



18 November 2015

## ASX ANNOUNCEMENT

# 2015 AGM CHAIRMAN'S ADDRESS AND MD PRESENTATION

SRG Limited (ASX:STS) ("SRG"), a leading complex services company, is pleased to release the attached Chairman's Address by Peter McMorrow and Managing Director's presentation by David Macgeorge which will be delivered at the Company's 2015 Annual General Meeting (AGM).

The meeting will be held:

Today, 18 November 2015  
At 10:30 am Western Standard Time  
Royal Perth Yacht Club  
Australia II Drive, Crawley, Western Australia

Results of the official business will be released to the market following the close of the AGM.

ENDS

**Issued by SRG Limited ABN 57 006 413 574**

SRG Limited is an Australian complex services company. Our vision is to make the complex simple for our customers and our mission is to be a leading provider of complex services to the construction and mining industry worldwide.

Founded in Victoria in 1961, the Company commenced trading as BBR Australia Pty Ltd with the first project undertaken to supply and install rock anchors for the Snowy Mountains scheme. Listed in 1987 on the ASX as Structural Systems Limited, the organisation has grown from a small privately owned specialist post-tensioning company to a diverse international contractor in building, civil, mining, products and services. SRG has offices throughout Australia as well as in the Middle East and Hong Kong. In November 2014, Structural Systems Limited became SRG Limited.

**PERTH**  
Level 1, 338 Barker Rd  
Subiaco WA 6008

**BRISBANE**  
1/12 Commerce Cct  
Yatala QLD 4207

**MIDDLE EAST**  
Office M-03, Bu Shaqar Building  
Garhoud, Dubai, UAE

**SYDNEY**  
S3/L1, 75 Carnarvon St  
Silverwater NSW 2128

**MELBOURNE**  
112 Munro St  
Sth Melbourne VIC 3205

**HONG KONG**  
Office 606, 6/F, Shun Feng International Centre  
182 Queen's Road East, Wan Chai, Hong Kong

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+61 8 9267 5400

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# SRG LIMITED

## 2015 AGM

### PETER MCMORROW

#### CHAIRMAN'S ADDRESS

18 NOVEMBER 2015



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# 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.



## **2015 AGM - SRG LIMITED**

### **Chairman's Address**

**Address to shareholders by Mr Peter McMorrow, at SRG Limited's Annual General Meeting in Perth on 18 November 2015 at 10:30 am.**

Good morning ladies and gentlemen and welcome to SRG's 2015 Annual General Meeting. It is a pleasure to address you this morning.

It is now 10:30 am and I am advised that the necessary quorum of SRG Limited shareholders is present in person or represented by proxy. I therefore have the pleasure of declaring this Annual General Meeting of the Company open.

I am Peter McMorrow, the Chairman of SRG Limited, and I take this opportunity to welcome those in attendance and introduce you to my fellow Directors: Mr David Macgeorge, our Managing Director, who is joined by our Non-Executive Directors, Mr Robert Freeman, Mr Peter Brecht and Mr Michael Atkins.

I would also like to introduce our CFO and Company Secretary, Roger Lee, along with other members of our Executive team who are in attendance today:

- Mark Palmer – EGM Construction
- Joe Thomas – EGM Mining and Products
- Amy Hancock – GM People
- Michelle Quigley – General Counsel
- Corey Maranesi – GM Commercial

I also welcome Nicholas Benbow who is representing the Company's auditor, William Buck and Carolyn Pugsley representing the Company's lawyers, Herbert Smith Freehills

Before moving on to the resolutions, I would like to briefly address you on the recent activities and achievements of SRG Limited in what has truly been a defining year for the Company.

2015 has been a productive time for your Board and Management, and one in which we've laid significant ground-work to return the SRG business to a position of strong, profitable and sustainable growth.

## **One business – one team culture**

During the year, we worked hard to deliver on the goal that I described during last year's AGM of having a "one business – one team culture", and we moved from having a collection of businesses to launching the SRG Limited brand.

We now have five streams all operating under the SRG banner, across the areas of Civil, Mining, Building, Products and Services.

Consolidation of our brands and businesses under one umbrella has been an important step, enabling us to be represented in the market place as a single brand, with a clear vision. While we are still at an early phase in the process of embedding the brand within the market, we have built our brand's foundations and continue to develop these.

Within the new organisation, the team has worked hard to embed and embrace a redefined set of five core values. David will introduce the full set of values in his presentation, however I think it's important at this point to acknowledge our Zero Harm value, which is underpinned by our deep commitment to improving safety and the environment.

I'd like to pause at this point, and acknowledge the passing of Jorge Castillo-Riffo, whose life was tragically lost during a work incident in 2014. This is an incident that has impacted not just Jorge's family, but the whole SRG team. We continue to offer our sincere condolences to the friends and family and continue to strive towards achieving Zero Harm at SRG to ensure our people all return home safely each day.

Zero Harm is core to everything we do, and every day across each of our business streams, the team is concerned with achieving zero injuries, and being mindful of our assets and the environment. Aside from our operational achievements, one of the biggest achievements during the year in review has been achieving strong buy-in from the whole SRG team to living by our corporate values, with safety being paramount.

## **Making the complex simple**

The foundational work completed in 2015 has left us with a number of key outcomes. We now hold one clear vision. We have a single, well-defined strategy and brand, with strong values, and the company is being run by a high performing team that is pushing for innovation at every turn.

Our clear "making the complex simple" vision to customers represents our commitment to solving our customers' challenging and complex problems, and during the year we've demonstrated some outstanding success in this area with some of our projects and product development.

In fact, one of our newest products, SureLok™, is making a genuine impact on the cost and quality of the temporary movement joint market and has been developed in response to complex issues that customers were facing. While David will talk more about this innovation, I will say here that we are excited about the future of this product, but also proud of the quality technical expertise we have in-house which can drive innovation within the markets in which we operate. Additions such as SureLok™ to the Products portfolio help our customers, deliver strong margins to SRG and extend our intellectual property position.

I have the confidence that the work we've undertaken during the year to restructure and refocus the Company will lead to a continuation of the positive results that we have started to see come through as we move from our foundational phase to now focus on developing the business.

Before I hand over to David, I'll cover what the Board sees as the Company's key achievements for the period:

### **Our achievements**

Following last year's Board refresh, we have strengthened our corporate governance framework. This has left SRG with a new Board Charter, a revised Remuneration, Nomination and Benefits Committee and the implementation of a new Code of Conduct to ensure governance is set to drive our values.

The new SRG senior management team is now bedded down and has delivered significant improvement across the areas of financial discipline, commercial rigour and project execution – highlighting a strong depth of experience and commitment. The Board is very pleased with the team's performance and the progress that's been made during the year.

We resolved our outstanding legacy issues during the period.

Notably, the Eastern Treatment Plant or ETP contingent liability was closed off. While we recorded a corresponding one-off impact to the P&L to close the matter out, and its resolution affected our FY15 result, this should not detract from recognition of our underlying profit result of \$6 million net profit before tax for the year. This was a positive result, compared with last year's overall profit before tax result of \$2.1 million.

Perhaps more importantly, closing off the ETP matter means the business can move forward unhindered by the \$51m contingent liability that it was carrying, and close off the legal concern regarding that past project. It was an

important and necessary step to clear the decks for the sustainable growth on which the team is focused.

We focused on securing larger projects, increasing organic growth in target markets, strengthening our project pipeline and employing a considered approach to M&A targets where commercially appropriate.

One example of targeted growth occurred with the acquisition of the CCM Group Australia which completed in July, immediately following the year-end reporting period. The acquisition will enable SRG to build its remedial services footprint in Western Australian and the Northern Territory and brings a range of remedial, maintenance and construction skillsets to the business.

Similarly, we cautiously continued to expand our geographic footprint. During the period, contracts continued or were won in the Australian and Asian markets. We also regenerated our Middle Eastern business, and re-established our presence in Hong Kong. In October, we announced a large dam project win at Hazelmere Dam in Durban, South Africa.

Despite the one-off impact to FY15, due to the resolution of the ETP dispute, SRG paid a final fully franked dividend of 0.5 cents per share, totalling 2.5 cents per share, fully franked for the full year. We were able to do this only as a result of the effort that went into strengthening the Company's profitability and cash position during the course of the year.

## **FY2016 outlook**

Looking ahead to FY16 now - we continue to implement our new strategy under one brand, SRG Limited, and drive additional brand recognition in the market place. We believe our continued focus on innovative and value-driven solutions will put us in good stead to service our customers well and continue to deliver in what is clearly a challenging market.

We are focused on further developing the business by securing larger projects, increasing organic growth in target markets, building our complementary services, and considering strategic M&A targets, all within the framework of seeking profitable and sustainable growth. Our core, underlying objective is the creation of shareholder value and we are working hard to deliver on it.

My sincere thanks to the whole SRG team, which has embraced change, adopted our new values, delivered innovation and challenged themselves at every turn. I genuinely believe we have some of the most talented minds in the industry and together with my fellow Directors, I'm excited about the future of this business.

# OUR BOARD



**PETER McMORROW**  
CHAIRMAN



**DAVID MACGEORGE**  
MANAGING DIRECTOR



**MICHAEL ATKINS**  
NON-EXEC DIRECTOR



**PETER BRECHT**  
NON-EXEC DIRECTOR



**ROBERT FREEDMAN**  
NON-EXEC DIRECTOR

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# OUR LEADERS



**ROGER LEE**

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CFO / CO SEC



**AMY HANCOCK**

---

GM - PEOPLE



**MARK PALMER**

---

EGM - CONSTRUCTION



**MICHELLE QUIGLEY**

---

GENERAL COUNSEL



**JOE THOMAS**

---

EGM - MINING & PRODUCTS



**COREY MARANESI**

---

GM - COMMERCIAL

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# SRG LIMITED

## 2015 AGM

### DAVID MACGEORGE

MANAGING DIRECTOR'S  
PRESENTATION

18 NOVEMBER 2015



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## OUR VISION

**“MAKING THE COMPLEX SIMPLE”**

WHAT DOES THIS MEAN?

**ANYWHERE, ANYTIME, ANY TASK, WE SOLVE THE DIFFICULT PROBLEMS**

## OUR MISSION

**TO BE A RECOGNISED LEADER IN THE PROVISION OF COMPLEX SERVICES  
TO THE CONSTRUCTION AND MINING INDUSTRIES WORLDWIDE**

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# WHAT WE VALUE MOST



## **ZERO HARM** We have each other's backs.

We look out for our colleagues, the environment and things we own. This means we strive for zero injuries and zero damage to the environment and our assets.

## **INNOVATION** We think outside the box.

We live to solve the complex and challenging problems others can't and continually challenge what's considered possible.

## **INTEGRITY** We do the right thing at all times.

We act with honesty and accountability. We have a no surprises culture.

## **TEAMWORK** We accomplish everything together.

We work smart, we work hard, we work towards our vision and we do it as one team.

## **EXCELLENCE** Anywhere, anytime, any task.

Delivering above and beyond the expectations of our customers and stakeholders is our way.

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BRAND



Australian

Water

United



Land

Simplicity

Customers coming back

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**SIMPLE**

# STRATEGIC ACHIEVEMENTS



## FOUNDATION

1 Year

- Develop vision / strategy ✓
- Drive Zero Harm ✓
- Right structure / capability ✓
- Develop brand / value proposition ✓
- Rigorous review mechanisms in place ✓
- Formalise relationships with key stakeholders ✓
- Drive improvement / efficiency ✓
- Resolve legacy issues ✓

## DEVELOPMENT

1-3 Years

- Execute strategy
- Projects delivered above green sheet
- Secure specialised civil projects of scale
- Organic growth in target markets
- Growth in complementary services / markets
- Selective acquisitions to accelerate growth
- Brand recognition

## MARKET LEADERSHIP

3+ Years

- Zero Harm industry leader
- Global complex service partner of choice
- Strong brand
- Employer of choice
- ASX top 200
- Consistent performance
- Above market returns
- Diversified international specialist contractor

## BUSINESS ALIGNMENT

- One Business One Team (Shared Values)
- Clear Vision / Strategy

## INCREASED CAPABILITY

- Board / Executive
- Talent Management Program

## CLEARED THE PATH

- Cleared legacy issues
- \$51m contingent liability resolved

## BETTER GOVERNANCE

- Corporate
- Projects
- Commercial

## PIPELINE DEVELOPED

- Increased WIH
- \$900m pipeline of opportunities

## SOLID FOUNDATION

- Delivered strong underlying profit result of \$6m
- 2.5c dividend to shareholders

# ZERO HARM



South Middleback Ranges (SMR) Iron Ore Mine

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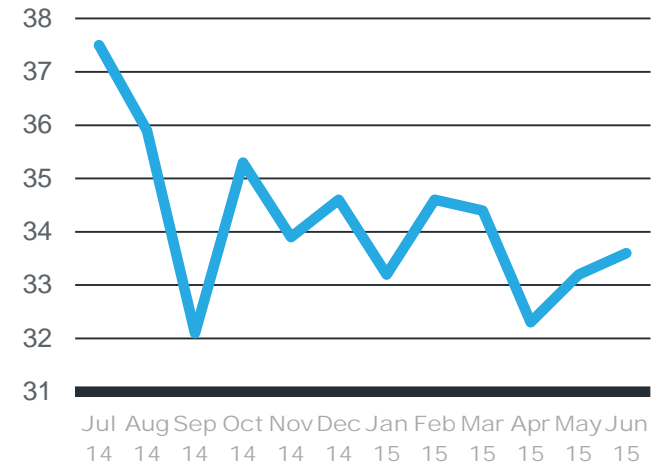


# ZERO HARM PROGRESS

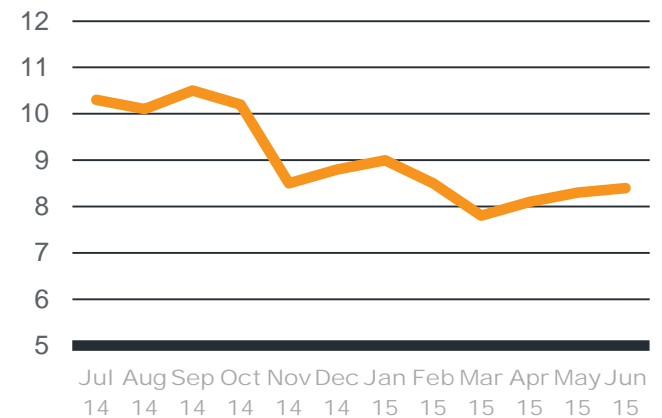


- National and Regional Zero Harm Leadership Teams established
- Take 5's implemented across the business
- Critical risks identified and working groups established to control and mitigate
- Skills in Leadership Training rolled out (Managers and Supervisors)
- 10% reduction in Total Recordable Injury Frequency Rate (TRIFR)
- 14% reduction Lost Time Injury Frequency Rate (LTIFR)

### TRIFR



### LTIFR



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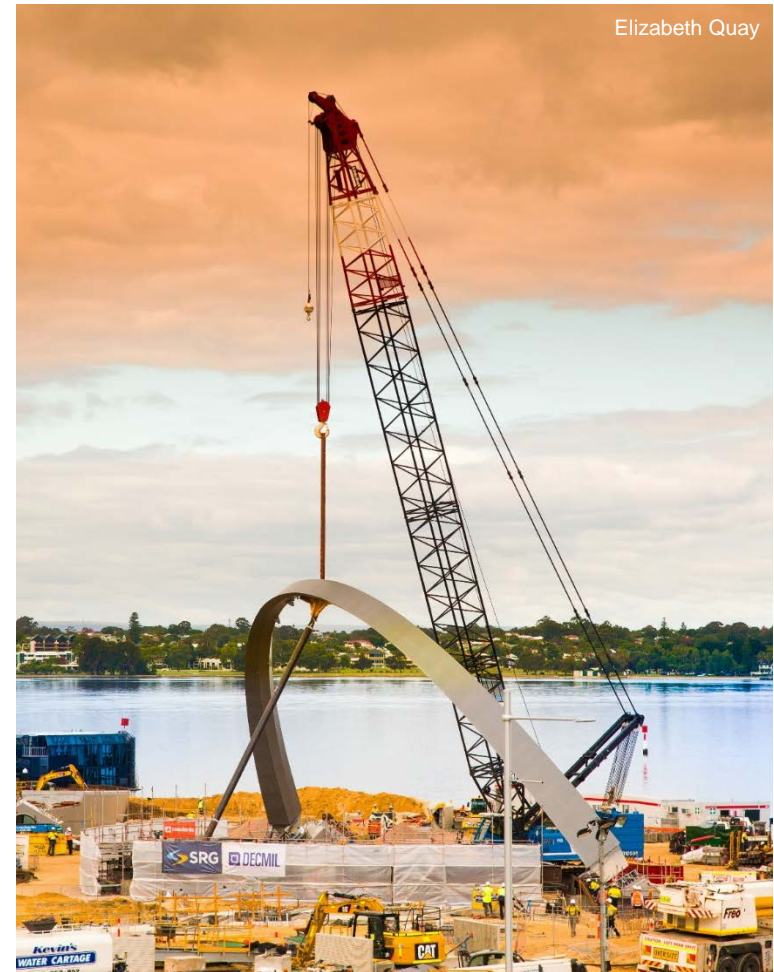
# FINANCIAL OVERVIEW

Onslow Water Tanks



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- Revenue of \$172m
- Underlying NPBT of \$6m
- NPAT of \$1.6m (after ETP adjustment)
- No net debt and cash / cash equivalents of \$29.33m at 30 June 15
- Final fully franked dividend of 0.5 cents
- Full year fully franked dividend of 2.5 cents
- EPS of 2.6 cents per share
- Removal of \$51m contingent liability (ETP)

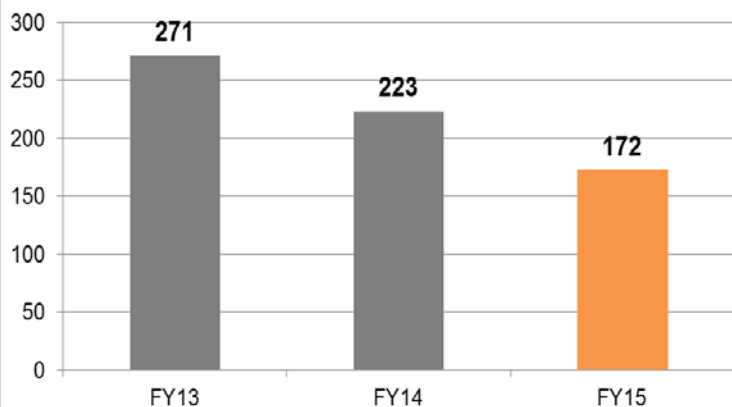


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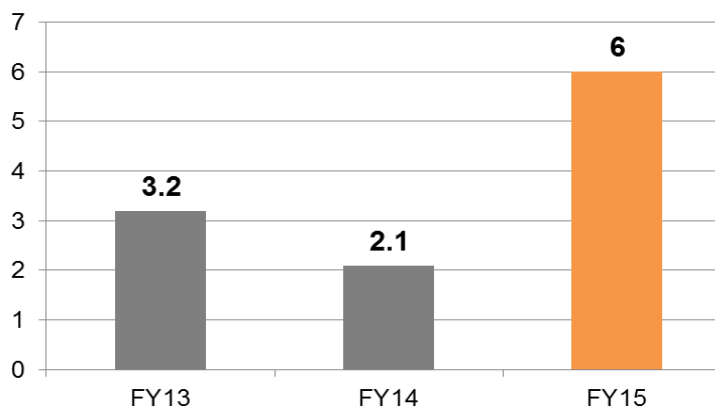
# FINANCIAL PERFORMANCE



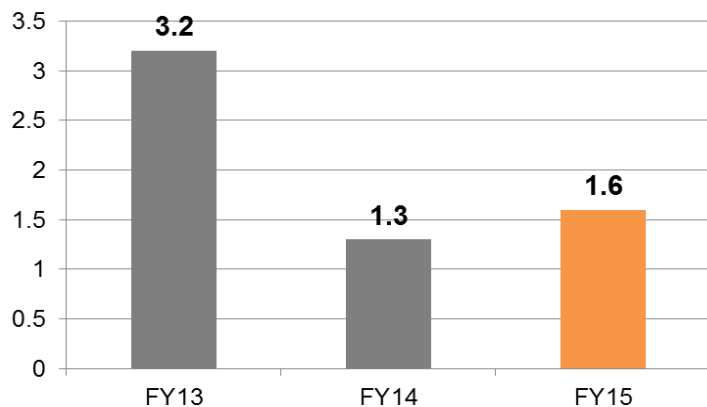
## Sales (\$M)



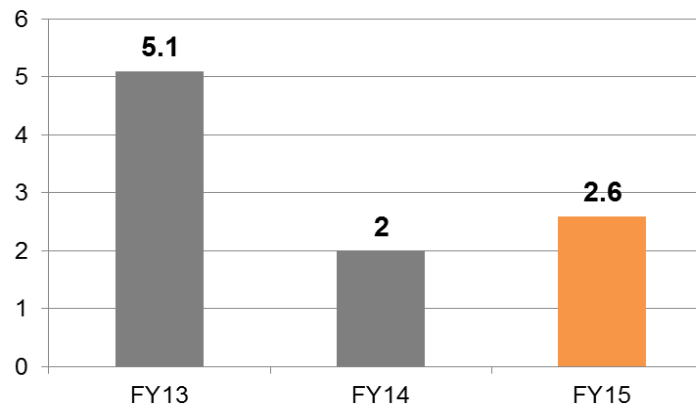
## Underlying PBT (\$M)



## Profit to Members (\$M)



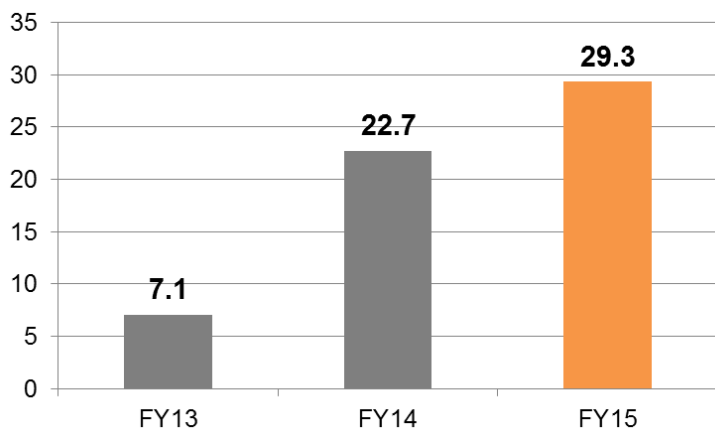
## Earnings per share (cents)



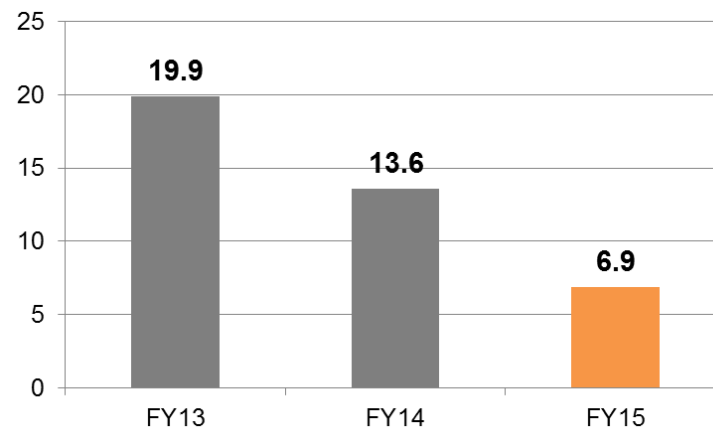
# FINANCIAL STRENGTH



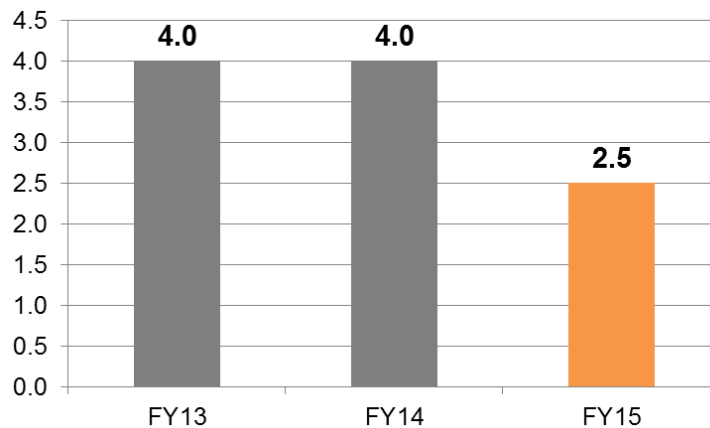
## Cash at Bank (\$M)



## Financial Liabilities (\$M)



## Dividends (cents)



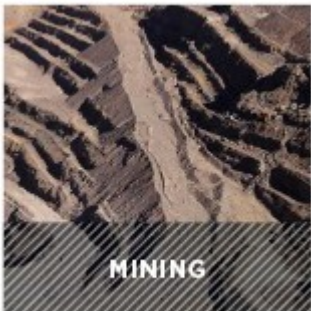
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# BUSINESS UNIT PERFORMANCE

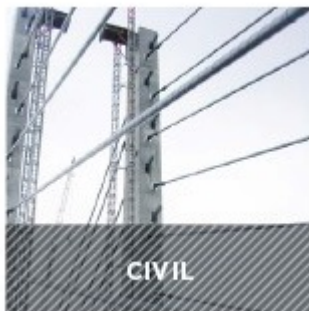
Lake Cowal Gold Mine

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# OUR BUSINESS STREAMS



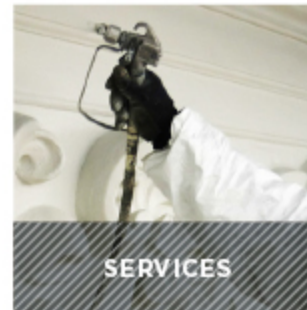
MINING



CIVIL



BUILDING



SERVICES



PRODUCTS

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# OUR GEOGRAPHICAL SPREAD



● Construction

▲ Mining

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# CIVIL



Elizabeth Quay

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## Highlights

- 12 months LTI Free
- Completed two 5 mega litre water tanks in Onslow as the Principal Contractor
- Secured the largest NSW bridge project to date – North West Rail Viaduct
- Complex Elizabeth Quay Bridge project nearing completion



## Looking Forward

- Samson Brook Dam and Eungella Dam
- Hazelmere Dam in Africa
- Doha Metro in Qatar
- Key area for business growth in FY16 with strong focus on winning profitable work



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# MINING



Edna May Gold Mine

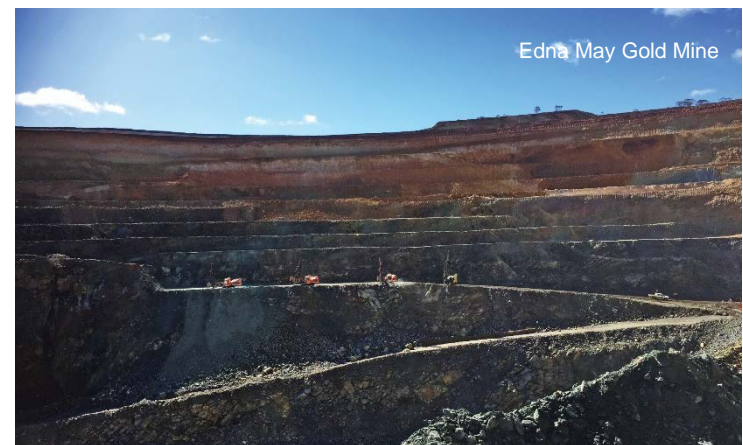
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## Highlights

- Excellent safety performance with TRIFR of 2.2
- Extended two major term contracts
- Secured one new major term contract
- Continued to win overseas short term campaign work in Asia and Africa

## Looking Forward

- Formalised Indigenous joint venture company – Red Ore
- Geotech activity increasing in civil space
- Focused on organic growth, strong asset utilisation and cross-business collaboration



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# BUILDING

Barangaroo Development



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## Highlights

- Reduced LTIFR by 60% and TRIFR by 43%
- Completion of Tower T2, R8 and R9 at Barangaroo
- Completion of Sunshine Coast Un Hospital
- Completion of Dimmeys redevelopment in Victoria
- Renewal of Lend Lease Alliance

## Looking Forward

- Northern Beaches Hospital
- Commonwealth Games Village – Parklands Gold Coast
- Good opportunities in the Middle East
- Numerous building projects up to \$5m



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# SERVICES



Midtown Plaza

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## Highlights

- Acquisition of CCM Group Australia
- Completed Winchelsea Bridge Carbon Fibre Strengthening
- Received Excellence award for Building and Remediation for the Midtown Plaza from ACRA



## Looking Forward

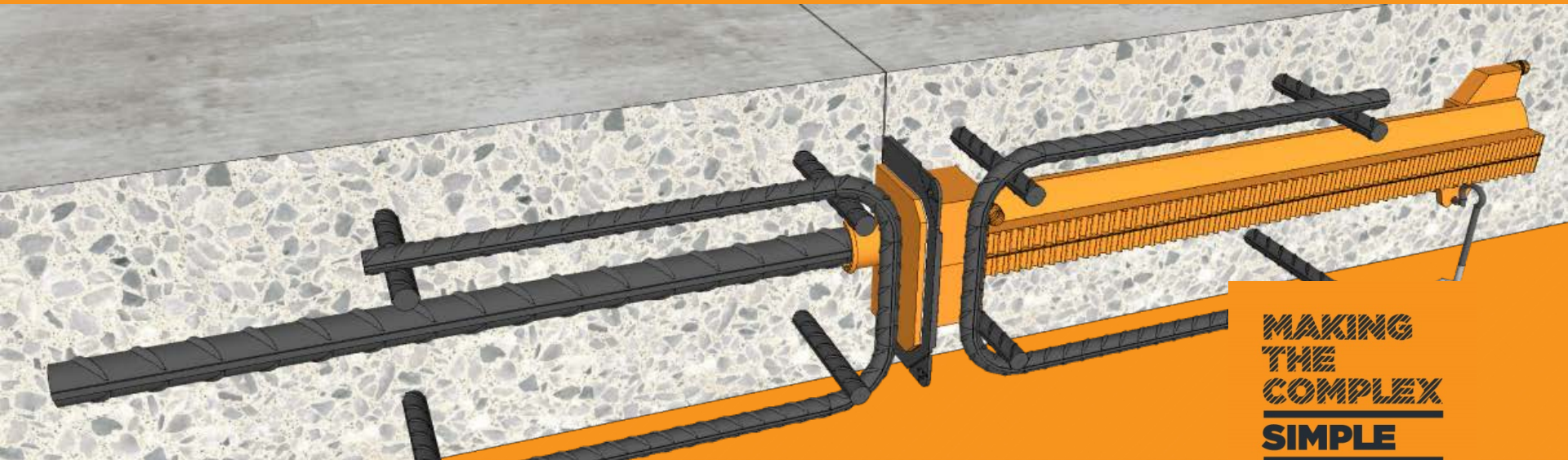
- Loy Yang Power Station Chimney remediation
- Monash University facade refurbishment
- Woodside Condensate Bund Refurbishment
- UGL / Kentz - Inpex work
- Long term growth potential



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# PRODUCTS



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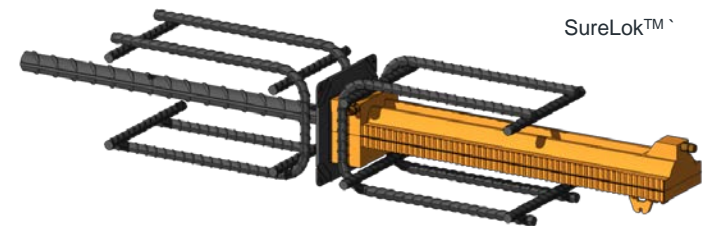
## Highlights

- Developed, manufactured and introduced SureLok™ to the Australian market
- Commenced discussions for the International distribution of SureLok™
- Introduced a dedicated product development team



## Looking Forward

- Strong early sales (eg, Grocon, Leighton)
- Grow Domestic market - SureLok™
- Introduce SureLok™ to International market
- Continue to develop a pipeline of products to introduce in future years



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# WORK OPPORTUNITY PIPELINE

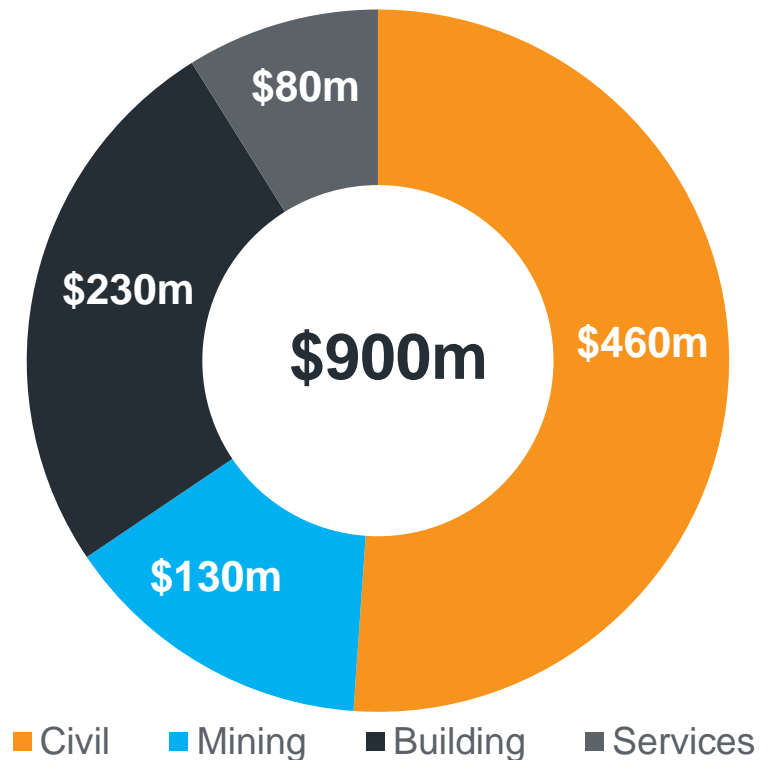


Pilbara Bridges

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- WIH at end of FY15 was \$154m (up from \$143m in previous year)
- \$45m projects recently secured including:
  - Hazelmere Dam (S. Africa)
  - Samson Brook Dam
  - Doha Metro Rail (Qatar)
  - Loy Yang Power Station
  - Katara Hotel (Qatar)
  - Commonwealth Games Village
  - Northern Beaches Hospital
  - Woodside Condensate Bund
  - Whitehorse Towers

## WORK OPPORTUNITY PIPELINE



# OUTLOOK

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# WHERE WE ARE GOING



## FOUNDATION

1 Year

- Develop vision / strategy ✓
- Drive Zero Harm ✓
- Right structure / capability ✓
- Develop brand / value proposition ✓
- Rigorous review mechanisms in place ✓
- Formalise relationships with key stakeholders ✓
- Drive improvement / efficiency ✓
- Resolve legacy issues ✓

## DEVELOPMENT

1-3 Years

- Execute strategy
- Projects delivered above green sheet
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## MARKET LEADERSHIP

3+ Years

- Zero Harm industry leader
- Global complex service partner of choice
- Strong brand
- Employer of choice
- ASX top 200
- Consistent performance
- Above market returns
- Diversified international specialist contractor

# BUSINESS STREAM FOCUS



## MINING

Optimise re-deployable assets, cross sell additional services & pursue contract renewals.

## PRODUCTS

Expand portfolio through new product development (SureLok™, etc).

## CIVIL

Secure specialised civil projects of scale in water / bridge / tanks sectors.

## BUILDING

Maintain market leadership, leverage alliances & drive operational efficiency.

## SERVICES

Expand remedial capability across the business (organically & through acquisition).

## INTERNATIONAL

Regenerate the Middle East business & further geographic expansion.

- Market conditions remains challenging
- Creation of a strong platform in the Foundation Phase will enable the business to focus on the Development Phase
- Our diversity as an international specialist contractor provides both protection and opportunity
- Strong pipeline of opportunities
- Focusing on profitable growth across the business streams – projects not targeted solely for revenue growth
- A highly targeted M&A strategy – where it makes strategic sense for geographic or segment growth
- Expect returns to shareholders to increase through an improved profit performance in FY16



THANK YOU

**WE SOLVE THE  
COMPLEX PROBLEMS  
THAT OTHERS CAN'T**

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

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