

20 August 2024

SRG Global Enters Agreement to Acquire Diona, a Market Leader in Water Security & Energy Transition

SRG Global Ltd (“**SRG Global**” or the “**Company**”) (ASX: SRG) is pleased to announce that it has entered into a binding agreement to acquire 100% of the issued shares in Diona Pty Ltd and its associated entities (“**Diona**”) for A\$111 million on a cash-free, debt-free basis and normal level of working capital (the “**Acquisition**”).

Highlights

- SRG Global to acquire 100% of Diona, a leading end-to-end service provider in water security and energy transition
- The Acquisition implies an FY24 EBIT multiple of 6.0x¹ and is expected to be circa 10% EPS accretive to FY24 earnings pre any synergies or cross selling opportunities
- SRG Global intends to fund the acquisition via a combination of:
 - Up to A\$66.0 million in equity raised via a A\$60.0 million fully underwritten institutional placement and a non-underwritten SPP for up to A\$6.0 million;
 - A\$50.0 million drawn from a new secured term loan with National Australia Bank and CBA; and
 - Existing cash on hand as at 30 June 2024
- The Acquisition is highly strategic, with Diona’s market leading position in program and asset management services in water security and energy transition, established partnerships with utility and government agency clients under long-term agreements, which complements SRG Global’s current end-to-end full asset life cycle capability in water, defence, resources, transport and energy transition
- The Acquisition accelerates SRG Global’s east coast presence across urban and rural areas
- The combined group brings together two highly complementary businesses that provide significant cross selling opportunities with existing and complementary clients
- The Acquisition further embeds SRG Global’s transition to a business with a profile of 80% recurring, annuity earnings
- 750+ highly skilled professional engineering, program management and delivery personnel
- 100% of earnings is underpinned by long-term program and asset management agreements with a typical duration of 2 to 4 years and circa 85% under cost plus / schedule of rates

Note: 1. Based on Diona’s management accounts for FY24.

Overview of Diona

Diona is a leading provider of program and asset management services in water security and energy transition with utilities / government agencies under long-term collaborative program and asset management agreements.

Diona is complementary to SRG Global's current end-to-end full asset life cycle capability and has been operating for more than 40 years. Diona has a workforce of 750+ people, with operations across Queensland, New South Wales, Victoria and South Australia.

Diona delivered FY24 revenue of \$216.0 million¹, EBITDA of \$19.5 million¹ and EBIT of \$18.5 million¹.

Strategic Rationale

Diona adds highly complementary services to SRG Global's existing business and self-perform competitive advantage and capability. It is also consistent with SRG Global's stated strategy of delivering step change growth in recurring earnings underpinned by long-term collaborative program and asset management agreements.

Diona has \$1.0 billion Work in Hand in attractive growth markets of water security and energy transition.

Strategic Highlights

- Strengthens market position in water security and energy transition
- Complementary capabilities enhance breadth and strength of SRG Global's service offering
- High-quality management team with a proven track record
- Enhances annuity / recurring revenue and earnings profile
- \$1.0 billion work in hand and strong pipeline underpinning future growth

Financial Highlights

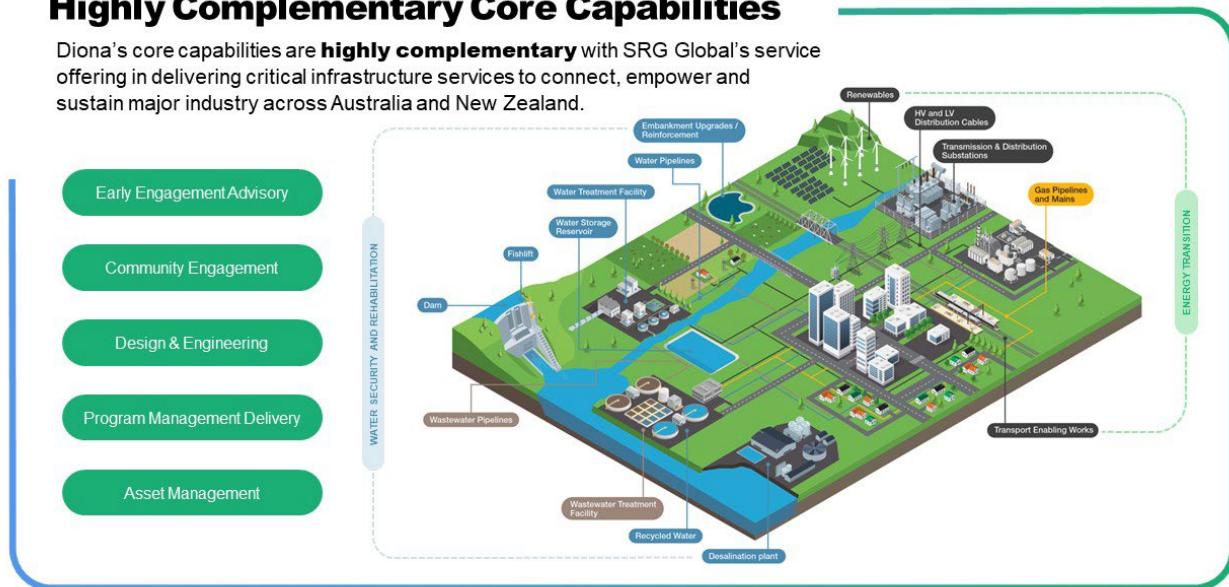
- The acquisition price of \$111 million implies an FY24 EBIT multiple of 6.0x and results in pro forma FY24 EPS accretion of circa 10% prior to any synergies and cross selling opportunities
- Diona operates a capital-light business model (capex <1% of revenue) and has historically delivered strong cash generation
- Further embeds SRG Global's strategic transformation towards annuity / recurring earnings with SRG Global's overall group profile post-acquisition of 80% annuity / recurring earnings

Note: 1. Based on Diona's management accounts for FY24.

DIONA ACQUISITION

Highly Complementary Core Capabilities

Diona's core capabilities are **highly complementary** with SRG Global's service offering in delivering critical infrastructure services to connect, empower and sustain major industry across Australia and New Zealand.



Commenting on the acquisition, SRG Global Managing Director, David MacGeorge, said:

"I am pleased to announce the transformational acquisition of Diona, who is a market leader in the water security and energy transition sectors. Diona is a leading end-to-end delivery partner with unparalleled self-perform capability through long-term framework agreements with utilities and government agencies. Diona is complementary to SRG Global's service offering in highly attractive growth markets and geographic locations; and will further enhance our strong track record of cross-selling our end-to-end services."

"Diona is a financially attractive acquisition with FY24 pro forma EPS accretion of circa 10% pre any synergies or cross selling opportunities, and brings a capital light investment profile; and more than \$1.0 billion Work in Hand with a strong opportunity pipeline."

"Diona comes with a high-quality management team and workforce with a proven track record of delivering for clients through long-term, collaborative program and asset management agreements and further embeds our transformation to a business with a profile of 80% annuity / recurring earnings in line with SRG Global's long-term strategy."

"We acknowledge the expertise and professionalism of Diona's people and the significant amount of work undertaken to grow the business into the market leader it is today. We are delighted to welcome the Diona team to the SRG Global family and look forward to the exciting future that lies ahead for the combined business."

Note: 1. Based on Diona's management accounts for FY24.

Proposed Acquisition Funding

SRG Global will acquire 100% of the issued shares of Diona for \$111 million. The Acquisition and associated transaction costs will be funded through a combination of the following funding sources (together, the “**Acquisition Funding**”):

- Up to \$66.0 million in equity raised via a fully underwritten institutional placement for \$60.0 million and a non-underwritten Share Purchase Plan (“SPP”) for up to \$6.0 million (together the “**Offer**”)
- \$50.0 million drawn from a new secured term loan with National Australia Bank and CBA; and
- Existing cash on hand as at 30 June 2024

New Shares issued via the Placement and SPP will rank equally with existing SRG Global shares from their respective allotment dates.

Institutional Placement

SRG Global is undertaking a fully underwritten institutional placement of approximately 72.3 million new fully paid ordinary shares (“**New Shares**”) to raise \$60.0 million (before costs) at an issue price of \$0.83 per New Share (“**Offer Price**”) (“**Placement**”).

The Offer Price represents a:

- 1.2% discount to the dividend adjusted² last closing price of \$0.84 per share on Monday, 19 August 2024; and
- 2.1% discount to the dividend adjusted 5-day volume weighted average price of \$0.848 per share up to and including Monday, 19 August 2024.

The Placement will result in approximately 72.29 million New Shares being issued, representing approximately 13.9% of SRG Global’s existing issued capital pursuant to the Company’s existing placement capacity in accordance with ASX Listing Rule 7.1. New Shares issued under the Placement will rank *pari passu* with the Company’s existing fully paid ordinary shares from the date of allotment.

New Shares will not be entitled to the dividend for the 2H FY24 (ex-dividend date of Friday, 23 August 2024). Settlement of New Shares under the Placement is expected to occur on Monday, 26 August 2024, with allotment scheduled for Tuesday, 27 August 2024.

Bell Potter Securities Limited (“**Bell Potter**”) is acting as Sole Lead Manager, Underwriter and Bookrunner to the Placement. Bell Potter acted as exclusive financial adviser, PwC as accounting and tax adviser and, Herbert Smith Freehills as legal adviser to the Company. Shaw and Partners is acting as Co-Manager to the Placement.

Further details of the Offer are set out in the Company’s investor presentation lodged with the ASX today, Tuesday 20 August 2024. The investor presentation contains important information including key risks of investing in SRG Global and foreign selling restrictions with respect to the Placement.

Note: 2. Discounts have been adjusted for SRG Global’s H2 dividend of 2.5 cents

Share Purchase Plan

Eligible SRG Global shareholders, being shareholders who had a registered address in Australia or New Zealand on SRG Global's register at 7.00pm (AEST time) on Monday, 19 August 2024 (**Eligible Shareholders**), will be invited to subscribe for up to \$30,000 of New Shares under the SPP at the Offer Price (\$0.83 per New Share).

It is intended that the SPP raise up to \$6.0 million and will not be underwritten. SRG Global retains the right to accept oversubscriptions or to scale back applications at its absolute discretion. New Shares issued under the SPP will rank equally with existing SRG Global shares from the date of issue. New Shares will not be entitled to the dividend for the 2H FY24 (ex-dividend date of 23 August 2024).

The SPP is expected to open on Tuesday, 27 August 2024 and close at 5.00pm (AEST time) on Tuesday, 10 September 2024, unless extended.

Further details of the SPP will be set out in the SPP Offer Booklet, which will be released to ASX and made available to Eligible Shareholders on or around Tuesday, 27 August 2024. The SPP Offer Booklet will contain instructions on how to participate in the SPP. The SPP is subject to the terms and conditions set out in the SPP Offer Booklet.

Indicative Timetable

The key dates for the Placement and SPP are set out below:

| Key events | Date |
|---|---|
| Record date for SPP | 7.00pm AEST, Monday, 19 August 2024 |
| Trading halt and announcement of Acquisition, Placement and SPP | Tuesday, 20 August 2024 |
| Placement bookbuild | Tuesday, 20 August 2024 |
| Trading halt lifted – trading resumes on ASX | Wednesday, 21 August 2024 |
| Settlement of New Shares issued under the Placement | Monday, 26 August 2024 |
| Allotment and normal trading of New Shares issued under the Placement | Tuesday, 27 August 2024 |
| Dispatch SPP offer documents and SPP offer open date | Tuesday, 27 August 2024 |
| SPP closing date | 5.00pm AEST, Tuesday, 10 September 2024 |
| Announcement of results of SPP and Allotment | Tuesday, 17 September 2024 |
| Normal trading of SPP shares | Wednesday, 18 September 2024 |

All dates and times in the timetable are indicative and SRG Global reserves the right to amend all or any of these events, dates and times without notice (including extending the period for the SPP or accepting late applications), subject to the Corporations Act 2001 (Cth), the ASX Listing Rules and other applicable laws. All dates and times are Australian Eastern Daylight Time, unless otherwise specified.

ASX ANNOUNCEMENT



Investor Briefing

SRG Global will conduct an investor and analyst briefing at 08.30am (WST) / 10:30am (AEST) today. The briefing will cover SRG Global's FY24 financial results (also released to the ASX today), and includes the transformational acquisition of Diona and the Acquisition Funding. Please click the access link below to join the call.

Access link <https://ccmediaframe.com/?id=tOVb99Af>

– ENDS –

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ABOUT SRG GLOBAL

SRG Global is a diversified infrastructure services company bringing an engineering mindset to deliver critical services for major industry across the entire asset lifecycle of engineer, construct and sustain. The Company employs over 4,300 people across its Maintenance & Industrial Services and Engineering & Construction operating segments. Our vision is to be the most sought-after in what we do through "Making the Complex Simple". For more information about SRG Global, please click [here](#).

This announcement was authorised for release to ASX by the Managing Director.

Important Notices

This announcement should be read subject to the disclaimer in the investor presentation released by SRG Global to the ASX today (as if references in that disclaimer to “this presentation” were to “this announcement”). The information contained in this announcement does not constitute investment or financial product advice (nor taxation, accounting or legal advice), is not a recommendation to acquire SRG Global shares and is not intended to be used or relied upon as the basis for making any investment decision. The information in this announcement does not contain all the information necessary to fully evaluate an investment in SRG Global. It should be read in conjunction with the other materials lodged with ASX in relation to the Acquisition and Offer (including the investor presentation and the key risks set out therein), and SRG Global’s other periodic and continuous disclosure announcements. This announcement has been prepared without taking into account the investment objectives, financial situation or needs of any individuals. Before making any investment decisions, prospective investors should consider the appropriateness of the information having regard to their own investment objectives, financial situation and needs and should seek legal, accounting and taxation advice appropriate to their jurisdiction. SRG Global is not licensed to provide investment or financial product advice in respect of SRG Global shares. Cooling off rights do not apply to the acquisition of SRG Global shares pursuant to the Placement or SPP.

Forward Looking Statements

This announcement contains certain forward-looking statements. These forward-looking statements are based on SRG Global’s expectations and beliefs concerning future events. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of SRG Global, which could cause actual results to differ materially from such statements. Forward-looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Actual results, performance or achievements may differ materially from those expressed or implied in such statements and any projections and assumptions on which these statements are based. These statements may assume the success of SRG Global’s business strategies. The success of any of those strategies will be realised in the period for which the forward-looking statement may have been prepared or otherwise. Readers are strongly cautioned not to place undue reliance on forward-looking statements. SRG Global makes no undertaking to subsequently update or revise the forward-looking statements made in this announcement, to reflect the circumstances or events after the date of this announcement.

Not for release to US wire services or distribution in the United States

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