

26 February 2019

First Half Financial Results, FY19 Guidance, Interim Dividend & Investor Presentation

SRG Global Limited (ASX:SRG) ('SRG Global' or 'the Company'), an engineering-led specialist construction, maintenance and mining services group, has delivered its Half Year Financial Results for the six months ended 31 December 2018 (1H FY19), in line with expectations.

Key financial results include:

- Adjusted 1H FY19 Revenue of \$238.5m* (1H FY18: \$159.5m*)
- Adjusted 1H FY19 EBIT of \$12.0m* (1H FY18: \$9.3m*)
- Adjusted 1H FY19 EBITDA of \$16.4m* (1H FY18: \$13.6m*)

* Refer to page 14 of the attached investor presentation for a reconciliation of these amounts.

Strong financial position as at 31 December 2018:

- Cash in hand of \$53.4m
- Net Cash of \$16.8m
- Interim dividend of 1 cent per share, fully franked

The first half FY19 financial results include a six-month contribution from SRG Limited (1 July to 31 December 2018) and a four-month contribution from GCS Limited (1 September to 31 December 2018), following a merger of the companies that completed during 1H FY19.

Revenue, EBIT and EBITDA have increased from the previous corresponding period driven largely by the acquisitions of TBS in New Zealand in March 2018 and the remaining 49% of Gallery Facades not already owned by the Company in June 2018.

EBIT and EBITDA margins were lower during the half due to the timing of targeted large construction projects being awarded. This resulted in significant operational-related costs being carried in the period without corresponding revenue.

FY19 Guidance

SRG Global has revised its FY19 guidance and now expects to deliver underlying EBIT of between \$22m and \$27m corresponding to underlying EBITDA of between \$32m and \$37m.

SRG Global Managing Director David Macgeorge said: *"The revised FY19 guidance is primarily a result of further delays in project awards for targeted large-scale construction projects. These delays will result in the business continuing to carry significant operational-related costs in the second half without any corresponding revenue, which is fundamentally a timing issue in one part of the business. The remainder of the business is on track and in line with expectations."*

A key focus of the business is to leverage the greater combined capability and geographic footprint to maximise opportunities and reduce future earnings volatility, which was a key element of the merger rationale.

The business is performing well and we will remain disciplined and focused in pursuing and securing key targeted projects that align with our specialised capability and business model. We will continue to maintain our strong balance sheet as we focus on our long term strategic objectives as a market leader in our fields, increasingly positioning the business towards term and recurring revenue streams.

I am pleased with the progress in bringing the businesses together and the early successes in cross-selling the SRG Global service offering. This will position the business well for step change profit growth in FY20 and further future success.”

Interim Dividend

The Company has declared an interim dividend for the six months ended 31 December 2018 of 1 cent per share, fully franked. The record date for the dividend is 13 March 2019 and payment date is 23 April 2019.

-ends-

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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.

In March 2018 SRG Limited ('SRG') acquired TBS Group ('TBS'), a specialist industrial contractor in asset and infrastructure maintenance services. Six months later, SRG and Global Construction Services Ltd ('GCS') merged to form SRG Global.

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



2019 HALF YEAR RESULTS PRESENTATION

26 FEBRUARY 2019



SUMMARY

ASX Code	SRG
Shares on Issue	440.4m
Share Price ⁽¹⁾	\$0.435
Market Capitalisation ⁽¹⁾	\$191.6m
Cash in Hand ⁽²⁾	\$53.4m
Net Cash ⁽²⁾	\$16.8m
Enterprise Value	\$174.8m

Notes:

(1) Share price and market capitalisation as at 25 February 2019

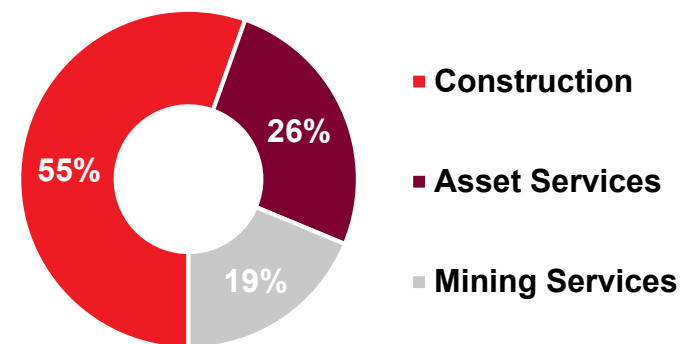
(2) Cash in Hand and Net Cash as at 31 December 2018

SUBSTANTIAL HOLDERS

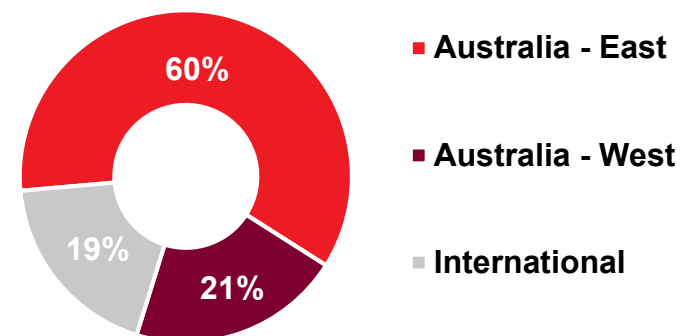
Perennial Value Investment	11.4%
Colonial First State Investments and Realindex Investments	5.9%

Source: Latest ASX announcements

REVENUE BY SEGMENT (%)



REVENUE BY GEOGRAPHY (%)



FINANCIAL

- 1H Revenue \$238.5m*
- 1H EBIT of \$12.0m*
- 1H EBITDA of \$16.4m*
- Cash in hand \$53.4m
- Dividend of 1 cent per share, fully franked
- Revised FY19 Guidance:
 - EBIT of \$22-\$27m*
 - EBITDA of \$32-\$37m*
- Revised due to delays in construction project awards in one part of the business resulting in significant carrying costs and delayed revenue (timing issue)

INTEGRATION

- Consistent safety approach adopted
- One business one team culture embraced
- Positive customer feedback
- Synergies on track
- Business system integration well advanced
- Strong progress in cross selling
- Focus on leveraging capability and footprint to maximise earnings consistency

GROWTH

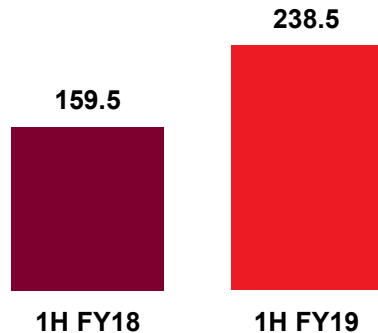
- Work in Hand of \$520m
- Pipeline of \$4.5B
- Secured a number of wins through integrated offerings in 1H
- Secured multiple term contracts in Asset and Mining Services in 1H
- Pipeline of imminent term contract awards
- Early Contractor Involvement (ECI) for first dam project in US
- Cladding refurbishment business unit established

* Amounts presented reflects adjustments for underlying and non-recurring items. Refer to the Appendix for details.

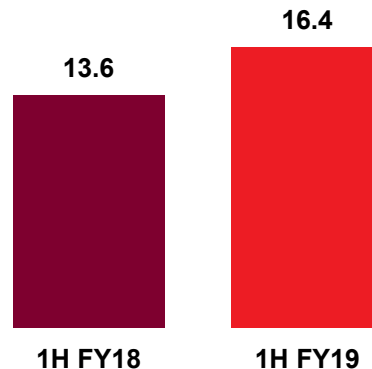
1H FINANCIAL PERFORMANCE (6 MONTHS SRG LIMITED + 4 MONTHS GCS LIMITED)



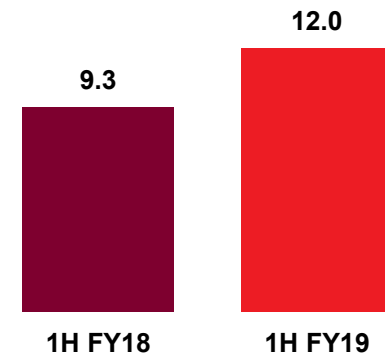
ADJUSTED REVENUE (\$M)



ADJUSTED EBITDA (\$M)



ADJUSTED EBIT (\$M)



Note 1: See Appendix for Revenue and EBIT adjustments

Note 2: 1H FY18 and 1H FY19 include 6 months of SRG Limited and 4 months (1 Sep – 31 Dec) of GCS Limited

- 1H FY19 revenue increase driven through:
 - TBS acquisition in New Zealand in March 2018, and
 - Acquisition of remaining 49% of Gallery Facades in June 2018
- 1H FY19 EBIT and EBITDA margins lower due to the timing of award of targeted large construction projects in one part of the business resulting in significant operational related costs being carried in the period without corresponding revenue

CASH IN HAND



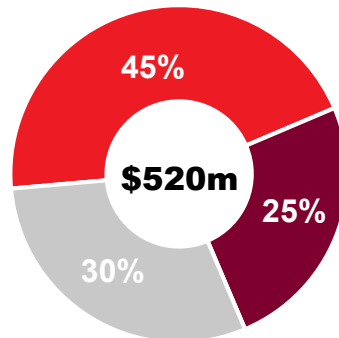
NET CASH



NET ASSETS

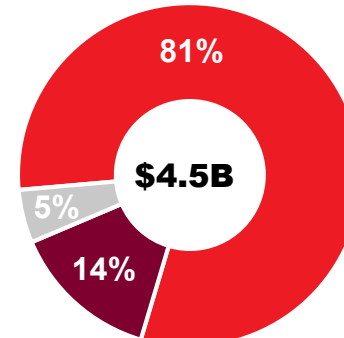


WORK IN HAND



■ Construction ■ Asset Services ■ Mining Services

OPPORTUNITY PIPELINE



■ Construction ■ Asset Services ■ Mining Services

BUSINESS UNITS



CIVIL



Targeted Project Revenue

BUILDING



Repeat Client Revenue

PRODUCTS



Recurring Sales Revenue

ASSET SERVICES



Recurring Term Revenue

MINING SERVICES



Recurring Term Revenue

CONSTRUCTION

○ Engineer ○ Construct ○ Sustain

**MAKING THE
COMPLEX
SIMPLE**

CIVIL

- Dams – Early Contractor Involvement (ECI) for first dam project in the US
- Dams – Secured ECI with SunWater for Fairbairn Dam in Queensland
- Windfarms – Secured \$8.5m Stockyard Hill anchoring project
- Bridges – Secured \$7.9m Charleyong Bridge project with RMS in NSW
- Secured \$41.6m transport infrastructure JV project for Main Roads WA
- Targeted focus on complex structures in key markets – dams, bridges, tanks and windfarms
- Leverage specialist in-house engineering expertise in select international markets

PRODUCTS

- Strong pipeline of construction project opportunities
- New specialised product lines initiated
- Capitalise on SRG Global platform to drive cross-selling opportunities

BUILDING

- Facades – Secured \$30m design, supply and install contract with Multiplex at 300 George St, Brisbane
- Facades – Secured \$14m design, supply and install contract at University of Melbourne’s Connect Initiative
- Building – Secured \$11.5m structures contract with Lendlease for Goulburn Valley Health redevelopment
- Building – Secured \$24.6m structures contract with Watpac at Deakin University
- Cladding Refurbishment – Established business unit to target non-compliant cladding leveraging capability as complete end-to-end solution provider
- Focus on converting large construction projects to position the business for FY20
- Continue to secure vertically integrated projects with repeat tier one clients (engineering + structures + post-tensioning + facades) and leverage greater combined geographic footprint
- Maintain market leadership position in select markets / geographies

ASSET SERVICES

- Oil & Gas – Extended Woodside access contract by four years
- Refractory Services – First works secured in Australia
- Bridge Maintenance – Secured first integrated offering for bridge maintenance (rope access, coatings)
- Continue to leverage market leadership position in bridge strengthening
- Drive step change growth in recurring revenue through leveraging in-house specialist capabilities and “one stop shop” business model

MINING SERVICES

- Secured \$20m Blackwater drilling contract with Downer over 2.5 years
- Secured contract extension for production drilling with FMG at Christmas Creek
- Strong asset utilisation across the fleet >95%
- Focus on selective and targeted growth opportunities

- Work in Hand (WIH) of \$520m
- Strong pipeline of \$4.5B in positive growth sectors
- Continue to maintain conservative net cash balance sheet
- Underlying FY19 Guidance range (12 months SRG + 10 months GCS):
 - EBIT of \$22m to \$27m
 - EBITDA of \$32m to \$37m
- Continue disciplined and targeted approach to project selection with long term clients
- Secure targeted large construction projects in second half FY19
- Convert pipeline of term contracts in Asset Services and Mining Services
- Convert ECI dam opportunity in US to first project award
- Continue to position the business towards recurring / term revenue streams
- Capitalise on early successes in leveraging the diverse in-house capability and footprint through integrated service offerings as per merger rationale
- Continue to drive the business towards step change profit growth in FY20

Balanced Business Portfolio

Diversity
in revenue
base

Diversity
in market
sectors

Diversity in
geographic
footprint

Differentiated
service
offerings

Recurring /
repeat
revenues

Robust
business model
(end-to-end)



Attractive Investment Proposition

High growth stock

Dividend paying stock

Robust balance sheet

Clear long-term strategy

Balanced business portfolio

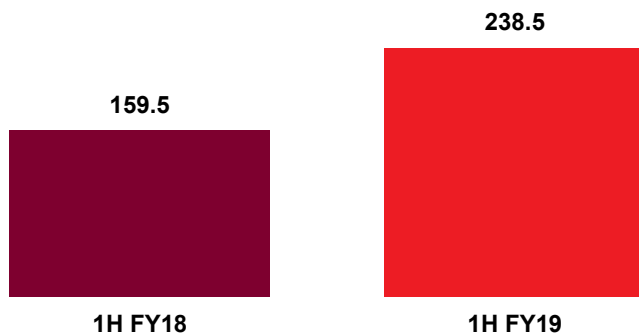
Track record of delivery



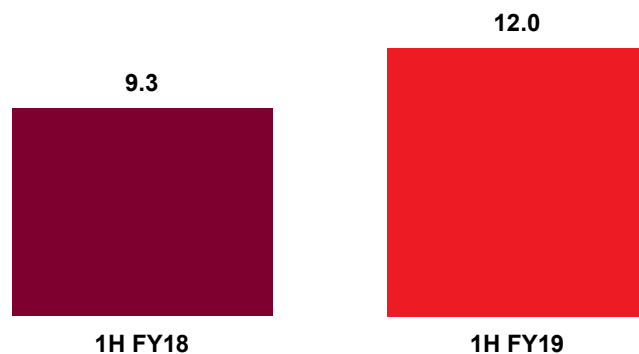
APPENDIX



ADJUSTED REVENUE (\$M)



ADJUSTED EBIT (\$M)



REVENUE ADJUSTMENTS (\$M)

	1H FY18	1H FY19
Reported Revenue	217.5	232.6
ADD ADJUSTMENT ITEMS		
GCS – 49% of Gallery Facades not owned and GCS July / Aug 17 contribution	(68.0)	-
SRG – 50% of JV revenue	10.0	6.0
Total Adjustment Items	(58.0)	6.0
Adjusted Revenue	159.5	238.5

EBIT AND EBITDA ADJUSTMENTS (\$M)

	1H FY18	1H FY19
Reported EBIT	12.4	5.8
ADD ADJUSTMENT ITEMS		
SRG restructuring costs	0.9	-
GCS – 49% of Gallery Facades not owned and GCS July / Aug 17 contribution	(4.0)	-
SRG Global merger costs	-	3.0
SRG Global amortisation of customer related intangibles	-	3.2
Total Adjustment Items	(3.1)	6.2
Adjusted EBIT	9.3	12.0
Add Depreciation	4.3	4.4
Adjusted EBITDA	13.6	16.4

Note: 1H FY18 and 1H FY19 revenue and EBIT based on SRG and GCS reported results after adjustments

WHO WE ARE

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

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**MAKING THE
COMPLEX
SIMPLE**

OUR OPERATING MODEL

End-to-end solutions across the entire asset lifecycle

-  **Engineer**
-  **Construct**
-  **Sustain**

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

OPTIMISATION

One Business One Team culture

Optimise fixed cost base / footprint

Maximise cross-selling opportunities

Asset utilisation / capital efficiency

ASX Top 300

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

**Solving challenges
wherever they are**

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○ Engineer ○ Construct ○ Sustain

**MAKING
THE
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