

# 2016

## SRG LIMITED

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## INVESTOR UPDATE

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FOR THE FULL YEAR ENDED 30 JUNE 2016

AUGUST 2016

A large, stylized, high-contrast image of a man wearing a hard hat and a safety vest, looking upwards. The image is rendered in a halftone or stippled style, with the background being a solid orange color.

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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.

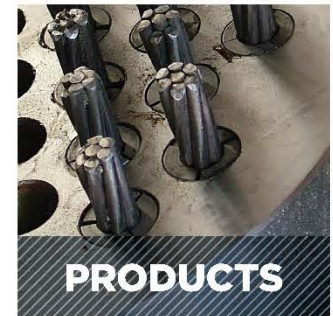
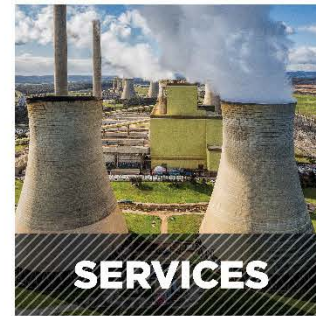


## SRG DELIVERS 53% IMPROVED NPBT RESULT OF \$9.2M FOR FY16

### Highlights

- **Net Profit Before Tax (NPBT) of \$9.2m (53% increase from underlying FY15 NPBT of \$6m)**
- **Earnings Per Share (EPS) of 9.84 cents per share (cps) compared with FY15 EPS of 2.56 cps (284% increase)**
- **Work in hand of \$240m, up from FY15 work in hand of \$154m**
- **Strong balance sheet with no net debt and cash / equivalents of \$21.9m as at 30 June 2016**
- **Fully franked final dividend of 4 cents, to bring total FY16 dividends declared to 6 cents (140% higher than FY15)**

# OUR BUSINESS STREAMS



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# OUR GEOGRAPHICAL SPREAD



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# WHAT WE STAND FOR



## 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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# CORPORATE HIGHLIGHTS FY16



## ZERO HARM IMPROVEMENT

- LTIFR improved 55%
- TRIFR improved 43%
- Critical risk initiatives progressed

## GOOD CONTRACT WINS / EXTENSIONS

- Evolution Mining \$150m extension
- 5 dam projects
- 133 Building wins

## RECORD WIH\* AND STRONG PIPELINE

- WIH\* of \$240m, up 56% on FY15
- \$975m pipeline of opportunities

## STRENGTHENED SERVICE OFFERING

- SRG integrated service offering
- SureLok™ launched & 20,000 units sold

## STRONG FULL YEAR FINANCIAL RESULT

- NPBT up 53% on FY15
- 284% increase in EPS to 9.8 cps
- 6 cent full year fully franked dividend

## FINANCIAL STRENGTH

- Cash in hand \$21.9m
- No net debt
- EV/EBITDA < 3 times
- 61% increase in FY16 share price

\* "WIH" – Work in Hand

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# ZERO HARM



Mt Carlton Crew

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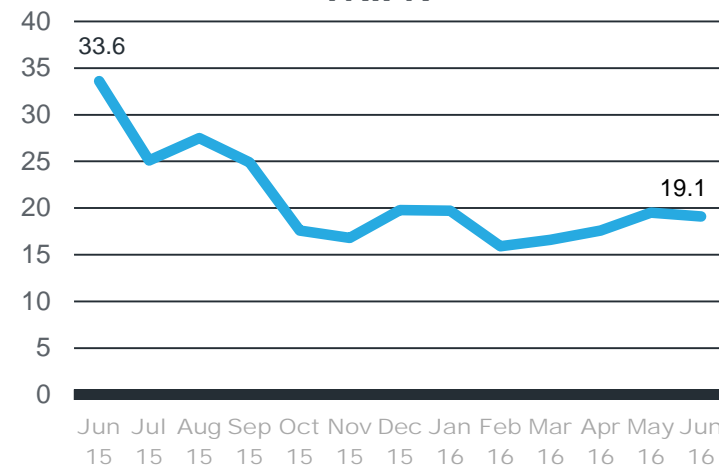


# ZERO HARM PROGRESS

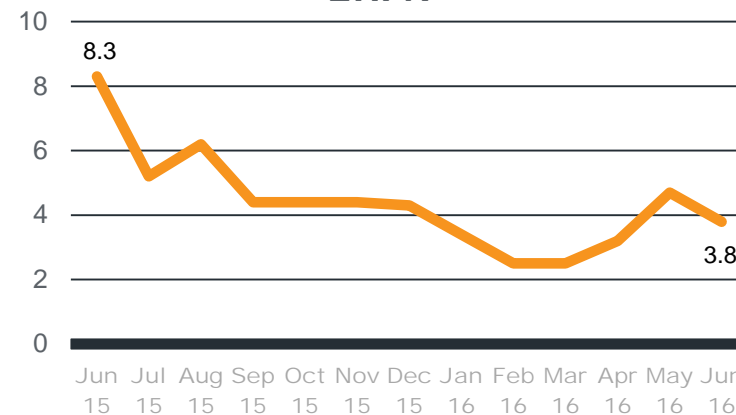


- Step change in Zero Harm journey
- Business and Regional Zero Harm Leadership Teams driving further improvement across business
- Take 5's proactive risk identification tool embedded across business
- Critical Risks development plan progressing
- Designed and introduced lightweight equipment to address manual handling
- 43% reduction in Total Recordable Injury Frequency Rate (TRIFR) to 19.1
- 55% reduction Lost Time Injury Frequency Rate (LTIFR) to 3.8

TRIFR



LTIFR



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# FINANCIAL OVERVIEW

Samson Brook Dam



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# FINANCIAL OVERVIEW



- Revenue of \$178m
- EBITDA of \$14.9m
- NPBT of \$9.2m
- NPAT of \$6.2m
- No net debt and cash / cash equivalents of \$21.9m
- Final fully franked dividend of 4 cents
- Full year fully franked dividend of 6 cents
- EPS of 9.84 cents per share
- Financial liabilities (hire purchase debt) reduced to \$3.6m
- EV/EBITDA multiple of 2.91\*

\* based on share price of 98c on 30/6/16

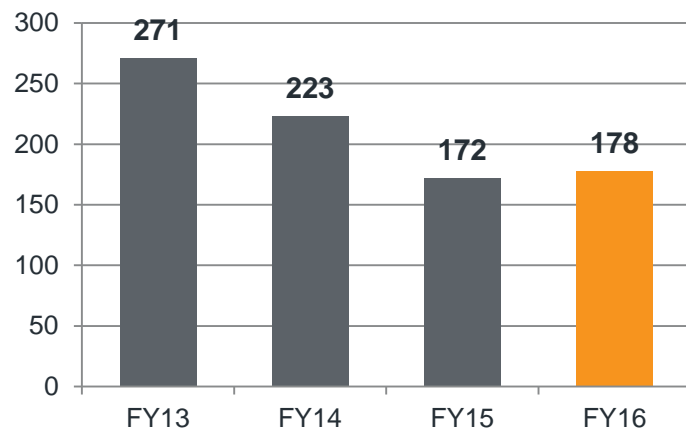


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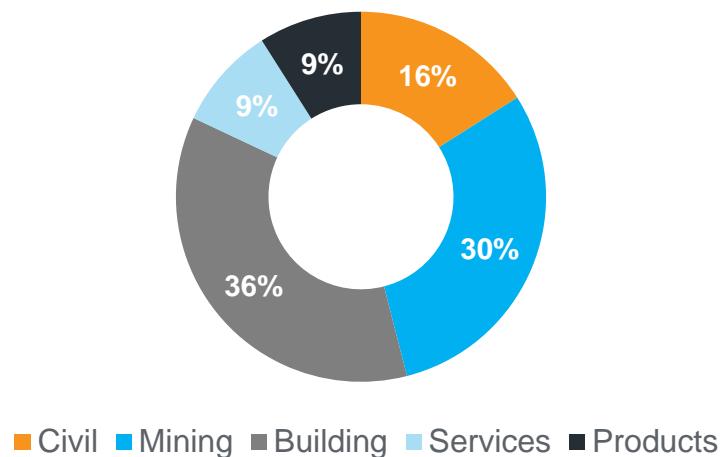
# FINANCIAL PERFORMANCE



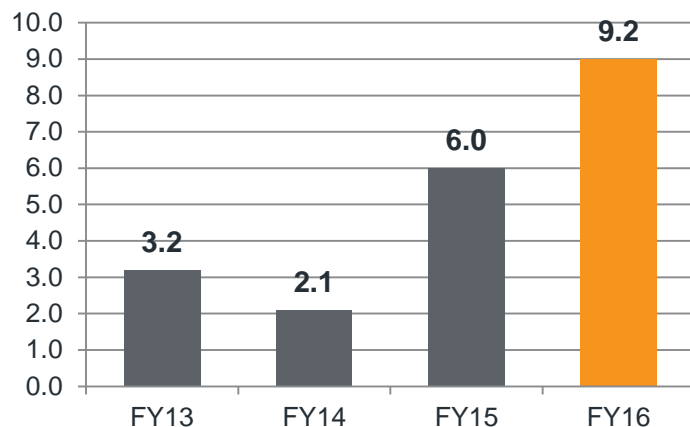
## Revenue (\$M)



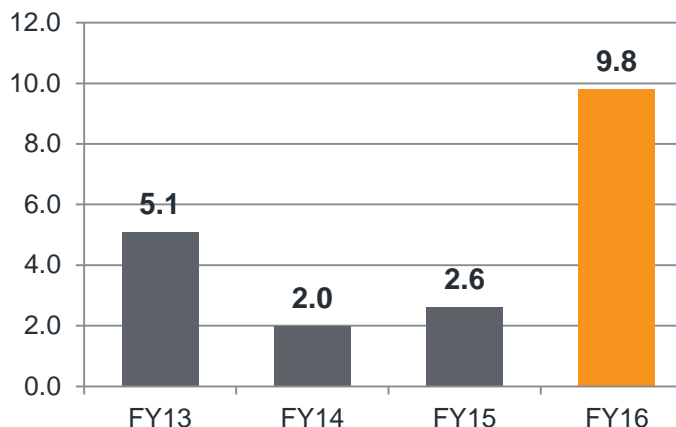
## Revenue (%)



## NPBT (\$M)



## Earnings per share (cents)



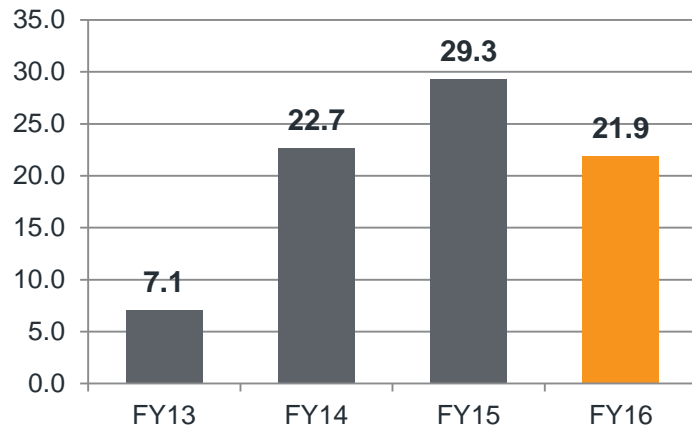
Note FY15 NPBT result is pre ETP adjustment



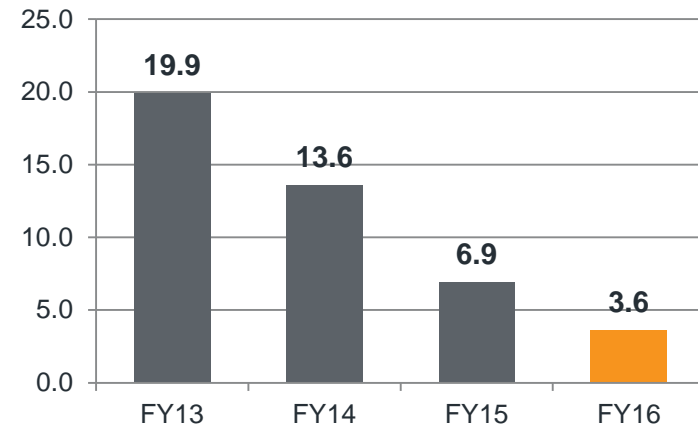
# FINANCIAL STRENGTH



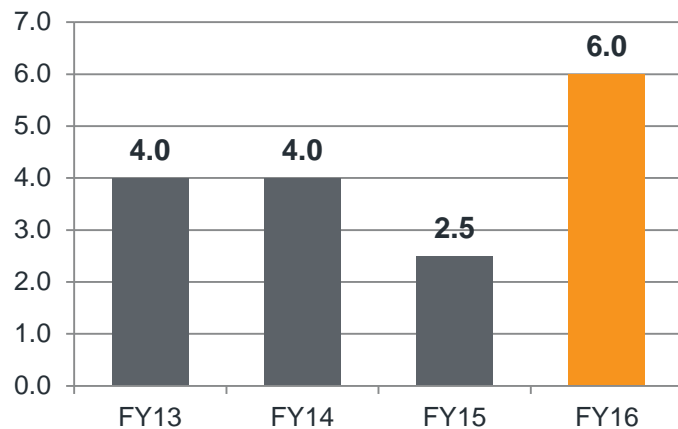
## Cash at Bank (\$M)



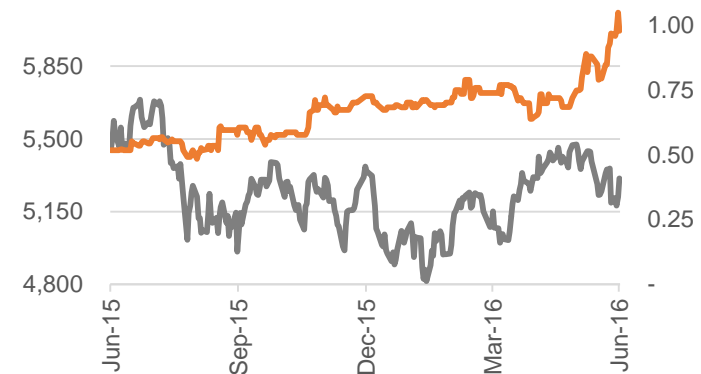
## Financial Liabilities (\$M)



## Dividends (cents)



## Share Price V ASX All ORD

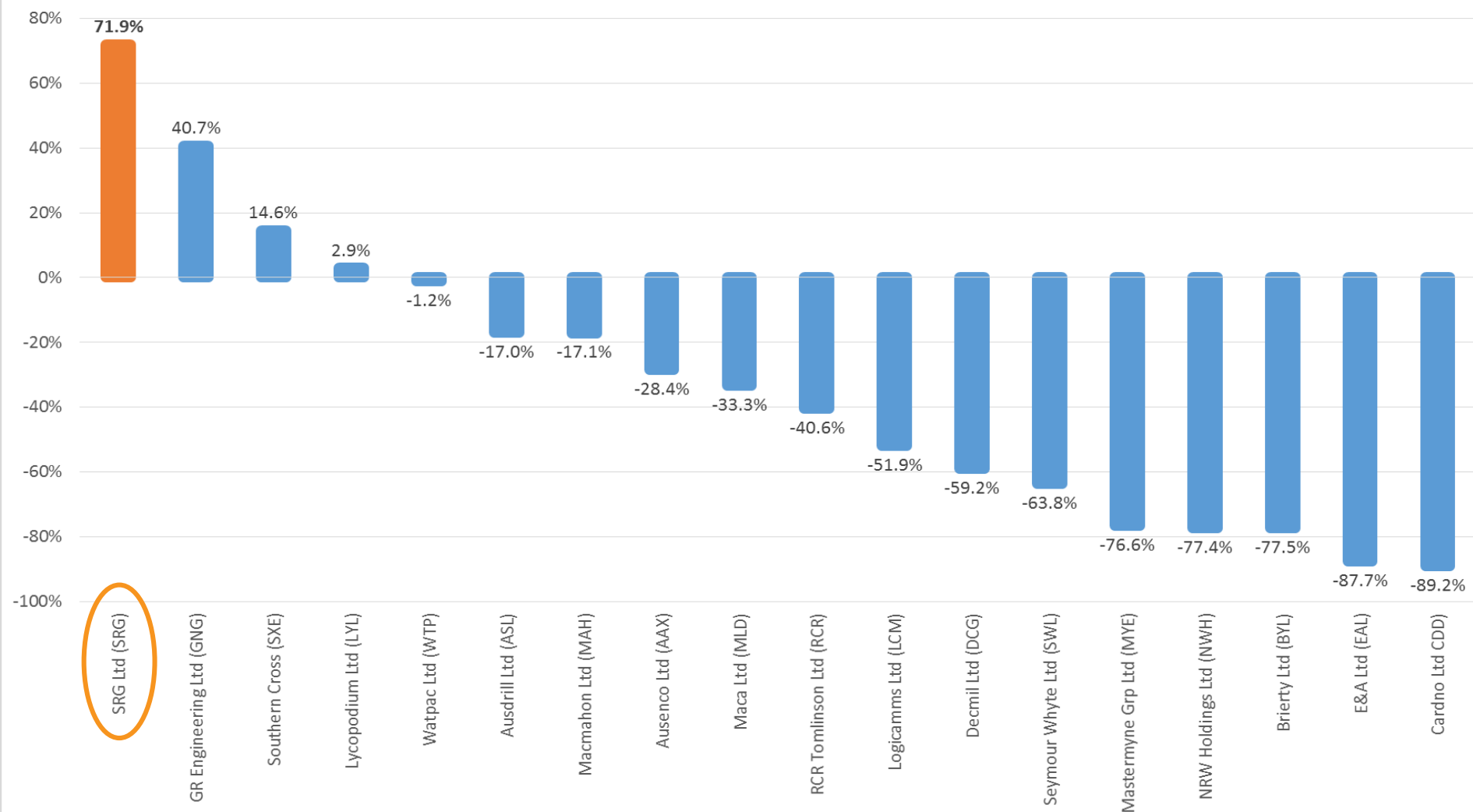


# MARKET PERFORMANCE



Share Price Performance (1 July 2014 to 30 June 2016)

Average: - **32.8%**





# BUSINESS UNIT PERFORMANCE



Lawrence Hargraves Drive

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# CIVIL



Elizabeth Quay

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## Highlights

- Secured over \$20m work with SunWater for Dam Improvement contracts in Qld
- Secured B3 Bridge Prequalification
- Completed iconic Elizabeth Quay bridge project in Perth
- Completed Samson Brook Dam in WA



## Looking Forward

- Commencement of Bass Point Silo Construction
- Execution of key dam / rail projects
- Continued focus on converting work pipeline in Dams, Bridges and Tanks





# MINING

Geotechnical Works WA



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## Highlights

- Excellent safety performance
- Outstanding execution in Drill & Blast
- Group wide \$150m contract with Evolution Mining and secured Mt Carlton mine
- Strong cross selling and wins in Geotech and Radar businesses
- Completed geotech crusher pockets with First Quantum in Zambia

## Looking Forward

- Geotechnical opportunities increasing in civil and services space
- Focused on organic growth, strong asset utilisation and cross-business collaboration



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# BUILDING

Parklands Development

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## Highlights

- Outstanding execution of projects
- Completed work on Barangaroo
- Commonwealth Games Village progressing well
- Commenced Northern Beaches Hospital. Cross selling of SureLok™
- Secured > \$65m new work in FY16

## Looking Forward

- Strong focus on project execution
- Continuing to leverage alliances with key partners
- Strong pipeline of future work

One at Palm Jumeirah Dubai



Northern Beaches Hospital



# SERVICES

Loy Yang Power Station



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## Highlights

- Integration of CCM Group
- Secured contract with UGL / Kentz at Inpex
- Commenced Monash University facade refurbishment project
- Condensate Bund refurbishment works completed in Karratha

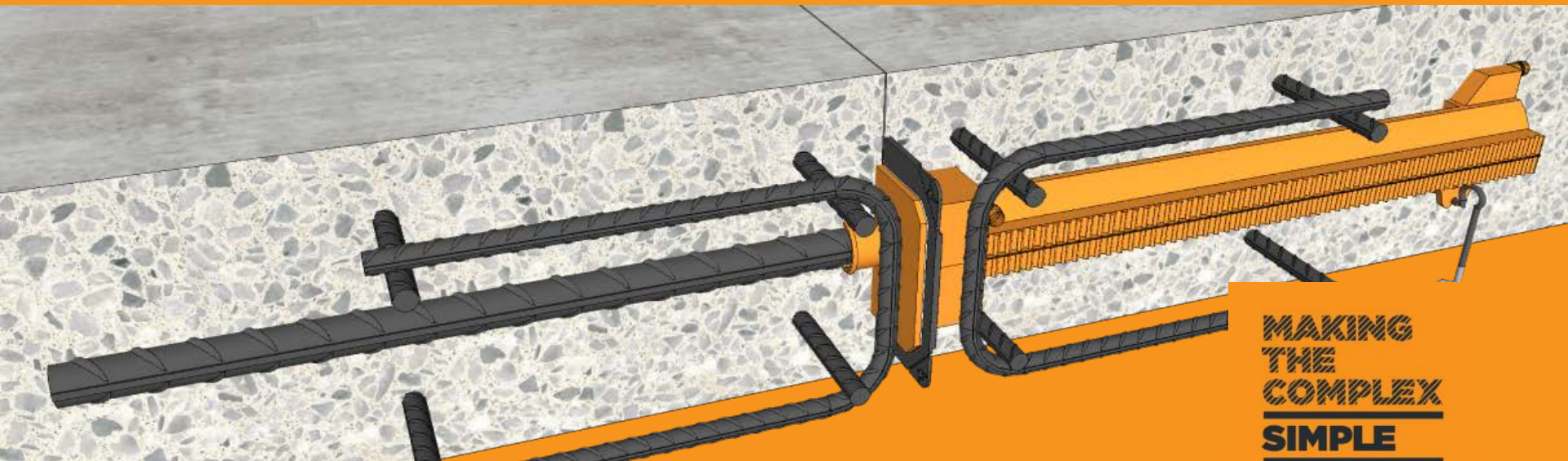
## Looking Forward

- Commencement of Palais Theatre
- Strong focus on project execution
- Securing term contracts
- Cross selling with other SRG businesses
- Long term growth potential



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# PRODUCTS



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## Highlights

- Good gains in procurement from key partners
- Introduced SureLok™ to the Australian market
- Ongoing discussions for the international distribution of SureLok™
- Strong early sales including Commonwealth Games Village and Northern Beaches Hospital

## Looking Forward

- Drive efficiency in manufacturing business
- Grow domestic market - SureLok™
- Introduce SureLok™ to international market
- Continue to develop a pipeline of products to introduce in future years



# INTERNATIONAL

Hazelmere Dam Durban



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## Highlights

- Doha Metro progressing well
- Re-established office in Hong Kong
- Hazelmere Dam project in Durban progressing well
- New EGM International – Mike Clarke appointed
- Middle East progressing to plan



## Looking Forward

- Further growth in Middle East
- Secure first project in Hong Kong
- New Zealand entry
- Global dam focus



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# WORK OPPORTUNITY

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# PIPELINE

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Transportation of world record capacity ground anchor

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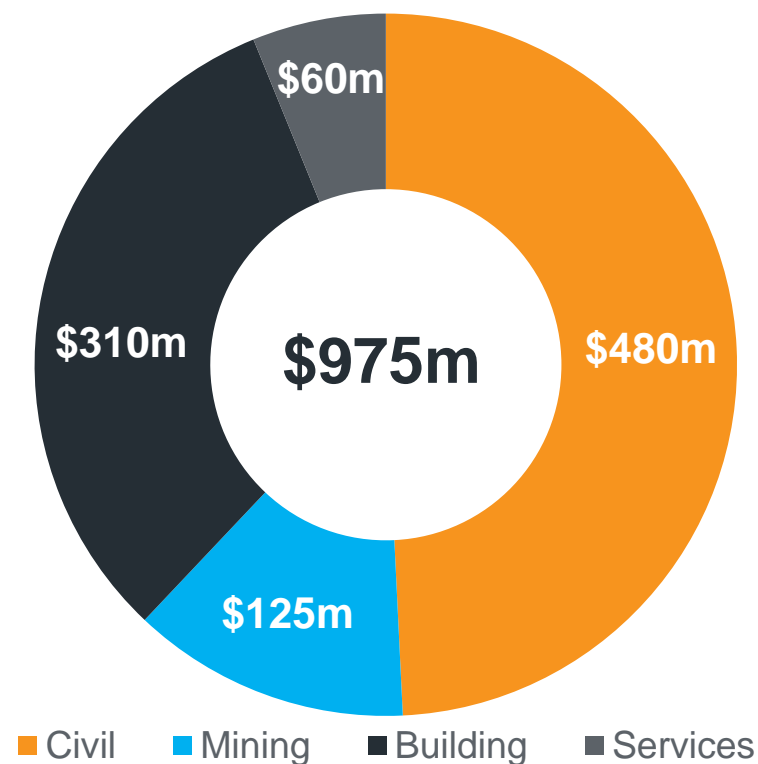


# WORK OPPORTUNITY PIPELINE



- WIH at Jun 16 was \$240m (up from \$154m previous period)
- 260 projects secured in 12 months valued at \$234m including:
  - Mt Carlton Mine
  - Evolution Group deal
  - Hanson Concrete Tanks
  - Commonwealth Games Village
  - Northern Beaches Hospital
  - Fairbairn Dam
  - Paradise Dam
  - Palais Theatre
  - Loy Yang Power Station
  - Woodside Karratha Gas Plant

## WORK OPPORTUNITY PIPELINE



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# 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

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 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.



- Our diversity as an international specialist contractor provides both protection and opportunity
- Good progress made transitioning from Foundation phase to Development phase of strategy
- Company well positioned with recent contract renewals, record WIH levels and \$975m pipeline of work opportunities
- Focusing on profitable growth across the business streams – projects not targeted solely for revenue growth
- Strong balance sheet provides financial strength
- A highly targeted and disciplined approach to M&A
- Expect returns to shareholders to increase through continued revenue and profit growth in FY17

# WE SOLVE THE COMPLEX PROBLEMS THAT OTHERS CAN'T

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

[SRGLIMITED.COM.AU](http://SRGLIMITED.COM.AU)