



**GR ENGINEERING SERVICES**  
ENGINEERING CONSULTANTS AND CONTRACTORS

**ASX RELEASE**

23 August 2023

For immediate release to the market

**FY23 FINANCIAL RESULTS**

|                   |                 |                          |                          |
|-------------------|-----------------|--------------------------|--------------------------|
| ▪ <b>Revenue:</b> | \$551.4 million | ▪ <b>EBITDA:</b>         | \$44.4 million           |
| ▪ <b>PBT:</b>     | \$39.7 million  | ▪ <b>Basic EPS:</b>      | 17.0 cps                 |
| ▪ <b>Cash:</b>    | \$86.0 million  | ▪ <b>Final dividend:</b> | 10.0 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 2023 (FY23).

**Overview**

GR Engineering reported FY23 revenue of \$551.4 million, EBITDA of \$44.4 million and a profit before tax of \$39.7 million. GR Engineering's FY23 revenue result was higher than the revenue guidance of \$500 million to \$530 million previously provided in November 2022.

GR Engineering's EBITDA margin percentage increased in the second half of FY23 and the FY23 EBITDA margin percentage of 8.0% was consistent with historical levels. As previously disclosed in its half year results, GR Engineering's EBITDA margin percentage in the first half of FY23 was impacted by its Tasmanian projects. These Tasmanian projects have now been completed.

The Board has resolved to declare a final dividend of 10.0 cps (fully franked), resulting in total FY23 dividends of 19.0 cps fully franked (FY22: 19.0 cps fully franked).

Commenting on the Company's FY23 financial performance, GR Engineering's Managing Director, Mr Tony Patrizi, said:

*"GR Engineering has achieved a number of major project completions in FY23. The safe and successful delivery of these projects reinforces GR Engineering's reputation as a proven and reliable process engineering design and construction contractor.*

*Project execution levels remain high as work continues at the West Musgrave Project, Thunderbird Mineral Sands Project, Bellevue Gold Project and Cosmos Nickel Concentrator Facility Upgrade Project.*

*GR Engineering's contracted and near term pipeline across the group is strong and is continuing to grow. GR Engineering is also currently working on a high volume of studies across a broad range of commodities and geographies. Based on the strong pipeline and the high levels of study work, GR Engineering's medium to long term visibility for project work remains high.*

*At 30 June 2023, GR Engineering recorded a strong cash balance of \$86.0 million after paying out \$30.7 million in fully franked dividends to shareholders during FY23. Negligible bank debt, minimal ongoing capital requirements and strong project delivery all contributed to the maintenance of a robust and stable balance sheet.*

*I would like to take this opportunity to especially thank all our employees, sub-contractors and suppliers for their efforts and support across the GR Engineering, Upstream PS, Mipac and Hanlon businesses."*

For personal use only



## Key Earnings and Balance Sheet Data – Consolidated Group

| <b>Revenue &amp; Earnings</b>       |     | <b>FY23</b> | <b>FY22</b> |
|-------------------------------------|-----|-------------|-------------|
| Revenue from operations             | \$m | 551.4       | 651.7       |
| EBITDA                              | \$m | 44.4        | 55.8        |
| PBT                                 | \$m | 39.7        | 50.3        |
| Tax                                 | \$m | 12.2        | 15.6        |
| NPAT                                | \$m | 27.5        | 34.7        |
| Basic EPS                           | cps | 17.0        | 21.6        |
| <b>Balance Sheet &amp; Cashflow</b> |     | <b>FY23</b> | <b>FY22</b> |
| Cash                                | \$m | 86.0        | 102.0       |
| Total equity                        | \$m | 59.7        | 62.2        |

Please refer to GR Engineering's FY23 Audited Financial Report for further information on the Company's operational and financial performance.

GR Engineering's mineral processing and energy order book for works currently being undertaken and which will continue into FY24 include:

### Mineral Processing

- **West Musgrave Project** - GR Engineering is engaged by BHP Group Limited for the design and construction works for the West Musgrave Mineral Process Plant in Western Australia. Mipac has also been engaged within the GR Engineering scope of work to provide specialist electrical and instrumentation services. The estimated revenue from the delivery of this work is \$312 million over a two year period, noting contracts were awarded during April 2023.
- **Thunderbird Mineral Sands Project** - \$179.5 million EPC Contract with Kimberley Mineral Sands Pty Ltd in relation to the engineering, procurement and construction of the mineral processing plant and associated facilities for the Thunderbird Mineral Sands Project. Practical completion is expected to occur in the first half of FY24.
- **Bellevue Gold Project** - \$87.8 million EPC Contract with Golden Spur Resources Pty Ltd, a wholly owned subsidiary of Bellevue Gold Limited, for the engineering, procurement and construction works in relation to the 1.0 Mtpa gold processing plant and associated infrastructure for the Bellevue Gold Project. Practical completion is expected to occur in the first half of FY24.
- **Cosmos Nickel Concentrator Facility Upgrade** - \$76.0 million EPC Contract with Australian Nickel Investments Pty Ltd, a wholly owned subsidiary of IGO Limited, for the engineering, procurement and construction work in relation to the upgrade of the existing nickel concentrator at the Cosmos Nickel Operations. Practical completion is expected to occur in the first half of FY24.

GR Engineering's pipeline of work opportunities include:

- **Yangibana Rare Earths Project - Beneficiation Plant** - on 4 August 2023, GR Engineering was awarded an EPC Contract with Yangibana Pty Ltd, a wholly owned subsidiary of Hastings Technology Metals Limited (Hastings) for a beneficiation plant and associated infrastructure for the Yangibana Rare Earths Project. The contract sum, including the provisional sum, is \$210 million. GR Engineering has commenced early works up to an agreed capped amount. The EPC Contract is conditional on GR Engineering being issued with a commencement notice, which is dependent on Hastings finalising funding for the project, as well as a number of other pre-conditions standard for an EPC Contract.
- **Kainantu Gold Mine - 1.2 Mtpa Process Plant** - on 25 July 2023, GR Engineering received a Letter of Intent from K92 Mining Ltd, a subsidiary of TSX listed K92 Mining Inc. for the EPC works for a 1.2 Mtpa Process Plant at the Kainantu Gold Mine in Papua New Guinea. The contract sum is US\$81 million. GR Engineering has commenced works on an agreed scope and cost basis.



At 30 June 2023, GR Engineering was engaged on 30 studies across a broad range of commodities for projects both in Australia and abroad.

### *Process Controls*

Mipac is a leading provider of control systems, operational technology and engineering services primarily in the mineral processing, energy and water industries. With an established proven track record of success, Mipac provides their clients with solutions that empower and engage workforces by providing automation and digitalisation that enhances decision making, productivity, performance and safety.

During FY23, Mipac continued to deliver control systems, automation and digital solutions for key repeat clients such as First Quantum Minerals Limited, BHP Group Limited, Glencore Technology, Anglo American and other large conglomerates. Mipac achieved another record revenue and earnings result for FY23 and continues to operate at a high utilisation based on its strong contracted and near term pipeline of work.

### **Energy**

GR Engineering's operations and maintenance services business, Upstream PS, achieved revenue contributions primarily through the provision of operations and maintenance services to the energy sector including conventional gas, coal seam gas (CSG) to Liquefied Natural Gas (LNG), green hydrogen production and transport, carbon sequestration to onshore and offshore oil and gas sectors throughout Australia.

In eastern Australia, Upstream PS managed and executed maintenance and operations support services on over 3,000 CSG wells. Upstream PS has also recently significantly expanded its service offering to Santos in the Cooper Basin. Upstream PS continues to support onshore clients with respect to carbon sequestration services and were contracted to operate and maintain an industry leading green hydrogen production facility based in Queensland. In January 2023, Upstream PS commissioned and continued as the regulated operator for Vintage Energy's Vali assets in the Cooper Basin.

On 26 June 2023, Upstream PS was awarded a 5 year contract with QPM, with an option for a further 5 years, to provide regulated operations and maintenance services for the Moranbah Gas Plant and associated assets (together the 'MGP'). The estimated revenue for this contract is \$30 million per annum. The contract is conditional on transition of ownership of the MGP from Arrow Energy to QPM.

In Western Australia, Upstream PS remains a leading provider of operations and maintenance services to clients in the Perth Basin. Upstream PS is providing services at Chevron's Gorgon Project and continues to provide operations support services for Santos projects in the region. In the Northern Territory, Upstream PS continued to provide maintenance services on the Blacktip gas field production facilities (onshore and offshore). In September 2022, Upstream PS safely and successfully completed its works on the Northern Endeavour FPSO project for the Australian Government.

### **Balance Sheet & Dividend**

As at 30 June 2023, the consolidated entity held a solid cash position of \$86.0 million (30 June 2022: \$102.0 million) with negligible external bank debt. During FY23, GR Engineering paid out \$30.7 million in fully franked dividends to shareholders.

The Board has resolved to declare a final dividend of 10 cps (fully franked). The ex-dividend date for the final dividend will be 4 September 2023, with a record date of 5 September 2023. The payment date will be 22 September 2023.

### **Zero Harm**

GR Engineering's Total Reportable Injury Frequency Rate for FY23 was 11.42. The group pursues continuous improvement in its commitment to safety through its GRESAFE "360 Degree Safety from Every Angle" programme, with the primary objective being the achievement of a zero harm workplace environment on all jobs and at all locations.



---

## **FY24 Update and Outlook**

GR Engineering has a solid order book and has been building its pipeline for both FY24 and FY25. GR Engineering intends to provide FY24 guidance at its 2023 Annual General Meeting, to be held on 22 November 2023, when it is likely to have more certainty in relation to the timing of key projects.

For further information please contact:

**Tony Patrizi**

Managing Director

☎ +61 8 6272 6000

✉ [tony.patrizi@gres.com.au](mailto:tony.patrizi@gres.com.au)

**Omesh Motiwalla**

CFO & Company Secretary

☎ +61 8 6272 6000

✉ [omesh.motiwalla@gres.com.au](mailto:omesh.motiwalla@gres.com.au)

---

For personal use only