



2020 HALF YEAR RESULTS PRESENTATION

25 FEBRUARY 2020



SRG GLOBAL MODEL

WHO WE ARE

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



OUR OPERATING MODEL

End-to-end solutions across the entire asset lifecycle

- Engineer
- Construct
- Sustain

OUR VISION

The **most sought-after** specialist construction, maintenance and mining services business

**MAKING THE
COMPLEX
SIMPLE**

OPERATING SEGMENTS



CONSTRUCTION

Constructing complex infrastructure

Targeted Revenue

CIVIL

Specialist engineering and construction services for complex structures in key markets of dams, bridges, windfarms and tanks

BUILDING

Specialist post-tensioning, structural and specialist facade construction and remediation with repeat, tier one clients



ASSET SERVICES

Sustaining complex infrastructure

Recurring Revenue

SPECIALIST MAINTENANCE

Highly skilled specialist maintenance services focusing on refractory, oil and gas, industrial assets and transport and marine infrastructure

ACCESS SOLUTIONS

Comprehensive structural and technical access solutions targeting the mining and resources, oil and gas, offshore marine and industrial locations



MINING SERVICES

Comprehensive ground solutions

Recurring Revenue

PRODUCTION DRILL & BLAST

Integrated range of complementary production drill & blast services working across multiple commodities including gold, precious metals, coal and iron ore

SPECIALIST GEOTECH

Highly technical specialist ground and slope stabilisation services for all mining services and civil applications

SUMMARY

Shares on Issue	445.8m
Share Price ⁽¹⁾	\$0.38
Market Capitalisation ⁽¹⁾	\$169.4m

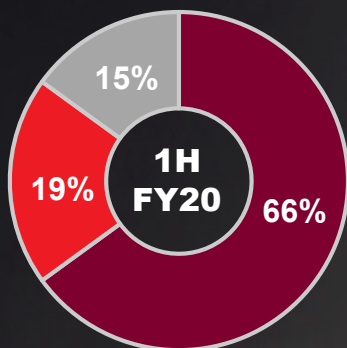
Note: (1) Share price and market capitalisation as at 24 February 2020

SUBSTANTIAL HOLDERS

Perennial Value Investment	14.4%
Mitsubishi UFG Financial Group, Inc	9.7%
Board and Management	15.0%

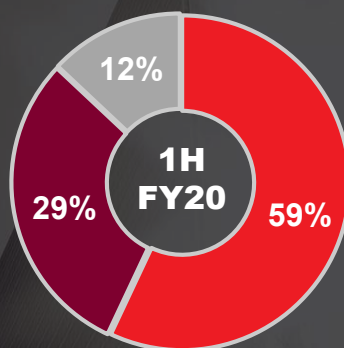
Source: Latest ASX announcements & Company share registry

REVENUE BY GEOGRAPHY



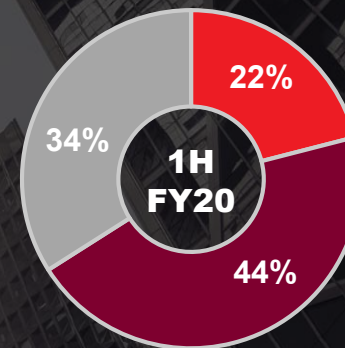
- Australia - East
- Australia - West
- International

REVENUE BY SEGMENT



- Construction
- Asset Services
- Mining Services

EARNINGS BY SEGMENT



- Construction
- Asset Services
- Mining Services



1H FY20 IN REVIEW

David Macgeorge, Managing Director

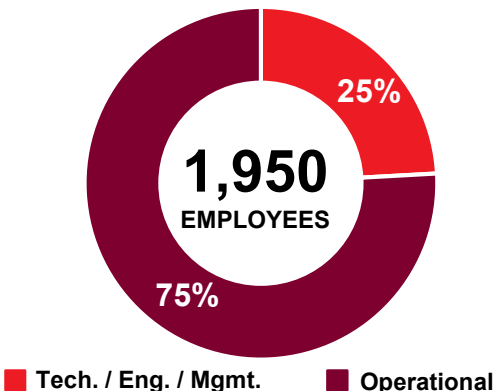


- **Adjusted Revenue** in 1H FY20 of \$267.1m
- **Adjusted EBITDA** of \$12.1m and **Adjusted EBIT** of \$7.0m
- 1H financial result **overview**:
 - Very strong growth in Asset Services with work in hand up 172% in past 12 months
 - Solid operational performance in Mining Services, Specialist Facade and Civil Construction
 - Continued carrying costs vs timing / commencement of project awards in Structures WA
 - Challenging operating environment for Structures division in Victoria; clear actions taken
- **Strong balance sheet** with liquidity of \$67.2m (cash on hand plus undrawn working capital facility) and net debt of \$11.4m (**low gearing of 6%**)
- **Interim, fully franked dividend** of 0.5 cents per share, balanced with **growth investment**
- **Record work in hand (WIH)** of \$737m, up 42% in the last 12 months
- **Recurring revenue** represents circa 70% of work in hand revenue mix, up \$215m in last 12 months
- **Opportunity pipeline** of \$5.7b across positive growth sectors

GLOBAL WORKFORCE



HIGHLY SKILLED WORKFORCE



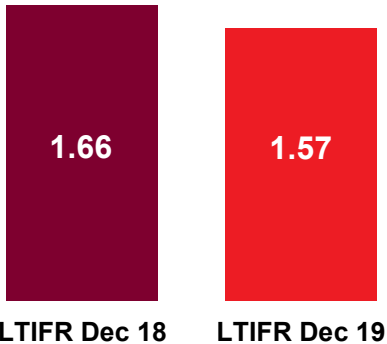
ZERO HARM LEADERSHIP



ZERO HARM INTERACTIONS



ZERO HARM IMPROVEMENT



FINANCIAL STRENGTH AS AT 31 DECEMBER 2019

CASH IN HAND



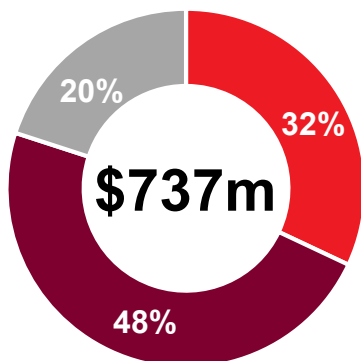
NET DEBT



NET ASSETS

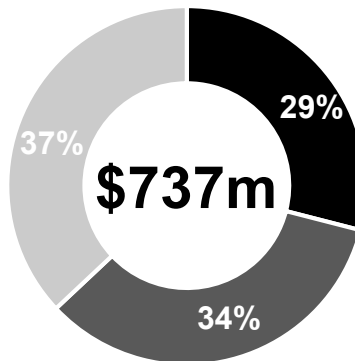


WORK IN HAND¹



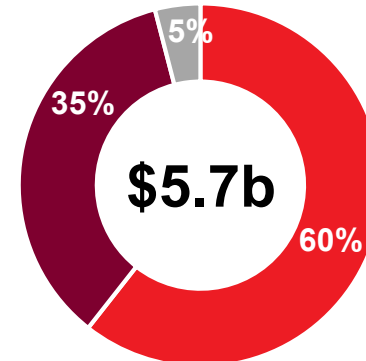
■ Construction ■ Asset Services ■ Mining Services

WORK IN HAND¹ BY YEAR



■ FY20 ■ FY21 ■ FY22+

OPPORTUNITY PIPELINE



■ Construction ■ Asset Services ■ Mining Services

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

○ Engineer ○ Construct ○ Sustain

**MAKING THE
COMPLEX
SIMPLE**



FINANCIAL REVIEW

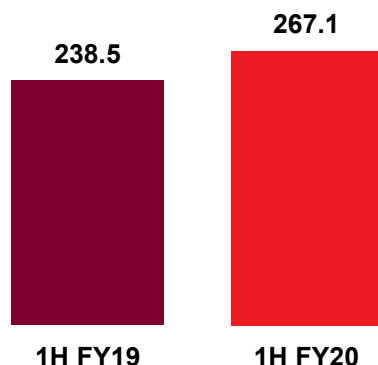
Roger Lee, Chief Financial Officer



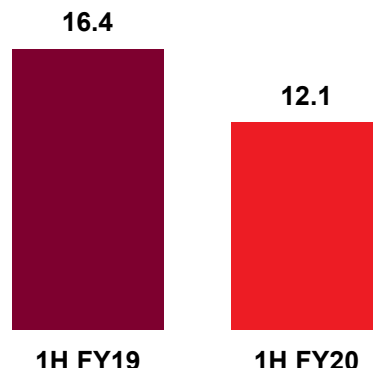
1H FY20 FINANCIAL PERFORMANCE



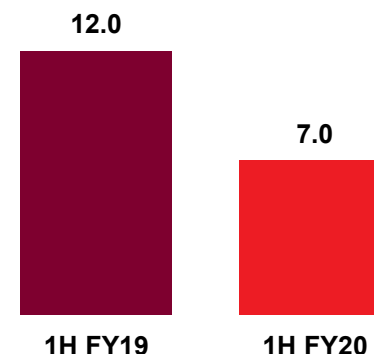
ADJUSTED REVENUE (\$M)



ADJUSTED EBITDA (\$M)



ADJUSTED EBIT (\$M)



- Revenue increase driven through:
 - Commencement of new contract wins in the Asset Services Segment
 - Additional project revenue delivered by strong performance in the Civil division
- EBITDA and EBIT margins impacted by:
 - Continued carrying costs vs timing / commencement of project awards in Structures division in Western Australia
 - Challenging operating environment for Structures division in Victoria

CASHFLOW ANALYSIS

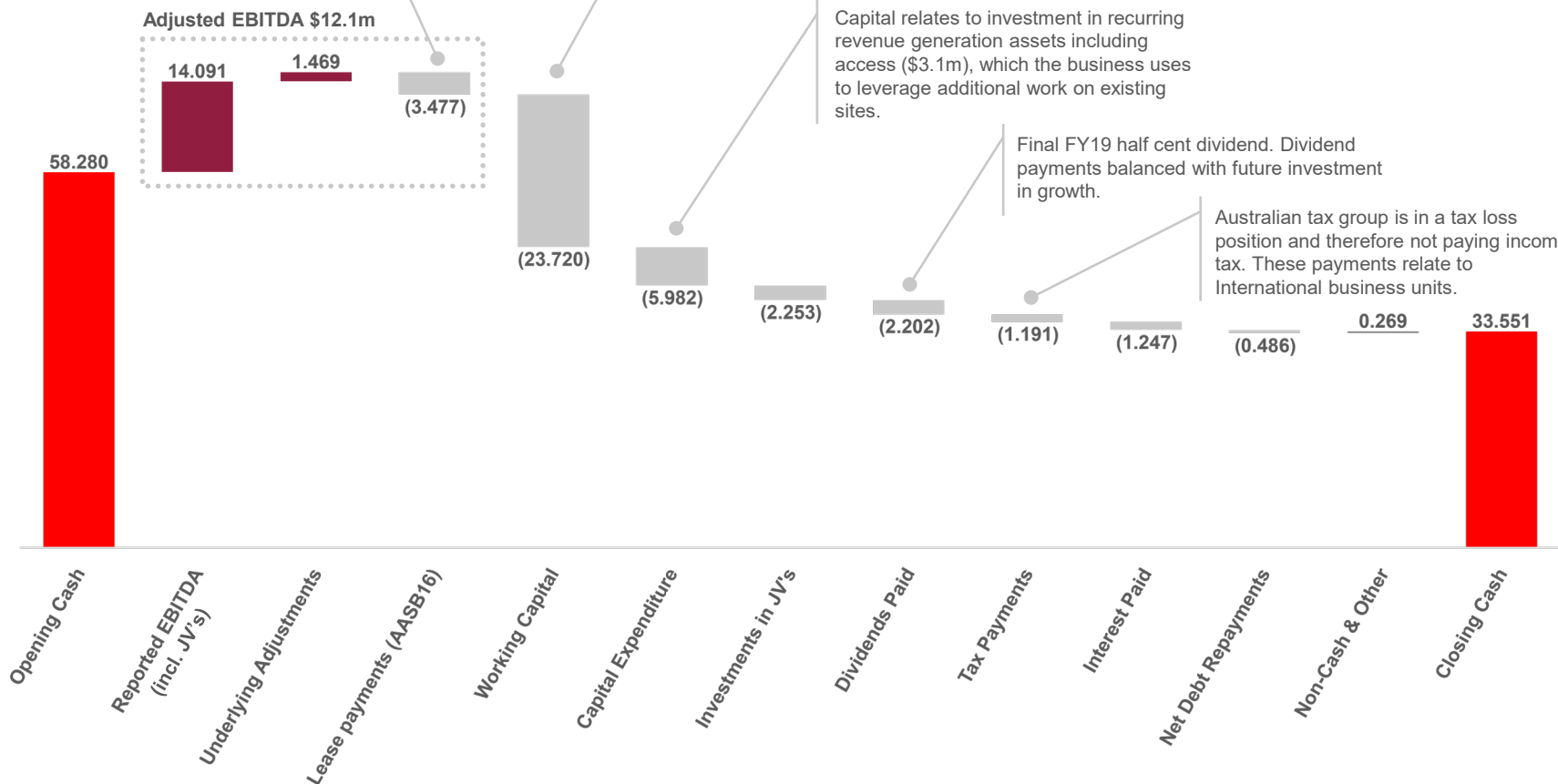
With the introduction of AASB16 lease payments which were previously reflected in EBITDA are now included within depreciation.

During the half year a significant investment in working capital was required to support growth in new term / recurring revenue contracts and record work in hand (e.g. South32, OneSteel Whyalla and Alcoa). In addition, a number of Specialist Civil and Facades construction projects required an increased level of working capital due to the timing of scheduled and milestone payments.

Capital relates to investment in recurring revenue generation assets including access (\$3.1m), which the business uses to leverage additional work on existing sites.

Final FY19 half cent dividend. Dividend payments balanced with future investment in growth.

Australian tax group is in a tax loss position and therefore not paying income tax. These payments relate to International business units.



Balance Sheet - \$m	FY19	1H FY20	
Cash and cash equivalents	58.3	33.6	Strong available liquidity of \$67m including \$34m undrawn working capital facilities
Trade, other receivables & contract assets	118.0	115.2	
Inventories	13.0	14.0	1H FY20 includes \$20.9m of "Right to use" assets in relation to AASB 16
Property, plant and equipment	71.5	93.8	
Intangibles	137.5	135.0	
Deferred tax assets	27.2	27.9	
Other	5.1	12.1	
Total Assets	430.6	431.6	
Trade, other payables & contract liabilities	99.7	84.1	1H FY20 includes \$21.3m of "Right to use" liabilities in relation to AASB 16
Borrowings	46.1	66.3	
Current tax liabilities	1.7	0.0	
Provisions and other	30.4	25.0	
Total Liabilities	177.9	175.4	
Net Assets	252.7	256.2	Significant balance sheet strength which underpins the foundation of future growth which is backed by tangible assets of \$121.2m



OPERATING SEGMENT UPDATE

David Macgeorge, Managing Director





CONSTRUCTION

Constructing complex infrastructure

Targeted Revenue

CIVIL

Specialist engineering and construction services for complex structures in key markets of dams, bridges, windfarms and tanks

BUILDING

Specialist post-tensioning, structural and specialist facade construction and remediation with repeat, tier one clients

OVERVIEW

- Strong project and operational delivery across domestic and international Civil projects
- Large pipeline of specialist civil infrastructure project opportunities
- Continued focus on global dam strengthening market
- Carrying costs continued for Structures WA during the half-year, will be addressed through the imminent award of scale projects in Western Australia
- Challenging operating environment for Structures Victoria impacted first half financial performance – detailed business review implemented and being actioned
- Strong work winning and operational delivery for Facades division continued during the half-year

KEY FOCUS

- Global focus on specialist markets of dams, bridges, tanks and windfarms
- Secure specialist projects of scale with repeat Tier 1 building clients
- Action detailed business review of Structures Victoria

INFINITY BRIDGE



Specialist Bridge Construction

SRG Global secured a specialist engineering and construction contract with Belhasa Six Construct LLC (Besix). SRG Global will deliver the main crossing bridge over Dubai Creek as part of the Al Shindagha Corridor improvement project.

Scope of works includes post-tensioning, as well as providing expertise for the delivery, erection and operation of specialist bridge travellers for the construction of the main bridge deck using the balanced cantilever method.

FAIRBAIRN DAM



Specialist Dam Anchoring and Strengthening

SRG Global are undertaking Dam Anchoring and Strengthening works for Sunwater Limited on the Fairbairn Dam Improvement Project located near Emerald in Queensland.

SRG Global will supply and install 78 specialist post-tensioned anchors across the spillway crest. This scope of works is an extension of SRG Global's working relationship with Sunwater with this project, having previously completed an earlier stage of works.



ASSET SERVICES

**Sustaining
complex
infrastructure**

Recurring Revenue

SPECIALIST MAINTENANCE

Highly skilled specialist maintenance services focusing on refractory, oil and gas, industrial assets and transport and marine infrastructure

ACCESS SOLUTIONS

Comprehensive structural and technical access solutions targeting the mining and resources, oil and gas, offshore marine and industrial locations

OVERVIEW

- Highest growth and highest earning segment in SRG Global portfolio, underpinned by a significant and growing number of term contracts with WIH growth of 172% in past 12 months
- South32 and OneSteel contracts commenced well with positive client feedback
- NZ Asset Services business delivering to expectations
- Expansion of refractory services in the Australian market progressing well
- Alcoa contract secured (\$90m over five years) for heavy mechanical, electrical maintenance, specialist rope access and scaffold services at alumina refinery in Western Australia
- The significant new contract wins over the last 12 months resulted in an increased level of working capital investment in 1H

KEY FOCUS

- Step change growth in recurring / term specialist asset maintenance services
- Leverage site presence for 'one stop shop' model
- Continue investment in innovative technology
- Sustaining key infrastructure assets across a broad range of industries

ALCOA KWINANA



Multi-disciplinary Asset Services

SRG Global secured a five-year \$90m multi-disciplinary contract with Alcoa of Australia Limited at their alumina refinery in Kwinana, Western Australia.

SRG Global is providing heavy mechanical and electrical maintenance, specialist rope access and scaffold services.

TRANSPOWER NZ



Specialist Infrastructure Maintenance

SRG Global secured a new three-year contract with Transpower New Zealand Limited to provide specialist industrial services including removal of existing coatings through specialist blasting, application of industrial protective coatings and minor steel replacement.

SRG Global has a long history working with Transpower, providing asset services to its National Grid for more than 20 years.



MINING SERVICES

**Comprehensive
ground
solutions**

Recurring Revenue

PRODUCTION DRILL & BLAST

Integrated range of complementary production drill & blast services working across multiple commodities including gold, precious metals, coal and iron ore

SPECIALIST GEOTECH

Highly technical specialist ground and slope stabilisation services for all mining services and civil applications

OVERVIEW

- Strong asset utilisation across the fleet >95%
- Higher margins delivered on a period on period basis, reflecting the additional value proposition SRG Global offers to its customer base through innovation and technology solutions including remote operated drill rigs
- Near term contract wins expected which will increase long-term work in hand and further diversify client base
- Strong pipeline of Specialist Geotech services with a sole focus on existing and new clients in the mining sector
- Key client and commodity exposure in gold and iron ore

KEY FOCUS

- Selective growth with targeted clients / commodities
- Drive operational efficiency and high asset utilisation
- Continued focus on innovation through technology solutions
- Leverage site presence for other SRG Global offerings

EVOLUTION MINING



Production Drill and Blast

SRG Global secured a \$115m Umbrella Agreement with Evolution Mining to extend the terms of its drill and blast operations in Australia.

SRG Global will continue to provide drill and blast services at Mt Rawdon and Mt Carlton mines in Queensland and Cowal mine in New South Wales.

INNOVATION



Innovation

SRG Global has committed to the integration of new technologies across our modern fleet of blast hole and geotechnical drill rigs.

SRG Global is progressively fitting drill rigs with high precision GPS systems and are also advancing with implementation of semi-autonomous and remote-control operation of drill rigs.



EXECUTING OUR STRATEGY

David Macgeorge, Managing Director



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

GROWTH

Step change growth in recurring Asset Maintenance Services

Targeted growth globally in specialist Civil Infrastructure Construction

Specialist services and products in Building Construction

Optimisation, innovation and cross selling in Mining Services

Selective acquisitions to complement capability / footprint

LEADERSHIP

Zero Harm industry leader

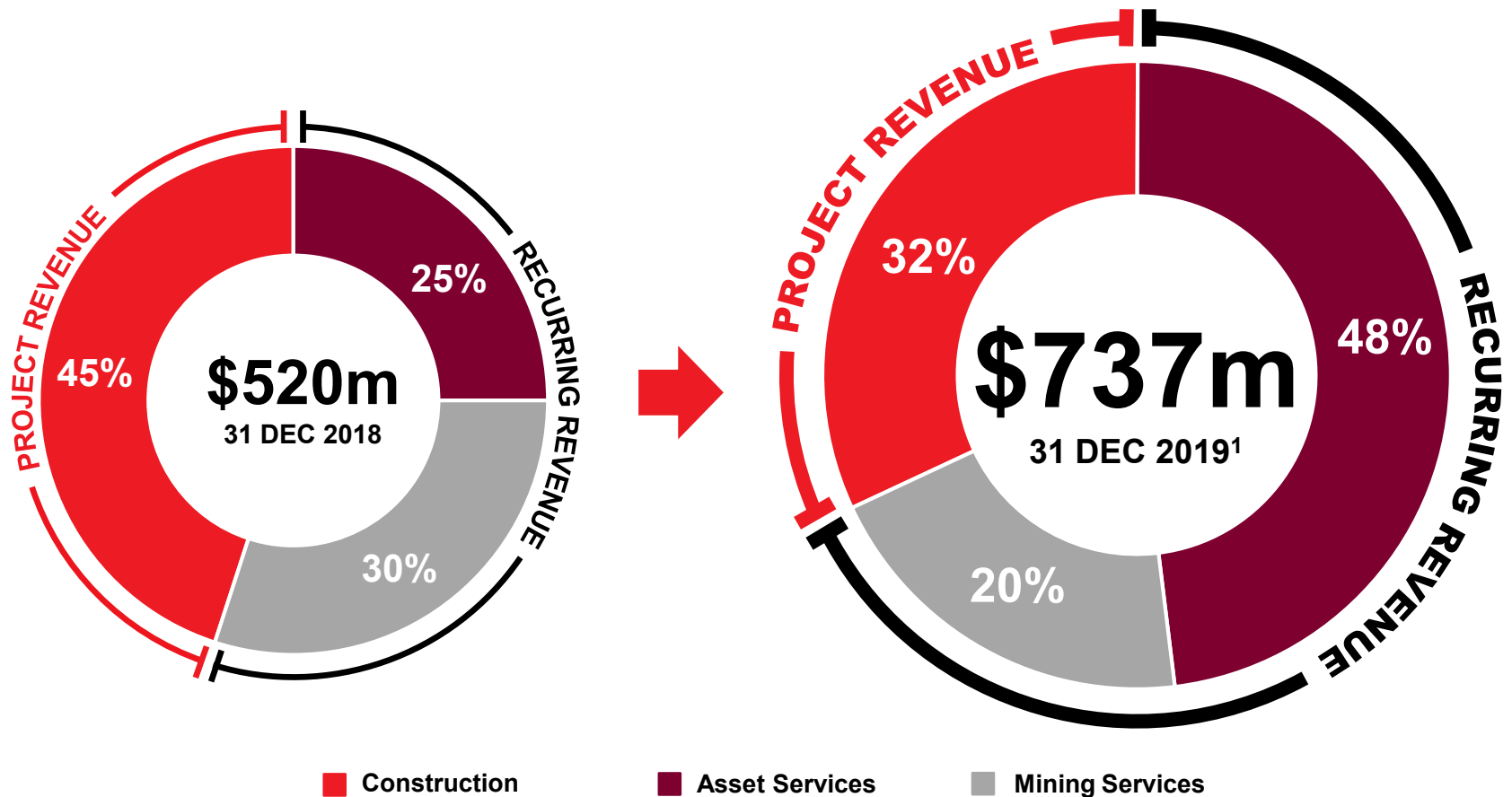
Recognised employer of choice

Key partner of choice in our specialised fields

\$1bn+ Annual Revenues (50% recurring and 50% project based)

Consistent, above market shareholder returns (EPS and TSR)

EXECUTING STRATEGY... “RECORD WORK IN HAND”



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

○ Engineer ○ Construct ○ Sustain

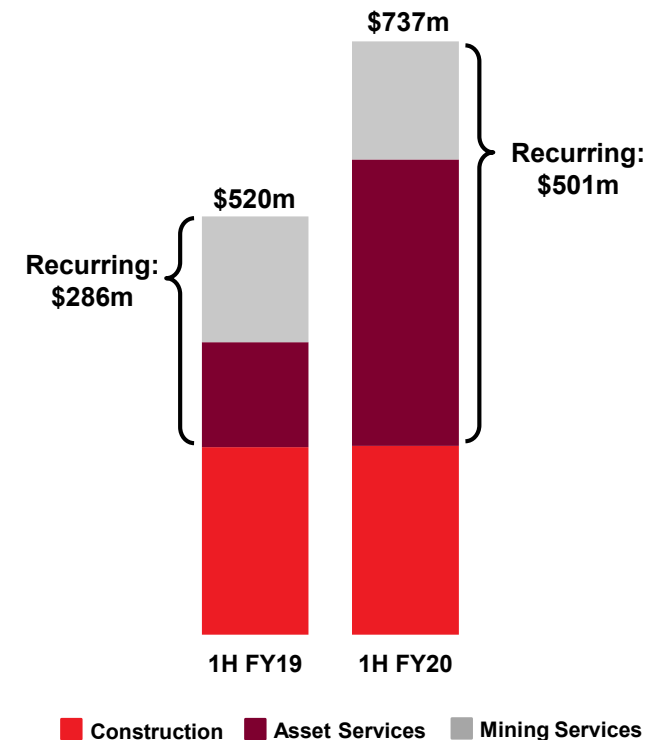
**MAKING THE
COMPLEX
SIMPLE**

- Recurring revenue WIH up \$215m in the past 12 months
- Recurring revenue is now c.70% of record \$737m WIH
- Asset Services WIH up 172% in the past 12 months

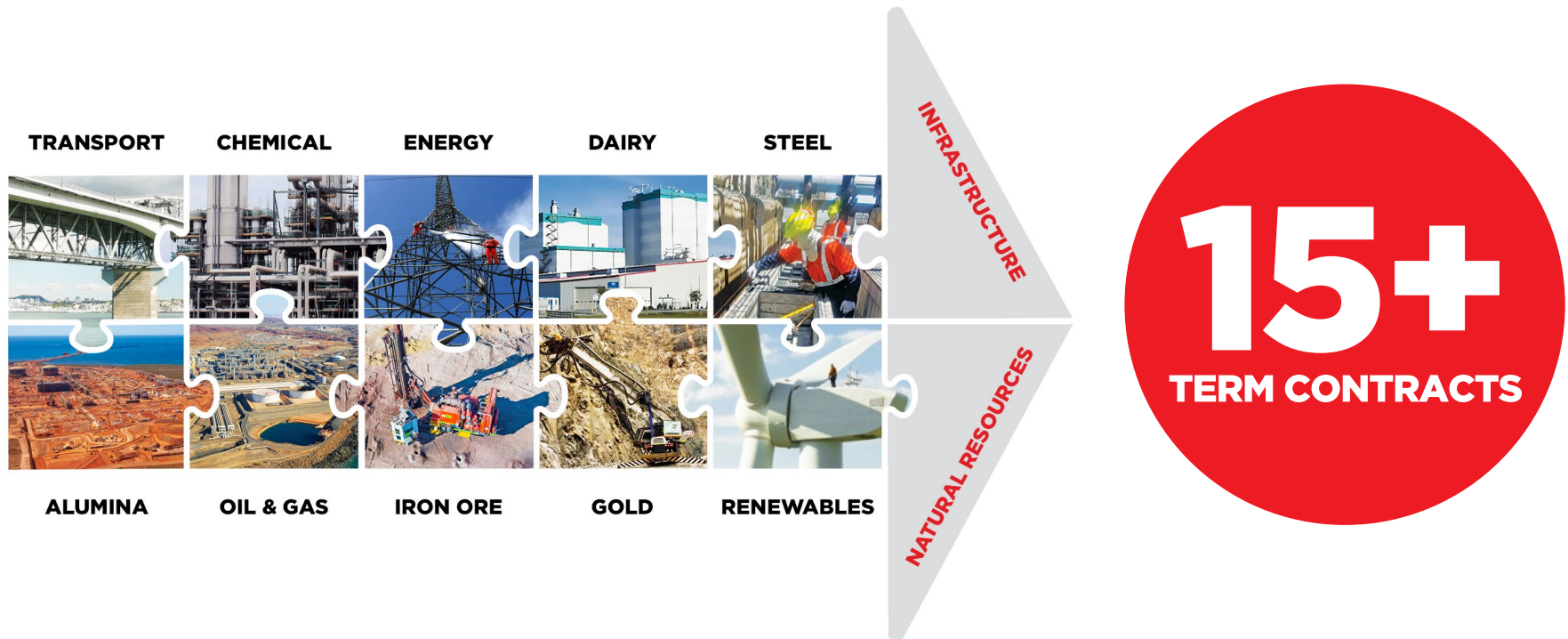
Examples of recent term contract wins:

CLIENT	SCOPE	VALUE	TERM
OneSteel	Refractory Services	\$45m	5 yrs
South32	Specialist Access Services	\$60m	6 yrs
Evolution	Specialist Mining Services	\$115m	5 yrs
Transpower	Transmission Tower Maintenance	\$35m	3 yrs
KCGM	Specialist Geotech Services	\$18m	5 yrs
Alcoa	Multi-disciplinary Mechanical, Electrical & Specialist Access Services	\$90m	5 yrs
		\$363m	

WORK IN HAND BY SEGMENT



WINNING TERM CONTRACTS IN... “DIVERSE SECTORS”



WINNING TERM CONTRACTS... “DIVERSE CAPABILITY”





OUTLOOK

David Macgeorge, Managing Director



- **Record Work in Hand** of \$737m with ~70% recurring revenue
- **Strong opportunity pipeline** of \$5.7b across diverse growth sectors
- **Imminent award** of Western Australian Building construction contracts which will address timing and carrying cost issue
- **Near term** contract wins expected in Mining Services increasing long-term work in hand
- **Positive growth opportunities** in Specialist Civil and Specialist Facades
- **Continued growth** in secured Asset Services contracts delivering higher earnings in 2H and beyond
- **FY20 Guidance** of an underlying EBITDA of 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

Attractive Investment Proposition

Complete
business model
(end-to-end)

Diverse
market sector
exposure

Specialist
global
footprint

Recurring /
repeat
revenues

Strong
growth
profile

Dividend
paying
stock

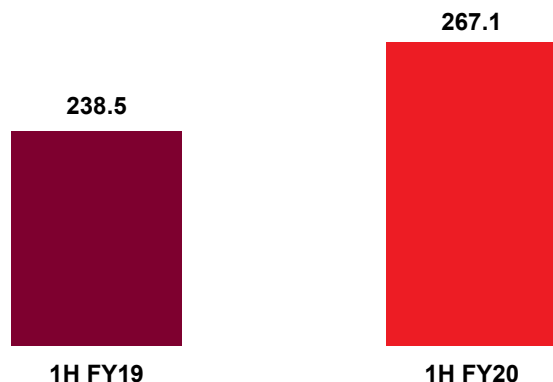


APPENDIX

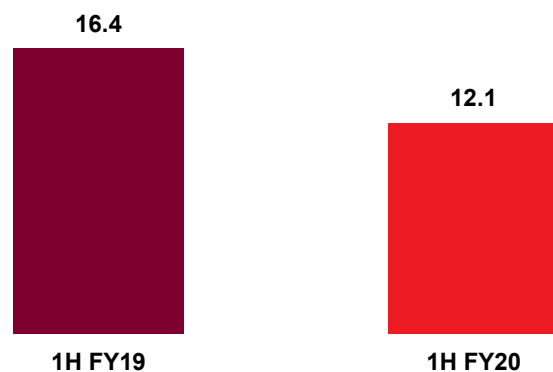


RECONCILIATION OF FINANCIAL INFORMATION

ADJUSTED REVENUE (\$m)



ADJUSTED EBITDA (\$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

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

Solving challenges wherever they are

srgglobal.com.au

○ Engineer ○ Construct ○ Sustain

**MAKING
THE
COMPLEX**

SIMPLE