

# ASX ANNOUNCEMENT



27 August 2019

## Full Year Results, Final Dividend & Investor Presentation

### Full Year Results

SRG Global Limited ('SRG Global' or 'the Company', ASX: SRG), an engineering-led specialist construction, maintenance and mining services group has delivered its Full Year Financial Results for the twelve months ended 30 June 2019 ('FY19').

FY19 includes a 12-month contribution from SRG Limited (1 July 2018 to 30 June 2019) and a 10-month contribution from Global Construction Services Limited (1 September 2018 to 30 June 2019), following a merger of the two companies that completed in FY19.

### Executive Summary

- **Revenue** in FY19 of \$506.4m
- **Adjusted EBITDA** of \$32.0m and **adjusted EBIT** of \$22.5m
- Financial result **impacted** by challenging market conditions, delayed awards of targeted large-scale construction projects and the associated carrying costs to maintain engineering and delivery capability
- **Strong balance sheet** with cash in hand of \$58.3m and **net cash** of \$12.2m
- **Final, fully franked div** of 0.5 cps (total FY19 div of 1.5 cps) balanced with **growth investment**
- **Record work in hand** of \$708.0m, up 36% since Dec 18
- **Recurring revenue** now represents circa 70% of work in hand revenue mix
- **Opportunity pipeline** of \$5.2b across positive growth sectors
- **Well positioned** for sustainable growth in FY20 and beyond

○ Engineer ○ Construct ○ Sustain

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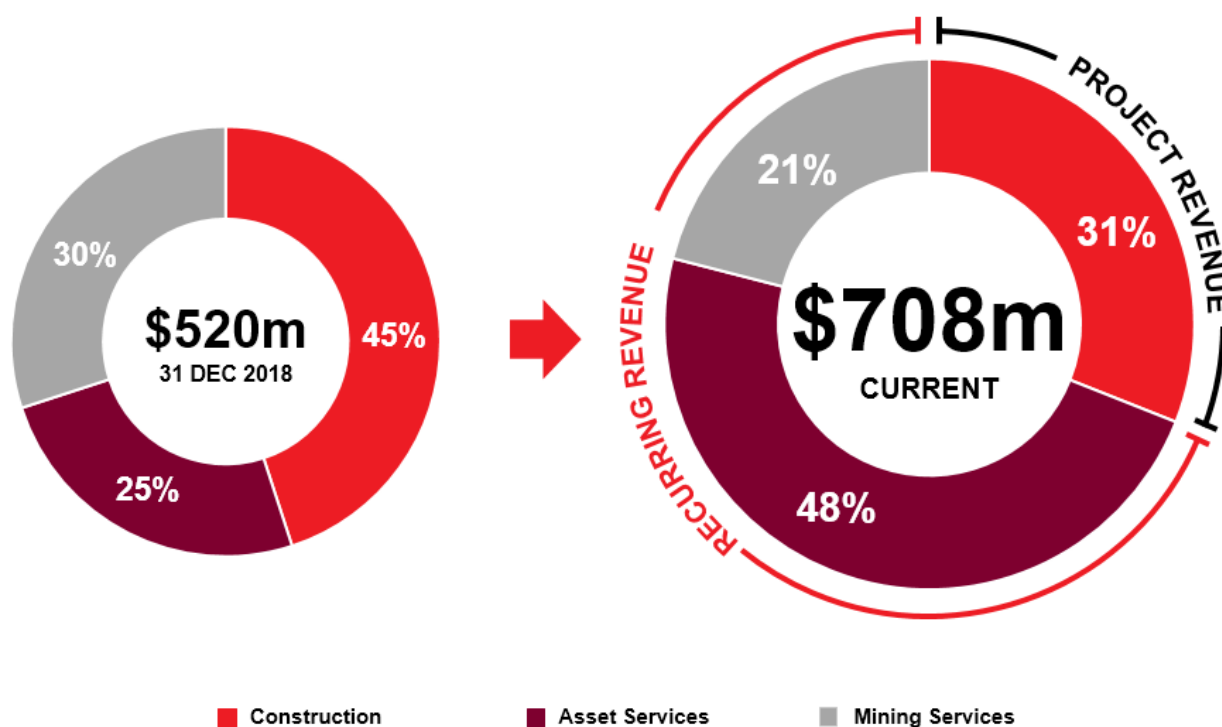
SRG Global Limited ABN 81 104 662 259

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SIMPLE**

David Macgeorge, Managing Director, commenting on the financial results said “We are pleased to deliver an underlying EBITDA of \$32.0m despite a challenging business environment and market conditions.

We have record work in hand of \$708m which has increased by 36% in the last six months with a number of significant contract wins and a further \$5.2b pipeline of opportunities in positive growth sectors.

**Image 1: Record Work in Hand of \$708m, with ~70% Recurring Revenue**



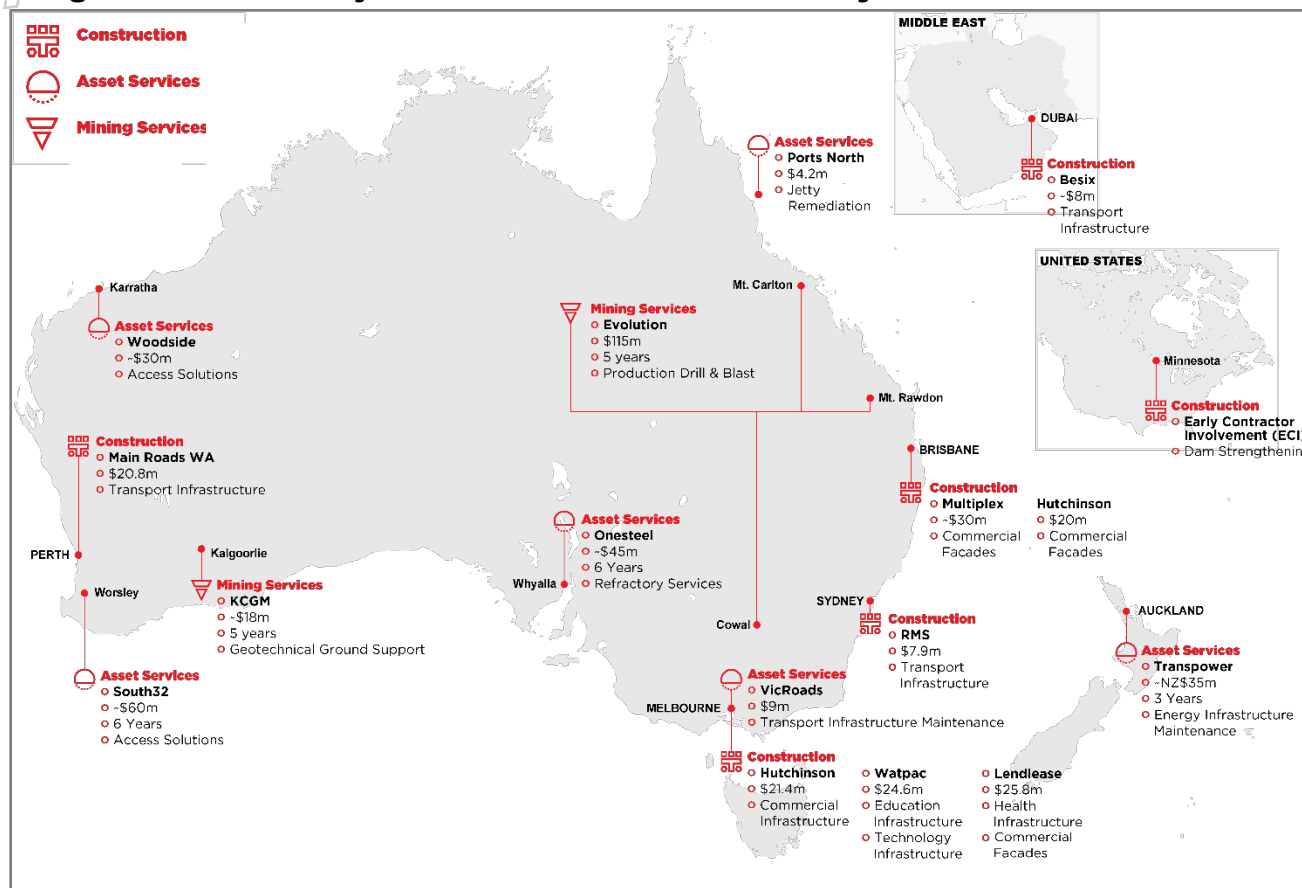
We have successfully increased our work in hand and strategically shifted the business towards recurring revenue streams. Approximately 70% of our work in hand is generated from recurring revenue streams which lays the foundation for our long-term sustainable success.

Importantly, we will continue to remain disciplined in our working winning, operational execution and delivery against long-term strategic objectives.

SRG Global is well positioned for sustainable growth in FY20 and beyond under-pinned by record work in hand and a significant and growing recurring revenue base.”

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**Image 2: Selected major contract awards since 1 July 2018**



Peter Wade, Chairman, commented “The Board is pleased with our progress against strategy with clear demonstrable success. We will continue to focus on delivering shareholder value into the future through both dividend yield and earnings growth. We are confident we have the right people and a clear value proposition for our customers to deliver sustainable, long-term growth for our shareholders.”

**Final Dividend**

The Board of Directors has declared a final dividend of 0.5 cents per share, fully franked. The record date of the dividend is 11 September 2019 with a payment date of 23 October 2019.

- ends -

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**Investor Contact**

SRG Global  
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## About SRG Global

SRG Global is an engineering-led specialist construction, maintenance and mining services group operating across the entire asset lifecycle.

The Company operates three segments of Construction, Asset Services and Mining Services.

For more information about the variety of services offered by SRG Global, click [here](#).

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# 2019 FULL YEAR RESULTS PRESENTATION

27 August 2019



# SRG GLOBAL MODEL

## WHO WE ARE

We're an **engineering-led** specialist construction, maintenance and mining services group



## OUR OPERATING MODEL

End-to-end solutions across the entire asset lifecycle

- Engineer
- Construct
- Sustain

## OUR VISION

The **most sought-after** specialist construction, maintenance and mining services business

**MAKING THE  
COMPLEX**  

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**SIMPLE**  

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# OPERATING SEGMENTS

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## CONSTRUCTION

Constructing complex infrastructure

**Targeted Revenue**

## CIVIL

Specialist engineering and construction services for complex structures in key markets of dams, bridges, windfarms and tanks

## BUILDING

Fully integrated structural, post-tensioning and facade construction and remediation with repeat, tier one clients



## ASSET SERVICES

Sustaining complex infrastructure

**Recurring Revenue**

## SPECIALIST MAINTENANCE

Highly skilled specialist maintenance services focusing on refractory, oil and gas, industrial assets and transport and marine infrastructure

## ACCESS SOLUTIONS

Comprehensive structural and technical access solutions targeting the mining and resources, oil and gas, offshore marine and industrial locations



## MINING SERVICES

Comprehensive ground solutions

**Recurring Revenue**

## PRODUCTION DRILL & BLAST

Integrated range of complementary production drill & blast services working across multiple commodities including gold, precious metals, coal and iron ore

## SPECIALIST GEOTECH

Highly technical specialist ground and slope stabilisation services for all mining services and civil applications

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## SUMMARY

|                                      |        |
|--------------------------------------|--------|
| Shares on Issue                      | 440.4m |
| Share Price <sup>(1)</sup>           | \$0.47 |
| Market Capitalisation <sup>(1)</sup> | \$207m |

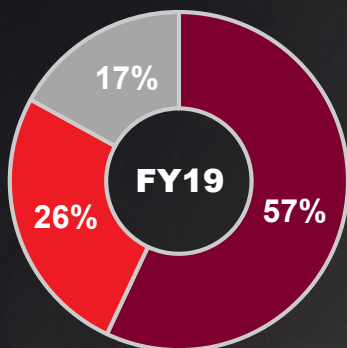
Note: (1) Share price and market capitalisation as at 26 August 2019

## SUBSTANTIAL HOLDERS

|                                     |       |
|-------------------------------------|-------|
| Perennial Value Investment          | 13.8% |
| Mitsubishi UFG Financial Group, Inc | 8.7%  |
| Board and Management                | 15.0% |

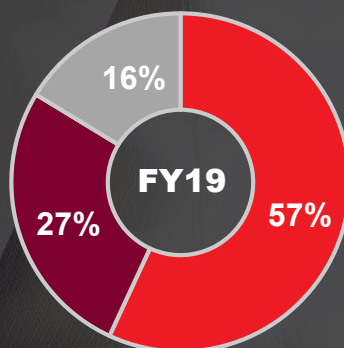
Source: Latest ASX announcements & Company share registry

## REVENUE BY GEOGRAPHY



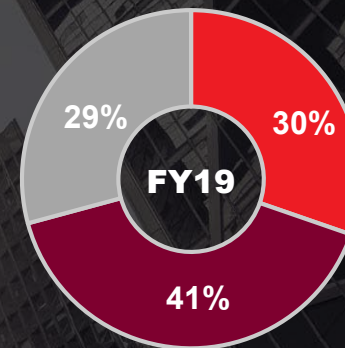
- Australia - East
- Australia - West
- International

## REVENUE BY SEGMENT



- Construction
- Asset Services
- Mining Services

## EARNINGS BY SEGMENT



- Construction
- Asset Services
- Mining Services





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# FY19 IN REVIEW

**David Macgeorge, Managing Director**



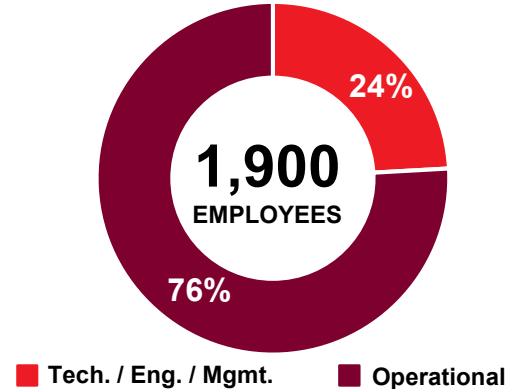
- **Revenue** in FY19 of \$506.4m
- **Adjusted EBITDA** of \$32.0m and **adjusted EBIT** of \$22.5m
- Financial result **impacted** by:
  - challenging market conditions
  - delayed awards of targeted large-scale construction projects
  - carrying costs to maintain engineering and delivery capability due to delayed awards
- **Strong balance sheet** with cash in hand of \$58.3m and **net cash** of \$12.2m
- **Final, fully franked div** of 0.5 cps (total FY19 div of 1.5 cps) balanced with **growth investment**
- **Record work in hand (WIH)** of \$708.0m, up 36% since Dec 18
- **Recurring revenue** now represents circa 70% of work in hand revenue mix
- **Opportunity pipeline** of \$5.2b across positive growth sectors
- **Well positioned** for sustainable growth in FY20 and beyond

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## GLOBAL WORKFORCE



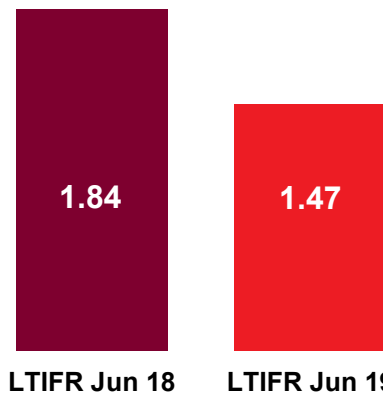
## HIGHLY SKILLED WORKFORCE



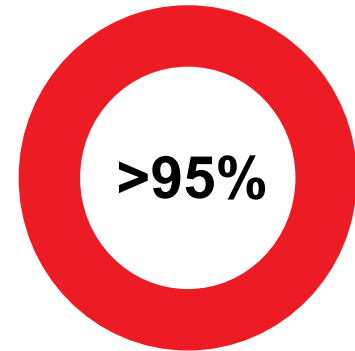
## ZERO HARM LEADERSHIP



## ZERO HARM IMPROVEMENT



## RETAINED KEY PEOPLE



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## CASH IN HAND



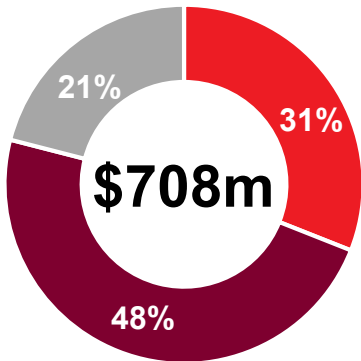
## NET CASH



## NET ASSETS

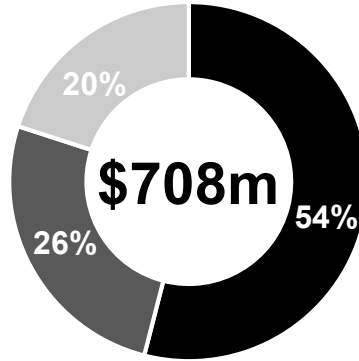


## WORK IN HAND



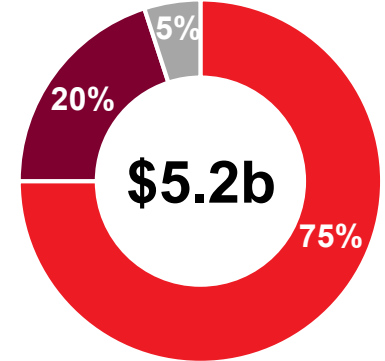
■ Construction ■ Asset Services ■ Mining Services

## WORK IN HAND BY YEAR



■ FY20 ■ FY21 ■ FY22+

## OPPORTUNITY PIPELINE

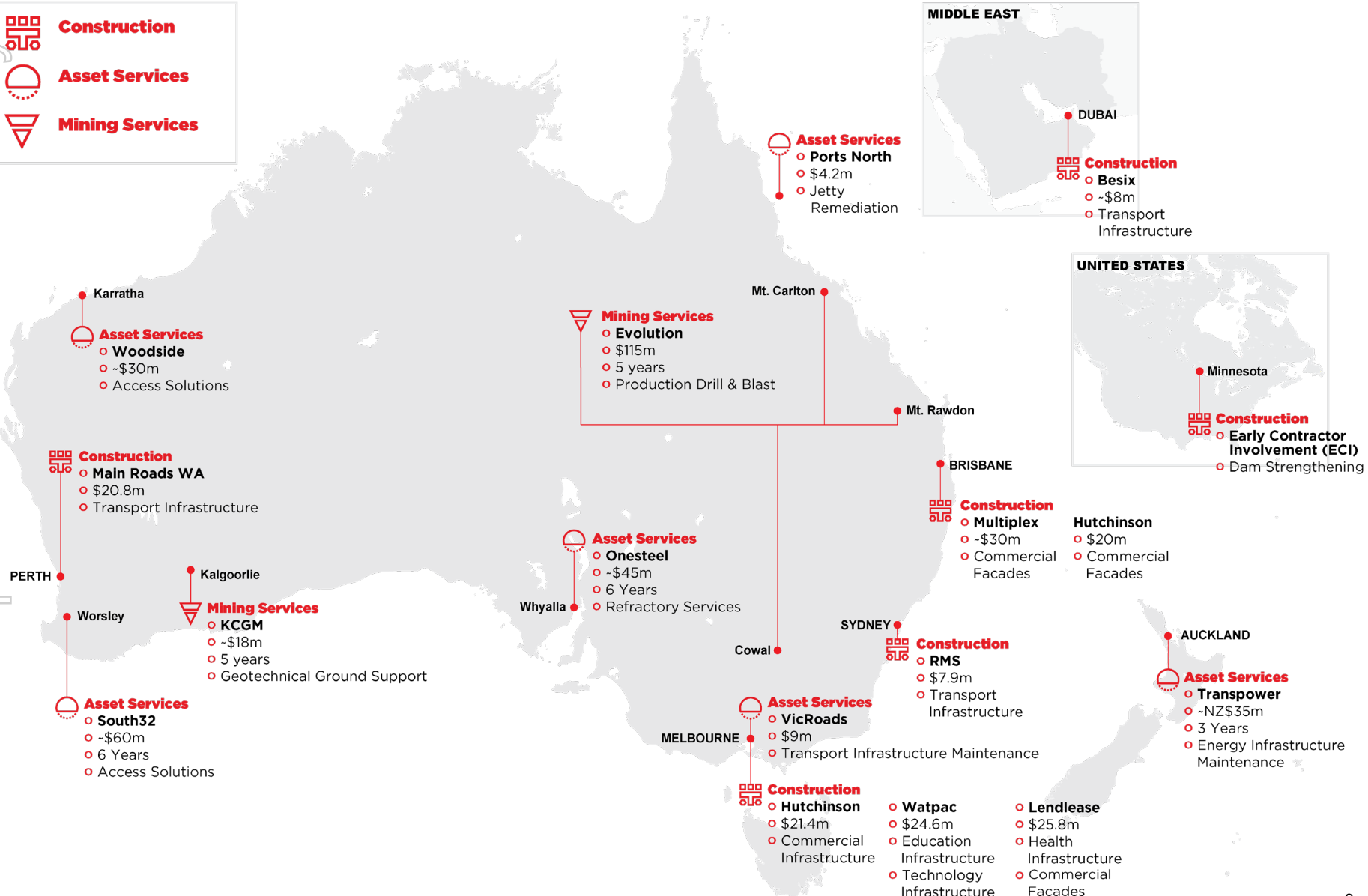


■ Construction ■ Asset Services ■ Mining Services

# RECENT MAJOR CONTRACT AWARDS

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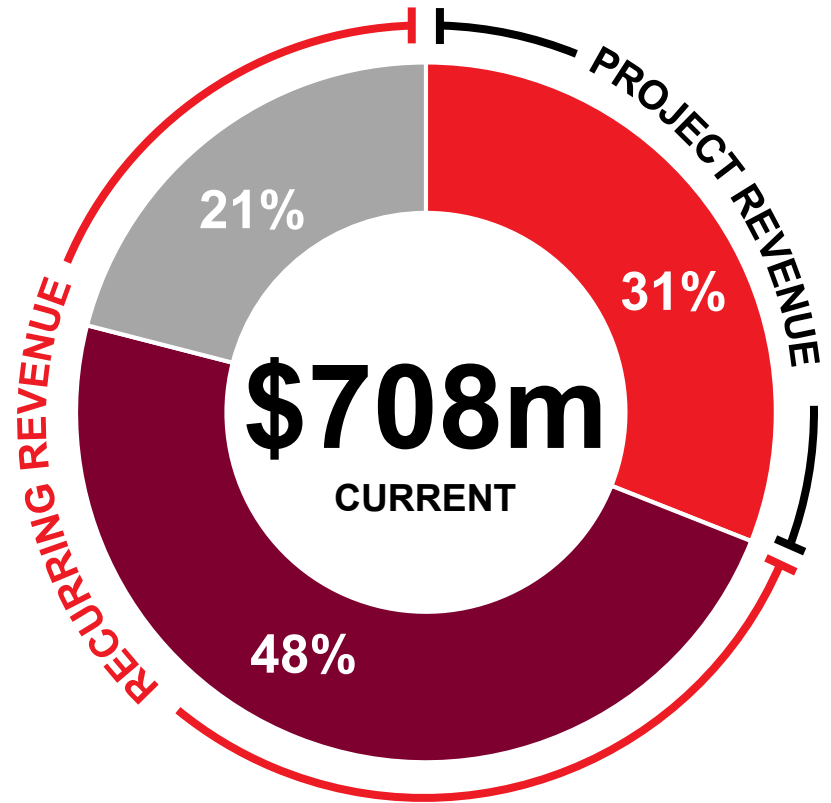
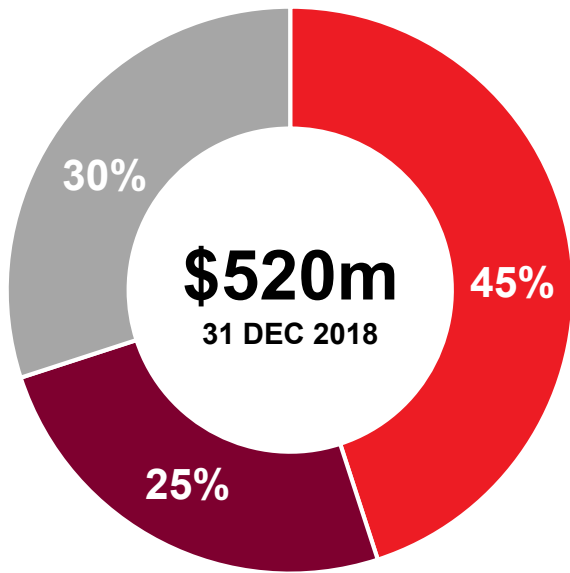
-  **Construction**
-  **Asset Services**
-  **Mining Services**



Source: Selected recent major contract awards since 1 July 2018 (not a complete list of secured projects)

# RECORD WORK IN HAND... BUILDING MOMENTUM

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■ Construction

■ Asset Services

■ Mining Services

○ Engineer   ○ Construct   ○ Sustain

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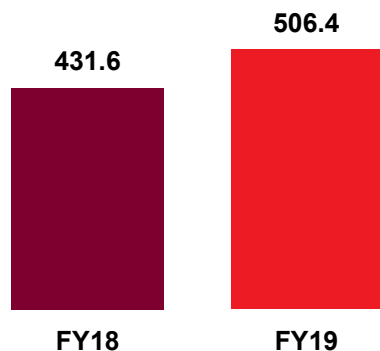
# FINANCIAL REVIEW

**Roger Lee, Chief Financial Officer**

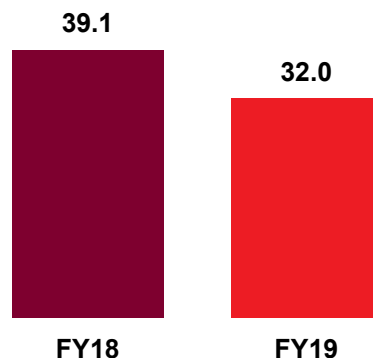


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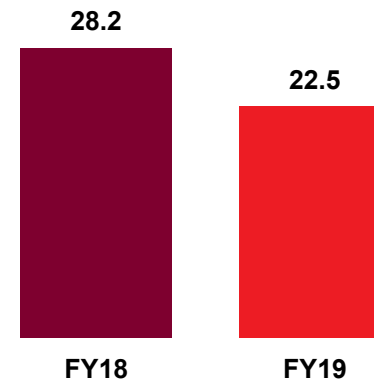
## ADJUSTED REVENUE (\$M)



## ADJUSTED EBITDA (\$M)



## ADJUSTED EBIT (\$M)



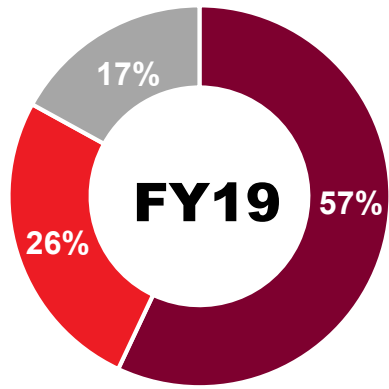
- Revenue increase driven through:
  - TBS acquisition in New Zealand in March 2018, and
  - Acquisition of remaining 49% of Gallery Facades in June 2018
- EBITDA and EBIT margins impacted by:
  - Challenging market conditions
  - Timing of award of targeted, large-scale construction projects
  - Carrying costs of maintaining capability given delays mentioned above

Comparative and current year financial information set out above reflects an adjusted 'like-for-like' basis so that each financial year reflects a 12 month contribution from SRG and a 10 month contribution from GCS.



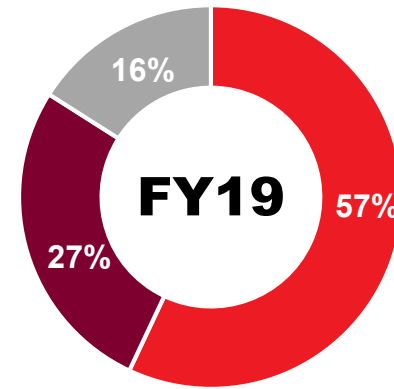
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## REVENUE BY GEOGRAPHY



■ Australia - East ■ Australia - West ■ International

## REVENUE BY SEGMENT



■ Construction ■ Asset Services ■ Mining Services

- Our revenue base is becoming more diverse both in **geography and segment**
- Continued focus on **revenue diversity** to balance earnings profile
- Strategically positioned the business towards **recurring** revenue streams

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| <b>Balance Sheet - \$m</b>                   | <b>FY19</b>  |
|--|--------------|
| Cash and cash equivalents                    | 58.3         |
| Trade, other receivables & contract assets   | 118.0        |
| Inventories                                  | 13.0         |
| Property, plant and equipment                | 71.5         |
| Intangibles                                  | 137.5        |
| Deferred tax assets                          | 27.2         |
| Other  | 5.1          |
| <b>Total Assets</b>                          | <b>430.6</b> |
| Trade, other payables & contract liabilities | 99.7         |
| Borrowings                                   | 46.1         |
| Current tax liabilities                      | 1.7          |
| Provisions and other                         | 30.4         |
| <b>Total Liabilities</b>                     | <b>177.9</b> |
| <b>Net Assets</b>                            | <b>252.7</b> |

Strong cash position from which the business is able to target future project and growth opportunities.

Significant tax assets (related to divested business) within Australia which will result in minimal cash payments related to income tax expense for future financial years.

Strong net cash position of \$12.2m which is as a result of disciplined capital management practices. This focus continues into FY20 with additional capacity in borrowings of ~\$54.2m (term, asset and contingent instrument facilities). The Group has additional issuing capacity of \$120.7m in surety bond facilities.

Significant balance sheet strength which underpins the foundation of future growth which is backed by tangible assets of \$115.2m



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# OPERATING SEGMENT UPDATE

**David Macgeorge, Managing Director**





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## CIVIL / BUILDING

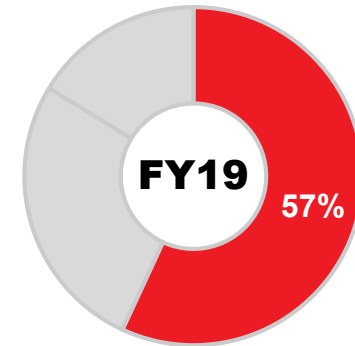
### Key Focus

- Global focus on specialist markets of dams, bridges, tanks and windfarms
- Secure vertically integrated scale projects with repeat Tier 1 Building clients

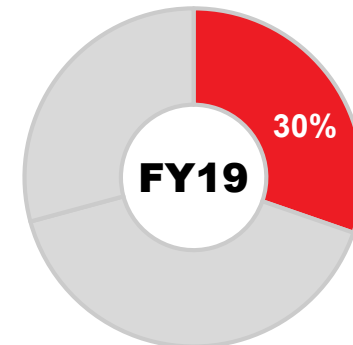
### Overview

- Challenging markets conditions in FY19 (carrying costs vs timing / commencement of projects)
- Transport infrastructure wins for bridges
- Early Contractor Involvement (ECI) for first dam in the US
- Anchoring technology applied to windfarm sector
- Multiple integrated offerings secured in Building in the health, education, commercial and hospitality sectors
- Winning major facades contracts with key clients
- Business unit established to target flammable cladding

## REVENUE CONTRIBUTION



## EBITDA CONTRIBUTION



## PIMLICO TO TEVAN, STAGE 3



### Specialist Bridge Construction

The project is part of the \$4.3 billion Woolgoolga to Ballina Pacific Highway upgrade between Pimlico and Tevan. It involves construction of the final southbound carriageway, demolition and reconstruction of two decommissioned bridges over Emigrant and Duck creeks, earthwork and realignment of a new permanent junction with Pacific Highway just south of Ballina. Bridge construction methods involved insitu balance cantilever constructed with form traveler and precast girder construction.

## AL ZOUR LNG TANKS, KUWAIT



### Specialist LNG Tank Construction

The Al-Zour Import Terminal project for Hyundai Engineering and Construction Co., Ltd is now well underway and includes the construction of a large scale liquefied natural gas plant, including eight LNG storage tanks, located 90 kilometers south of Kuwait City

SRG Global is responsible for post-tensioning the eight LNG storage tanks which are a core part of the project.

## KEEPIT DAM



### Dam Anchoring / Strengthening

SRG Global are undertaking strengthening works for WaterNSW on the Keepit Dam in New South Wales.

Works include installation of 67 permanent ground anchors in the concrete section of the existing dam, as well as significant civil works associated with the project.

Each anchor is made up of 15.7mm strand cables of varying lengths, the largest anchors will have 91 strands and be approximately 88m in length.

## STOCKYARD HILL WIND FARM



### Specialist Wind Farm Anchoring

SRG Global's scope on this project includes the installation of 576 ground anchors to 48 of the 149 footings. The works form a critical part of the concrete foundations, ultimately securing the wind turbines to the ground.

SRG Global were successful in securing this complex wind farm project with WBHO / SNC-Lavalin JV through the alternative anchored construction method proposed, which was considered both economical and practical.

## GOULBURN VALLEY HEALTH



### Integrated Building Structures

SRG Global secured an integrated building structure contract with Lendlease for the Goulburn Valley Health redevelopment in Shepparton, Victoria.

SRG Global are undertaking the complete concrete structure works including installation of precast panels, post-tensioning, reinforcement and all other related concrete structure installations.

## 300 GEORGE STREET



### Specialist Facade Construction

The 300 George Street project is a mixed-use development being constructed by Multiplex. Project consists of a residential tower, commercial use tower and a hotel tower. The residential tower will be the equal tallest building in the Brisbane CBD.

SRG Global are undertaking the design, fabrication and construction of the curtain wall facade over an approximate two year period.



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## SPECIALIST MAINTENANCE / ACCESS SOLUTIONS

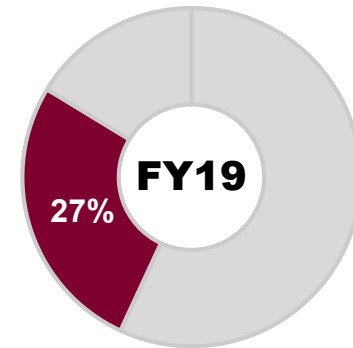
### Key Focus

- Sustaining key infrastructure assets across a broad range of industries
- Step change growth in Recurring / Term Specialist Asset Maintenance Services
- Leverage site presence for “One Stop Shop” model

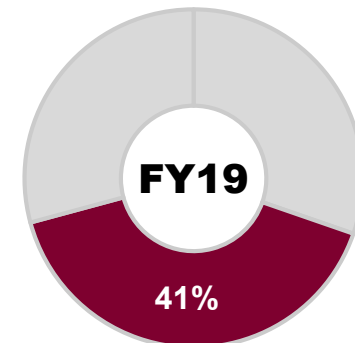
### Overview

- First term contract secured in refractory services in Australia (\$45m over 6 years) with Onesteel
- Woodside access contract extended further 4 years (circa \$30m)
- South32 contract secured (\$60m over 6 years) for access solutions
- Transpower NZ contract extended 3 years (circa \$35m)
- Continuing to leverage market leadership in bridge strengthening

## REVENUE CONTRIBUTION



## EBITDA CONTRIBUTION





## SOUTH32 WORSLEY



### Specialist Access Solutions

SRG Global secured a long-term access solutions contract with South32 Worsley Alumina.

SRG Global are providing a complete suite of engineered access solutions for the Worsley Alumina operation in Western Australia including scaffold services and highly skilled rope access technicians.

## ONESTEEL WHYALLA



### Specialist Refractory Services

SRG Global secured a long-term refractory services contract with Onesteel in Whyalla.

SRG Global are undertaking refractory services throughout the Whyalla Steelworks site. This is the first project of its kind awarded to SRG Global in Australia and the first major step in taking our refractory capabilities from New Zealand across to Australia.

## TRANSPOWER NZ



### Specialist Infrastructure Maintenance

SRG Global are providing specialist industrial services including removal of existing coatings through specialist blasting, application of industrial protective coatings and minor steel replacement.

SRG Global has a long history working with Transpower, providing Asset Services to its National Grid for more than 20 years.

## GREAT BARRIER REEF



### Specialist Marine Infrastructure Maintenance

SRG Global are undertaking extensive remediation works to the Green Island Jetty off the coast of Cairns in Queensland for Ports North, continuing on from recent marine structure works on Thursday Island in Far North Queensland.

Works will include repair / replacement of sections of concrete deck and piles, treatment / replacement of corroded reinforcement bars and repairs to abutment.



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## PRODUCTION DRILL & BLAST / SPECIALIST GEOTECH

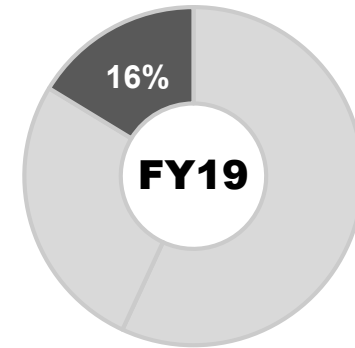
### Key Focus

- Selective growth with targeted clients / commodities
- Drive operational efficiency and high asset utilisation
- Leverage site presence for other SRG Global offerings

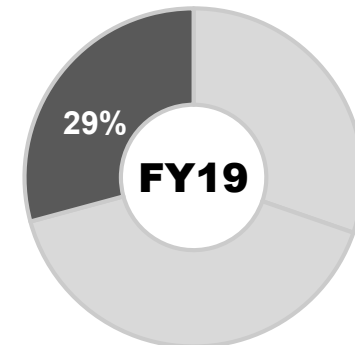
### Overview

- Strong asset utilisation across the fleet >95%
- Key commodity exposure in gold and iron ore
- Secured extended 5 year contract with Evolution Gold across multiple sites (\$115m)
- Secured extended 5 year contract with KCGM for specialist Geotech work (\$18m)
- Commenced remote control drilling on select sites as part of SRG Global Innovation initiatives

### REVENUE CONTRIBUTION



### EBITDA CONTRIBUTION



## EVOLUTION MINING



### Production Drill and Blast

SRG Global secured a \$115m Umbrella Agreement with Evolution Mining to extend the terms of its drill and blast operations at the Cowal, Mt Rawdon and Mt Carlton mine sites.

SRG Global will continue to provide drill and blast services at Mt Rawdon and Mt Carlton mines in Queensland and Cowal mine in New South Wales.

## KALGOORLIE SUPERPIT



### Specialist Geotech

SRG Global secured a new ground support terms contract with Kalgoorlie Consolidated Gold Mines (KCGM) at the Super Pit in Kalgoorlie.

Over the 22 years working at the mine, SRG Global has developed specialised plant to meet the demands of the unique Super Pit environment. Ground support works under the contract include both in-phase ground support, rock fall mitigation and rock face remediation.



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# OUTLOOK

David Macgeorge



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## Building the most sought-after specialist construction, maintenance and mining services business

### OPTIMISATION

- One Business One Team culture ✓
- Optimise fixed cost base / footprint ✓
- Maximise cross-selling opportunities ✓
- Asset utilisation / capital efficiency ✓
- Integration ✓

### GROWTH

Vertically integrated solutions in Building Construction

Targeted growth globally in specialist Civil Infrastructure Construction

Step change growth in recurring Asset Maintenance Services

Optimisation and cross selling in Mining Services

Selective acquisitions to complement capability / footprint

### LEADERSHIP

Zero Harm industry leader

Recognised employer of choice

Key partner of choice in our specialised fields

\$1bn+ Annual Revenues (50% recurring and 50% project based)

Consistent, above market shareholder returns (EPS and TSR)

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- **Record** Work in Hand of \$708m with 70% recurring revenue mix
- **Strong pipeline** of \$5.2B in positive growth sectors
- Maintain conservative **net cash** balance sheet
- Leverage **site presence** to deliver **expanded offering** to client base
- Maintain **disciplined** and **targeted** approach to project selection
- Well positioned for **sustainable growth** in FY20 and beyond under-pinned by record work in hand and a significant and growing **recurring revenue** base



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# Attractive Investment Proposition

Complete business model (end-to-end)

Diverse market sector exposure

Specialist global footprint

Recurring / repeat revenues

Robust balance sheet

Growth / dividend stock





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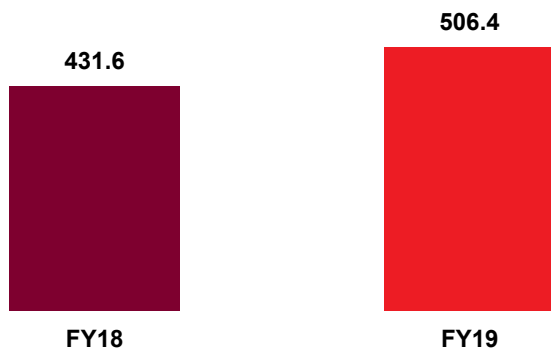
# APPENDIX



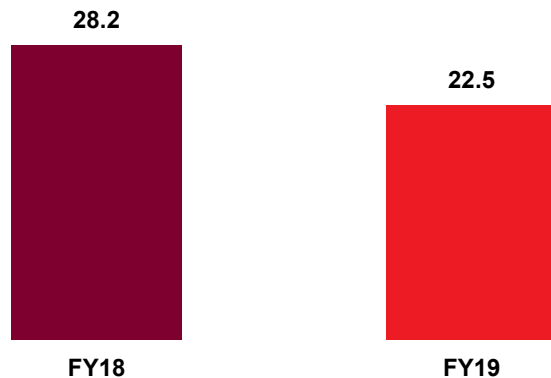
# RECONCILIATION OF FINANCIAL INFORMATION

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## ADJUSTED REVENUE (\$m)



## ADJUSTED EBIT (\$m)



## REVENUE ADJUSTMENTS (\$m)

|   | FY18          | FY19         |
|---|---------------|--------------|
| Reported Revenue  | 486.7         | 486.4        |
| <b>ADD ADJUSTMENT ITEMS</b>                                       |               |              |
| 49% of Gallery Facades not owned & GCS July - Aug 17 contribution | (75.1)        | -            |
| 50% of JV revenue   | 20.0          | 20.0         |
| <b>Total Adjustment Items</b>                                     | <b>(55.1)</b> | <b>20.0</b>  |
| <b>Adjusted Revenue</b>   | <b>431.6</b>  | <b>506.4</b> |

## EBIT AND EBITDA ADJUSTMENTS (\$m)

|   | FY18         | FY19        |
|---|--------------|-------------|
| Reported EBIT   | 28.8         | 8.1         |
| <b>ADD ADJUSTMENT ITEMS</b>                                       |              |             |
| 49% of Gallery Facades not owned & GCS July - Aug 17 contribution | (5.0)        | -           |
| Transaction and restructuring costs                               | 4.3          | 7.8         |
| Amortisation of customer related intangibles                      | -            | 6.6         |
| <b>Total Adjustment Items</b>                                     | <b>(0.7)</b> | <b>14.4</b> |
| <b>Adjusted EBIT</b>  | <b>28.2</b>  | <b>22.5</b> |
| Add Depreciation  | 10.9         | 9.5         |
| <b>Adjusted EBITDA</b>  | <b>39.1</b>  | <b>32.0</b> |

Note: FY18 is based the addition of the financial information contained in the Appendix 4E's released to ASX by SRG Limited and Global Construction Services Limited on 14 August 2018

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**Solving challenges  
wherever they are**

**[srgglobal.com.au](http://srgglobal.com.au)**

○ Engineer   ○ Construct   ○ Sustain

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