ASX ANNOUNCEMENT

25 February 2020

Half Year Results highlight significant growth in term and recurring revenue streams

Executive Summary

SRG Global Limited ('SRG Global' or 'the Company', ASX: SRG), an engineering-led specialist construction, maintenance and mining services group has delivered its Half Year Financial Results for the six months ended 31 December 2019 ('1H FY20').

Financial Summary	Units	1H FY20	1H FY19	Variance
Revenue (incl. JV's)	$m	267.1	238.5	28.6
Adjusted EBITDA	$m	12.1	16.4	(4.3)
Adjusted EBIT	$m	7.0	12.0	(5.0)
Net cash / (debt)	$m	(11.4)	16.8	(28.2)
Dividends	cents per share	0.5	1.0	(0.5)
Work in Hand	$m	737	520	217

For a detailed reconciliation of reported to adjusted revenue, EBITDA and EBIT, please refer to Appendix 1.

- Strong growth in **Asset Services Segment** driving both increased profits and working capital investment. Asset Services WIH has increased by 172% in past 12 months
- Strong operational performance and margin improvement in **Mining Services Segment**
- The **Construction Segment** was impacted by continued carrying costs vs timing of project awards in the WA Structures division (project awards now imminent) and a challenging operating environment for the Victorian Structures division (with clear actions taken). The Specialist Facades and Civil divisions delivered strong financial and operational performance in 1H
- **Record work in hand** of $737m (up 42% in the last 12 months) with recurring revenue representing circa 70% of work in hand
- **Opportunity pipeline** of $5.7b across positive growth sectors with **imminent** contract awards
- **Strong balance sheet** with liquidity of $67.2m (cash on hand plus undrawn working capital facility) with **low gearing at 6%**
- The Company moved to net debt of $11.4m (net cash of $12.2m at 30 June 2019) reflecting the **increased investment** in start-up working capital to support the recent contract wins in the Asset Services and Mining Services Segments and timing of scheduled and milestone payments in Specialist Facades and Civil divisions
- Interim, **fully franked dividend of 0.5 cents** per share (cps) (1H FY19 div of 1.0 cps) which is balanced with investment in growth
- FY20 Guidance of Adjusted **EBITDA between $30m - $34m**
- Very well positioned for **sustainable growth** in FY21 and beyond under-pinned by record work in hand and a significant and growing recurring revenue base

CORPORATE HEAD OFFICE
Level 1, 338 Barker Rd
Subiaco WA 6008
+61 8 9267 5400
info@srgglobal.com.au
srgglobal.com.au

SRG Global Limited ABN 81 104 662 259

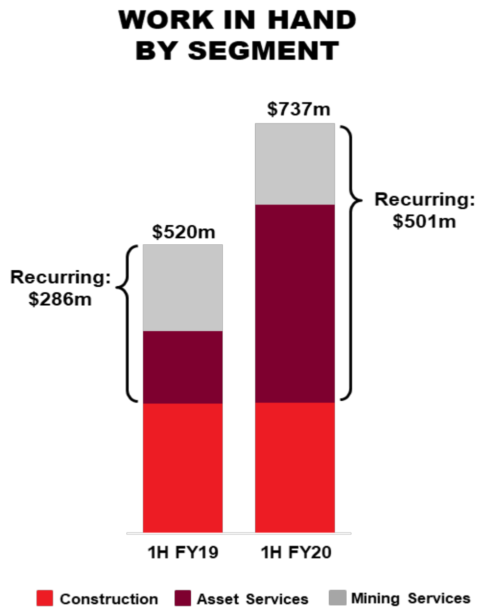
David Macgeorge, Managing Director, commenting on the first half performance said:

"SRG Global made significant progress in executing our key strategy of shifting the business mix and securing long-term, high quality contracts with recurring revenue streams. I am particularly pleased that we have grown the Asset Services Segment work in hand by 172% in the past 12 months.

We delivered an underlying EBITDA of $12.1m, in line with market expectations. This was despite specific challenges and timing issues within the Structures divisions of the Construction Segment.

Our total work in hand increased to a record level of $737m, a 42% increase over the past 12 months. The Company's strategy of delivering a significant proportion of total revenue from recurring revenue streams is highlighted in our work in hand, with circa 70% to be generated from recurring revenue streams.

Image 1: Executing on strategy - shifting the business mix

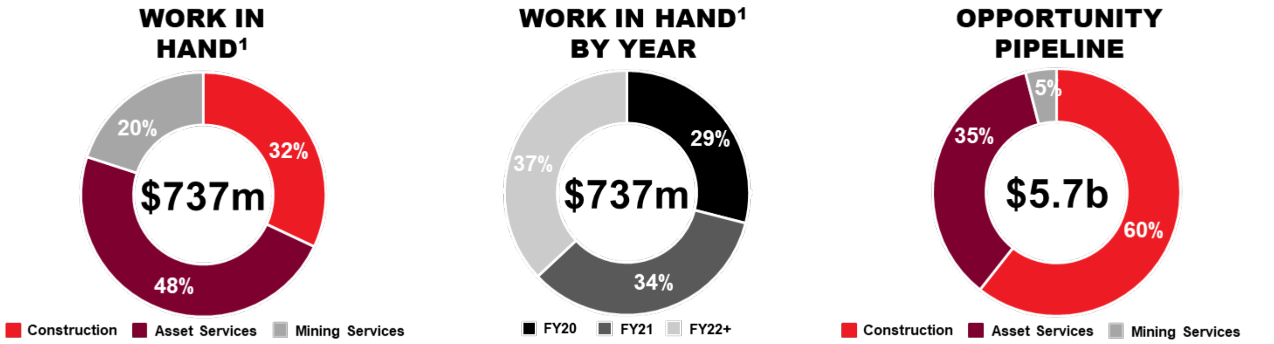


Our record work in hand is expected to increase further with imminent awards of Western Australian building construction contracts which will address project timing and carrying cost issues in the WA Structures division. In addition, near-term contract wins are anticipated for the Mining Services Segment which will further increase our long-term work in hand.

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

SRG Global is very well positioned for sustainable growth in FY21 and beyond. This is under-pinned by our record work in hand, growing recurring revenue base, $5.7b opportunity pipeline and the long-term outlook for the diverse sectors we operate in."

Image 2: Record work in hand, with a growing long-term revenue base



Note 1: Work in Hand as at 31 December 2019 includes Alcoa contract announced December 2019

Financial and Business Overview

Revenue for the period of $267.1m was 12% higher than the 1H FY19 level of $238.5m. The increase in revenue was driven by the commencement of new contract wins in the Asset Services Segment and additional project revenue delivered by strong performance on Civil projects.

Adjusted EBITDA for the period of $12.1m was 26% lower than the 1H FY19 level of $16.4m. This was primarily impacted by continued carrying costs versus timing / commencement of project awards in the Structures division in Western Australia and a challenging operating environment for the Structures division in Victoria.

Segment Revenue and Results Table

1H FY20 Segment Result ($m's)	Construction	Asset Services	Mining Services	Corporate	Total
Reported Revenue	148.6	76.4	34.2	-	259.2
Adjustments:					
Joint Venture Revenue	7.9	-	-	-	7.9
Adjusted Revenue	**156.5**	**76.4**	**34.2**	**-**	**267.1**
Reported EBITDA (including JV)	5.3	9.7	6.6	(7.5)	14.1
Adjustments:					
Transaction and Restructuring	-	-	-	1.4	1.4
AASB16 Adjustments	(1.2)	(1.5)	(0.2)	(0.5)	(3.4)
Adjusted EBITDA	**4.1**	**8.2**	**6.4**	**(6.6)**	**12.1**

1H FY19 Segment Result ($m's)	Construction	Asset Services	Mining Services	Corporate	Total
Reported Revenue	128.9	60.0	43.6	-	232.5
Adjustments:					
Joint Venture Revenue	6.0	-	-	-	6.0
Adjusted Revenue	**134.9**	**60.0**	**43.6**	**-**	**238.5**
Reported EBITDA (including JV)	6.5	6.7	7.2	(7.0)	13.4
Adjustments:					
Transaction and Restructuring	-	-	-	3.0	3.0
Adjusted EBITDA	**6.5**	**6.7**	**7.2**	**(4.0)**	**16.4**

Construction Segment

The Construction Segment delivered a mixed result for the 1H FY20. Adjusted EBITDA for the period of $4.1m was 37% lower than the 1H FY19 level of $6.5m.

In the WA Structures division, project awards that SRG Global expected to secure and commence during the half year were further delayed. The resulting carrying cost of maintaining our engineering and delivery capacity impacted earnings. However, the WA Structures division has imminent contracts awards pending which will address this issue.

The Victorian Structures division experienced challenging market conditions resulting in margin pressure on tendered projects. SRG Global has initiated a detailed review of the Victorian Structures division with clear actions taken to address the unfavourable financial performance / challenging operating environment and ensure we solely target projects with key repeat clients and acceptable contract terms.

CORPORATE HEAD OFFICE
Level 1, 338 Barker Rd
Subiaco WA 6008
+61 8 9267 5400
info@srgglobal.com.au
srgglobal.com.au

The Specialist Facades division continued to perform well in the period. The division has a high level of secured work and a positive pipeline of opportunities with repeat tier one clients. The company continues to position itself to target the flammable cladding market, however, this is not expected to have a meaningful impact in the next twelve months due to uncertainty on the key issue of who is liable to pay for the rectification works, which is not an SRG Global issue or exposure.

The Civil division had a very strong first half underpinned by solid operational performance across both domestic and international projects. The division has a large pipeline of specialist civil infrastructure project opportunities, including a continued focus on the global dam strengthening market and specialist bridge, tank and windfarm sectors.

Asset Services Segment
Asset Services Segment Adjusted EBITDA for the period of $8.2m was 22% higher than the 1H FY19 level of $6.7m. This strong financial performance in the Asset Services Segment was driven by the continuation of winning new and significant term contracts and embedding these contracts in the business. The significant new contract wins over the last twelve months has driven both increased profits and a high level of working capital investment in 1H.

During the period work commenced at South32's Worsley Alumina Project (6-year specialist engineered access solutions term contract) and OneSteel's Whyalla operations (5-year refractory services term contract).

In December 2019 the Company announced its preferred status for the $90m five-year multi-disciplinary specialist services contract with Alcoa at its Kwinana Refinery in WA where it will provide heavy mechanical, electrical, specialist access and other specialist services. Site mobilisation commenced during the end of 1H FY20. Securing these works with a tier-one partner such as Alcoa demonstrates our expertise and capability across the asset maintenance lifecycle.

The New Zealand Asset Services business continues to perform to expectations. A new 3-year contract with Transpower NZ for transmission tower maintenance was secured during the period, continuing a more than 20-year history of providing asset services to the NZ national grid. The strategic objective of leveraging the NZ skill set into the Australian market is well progressed, including the expansion of refractory services in Australia (i.e. OneSteel Whyalla).

Mining Services Segment
Mining Services Segment Adjusted EBITDA for the period of $6.4m was 11% lower than the 1H FY19 level of $7.2m. The Segment delivered a consistent operational performance with strong utilisation across the equipment fleet (>95%). The margin improvement reflects the additional value proposition SRG Global offers to its customer base through innovation and technology solutions including remote operated drill rigs.

The integrated service offering of specialist geotech with operational drill and blast services continued to deliver increased returns. In addition, the Specialist Geotech Services business ceased operating in the civil infrastructure sector due to the risk profile for this type of service in this sector. SRG will solely focus on our core expertise and current work in the mining sector in which SRG Global has operated for over 30 years. This accounted for the reduction in revenue for this Segment in 1H.

The Segment's key client base and commodity exposure is in gold and iron ore with further near-term contract wins expected which will increase long term work in hand and further diversify our client base.

Cash Flow and Balance Sheet

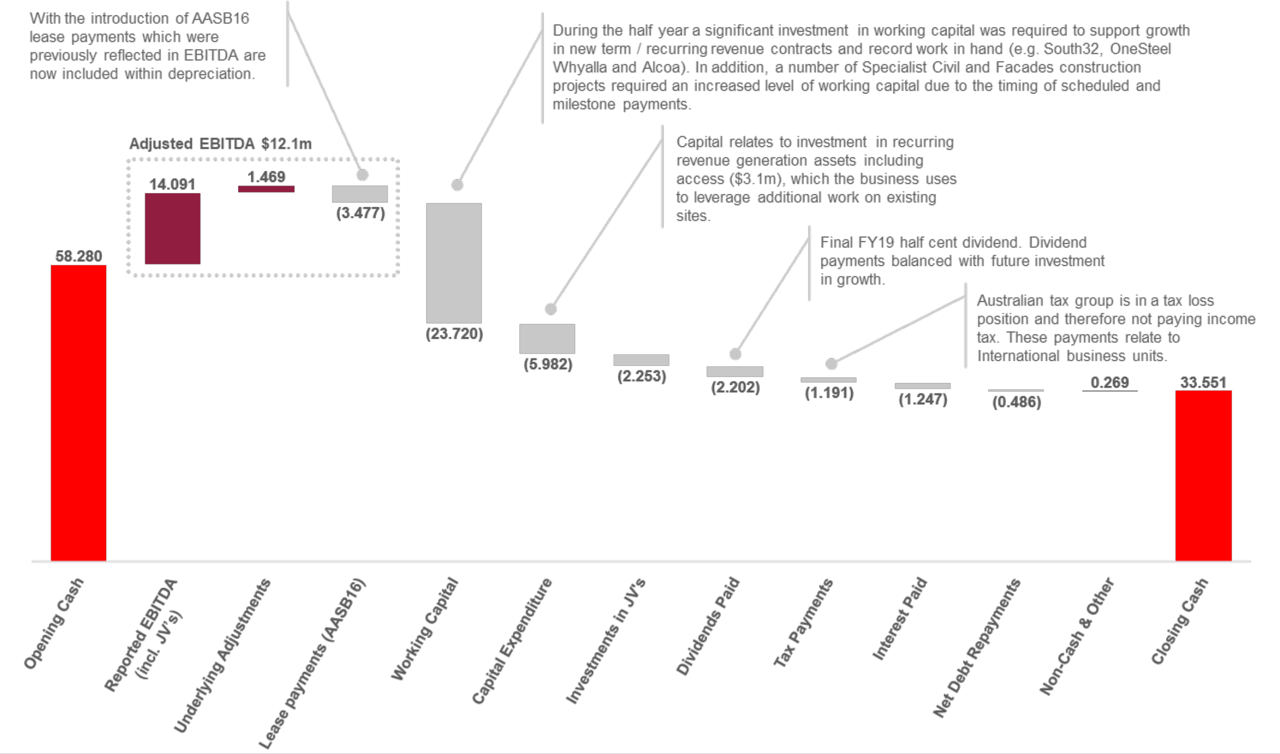
Operating cashflow for the period was negative $10.4m. The recent level of new contract wins in the Asset Services Segment resulted in an increased level of project starts throughout the period.

Commencement activity within recurring revenue projects requires a significant level of initial working capital investment. During the period, the working capital associated with new large project mobilisations resulted in a negative operating cashflow. As these projects mature and move into steady state operations, the working capital requirements are expected to normalise.

In addition, the Specialist Facades and Civil Divisions contributed strongly to the company's EBITDA results in the first half, however, this resulted in an increased level of working capital requirement due to the timing of scheduled and milestone payments.

As a result of these higher working capital requirements, the Company moved into a net debt position of $11.4m at 31 December 2019 (net cash of $12.2m at 30 June 2019). Despite moving to a net debt position, the Company's balance sheet remains in a healthy position. Gearing levels are low at 6% (net debt / (net debt + equity)). The Company increased its treasury facilities to $40m (revolving credit facility) ahead of securing these large asset services contracts to provide flexibility and working capital to meet the Company's business requirements.

Image 3: Cash Flow Movements



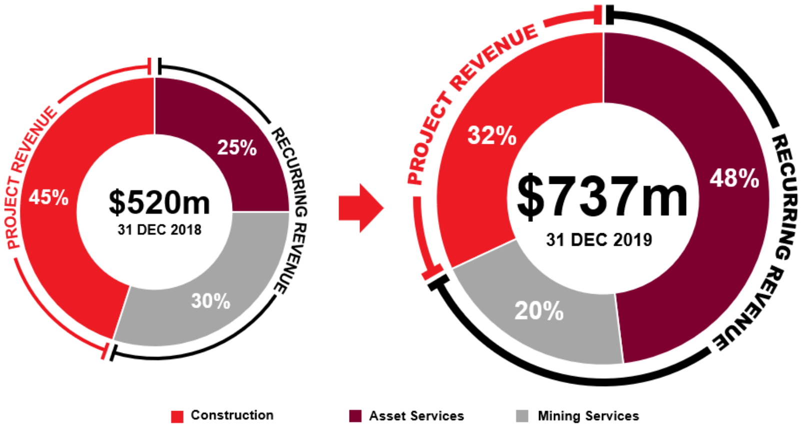
CORPORATE HEAD OFFICE
Level 1, 338 Barker Rd
Subiaco WA 6008
+61 8 9267 5400
info@srgglobal.com.au
srgglobal.com.au

Record Work in Hand

Work in hand continued to increase over the period to a record $737m, up from $520m as at 31 December 2018. The continued ability of the Company to add work into our pipeline reflects SRG Global as a sought-after partner in the markets and geographies we operate in.

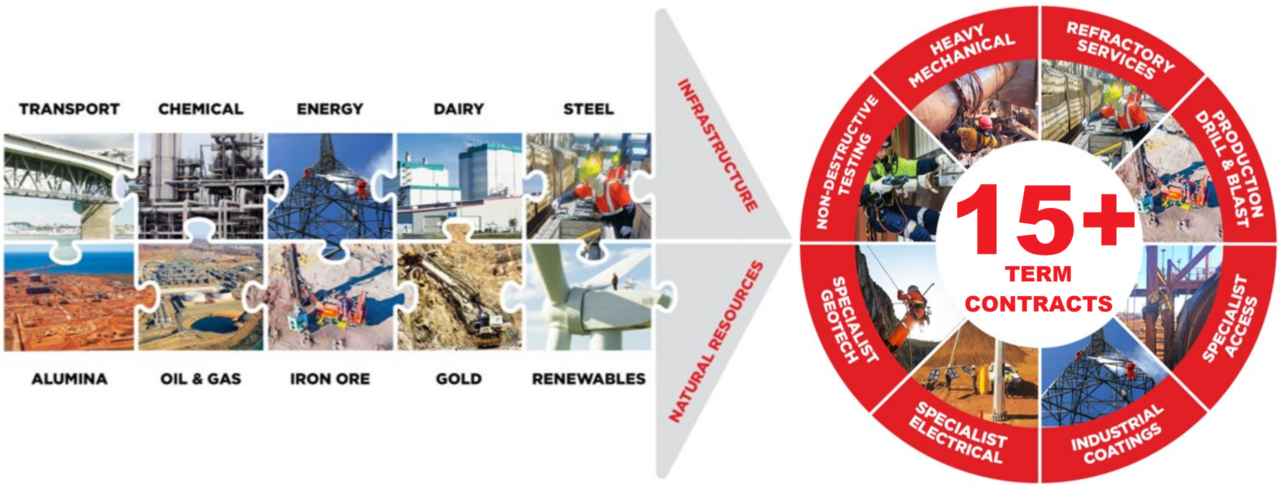
The Company's strategy of targeting high-quality contracts resulted in ~70% of work in hand being generated from recurring revenue streams (at 31 December 2019). The increased focus on multi-year recurring revenue streams has resulted in 37% of work in hand expected to be delivered in FY22 and beyond indicating a growing level of stability in the Company's long-term revenue streams.

Image 4: Record Work in Hand of $737m, with ~70% Recurring Revenue



The Company has further diversified future revenue streams by securing a number of significant recurring revenue contracts in the previous 12 months. The term contracts are across a diverse range of sectors leveraging SRG Global's multi-disciplinary capability. Importantly, the Company now has more than 15 term contracts in the Group which provides a footprint to secure new work with existing clients and cross-sell other SRG Global services within these contracts.

Image 5: Diverse Sectors & Extensive Capability



CORPORATE HEAD OFFICE
Level 1, 338 Barker Rd
Subiaco WA 6008
+61 8 9267 5400
info@srgglobal.com.au
srgglobal.com.au

Outlook

With record work in hand of $737m and a strong opportunity pipeline of $5.7b, SRG Global is very well positioned for sustainable growth in FY21 and beyond underpinned by a significant and growing recurring revenue base.

Our record work in hand is expected to increase further with imminent awards of Western Australian building construction contracts which will address project timing and carrying cost issues in the WA Structures division. In addition, near-term contract wins are anticipated for the Mining Services Segment which will further increase our long-term work in hand.

The Asset Services Segment will continue to grow through recently secured term contracts which will deliver higher earnings in the second half along with further growth opportunities through existing and new term contracts.

The long-term outlook remains very positive for the diverse sectors and geographies that SRG Global operate in. Importantly, we will continue to remain disciplined in our working winning, operational execution and delivery against long-term strategic objectives.

SRG Global expects to deliver underlying EBITDA of between $30m - $34m for FY20.

Interim Dividend

The Board of Directors has declared an interim dividend of half a cent per share, fully franked. The record date of the dividend is 11 March 2020 with a payment date of 29 April 2020.

– ends –

Media Contact
Citadel-MAGNUS
Michael Weir
(08) 6160 4900

Investor Contact
SRG Global
Judson Lorkin
(08) 9267 5400

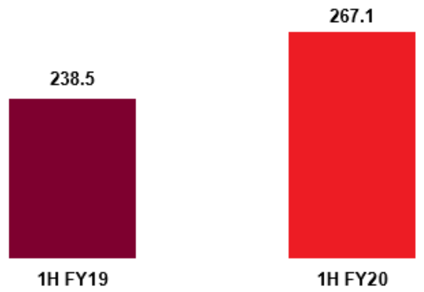
About SRG Global

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

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

Appendix 1: Reconciliation of Financial Information

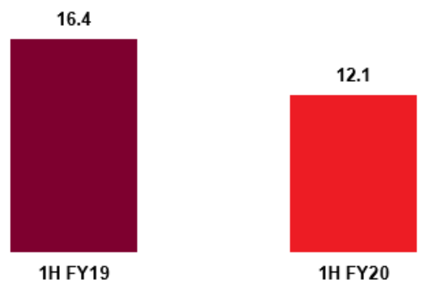
ADJUSTED REVENUE ($m)



REVENUE ADJUSTMENTS ($m)

	1H FY19	1H FY20
Reported Revenue	**232.6**	**259.2**
ADD ADJUSTMENT ITEMS		
50% of JV revenue	6.0	7.9
Total Adjustment Items	**6.0**	**7.9**
Adjusted Revenue	**238.5**	**267.1**

ADJUSTED EBITDA ($m)



EBIT AND EBITDA ADJUSTMENTS ($m)

	1H FY19	1H FY20
Reported EBIT	**5.8**	**3.1**
ADD ADJUSTMENT ITEMS		
Transaction and restructuring costs	3.0	1.4
Amortisation of customer related intangibles	3.2	2.5
Total Adjustment Items	**6.2**	**3.9**
Adjusted EBIT	**12.0**	**7.0**
Add Depreciation	4.4	8.5
Depreciation impact of lease accounting standard AASB 16	-	(3.4)
Adjusted EBITDA	**16.4**	**12.1**

CORPORATE HEAD OFFICE
Level 1, 338 Barker Rd
Subiaco WA 6008
+61 8 9267 5400
info@srgglobal.com.au
srgglobal.com.au