



GR ENGINEERING SERVICES
ENGINEERING CONSULTANTS AND CONTRACTORS

ASX RELEASE

22 August 2024

For immediate release to the market

FY24 FINANCIAL RESULTS

▪ Revenue:	\$424.1 million	▪ EBITDA:	\$50.9 million
▪ PBT:	\$46.1 million	▪ Basic EPS:	18.9 cps
▪ Cash:	\$74.6 million	▪ Final dividend:	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 2024 (FY24).

Overview

GR Engineering reported FY24 revenue of \$424.1 million, EBITDA of \$50.9 million and a profit before tax of \$46.1 million.

The group achieved an improved EBITDA result from a lower revenue base compared to the prior year. The EBITDA margin percentage was consistent with the half year results. This was the result of solid operational performance across the core business and from GR Production Services (GRPS) and Mipac. The lower revenue compared to the prior year reflected delays in expected contract awards across the group.

The Board has resolved to declare a final dividend of 10.0 cps (fully franked), resulting in total FY24 dividends of 19.0 cps fully franked (FY23: 19.0 cps fully franked).

Commenting on the Company's FY24 financial performance, GR Engineering's Managing Director, Mr Tony Patrizi, said:

"GR Engineering successfully and safely achieved multiple major project completions during the year. These completions including the world class Thunderbird Minerals Sands Project, Bellevue Gold Project and Cosmos Nickel Concentrator Facility Upgrade Project.

Project execution levels remain high as works continue on the Mungari Future Growth Project, Kathleen Valley Lithium Backfill Project and Kainantu Gold Project. GR Engineering will work through a transition period with BHP with respect to the West Musgrave Project with operations to be suspended in October 2024 and handover activities to be completed by December 2024. GR Engineering will continue to support BHP during this process.

GRPS and Mipac provided strong contributions to the consolidated group's results. Both businesses are expected to achieve growth in FY25. During FY24, Mipac acquired Paradigm Engineers, a controls systems and electrical engineering, automation and technology services business based in Western Australia. I welcome the Paradigm employees to the GR group.

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

At 30 June 2024, GR Engineering recorded a cash balance of \$74.6 million after paying out \$31.3 million in fully franked dividends to shareholders during FY24. Negligible bank debt, low capital intensity and excellent 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 group."

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Key Earnings and Balance Sheet Data – Consolidated Group

Revenue & Earnings		FY24	FY23
Revenue from operations	\$m	424.1	551.4
EBITDA	\$m	50.9	44.4
PBT	\$m	46.1	39.7
Tax	\$m	14.8	12.2
NPAT	\$m	31.2	27.5
Basic EPS	cps	18.9	17.0
Balance Sheet & Cashflow		FY24	FY23
Cash	\$m	74.6	86.0
Total equity	\$m	66.4	59.7

Please refer to GR Engineering's FY24 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 FY25 include:

Mineral Processing

- **Mungari Future Growth Project** - \$155 million EPC Contract with Evolution Mining for the Mungari Future Growth Project in Western Australia. The scope of the work is to expand the existing Mungari process plant to an annual throughput of 4.2 Mtpa, including required changes to process plant buildings and the associated infrastructure. This project was awarded in September 2023 and site mobilisation occurred in early 2024.
- **Kainantu Gold Project - 1.2 Mtpa Process Plant** - US\$81 million EPC Contracts with a wholly owned subsidiary of TSX listed K92 Mining Inc for a 1.2 Mtpa Process Plant at the Kainantu Gold Mine in Papua New Guinea. This project was awarded in December 2023 and site mobilisation commenced in 2024.
- **Kathleen Valley Lithium Backfill Project** - \$71 million EPC Contract with a wholly owned subsidiary of Liontown Resources Limited (Liontown) for the Kathleen Valley Lithium Project in Western Australia. The project scope comprises two paste plants which will produce paste fill for use in Liontown's underground operations. The contract was awarded in May 2024.
- **West Musgrave Project** - on 14 April 2023, GR Engineering entered into contracts with BHP Group Limited (BHP) (formerly OZ Minerals Limited) for the design and construction works of the West Musgrave Project in Western Australia. On 11 July 2024, BHP announced a temporary suspension of the Nickel West operations and the West Musgrave Project. BHP stated that a transition period will commence from July 2024, with operations to be suspended in October 2024 and handover activities for temporary suspension will be completed by December 2024. GR Engineering will continue to support BHP during the transition and handover process.
- **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 is continuing 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.

In addition to the above projects, GR Engineering is involved in ongoing early contractor work and maintains a solid pipeline of near term work opportunities across a broad range of commodities.

At 30 June 2024, GR Engineering was engaged on 23 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 a proven track record of success, Mipac leverages technology to deliver solutions for operational challenges across a project's entire life cycle, minimising risk and driving productivity.

During FY24, Mipac continued to deliver control systems, automation and digital solutions for key repeat clients such as First Quantum Minerals, BHP, Glencore Technology, Anglo American, Ok Tedi Mining and other large conglomerates. Mipac achieved a record revenue and earnings result for FY24 and continues to operate at a high utilisation based on its strong contracted and near term pipeline of work.

On 1 February 2024, Mipac entered into an agreement to acquire Paradigm Engineers Pty Ltd (Paradigm), a provider of control systems and electrical engineering, automation and technology services based in Western Australia. This transaction enhances Mipac's control systems and design capabilities and expands its existing footprint in Western Australia. Paradigm has significant expertise working across a range of commodities, including iron ore, gold and battery minerals. This transaction was completed on 13 March 2024.

Energy

GR Engineering's production services business, GRPS, 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), LNG (offshore and onshore), green hydrogen production and transport, carbon sequestration and onshore and offshore oil and gas sectors throughout Australia.

In Queensland and South Australia (Cooper Basin), GRPS managed and executed maintenance and operations support services on over 3,000 CSG wells and conventional oil and gas wells. In July 2023, GRPS significantly expanded its services for Santos in the Cooper Basin. In August 2023, GRPS transitioned the Moranbah Gas Project from Arrow ownership to ASX listed Queensland Pacific Metals. GRPS is the regulated operator of these assets under a long term agreement. GRPS 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. GRPS is actively providing operational advisory services on several Australian green hydrogen projects. GRPS continued as the regulated operator for Vintage Energy's Vali assets in the Cooper Basin.

In the Northern Territory, GRPS continued to provide maintenance services on the Blacktip gas field production facilities (onshore and offshore). On 14 November 2023, GRPS was awarded a three year contract with two three year extension options with INPEX Operations Australia (INPEX) for the provision of operations and maintenance support services to the Ichthys LNG upstream and downstream facilities. The scope of work involves providing production and technical roles to INPEX as required to supplement their business and support for maintenance shutdown planning and execution on all facilities. The estimated revenue for this contract is \$12 million per annum.

In Western Australia, GRPS remains a leading provider of operations and maintenance services to clients in the Perth Basin. GRPS is providing services at Chevron's Gorgon Project and continues to provide operational support services for Santos projects in the region. On 15 May 2024, GRPS executed a Master Services Agreement for maintenance and operational support services to Mitsui E&P Australia (MEPAU) and Beach Petroleum's Waitsia asset in the Perth Basin. The scope of work includes all of MEPAU's operated assets in the region.

Balance Sheet & Dividend

At 30 June 2024, the consolidated entity maintained a solid cash position of \$74.6 million (30 June 2023: \$86.0 million) with negligible external bank debt. During this period, GR Engineering paid out \$31.3 million (FY23: \$30.7 million) in fully franked dividends to shareholders.



The Board has resolved to declare a final FY24 dividend of 10 cents per share, fully franked. The ex-dividend date for this dividend will be 2 September 2024, the Record Date is 3 September 2024 and the Payment Date is 20 September 2024.

Zero Harm

GR Engineering's Total Reportable Injury Frequency Rate for FY24 was 2.11. 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.

FY25 Update and Outlook

GR Engineering has a solid contracted pipeline and has been building its orderbook for FY25 and future periods. GR Engineering intends to provide FY25 guidance at its 2024 Annual General Meeting, to be held on 27 November 2024, when it is likely to have more certainty in relation to the timing of key projects.

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