivery capability.
- Continued track record of no loss making projects.
- Almost two thirds of Revenue came from Gold Projects – a good space to be in!



FY12 OUTLOOK

- Maintain robust financial performance:
 - ❖ Carrying forward \$100M revenue into FY12.
 - ❖ Currently undertaking over 20 feasibility studies of which over 10 are final stage studies and 8 for overseas projects.
 - ❖ Recently completed and current final stage studies with a potential EPC contract value of +\$900M over the next 1 to 3 years. Target 40% to 50% conversion rate.
 - ❖ Confident of a number of final stage study conversions by December 2011 to contribute to FY12.
 - ❖ Currently undertaking 8 projects.
 - ❖ Strong balance sheet and cash balance to continue.
 - ❖ Ability to support project bonding requirements.
 - ❖ Aiming to deliver on 50% to 60% dividend payout policy.
- Increasing opportunities in larger +\$100M EPC projects.
- Majority of Revenue will be from non-tendered work.
- Maintain strong focus on gold projects given current world financial and currency volatility.

FY12 OUTLOOK

- China growth and demand will drive base metals, bulk commodities and industrial minerals.
- Increasing involvement in iron ore projects.
- Major mining companies are now also looking at EPC project delivery as a result of significant cost/time overruns within alternate delivery models (EPCM) – opportunity for GRES.
- Continue with proven business model.
 - ❖ Integrated EPC project delivery is our core business.
 - ❖ Feasibility studies being future project pipeline.
 - ❖ Robust risk and cost management and control systems. Stay within area of expertise.
 - ❖ Low capital expenditure.
 - ❖ Strong client relationships/repeat business.
- Rising costs to be recognised in study estimates and tenders.
- Maintain strong OHSE performance.



FY12 OUTLOOK

- Maintain excellent industry track record and reputation for cost efficient, timely, safe and „fit for purpose“ project and services delivery.
- Suitable M & A opportunities will be considered and evaluated but primary focus on organic growth.
- Continue organic growth via:
 - ❖ Additional high quality staff and continue staff retention strategy.
 - ❖ Brisbane office expansion.
 - ❖ Increasing international study and project services.
 - ❖ Attracting new clients/maintain current clients.
- Management, organisational structure, balance sheet and client base in place to cater for future company growth. GRES can accommodate significant revenue growth if opportunities convert to work won.

