

# MERGER OF EQUALS PRESENTATION

June 2018



# TRANSACTION OVERVIEW

- Merger of equals between Global Construction Services Limited and SRG Limited via a recommended scheme of arrangement (GCS to acquire 100% of SRG shares)
- 2.479 GCS shares for each SRG share (“Scrip Scheme Consideration”)
- GCS shareholders to own 51% and SRG shareholders to own 49% of the Group
- Unanimously recommended by both GCS and SRG Boards
- Merged entity Board composition as follows:
  - Peter Wade (Chairman)
  - Peter McMorrow (Deputy Chairman)
  - David Macgeorge (Managing Director)
  - Enzo Gullotti (Executive Director)
  - Remainder of Board consisting of a number from each company

# TRANSACTION OVERVIEW

- Merged entity trading will trade as SRG Global Limited with:
  - Proforma market cap of \$322m<sup>1</sup>
  - Proforma revenue of \$510m<sup>2</sup>
  - Proforma net cash of \$36m<sup>3</sup>
  - Net tangible assets of \$200m<sup>3</sup>
  - Detailed asset review to be conducted prior to completion of transaction
  - 2,000 employees globally
- Cost synergies of \$3m to \$4m per annum expected to be realised in FY20<sup>4</sup>

1. Based on share prices as at close on 8 June 2018

2. Based on both companies' FY17 actual revenues pro forma for SRG's acquisition of TBS Group which completed in April 2018

3. Based on both companies' balance sheets as at 31 December 2017 pro forma for SRG's acquisition of TBS Group and capital raising

4. One-off costs of realising synergies are estimated at circa \$2.5m

# STRATEGIC RATIONALE

## **Platform transaction to continue to build a leading global Specialist Engineering, Construction and Maintenance group.**

- Greater combined offering
  - Vertically integrated offering in Building services
  - Extended offering in Asset Maintenance
  - Cross selling opportunities of specialised services
  - Enhanced footprint
  - Sector diversity
- Leverage common and complementary customers / sectors / geography
- Utilising scale to optimise fixed cost base
- Increased asset utilisation and greater capital efficiency
- Unlocking value for all shareholders

# ALIGNMENT OF STRATEGIES

**STRATEGY - WHERE WE ARE GOING** 

<b>FOUNDATION</b> 2015	<b>DEVELOPMENT</b> 2016 - 2019	<b>MARKET LEADERSHIP</b> 2020 +
Develop vision / strategy ✓	Execute strategy	Zero Harm industry leader
Drive Zero Harm ✓	Projects delivered above green sheet	Global complex service partner of choice
Right structure / capability ✓	Secure infrastructure projects of scale	Strong brand
Develop brand / value proposition ✓	Organic growth in target markets	Employer of choice
Rigorous review mechanisms in place ✓	Growth in complementary services / markets	ASX top 200
Formalise relationships with key stakeholders ✓	Selective acquisitions to accelerate growth	Consistent performance
Drive improvement / efficiency ✓	Brand recognition	Above market returns
Resolve legacy issues ✓		Diversified international specialist contractor

**STRATEGIC PRIORITIES** 

- CONTINUE TO STRENGTHEN MARKET POSITION AND BUILD UPON EXISTING BUSINESSES
  - Focus on East Coast businesses
- SECURE PROFITABLE GROWTH OPPORTUNITIES
  - Continue geographical expansion
  - Target new market opportunities
- MAINTAIN A STRONG BALANCE SHEET
  - Through the cycles
  - Support and respond to growth opportunities and market conditions
- DRIVE SHAREHOLDER RETURNS
  - Create value for shareholders
  - Targeting > 50% dividend payout ratio
  - Large franking credit balance available
- LEVERAGE AND BUILD HUMAN RESOURCE CAPABILITY
  - Support achieving the strategic objectives and growth of the business

**Building a leading global Specialist Engineering, Construction and Maintenance group.**

# ALREADY WORKING TOGETHER



**CLIENT** LENDLEASE  
**SRG SCOPE** POST-TENSIONING  
**GCS SCOPE** FORMWORK /  
STRUCTURES



**CLIENT** HUTCHINSON BUILDERS  
**SRG SCOPE** DESIGN ENGINEERING /  
POST-TENSIONING  
**GCS SCOPE** FORMWORK / STRUCTURES

# MANY COMMON KEY CUSTOMERS

Georgiou



MULTIPLY

Built.



Contracting

PROBUILD

Fortescue  
The New Force in Iron Ore



SCENTRE  
GROUP

JOHN  
HOLLAND



# COMBINED CAPABILITY



**BUILDING**

**VERTICALLY INTEGRATED SOLUTIONS**

Design Engineering

Post-Tensioning

Slipform

Formwork / Structures

Building Facades

Access Solutions



**CIVIL**

**CONSTRUCTING COMPLEX INFRASTRUCTURE**

Dam Strengthening

Bridge Construction

Tank Construction

Geotech

Complex Structures

Access Solutions



**ASSET SERVICES**

**SUSTAINING COMPLEX INFRASTRUCTURE**

Bridges / Marine

Transmission Towers

Refractory Services

Wind Farms

Monitoring

Fixed Plant\*

Buildings / Facades\*

Access Solutions



**RESOURCES**

**TERM CLIENTS / EXTENDED OFFERING**

Drill and Blast

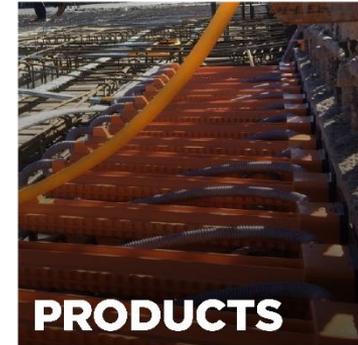
Geotech

Monitoring

Mine Infrastructure

Industrial Services\*

Access Solutions



**PRODUCTS**

**COMPLEMENTARY PRODUCTS / TECHNOLOGY**

Monitoring

Macalloy

SureLok

BBR Technology

Geotech

Mining

Construction\*

# EXTENDED CROSS SELLING EXAMPLES



**COMM GAMES VILLAGE**

**BUILDING PRODUCTS**

Design Engineering  
Post-Tensioning  
SureLok



**RITZ CARLTON PERTH**

**BUILDING ASSET SERVICES**

Formwork  
Structures  
Access Solutions



**FLINDERS ST STATION**

**BUILDING ASSET SERVICES PRODUCTS**

Design Engineering  
Post-Tensioning  
Products  
Facade Remediation



**COWAL MINE**

**RESOURCES CIVIL PRODUCTS**

Drill and Blast  
Geotech  
Products



**BOLIVIA HILL**

**CIVIL PRODUCTS**

Bridge Construction  
Geotech  
Products



## UNLOCKING FURTHER CROSS SELLING OPPORTUNITY

Building Facades  
Formwork / Structures  
Access Solutions

Design Engineering  
Post-Tensioning  
SureLok

Building Facades  
Formwork / Structures  
Access Solutions

Industrial Services  
Access Solutions

Access Solutions

SRG Capability GCS Capability

# COMBINED GLOBAL FOOTPRINT



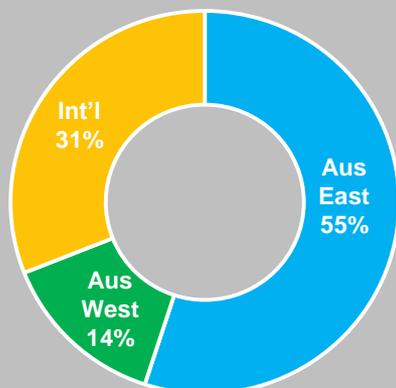
# COMBINED AUSTRALIA / NZ FOOTPRINT



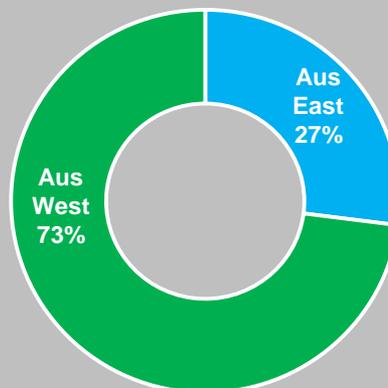
# COMBINED FINANCIALS

SRG<sup>1</sup>

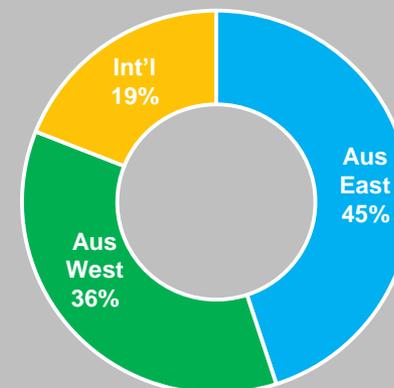
REVENUE  
COMPOSITION  
BY GEOGRAPHY



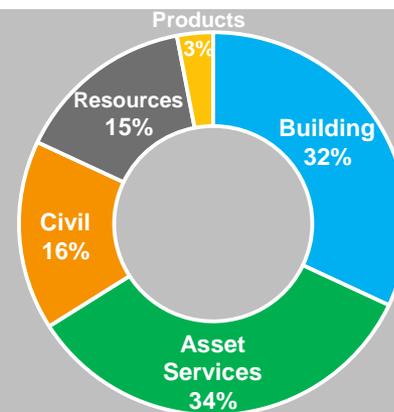
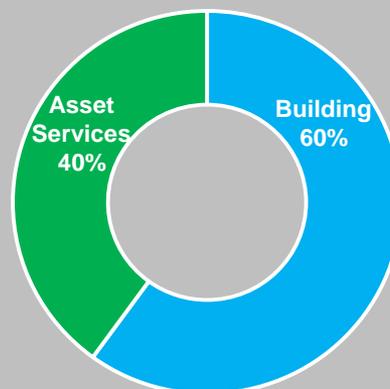
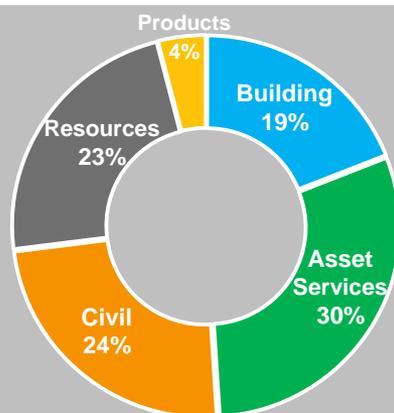
GCS<sup>2</sup>



SRG Global (Pro Forma)



REVENUE  
COMPOSITION  
BY SEGMENT



Notes:

1. Based on SRG's FY17 revenue mix pro forma for the acquisition of TBS Group
2. Based on GCS' FY17 revenue mix pro forma for discontinued operations including the divestment of the Equipment Hire business



# **OUR WAY FORWARD**



## **MAKING THE COMPLEX SIMPLE**

WE SOLVE THE CHALLENGING PROBLEMS

WE SOLVE THEM ACROSS THE ENTIRE ASSET LIFE CYCLE

WE SOLVE THEM ACROSS THE WORLD



# OUR OPERATING MODEL



At every stage in the life of our customers' critical assets, we're there to support them with specialist technical expertise, services and products.



**MAKING THE  
COMPLEX  
SIMPLE**

## Building a leading global Specialist Engineering, Construction and Maintenance group

### OPTIMISATION

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One Business One Team culture

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Optimise fixed cost base / footprint

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Maximise cross-selling opportunities

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Asset utilisation / capital efficiency

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ASX Top 300

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### GROWTH

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Vertically integrated solutions

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Step change growth in Infrastructure Construction and Maintenance

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Geographic and sector expansion through key capability / partnerships

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Continue development of innovative products and technology

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Selective acquisitions to complement capability / footprint

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### LEADERSHIP

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Zero Harm Industry Leader

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Recognised Employer of choice

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Key partner of choice in our specialised fields

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Consistent, above market shareholder returns

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ASX Top 200

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## EVENT

## TIMING<sup>1</sup>

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Announcement of merger of equals

12 June 2018

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Scheme booklet dispatched to SRG shareholders

Mid July 2018

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SRG Scheme meeting<sup>2</sup>

Mid August 2018

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Completion of merger of equals

Late August 2018

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Implementation date

Early September 2018

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1. The timeline above is indicative only and may be subject to change
2. No GCS shareholder vote required as GCS is the acquiring entity

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