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5 April 2018

ASX ANNOUNCEMENT

STRATEGIC ACQUISITION AND FULLY- UNDERWRITTEN CAPITAL RAISING

Australian complex services company SRG Limited ("SRG") today announces a strategic push into the New Zealand market with the A\$32.9 million acquisition of TBS Group, a specialist industrial contractor in asset and infrastructure maintenance services.

A binding Share Purchase Agreement has been executed under which SRG will acquire 100% of the shares in TBS Group Pty Ltd ("TBS Group") for NZ\$35.0m (A\$32.9m)¹. TBS is a non-core asset held by ASX-listed automotive company Bapcor Limited ("Bapcor") ("Acquisition").

The acquisition will deliver SRG significant revenue and earnings and be highly EPS accretive to shareholders of approximately 30%².

1. Key Transaction Highlights

- Funded by A\$24m capital raising (A\$20m placement and A\$4m SPP) and balance from existing cash / NAB debt facilities
- FY18F revenue of ~A\$70m, EBITDA range of A\$7.5m – A\$7.9m and EBIT range of A\$6.0m – A\$6.4m
- FY19F EBITDA range of A\$8.0m – A\$9.0m
- ~4.2x FY18F EV/EBITDA multiple and ~3.8x FY19F EV/EBITDA multiple

David Macgeorge, Managing Director of SRG, described TBS Group as a highly attractive acquisition that is aligned with SRG's strategic plan to pursue selective growth in complementary markets and services.

"TBS provides us with further international geographic expansion and a platform for future growth in New Zealand. We have significantly enhanced our exposure to asset maintenance services and believe there are significant opportunities to be unlocked including various cross-sell opportunities across both Australia and New Zealand. TBS is an excellent cultural fit with a highly experienced management team and the acquisition provides new and exciting opportunities for both SRG and TBS employees."

¹ Purchase Price based on a cash free and debt free basis and subject to working capital adjustments. NZD converted to AUD at 0.94. Includes NZ\$2.5m purchase price deferred until September 2018 subject to certain conditions.

² Based on FY18 broker consensus for SRG and midpoint of TBS FY19F

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2. Background on TBS Group

TBS Group is a leading New Zealand based specialist industrial contractor providing asset and infrastructure maintenance services. Range of specialist services provided include infrastructure maintenance services, building maintenance services, remedial services, protective coatings, industrial access solutions (scaffold and rope) and refractory services. Key sectors include oil and gas, transport infrastructure, energy, renewables, steel and dairy.

TBS Group was originally established in 1948 in Auckland as the Farnsworth Group. Today, TBS Group employs 450 people and is headquartered in Auckland with operations and 9 branches throughout New Zealand.

Primarily operates via four specialist companies including:

- **TBS Farnsworth** (including Total Bridge Services JV): Diverse asset maintenance and construction services provider and maintains some of New Zealand's largest infrastructure assets. Is a party to the Total Bridge Services JV with Fulton Hogan and WSP Opus NZ that provides maintenance activities on the Auckland Harbour Bridge
- **TBS Remcon**: Established in 2013 to offer construction solutions to remediate leaky, seismically challenged end of life buildings and structures. Services include concrete and structural remediation, interior refurbishment, façade building deconstruction and reconstruction, structural strengthening and toxic waste removal
- **TBS Coatings**: Provides access solutions, abrasive blasting and protective coating services
- **Crow Refractory**: Leading provider of refractory services including the design, supply, construction, installation and maintenance of refractory lining

TBS Group is a non-core asset held for sale by Bapcor Limited (an ASX listed company whose main focus is on providing automotive aftermarket parts and accessories). TBS Group was previously acquired by an investment holding company, Hellaby Holdings Limited ("Hellaby"). Bapcor acquired TBS Group in February 2017 via its acquisition of Hellaby. As an automotive parts distributor, Bapcor has divested various non-core assets, with TBS Group the last remaining non-core asset held for sale.

3. Strategic Rationale

The acquisition of TBS Group represents a major expansion of SRG's presence in the New Zealand market and is consistent with SRG's strategy to grow into adjacent and complementary sectors whilst preserving its identity as a specialist and complex services provider.

- ✓ Acquisition of TBS Group is a strategically attractive acquisition
- ✓ Significantly enhances SRG's exposure in specialised services and maintenance
- ✓ Strategically aligned specialist services offering

- ✓ Enhances SRG's sector and customer diversity
- ✓ International geographic expansion and platform for future growth in New Zealand
- ✓ Synergies and cross-selling opportunities (accelerated SRG growth opportunities in New Zealand and TBS Group opportunities in Australia)
- ✓ Non-core asset acquired with significant untapped opportunities
- ✓ Highly experienced management team and an excellent cultural fit

4. Transaction Summary

SRG has entered into a binding Share Purchase Agreement to acquire 100% of the shares of TBS Group Pty Ltd for NZ\$35.0m³ (A\$32.9m), on a cash free and debt free basis. The purchase price is subject to a post completion adjustment following the final determination of working capital. The purchase price includes a deferred component of NZ\$2.5m until September 2018 subject to certain conditions being met.

Bapcor Limited owns 100% of the shares in TBS Group Pty Ltd, which operates the business of TBS Group.

Completion of the transaction is scheduled to occur on 11 April 2018, subject to the receipt of subscriptions by SRG under the institutional placement. The economic effective date for the Acquisition is 1 April 2018.

5. Financial Impact

TBS Group is expected to achieve FY18F revenue of ~A\$70m, EBITDA range of A\$7.5m – A\$7.9m and EBIT of A\$6.0m – A\$6.4m with FY19F EBITDA of A\$8.0m – A\$9.0m⁴.

The Acquisition is expected to have the following effect on SRG on a pro forma basis:

- EPS accretion of approximately 30% on a full year pro forma adjusted basis (based on FY18 broker consensus for SRG and midpoint of TBS FY19F)⁵
- Significant increase in revenue and higher EBITDA margins
- Strong balance sheet position post acquisition with an expected pro-forma Dec-17 net debt position of A\$5.9m following the acquisition funding (described below) and completion of the Acquisition

Following the Acquisition, SRG will retain a strong balance sheet with additional head room under its existing debt facilities.

³ Includes NZ\$2.5m purchase price deferred until September 2018 subject to certain conditions.

⁴ On a full year basis and excludes potential synergies, transaction costs and integration costs.

⁵ Before synergies, transaction costs, integration costs and amortisation of customer related intangibles.

6. Transaction Funding

The acquisition will be funded by a combination of:

- Drawing down existing NAB debt facilities
- Proceeds from an underwritten equity placement, and
- Proceeds from a share purchase plan ("SPP").

The debt component of the transaction will be funded through SRG's existing debt facility from National Australia Bank Limited.

SRG has today launched a fully underwritten institutional placement to raise A\$20.0 million to partly fund the acquisition ("Placement"). The Placement will be undertaken by way of a fixed price offering at \$1.60 per share, representing a 5.3% discount to the 5 day VWAP and a 4.7% discount to last close, and will result in a maximum issue of approximately 12.5 million new ordinary shares. The Placement is fully underwritten by Euroz Securities Limited and Hartleys Limited.

In addition, SRG will offer an SPP at the same price as the Placement to raise a maximum of A\$4.0 million. SRG will offer eligible shareholders with registered addresses in Australia or New Zealand as at 4.00pm Perth time on 4 April 2018 (the Record Date) an opportunity to participate in the SPP allowing them to acquire up to A\$15,000 in new SRG shares. The SPP will be subject to a scale back if oversubscriptions are received. Details of the SPP will be sent to shareholders during the week commencing 9 April 2018.

7. Key Dates

SPP Record Date	Wednesday, 4 April 2018
Placement Conducted	Thursday, 5 April 2018
Existing SRG Shares recommence trading	Friday, 6 April 2018
Placement Settlement Date	Wednesday, 11 April 2018
Allotment and trading of Placement shares	Thursday, 12 April 2018

8. Advisers

Euroz Securities Limited and Hartleys Limited will be Joint Lead Managers and Joint Underwriters of the Placement. Bell Potter will be Co-Manager. Investec Australia Limited is acting as Sole Financial Adviser, PwC is acting as financial due diligence and tax advisers and Herbert Smith Freehills and Chapman Tripp are acting as legal advisers to SRG on the Acquisition. Sternship Advisers is acting as Corporate Adviser.

ENDS

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Issued by SRG Limited ABN 57 006 413 574

SRG Limited are an Australian complex services company. Our vision is to make the complex simple for our customers and our mission is to be a leading provider of complex services to the construction and mining industry worldwide.

Founded in Victoria in 1961, the Company commenced trading as BBR Australia Pty Ltd with the first project undertaken to supply and install rock anchors for the Snowy Mountains scheme. Listed in 1987 on the ASX as Structural Systems Limited, the organisation has grown from a small privately owned specialist post-tensioning company to a diverse international contractor in building, civil, mining, products and services. SRG has offices throughout Australia as well as in the Middle East and Hong Kong. In November 2014, Structural Systems Limited became SRG Limited.