



GR ENGINEERING SERVICES LIMITED
ENGINEERING CONSULTANTS AND CONTRACTORS

FY2011 Results Presentation



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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.



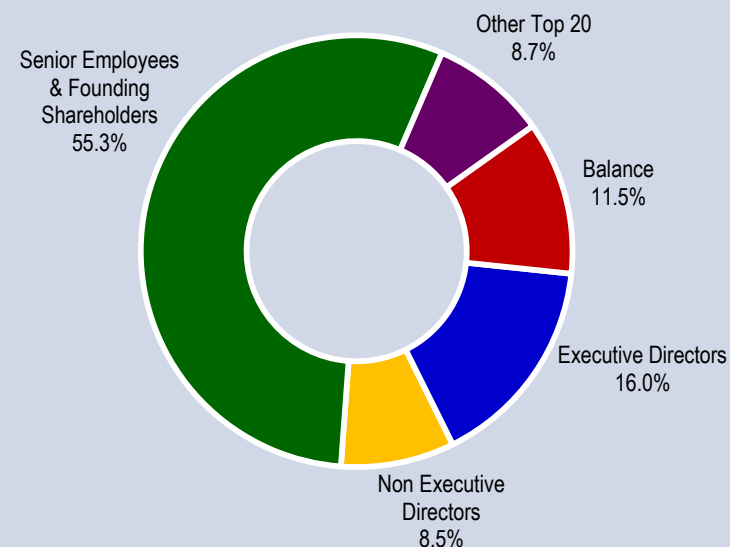
CORPORATE OVERVIEW AND HIGHLIGHTS

■ 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

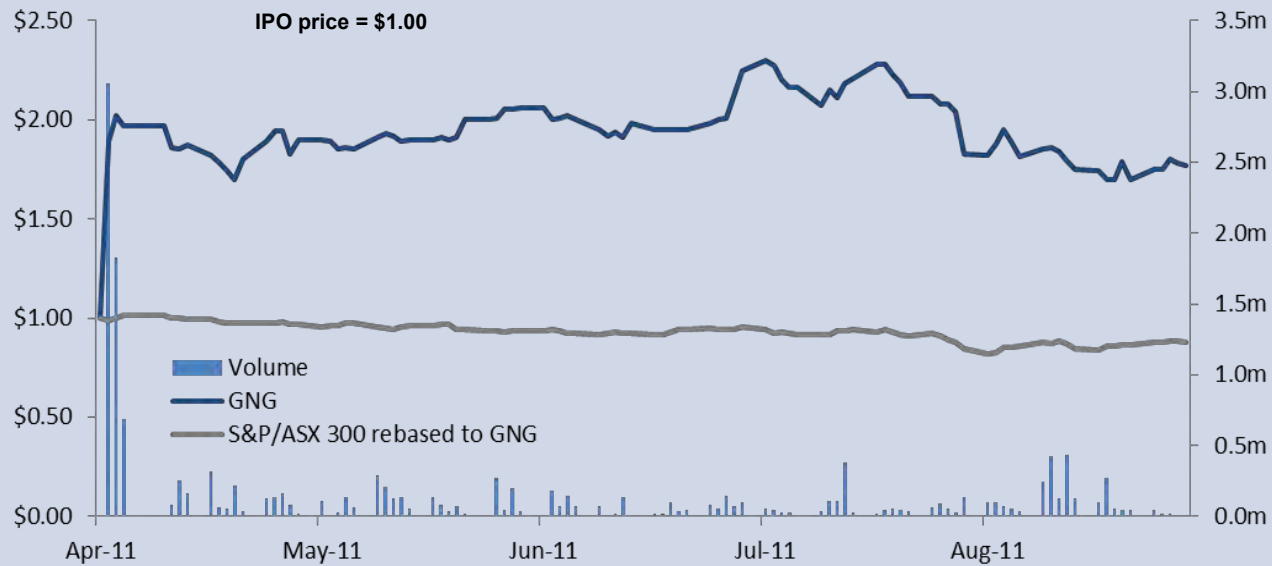
1. 2.5m options on issue exercisable at between \$1.25 and \$2.10 each that vest and expire on various dates.

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

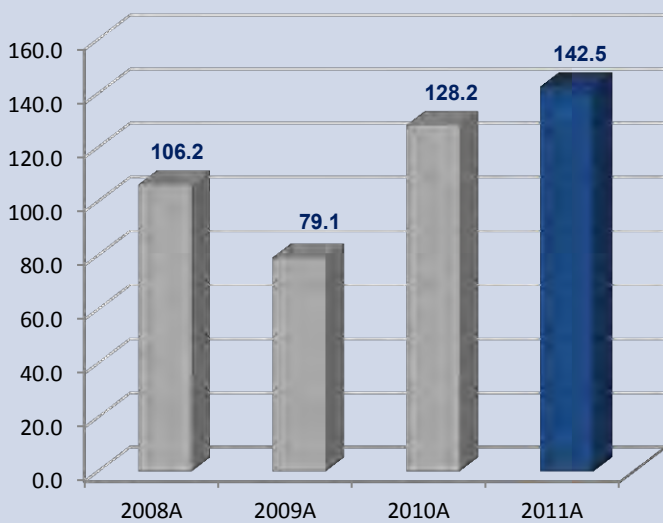


- Balance sheet can support significant project bonding requirements for larger EPC Contracts with aggregate value of around \$400M.
- Declared dividend is in line with policy targeting 50% - 60% payout.
- Very low capital expenditure/strong cash flow business.
- No material debt.

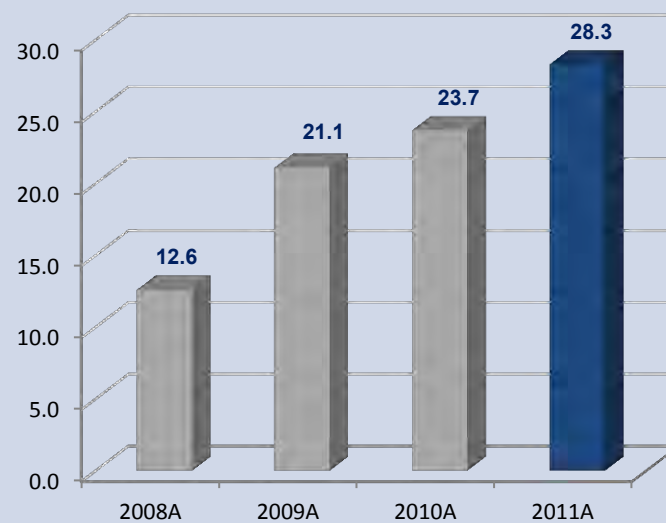
FINANCIAL RESULTS

- Revenue and EBIT history.

Revenue (\$ Millions)



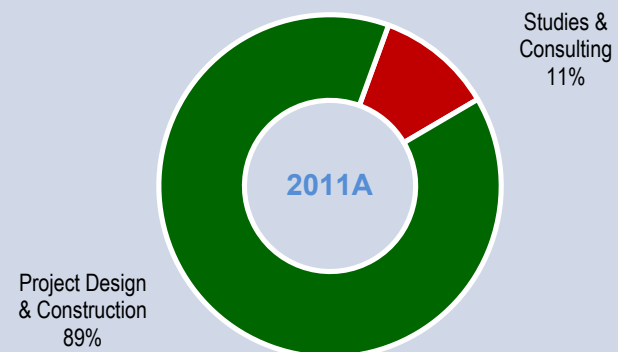
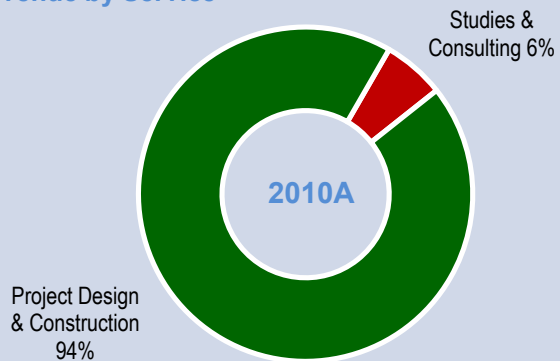
Earnings Before Interest and Tax (\$ Millions)



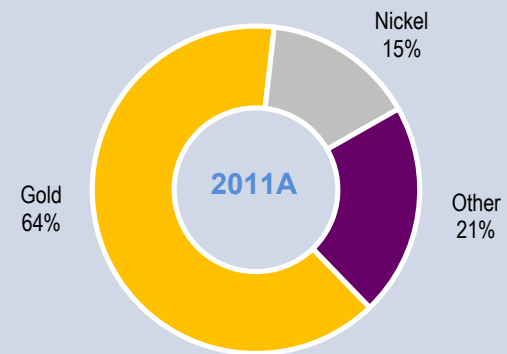
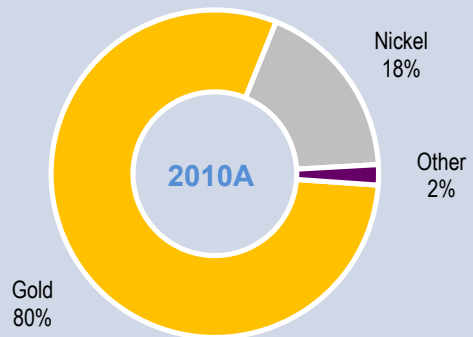
FINANCIAL RESULTS

■ 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.

