



ASX RELEASE

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For immediate release to the market

GR ENGINEERING MAINTAINS STRONG EARNINGS, INCREASES INTERIM DIVIDEND

HY15 Headline Results

- Sales revenue \$98.2 million (HY14 \$49.7 million) ↑ 97.6%
- EBITDA \$9.9 million (HY14 \$7.8 million) ↑ 26.9%
- PBT \$8.3 million (HY14 \$8.0 million) ↑ 3.8%
- NPAT \$6.5 million (HY14 \$7.3 million) ↓ 11.0%
- Cash flow from operations \$19.8 million (HY14 \$16.4 million) ↑ 20.7%
- Interim dividend of 4.5cps (fully franked) (HY14 3cps franked to 40%) ↑ 50%
- HY15 net cash of \$50.4 million¹ (HY14 \$45.0 million¹) ↑ 12.0%

GR Engineering Services Limited (ASX:GNG) (**GR Engineering** or **Company**) today announced its financial results for the half year ended 31 December 2014 (**HY15**).

GR Engineering reported HY15 sales revenue of \$98.2 million (HY14 \$49.7 million), EBITDA of \$9.9 million (HY14 \$7.8 million) and PBT of \$8.3 million (HY14 \$8.0 million). These results reflect the continued achievement of strong operational performance and financial results.

During HY15, GR Engineering generated cash flow from operations of \$19.8 million (HY14 \$16.4 million) and as at 31 December 2014 held net cash and net receivables of \$64.0 million.²

Improvement in EBITDA over the prior corresponding period was attributable to stronger revenues, including a \$15.4 million contribution for the half from Upstream Production Solutions. Continued focus on cost control also enhanced profitability in HY15.

Commenting on the HY15 financial results, GR Engineering's Managing Director, Mr Geoff Jones said:

¹ Including cash held to secure contingent liabilities under the Company's bonding facilities.

² Net cash plus trade receivables less trade payables.



"During HY15, we have focused on operational performance and strong safety outcomes across the group, which we have been able to achieve whilst generating strong financial results.

Against a competitive backdrop for resource services providers, GR Engineering secured additional contracts in HY15, notably with the award of the \$54.6 million EPC contract for the design and construction of the Keysbrook Mineral Sands Project and circa \$10 million³ Wetar Copper Expansion Project EPCM contract. Together with work on hand, the award of these contracts has given the Company good earnings visibility for the balance of FY15 and into FY16.

HY15 also saw the first full half contribution to consolidated results by Upstream Production Solutions which we are pleased to confirm has delivered operational and financial results consistent with expectations."

A summary of the HY15 financial results follow:

		HY15	HY14
Revenue from operations	\$m	98.2	49.7
EBITDA	\$m	9.9	7.8
PBT	\$m	8.3	8.0
Tax	\$m	1.8	0.7
NPAT	\$m	6.5	7.3
Basic EPS	cps	4.3	4.9
Net operating cashflow	\$m	19.8	16.4
Net Cash⁴	\$m	50.4	45.0
Total Equity	\$m	48.5	44.7

Strategy and Outlook

GR Engineering remains focussed on its stated strategy of growth through geographical expansion, commodity diversification and the identification of suitable acquisitions

GR Engineering remains alert to contract opportunities in Australia and abroad and will strive to continue to increase market share in a disciplined manner. This will be achieved through the promotion of its technical expertise and reputation for successful project delivery, as well as by leveraging off its strong financial position.

Based on expected contributions from the Hemerdon Tungsten/Tin Project, Greater Paraburdoo Moisture Reduction Project, Keysbrook Mineral Sands Project and Wetar Copper Expansion Project, the Company has reliable visibility for the remainder of FY15 and expects revenue in 2H15 to be consistent with revenue generated in HY15.

³ Based on an exchange rate of US\$1.00:A\$0.78

⁴ Including cash held to secure contingent liabilities under the Company's bonding facilities.



Balance Sheet

As at 31 December 2014, GR Engineering had net cash of \$50.4 million, with \$51.3 million in cash deposits.⁵

Dividend

The Company's Board has declared an interim dividend of 4.5 cents per share (fully franked), with a record date of 18 March 2015 and payable on 30 March 2015.

Further Information

Please refer to GR Engineering's HY15 Reviewed Financial Report for further information.

Ends.

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⁵ Including cash held to secure contingent liabilities under the Company's bonding facilities.



GR Engineering Services Limited (ASX:GNG) is an ASX listed engineering and consulting 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, GRES also has the ability to contract through a variety of models, including EPCM and hybrid contracting arrangements.

GR Engineering also 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 and Upstream Production Solutions employs more than 275 professional and support staff throughout Australia and South East Asia, in addition to a direct construction workforce and subcontractors.