

## SRG INVESTOR UPDATE

**FOR FULL YEAR ENDED 30 JUNE 2018** 



#### DISCLAIMER AND IMPORTANT NOTICE



Information, including forecast financial information in this presentation should not be considered as a recommendation in relation to holding, purchasing or selling shares, securities or other instruments in SRG Limited or any other company. Due care and attention has been used in the preparation of forecast information. However, actual results may vary from forecast and any variation may be materially positive or negative.

Forecasts, by their very nature, are subject to uncertainty and contingencies may occur which are outside the control of SRG Limited. Before making or varying any decision in relation to holding, purchasing or selling shares in SRG Limited, investors should consider the appropriateness of that investment in light of their individual investment objectives and financial situation and should seek their own independent professional advice.

All currency is denominated in Australian dollars.



#### FY18 YEAR IN REVIEW



#### STRATEGY

- Zero Harm improvement
- Scale projects in Civil
- Recurring AssetServices revenue base
- Products Innovation
- International investment
- M&A execution
- Strong demand capital raising

#### FINANCIAL RESULT

- FY18 Revenue of \$260M\*
- FY18 Underlying:\*\*
  - EBITDA of \$19.2M
  - EBIT of \$12.2M
  - EPS of 12.8 cps
- Upper end of FY18 EBITDA Guidance
- Strong asset utilisation

#### **SHAREHOLDERS**

- Cash in hand \$29.7M
- No net debt
- 2H dividend of 4.5 cps
- Full year dividend of 6.5 cps
- Total shareholder return of 77% for FY18
- TSR since 2014 of 309%
- 12 new institutions

#### **WORK WINNING**

- Infrastructure services wins
- Infrastructure construction wins
- Geotech wins in Civil
- New mining contracts
- Energy sector expansion
- Products cross selling

#### **WORK IN HAND**

- Total WIH of \$336M
- WIH for FY19 of \$218M
- \$2.2B pipeline
- Scale opportunities
- Product portfolio extension
- Partnership / Alliance approach

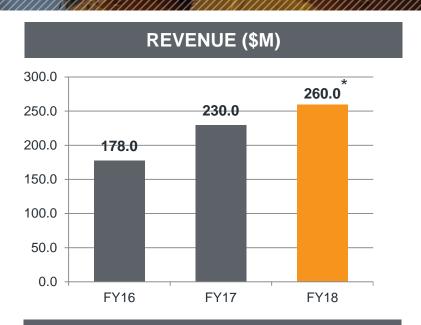
#### **EXPANSION**

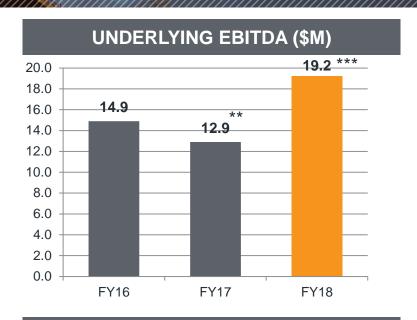
- Strong operational execution
- North America JV targeting dam work
- Organic entry into NZ
- Successful TBS acquisition / integration
- Proposed GCS merger

<sup>\*</sup> Includes circa \$20m revenue from joint ventures \*\* After add backs of \$3.6m of one off transaction and restructuring costs

#### 18 FINANCIAL PERFORMANCE



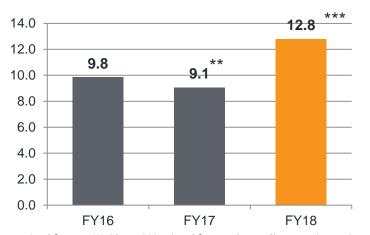








#### **ADJUSTED EPS (CENTS)**

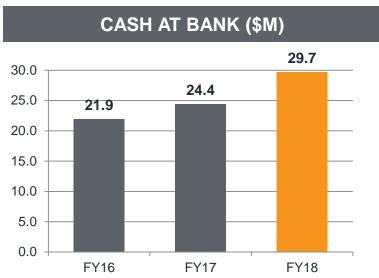


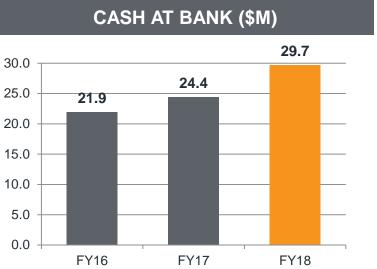
<sup>\*</sup> Includes circa \$20m revenue from joint ventures \*\* Adjusted for one off gain from property sale of \$3.9m \*\*\* After add backs of \$3.6m of one off transaction and restructuring costs

#### FY18 FINANCIAL STRENGTH

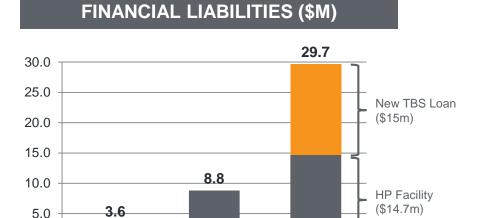


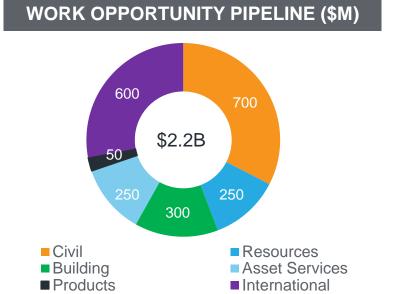
FY18





#### **REVENUE (%)** 27% \$260M 24% 29% Civil Resources Building ■ Asset Services ■ Products





FY17

0.0

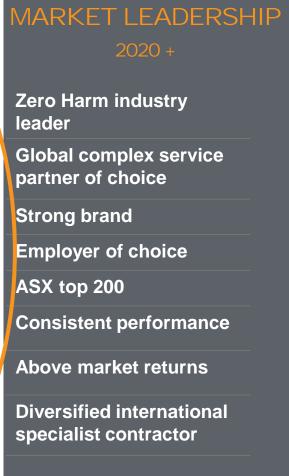
FY16

#### STRATEGY - WHERE WE ARE GOING











#### 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



#### **UNIFIED VISION**



## MAKING THE COMPLEX SIMPLE

WE SOLVE THE CHALLENGING PROBLEMS
WE SOLVE THEM ACROSS THE ENTIRE ASSET LIFE CYCLE
WE SOLVE THEM ACROSS THE WORLD





#### OPERATING MODEL



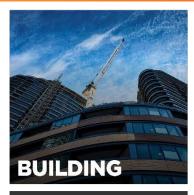
At every stage in the life of our customers' critical assets, we're there to support them with specialist technical expertise, services and products.





#### COMBINED CAPABILITY













## VERTICALLY INTEGRATED SOLUTIONS

Design Engineering
Post-Tensioning
Slipform
Formwork / Structures

Building Facades

Access Solutions

## CONSTRUCTING COMPLEX INFRASTRUCTURE

Dam Strengthening
Bridge Construction
Tank Construction
Geotech
Complex Structures
Access Solutions

#### SUSTAINING COMPLEX INFRASTRUCTURE

Bridges / Marine
Transmission Towers
Refractory Services
Wind Farms
Monitoring
Fixed Plant\*

Fixed Plant\*
Buildings / Facades\*
Access Solutions

## TERM CLIENTS / EXTENDED OFFERING

Drill and Blast
Geotech
Monitoring
Mine Infrastructure
Industrial Services\*
Access Solutions

## COMPLEMENTARY PRODUCTS / TECHNOLOGY

Monitoring
Macalloy
SureLok
BBR Technology
Geotech

Construction\*

Mining

#### COMBINED GLOBAL FOOTPRINT





#### COMBINED AUSTRALIA / NZ FOOTPRINT





#### STRATEGIC HORIZONS



Building a leading global Specialist Engineering, Construction and Maintenance group

#### **GROWTH**

Vertically integrated solutions

Step change growth in Infrastructure Construction and Maintenance

Geographic and sector expansion through key capability / partnerships

Continue development of innovative products and technology

Selective acquisitions to complement capability / footprint

#### **LEADERSHIP**

Zero Harm Industry Leader

Recognised Employer of choice

Key partner of choice in our specialised fields

Consistent, above market shareholder returns

ASX Top 200

#### **OPTIMISATION**

One Business One Team culture

Optimise fixed cost base / footprint

Maximise cross-selling opportunities

Asset utilisation / capital efficiency

ASX Top 300



#### STATUS UPDATE



- Merger of equals between SRG Limited and Global Construction Services Limited to create SRG Global via a recommended scheme of arrangement (GCS to acquire 100% of SRG shares)
- 2.479 GCS shares for each SRG share. GCS shareholders to own 51% and SRG shareholders to own 49% of the Group
- Unanimously recommended by both GCS and SRG Boards
- Independent Expert concluded the Scheme is in the best interests of SRG Shareholders

#### SCHEME INDICATIVE TIMETABLE

EVENT	TIMING
Scheme booklet dispatched to SRG shareholders	Complete
Appendix 4E Released	Complete
SRG Scheme meeting	22 Aug 18
Second Court Hearing	27 Aug 18
Scheme Effective Date	28 Aug 18
Scheme Record Date	4 Sep 18
Implementation date	11 Sep 18





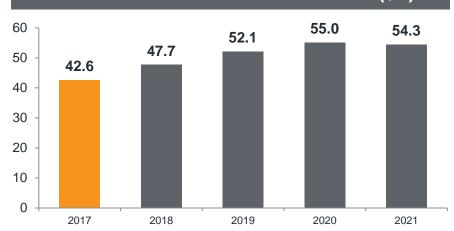
## APPENDIX



#### KEY DOMESTIC MARKETS

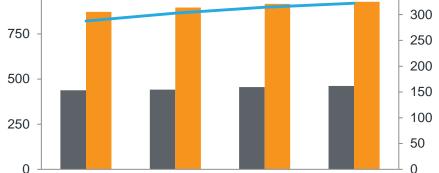


#### **INFRASTRUCTURE CONSTRUCTION (\$B)**



Source: ACIF Report (May 2018). Excludes heavy industry and telecommunication.

## MINING PRODUCTION Mt 1000 Coal (Mt) Fron Ore (Mt) Gold (t)



2018-19

2019-20

350

#### Source: Resources and Energy Report (June 2018) by Australian Office of the Chief Economist

2017-18

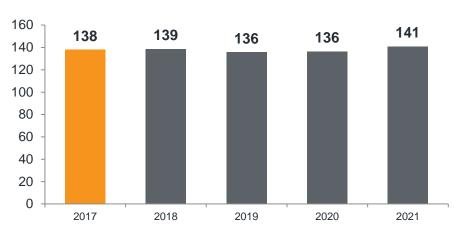
2016-17

#### **INFRASTRUCTURE MAINTENANCE (\$B)**



Source: IBISWorld Report: Infrastructure Maintenance Services in Australia November 2016

#### **BUILDING - RESIDENTIAL / COMMERCIAL (\$B)**

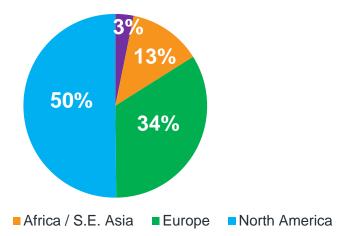


Source: Australian Construction Industry Forum (May 2018).

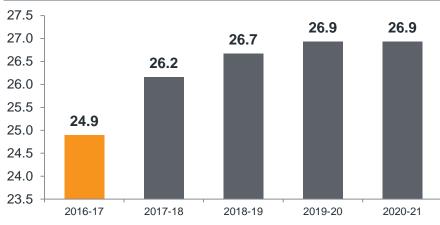
#### KEY INTERNATIONAL MARKETS



## LARGE DAM MARKET

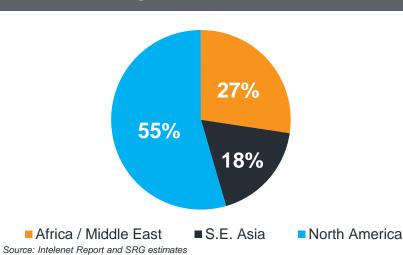


#### HONG KONG INFRASTRUCTURE (A\$B)



Source: HK CIC Note: Based on exchange rate of 0.171527 (HKD to AUD)

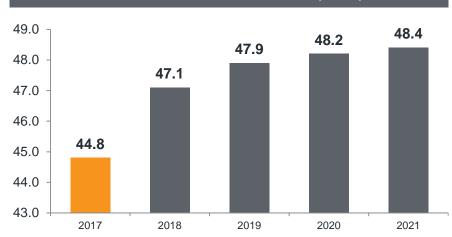
#### **LNG TANK PT MARKET**



■ Aus / NZ

Source: ICOLD

#### **UAE INFRASTRUCTURE (A\$B)**



Source: MEED Projects 2017 Report. Note: Based on exchange rate of 0.77 (AUD to USD)

#### NORTH AMERICA DAM UPDATE

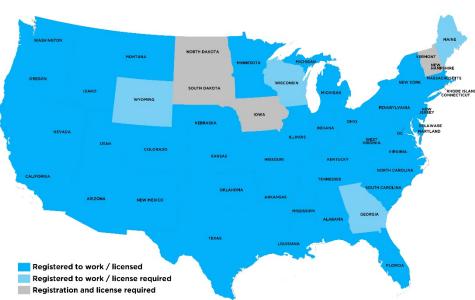


- 90,580 registered dams in the US with 15,498 on the high hazard list
- Estimated US\$22B required to repair high hazard dams
- 50/50 SRG / Traylor Bros JV company targeting North America dam markets
- Fast-tracks global dam expansion strategy
- SRG
  - Large dam anchor IP and expertise
- Traylor Bros
  - 70 yr US history in complex engineering in bridges, tunneling & marine
  - Market knowledge, relationships, licenses and footprint
- Status
  - Early market opportunities identified
  - People established on the ground
  - Positive market feedback
  - JV company actively targeting tenders

DAM STATUS	
Number of US registered dams	90,580
High hazard	15,498
High hazard % total	17%
Average age of dams	56yrs
Cost to repair high hazard dams	\$22b

Source: ASCE 2017 Infrastructure Report Card

#### SRG TRAYLOR BROS US FOOTPRINT



## OUR PROJECT EXPERIENCE





Elizabeth Quay Bridge



Barangaroo



Loy Yang



**Product Manufacture** 



**Drill & Blast** 



**Keepit Dam NSW** 



**Jupiters Tower PT** 



**Palais Theatre** 



SureLok<sup>TM</sup>



**Edna May Mine WA** 



**Bass Point Silos** 



**Wellington Dam** 



**Bridge Strengthening** 



**Radar Monitoring** 

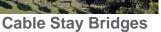


**RC** Drilling

### OUR PROJECT EXPERIENCE









**Sydney Metro Northwest** 



**Precision Grouting** 



**Product Innovation** 



**Slope Stabilisation** 



**Hazelmere Dam SA** 



**Onslow Water Tanks** 



Bermagui Jetty



**Manufacturing Facility** 



**Rope Access** 



**Qatar Viaduct** 



**LNG Tanks Kuwait** 



Mandurah Bridge



**Facade Refurbishment** 



**Crusher Pockets** 



# WE SOLVE THE COMPLEX PROBLEMS THAT OTHERS CAN'T

LEARN MORE ABOUT THE PROJECTS WE'VE BEEN INVOLVED IN ONLINE.

**SRGLIMITED.COM.AU**