

ASX RELEASE

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For immediate release to the market

FY21 FINANCIAL RESULTS

▪ Revenue:	\$392.4 million	▪ EBITDA:	\$37.2 million
▪ PBT:	\$33.7 million	▪ Basic EPS:	14.9 cps
▪ Cash:	\$69.0 million	▪ Final dividend:	7.0 cps (fully franked)

GR Engineering Services Limited (ASX:GNG) (GR Engineering or Company) today announces its financial results for the financial year ended 30 June 2021 (FY21).

Overview

GR Engineering reported record FY21 revenue of \$392.4 million, EBITDA of \$37.2 million and a profit before tax of \$33.7 million, demonstrating increased earnings from a materially higher revenue base.

GR Engineering achieved revenue growth of 76% during FY21 as a result of strong contracting activity and solid operational performance in challenging conditions given the COVID-19 pandemic.

During FY21, the Company continued to generate strong operational cash flows and as a result, cash at bank increased by 84% to \$69.0 million during FY21.

Commenting on the Company's FY21 financial performance, GR Engineering's Managing Director, Mr Geoff Jones, said:

"GR Engineering achieved multiple project completions in FY21 that were on time and on budget. The safe and successful delivery of these projects reinforces GR Engineering's reputation as a proven process engineering design and construction contractor."

GR Engineering continues to meet the challenges associated with COVID-19 and the tightening of the Australian labour market, and importantly has been able to generate strong operational cashflows, earnings growth and returns to its shareholders. The response by the team has been excellent and I would like to thank all our personnel across the group."

During the year, the Upstream Production Solutions team continued to achieve significant contract wins from its Tier 1 clients and provided an important contribution to the overall business."

The strategic acquisition of Mipac during the year provides GR Engineering with an opportunity to offer advanced standalone control systems engineering, automation and technology solutions to its clients. The post-merger integration process has been seamless to date."

Based on GR Engineering's strong order book and balance sheet, the business is well placed to continue to deliver returns to its shareholders through FY22 and FY23."

The Board has resolved to declare a final dividend of 7.0 cps (fully franked), resulting in total FY21 dividends of 12.0 cps (fully franked).



Key Earnings and Balance Sheet Data – Consolidated Group

Revenue & Earnings		FY21	FY20
Revenue from operations	\$m	392.4	222.4
EBITDA	\$m	37.2	(underlying) 11.3 ¹
PBT	\$m	33.7	(9.7)
Tax	\$m	10.5	(2.5)
NPAT	\$m	23.2	(7.2)
Basic EPS	cps	14.9	(4.7)
Balance Sheet & Cashflow		FY21	FY20
Cash	\$m	69.0	37.5
Total equity	\$m	51.6	34.7
Net operating cashflow	\$m	49.5	11.2

Please refer to GR Engineering's FY21 Audited Financial Report for further information on the Company's operational and financial performance.

Mineral Processing

GR Engineering's design and construction order book for works currently being undertaken and which will continue into FY22 include:

- **Thunderbox 6 Mtpa Expansion Project** - \$101.0 million EPC Contract with Northern Star Resources Limited in relation to the design, engineering, procurement, construction and commissioning of the Thunderbox 6 Mtpa Expansion Project. Work commenced in July 2021.
- **Warrawoona Gold Project** - \$75.0 million EPC Contract with Calidus Resources Limited in relation to the design and construction of the processing plant and associated infrastructure for the Warrawoona Gold Project. Work commenced in late CY20.
- **Newmont Tanami Gold Mine** - \$68.0 million subcontractor with RUC Cementation Mining Contractors Pty Ltd (RUC) in relation to Newmont Corporation's (Newmont) Tanami Gold Mine in Australia. RUC has been engaged by Newmont under a head contract to complete certain underground construction works for Newmont. GR Engineering is responsible for the construction and commissioning of the temporary and permanent works associated with the surface infrastructure. Work is expected to be completed by April 2023.
- **Norseman Gold Project** - \$59.5 million EPC Contract with Pantoro Limited for the engineering, procurement and construction of a new processing plant for its 50% owned Norseman Gold Project in Western Australia. GR Engineering commenced work during the first quarter of CY21.
- **Wiluna Gold Operation Project** - \$25.7 million EPC Contract with Wiluna Mining Corporation for stage 1 works relating to the concentrator development program for its Wiluna Gold Operations located in Western Australia. GR Engineering commenced work in December 2020 and commissioning is scheduled for the last quarter for CY21.

¹ FY20 Underlying EBITDA excludes one-off bad debt expenses of \$17.6 million primarily associated with the TOGA debtor write-off, \$0.3 million relating to miscellaneous inventory and debtor write-offs and \$0.1 million relating to Hanlon acquisition costs



GR Engineering's pipeline of work opportunities include:

- **Abra Base Metals Project** - \$74.0 million project award by Abra Mining Pty Ltd (Abra Mining), for the design and construction of a 1.2 Mtpa lead sulphide flotation plant and ancillary infrastructure for the Abra Base Metals Project located in Western Australia. Abra Mining is 50% owned by Galena Mining Limited and 50% owned by Toho Zinc. GR Engineering has also been awarded additional work by Abra Mining to relocate, refurbish and commission the Higginsville Paste Plant.
- **Thunderbird Mineral Sands Project** - in May 2021, GR Engineering restarted early engineering and design works for the Thunderbird Mineral Sands Project for Sheffield Resources Limited and is progressing critical path design and procurement activities for the project. Owners site works activities have commenced this year, with EPC site works due to commence in April 2022. The final investment decision is expected in late 2021.
- **Woodlark Gold Project** - letter of intent with Geopacific Resources Limited for the proposed construction of a 2.4 Mtpa gold process plant on Woodlark Island in Papua New Guinea. Early works are being progressed as contract negotiations are being finalised.
- **WA Battery Graphite Manufacturing Facility** - letter of intent with EcoGraf (Australia) Limited for an engineering, procurement and construction contract for the development of a 20,000 tpa battery graphite facility in Western Australia. GR Engineering is undertaking early engineering works whilst working with EcoGraf to develop and execute the EPC contract.
- **Bardoc Gold Project** - appointed as preferred tenderer by Bardoc Gold Limited in relation to the EPC contract for the processing facility and associated infrastructure at its 100% owned Bardoc Gold Project.

Major projects completed during FY21 and subsequent to year end include:

- Thunderbox Paste Plant Project;
- Carosue Dam Operations Plant Expansion Project;
- Deflector Flotation Tails Leach Project;
- Lake Way Potash Project;
- Nullagine Mill Refurbishment Project;
- Davyhurst Restart Project;
- Sandy Ridge Waste Storage Project.

At 30 June 2021, GR Engineering was engaged on 30 studies across a broad range of commodities for projects both in Australia and abroad. This included the Hanlon Engineering team, based in Arizona, who also continued to win study work across multiple jurisdictions in the Americas.



Oil & Gas

GR Engineering's oil and gas services business, Upstream Production Solutions Pty Ltd (Upstream PS), achieved sustained revenue contributions primarily through a combination of operations, maintenance and brownfields projects servicing the coal seam gas (CSG), liquefied natural gas (LNG), carbon sequestration and onshore and offshore oil and gas sectors throughout Australia.

In Western Australia, Upstream PS remains a leading provider of operations and maintenance services to clients in the Perth Basin and the floating liquefied natural gas sector. In the Northern Territory, Upstream PS continued to provide maintenance services on the Blacktip gas field production facilities (onshore and offshore). Upstream PS' 'Darwin Hub' also continues to operate as a maintenance service and supply base facility servicing clients from Broome to Central Australia.

During FY21, Upstream PS continued working with the Australian Government to maintain the Northern Endeavour FPSO (FPSO) in a non-producing state. On 23 December 2020, Upstream PS executed a twelve month contract to 31 December 2021 with the Australian Government to provide operations, maintenance and project services to the FPSO in preparation for a disconnection and removal of the FPSO.

In eastern Australia, Upstream PS managed and executed maintenance and operations support services on over 5,000 CSG wells and expanded their Surat Basin presence providing rotating equipment maintenance from its Chinchilla facility, and opened an additional services support base in Roma. In Victoria and South Australia, Upstream PS continue to support numerous onshore clients with carbon sequestration, pipeline and gas production facility projects, operations and maintenance support.

Balance Sheet & Dividend

During FY21, the consolidated entity achieved a high EBITDA to cash conversion and significantly improved its cash position by 84% to \$69.0 million at 30 June 2021 (30 June 2020: \$37.5 million). During this period, GR Engineering paid out \$14.0 million in dividends to shareholders and acquired 100% of Mipac Holdings Pty Ltd for initial cash of \$7.5 million, share consideration of 5,424,711 shares and deferred earn-out payments.

The Board has resolved to declare a final dividend of 7cps (fully franked). The ex-dividend date for the final dividend will be 2 September 2021, with a record date of 3 September 2021. The payment date will be 22 September 2021.

Zero Harm

GR Engineering's Total Reportable Injury Frequency Rate for FY21 was 9.51. Disappointingly, GR Engineering recorded one Lost Time Injury on 19 December 2020, after 1,257 days and in excess of 2.3 million hours worked. The group pursues continuous improvement in its commitment to safety through its GRESAFE "360 Degree Safety from Every Angle" programme, with the primary objective of attention on prevention to achieve a zero harm workplace environment on all jobs and at all locations.

FY22 Update and Outlook

GR Engineering has a strong order book dominated by Australian projects and has been building its pipeline for both FY22 and FY23. The consolidated entity expects revenue for FY22 to be in the range of \$440 million to \$460 million.

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