May 7, 2025

SRG Global

Diversified compounder with acquisitive growth

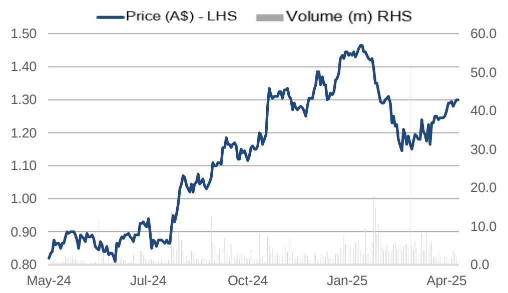
ADD (initiation)

Stock code:	SRG AU
Price:	A$1.30
12-month target price:	A$1.80
Previous target price:	A$N/A
Up/downside to target price:	38.5%
Dividend yield:	4.2%
12-month TSR*:	42.6%
Market cap:	A$785m
Average daily turnover:	A$4.0m
Index inclusion:	S&P/ASX 300

** Total stock return – Up/downside to target price + 12-month forward dividend yield.*

Price performance

(%)	1M	3M	12M	3Y
Absolute	10.6	-10.7	55.7	103.1
Rel ASX/S&P200	6.8	-8.0	48.8	91.6



Source: Iress

Financial summary

	Jun-24A	Jun-25F	Jun-26F	Jun-27F
Revenue (A$m)	1,069.3	1,334.3	1,437.6	1,525.8
EBITDA Norm (A$m)	98.5	127.0	138.0	147.0
NPAT (A$m)	40.4	59.3	65.4	70.4
EPS Norm (A$)	0.08	0.10	0.11	0.12
EPS Growth Norm (%)	14.9%	29.7%	7.9%	7.7%
P/E Norm (x)	17.0	13.1	12.1	11.3
DPS (A$)	0.045	0.050	0.055	0.060
Dividend Yield (%)	3.5%	3.8%	4.2%	4.6%
Franking (%)	100%	100%	100%	100%
EV/EBITDA (x)	6.8	6.1	5.6	5.2
Gearing (Net Debt/EBITDA)	-0.18	-0.06	-0.13	-0.19

Source: Company data, Morgans estimates

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Analyst(s) own shares in the following stocks mentioned in this report:
– N/A

- We initiate coverage of SRG Global (SRG) with an ADD and $1.80 target price.
- SRG is an Australian diversified infrastructure services company that provides maintenance, industrial services, and engineering and construction services across >20 industries including mining, water, energy, infrastructure and utilities.
- SRG has a track record of delivering strong and consistent EPSA growth (+33% CAGR from FY21-24) through a combination of organic sales growth, margin expansion and acquisitions. Customer preference towards specialist maintenance providers (vs generalists), coupled with a significant increase in production volumes for key gold mining customers, should ensure that strong organic growth continues. Organic growth will be supplemented by a prudent acquisition strategy (net cash). At 13x FY25F PE, this is not being factored into the share price.

Company description

- SRG is an Australian diversified infrastructure services company that provides maintenance, industrial services, and engineering and construction services. It employs over 4,300 people and services more than 20 industries. 80% of its earnings are recurring/annuity style and the business is relatively evenly split across the East Coast (50%) and West Coast (45%), with New Zealand making up the balance (5%). The business is split into two broad segments: Maintenance & Industrial Services (**Maintenance**) and Engineering & Construction (**E&C**).

Long track record of consistent growth

- SRG has a track record of strong and consistent EPSA growth year over year. From FY21-FY24, EPSA grew from 3.3c to 7.7c, delivering average annual EPSA growth of +33% (FY22 +57%, FY23 +28% and FY24 +15%). Importantly, a significant proportion of this has been organic. We estimate organic revenue growth has been low double-digits (~10%) over the same period. Continuing the trend of strong EPS growth, during 1H25 the company delivered a further +35% EPSA growth. For FY25, we are forecasting +30% EPSA growth. Thereafter, we assume +8%/year EPSA growth, as we do not incorporate any acquisitions.

Prudent acquisition strategy – drawdown, buy and de-lever

- SRG has executed a successful and conservative acquisition strategy over the last three years. It has acquired businesses on relatively low transaction multiples (3.0-5.5x EV/EBITDA) using a combination of debt and equity. Following the acquisitions, SRG has shown a tendency to de-lever back to a net cash position, before making further acquisitions. This sets it apart from some peers. The visible cash generation (aggregate conversion is 100% from FY21-24) gives us confidence in the quality of earnings, and is an indication that the acquisitions are performing strongly. With SRG returning to a net cash position in 1H25 (ex leases ~$9m) we expect acquisitions to continue.

Tailwinds in key markets

- Although Oxford Economics and ABS expect resources maintenance work in Australia to be flat from FY25 onwards, SRG's Maintenance division should benefit from a continuation of a recent trend whereby customers are demonstrating a preference towards specialist maintenance providers over generalists. Conversely, water infrastructure spend is expected to grow at a CAGR of ~7% over the next 4 years and energy (oil & gas and energy transition) spend growth is expected to be +4.6%/yr over the same period. SRG's drill & blast and geotechnical services, which sit within Maintenance, is leveraged to gold production volumes with its key customers (EVN, NST and GMG). These miners are expected to lift 2H25 volumes by +6% on 1H25 (Visible Alpha), with volumes expected to grow by +10% YoY in FY26 and +7% in FY27. This sub-segment is high margin (~20% EBITDA and ~15% EBIT) and should therefore have a positive mix effect on the Maintenance division and group overall. In relation to E&C, SRG is positively exposed to significant infrastructure investment in Australia. Oxford Economics expects Infrastructure and construction spend in Australia to grow at +3% CAGR over the next 6 years, with a total of $1.8 trillion to be spent across FY24-30.

Valuation

- We derive our $1.80 target price using an equal weighted DCF and EV/EBIT valuation. Given SRG's diversification, track record of strong and consistent EPSA growth, high recurring earnings, and strong cash generation, we assign a 10x EBIT valuation (in line with predominantly maintenance focused peers).

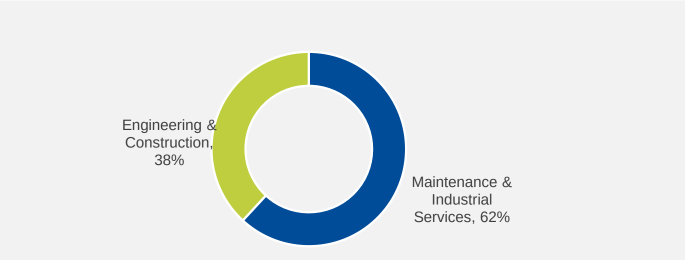
SRG Global

ADD | **as at May 7, 2025**

Price (A$):	1.30	12-month target price (A$):	1.80
Market cap (A$m):	785	Up/downside to target price (%):	38.5
Free float (%):	84	Dividend yield (%):	4.2
Index inclusion:	S&P/ASX 300	12-month TSR (%):	42.6

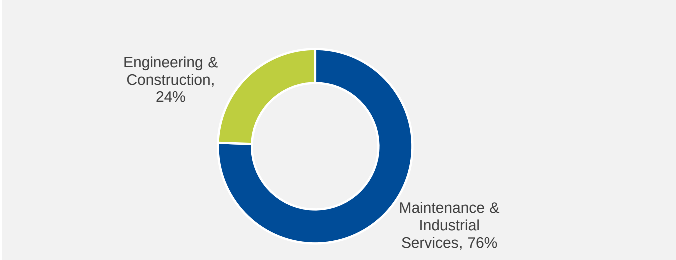
SRG is an Australian diversified infrastructure services company that provides maintenance, industrial services, and engineering and construction services.

Revenue exposure (%) - FY24



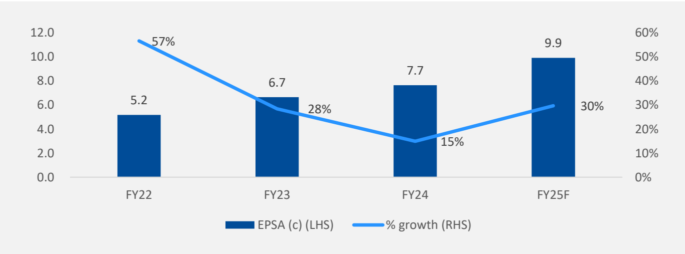
Source: Company reports

EBITA exposure (%) - FY24



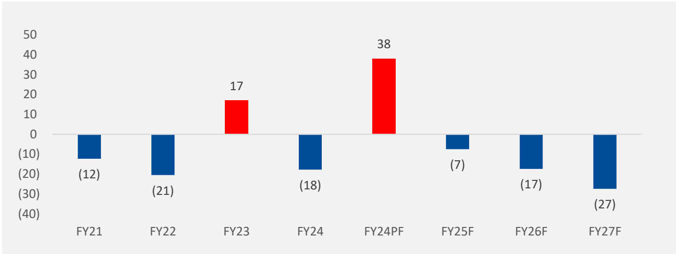
Source: Company reports

EPSA (c) and % growth (YoY)



Source: Company reports, Factset

Net debt/(cash) ex leases



Source: Company reports, Factset

Bull points

Diversified services provider
SRG services >20 end-markets which means it's less susceptible to cyclical factors.

Predominantly recurring earnings
~80% of earnings is now recurring/annuity style earnings with the balance project based. This means the business has strong earnings visibility.

Preferred drill & blast/geotechnical services provider for t1 golds
SRG counts NST, EVN and GMD as key clients. These clients are all expected to grow production considerably over the next 3-4 years which should translate into scope growth at SRG's drill and blast/goetechnical operations.

Bear points

Mature business may see growth slow
SRG is now a large and mature business which may make historical earnings growth difficult to repeat.

Delays risk
Project delays & deferrals can be a restraint on growth. To mitigate this risk, SRG has prioritised its maintenance business and is well diversified with no significant reliance on any one project.

Acquisition risk
SRG is likely to continue to be acquisitive which means it's exposed to all the inherent risks for acquisitions (e.g. price, integration, retention).

Environmental, Social and Governance

ESG

Exposure

Management

Exposure
SRG is exposed to energy-intensive industries such as iron ore mining, alumina refining and construction. Conversely, it's also an enabler for improvements in ESG for example through Diona, which is a leading provider of water security and energy transition services.

Management
SRG has some initiatives to manage risks related to material ESG issues and includes detailed reporting in its Sustainability Report.

Figure 1: Financial summary

Income Statement				
(A$m)	FY24A	FY25E	FY26E	FY27E
Revenue	**1,069**	**1,334**	**1,438**	**1,526**
EBITDA	**99**	**127**	**138**	**147**
D&A	(40)	(43)	(46)	(48)
EBITA	**66**	**93**	**102**	**110**
% growth	31.0%	41.5%	9.9%	7.4%
Interest	(7)	(8)	(9)	(9)
Profit before tax (A)	**58**	**85**	**93**	**101**
Underlying tax expense	(18)	(25)	(28)	(30)
Tax rate	30.9%	30.0%	30.0%	30.0%
NPATA	**40**	**59**	**65**	**70**
EPSA (diluted)	**7.7**	**9.9**	**10.7**	**11.5**
EPS gth %	*14.9%*	*29.7%*	*7.9%*	*7.7%*

Segments				
(A$m)	FY24A	FY25E	FY26E	FY27E
Revenue				
Maintenance	661	837	895	940
E&C	408	497	542	586
Total	**1,069**	**1,334**	**1,438**	**1,526**
EBITA				
Maintenance	69	98	106	112
E&C	22	28	30	33
Corporate	(25)	(32)	(34)	(36)
Total	**66**	**93**	**102**	**110**
EBITA margins %				
Maintenance	10.4%	11.7%	11.8%	12.0%
E&C	5.4%	5.6%	5.6%	5.7%
Total	**6.1%**	**7.0%**	**7.1%**	**7.2%**

Operating Metrics				
Ratios	FY24A	FY25E	FY26E	FY27E
Operating costs growth	33.1%	24.4%	7.7%	6.1%
EBITDA growth (%)	23.8%	28.9%	8.7%	6.5%
NPATA growth	26.9%	46.8%	10.2%	7.7%
EPSA growth	14.9%	29.7%	7.9%	7.7%
ROE (%) (NPAT)	13.6%	17.1%	16.3%	16.5%
ROCE (%) (EBIT)	22.8%	24.4%	25.7%	26.5%
EPS (Underlying)	7.7	9.9	10.7	11.5
Equity Value	785			
Net Debt	(18)			
Enterprise Value	767			
Shares Outstanding	446			
Net debt/EBITDA	(0.2)	(0.1)	(0.1)	(0.2)
Gearing	-6%	-2%	-4%	-7%
Franking	100%	100%	100%	100%

Cash Flow Statement				
(A$m)	FY24A	FY25E	FY26E	FY27E
EBITDA	**99**	**127**	**138**	**147**
NIE & Tax paid	(20)	(31)	(37)	(39)
Chg in Working Capital	15	6	(10)	(11)
Other Operating Movements	0	(15)	(5)	(5)
Operating Cash Flow	**94**	**88**	**86**	**92**
Cash conversion rate (%)	*115.9%*	*93.1%*	*89.2%*	*89.4%*
Net Capital Expenditure	(27)	(28)	(32)	(35)
Net Investments	2	(91)	-	-
Other Investing Cash Flows	-	-	-	-
Investing Cash Flow	**(25)**	**(119)**	**(32)**	**(35)**
Debt Drawndown / (Repayment)	(9)	31	(5)	(5)
Shares issued / (Buyback)	-	63	-	-
Total Dividends paid	(21)	(28)	(31)	(34)
Other Financing Cash Flows	(13)	(13)	(13)	(13)
Financing Cash Flow	**(43)**	**52**	**(50)**	**(52)**
Net Cash Flow	26	20	5	5

Balance Sheet				
(A$m)	FY24A	FY25E	FY26E	FY27E
Cash and Cash Equivalents	73	93	98	104
Trade Receivables	121	128	138	146
Inventories	92	110	126	142
Other	31	34	39	44
Total Current Assets	**318**	**365**	**401**	**436**
Property, Plant & Equipment	123	121	120	120
Contract assets	1	1	1	1
Intangibles & Goodwill	168	285	285	285
Other	31	34	34	34
Total Non current assets	**323**	**442**	**441**	**441**
Total Assets	640	807	843	877
Trade and other payables	144	168	181	192
Borrowings	18	26	26	26
Provisions & other	102	132	133	134
Total Current Liabilities	**264**	**326**	**341**	**352**
Borrowings	38	60	55	50
Other Non Current Liabilities	34	33	33	33
Total Non Current Liabilities	**72**	**93**	**88**	**83**
Total Liabilities	335	419	429	435
Issued capital	267	330	330	330
Share reserve	9	10	10	10
Retained earnings	29	48	73	101
Total Equity	305	388	414	442
Net Debt	**(18)**	**(7)**	**(17)**	**(27)**

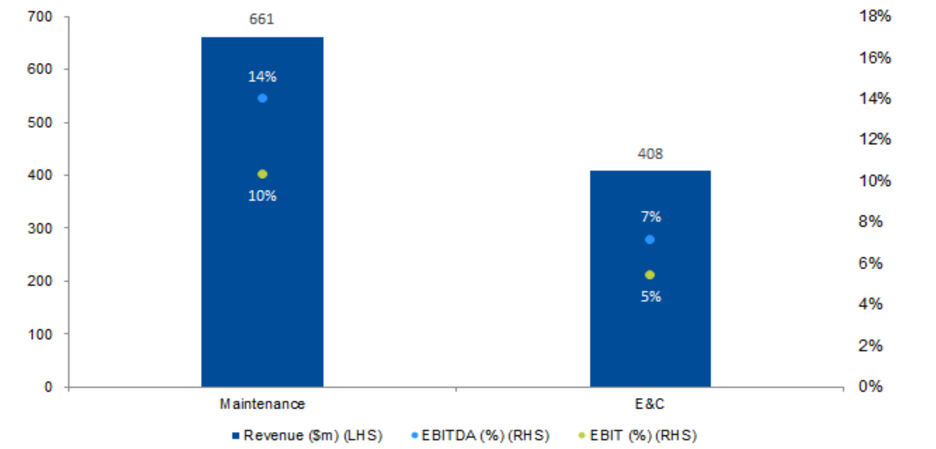
Valuation Metrics @ A$1.30				
	FY24A	FY25E	FY26E	FY27E
Price/Earnings	17.0x	13.1x	12.1x	11.3x
EV/EBITDA	7.8x	6.0x	5.6x	5.2x
EV/EBIT	**11.7x**	**8.3x**	**7.5x**	**7.0x**
Dividend yield	3.5%	3.8%	4.2%	4.6%
Free cash flow yield	7.9%	6.0%	5.3%	5.7%

Source: Morgans estimates, company data

Company description

SRG Global Limited (ASX: SRG) is an Australian diversified industrial services company that provides engineering-led maintenance, industrial services, and engineering and construction services across various sectors. It employs over 4300 people and services more than 20 industries. 80% of earnings are now recurring/annuity style and the business is relatively evenly split across the East Coast (50%) and West Coast (45%), with New Zealand making up the balance (5%). The business is split into two broad segments: Maintenance & Industrial Services and Engineering & Construction.

Figure 2: Divisional revenue ($m) and margins (%) – FY24



Source: Morgans, Company Reports

Maintenance & Industrial Services

SRG brings an engineering mindset and a large-scale multi-disciplinary workforce to maintaining critical infrastructure and industrial assets. Maintenance & Industrial Services (**Maintenance**) includes:

- integrated asset monitoring, inspection and testing;
- rehabilitation and maintenance;
- specialist drill, blast and geotechnical services; and
- engineered products and access services.

This division is high margin (~14% EBITDA and ~10% EBIT). Margins are helped by specialist drill & blast services (~20% EBITDA margins and ~15% EBIT margins) which is a relatively capital-intensive utilisation business (though SRG manages this well with blue-chip gold customers). SRG services a diverse spread of sectors across its blue-chip client base including resources, public infrastructure, utilities, water, defence, chemicals and energy.

Figure 3: Key customers

Source: Company Reports

Engineering & Construction

SRG provides specialist engineering and construction (**E&C**) services in key markets including water, transport, defence, resources, energy, health and education, as well as specialist façade and structural construction with repeat, tier one clients. Services include:

- advisory services;
- specialist design services;
- early contractor engagement;
- civil infrastructure; and
- engineered facades.

This division is lower margin (~7% EBITDA and ~5% EBIT) with relatively low capital intensity. Below sets out the key repeat customers. Notably, this division has a diverse spread of end-markets across its blue-chip client base including resources, construction, private infrastructure, and public infrastructure. This makes it less susceptible to cyclical factors.

Figure 4: Key customers

Source: Company Reports

Legacy business

An analysis of history gives us a more intricate understanding of the services which SRG typically performs and illustrates SRG's significant diversification journey.

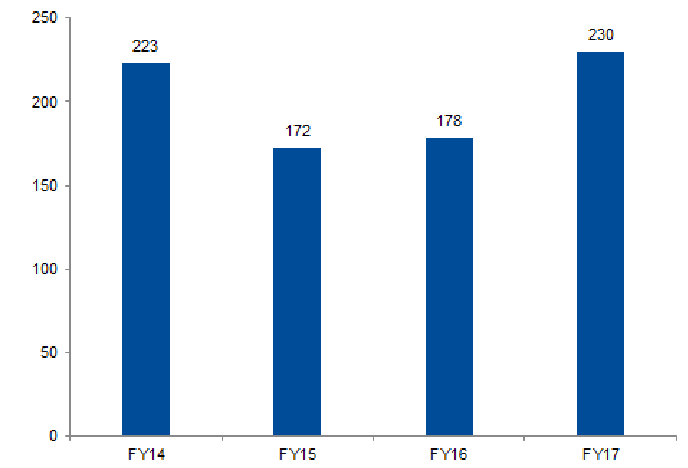
The legacy business was founded in Victoria in 1961 and commenced trading as BBR Australia Pty Ltd with the first project undertaken to supply and install rock anchors for the Snowy Mountains Scheme. The company was listed on the ASX as Structural Systems Limited (STM) and became SRG Limited in 2014. Between March and September 2018, three companies combined to create SRG Global. In March 2018, SRG Limited acquired the TBS Group, a specialist industrial contractor in asset and infrastructure services. Six months later, SRG and Global Construction Services Ltd (GCS) implemented a merger of equals by way of scheme of arrangement between the two ASX listed companies.

SRG Limited

SRG Limited was split into six business streams. Below sets out a non-exhaustive list of the key services that SRG Limited performs within each of these streams.

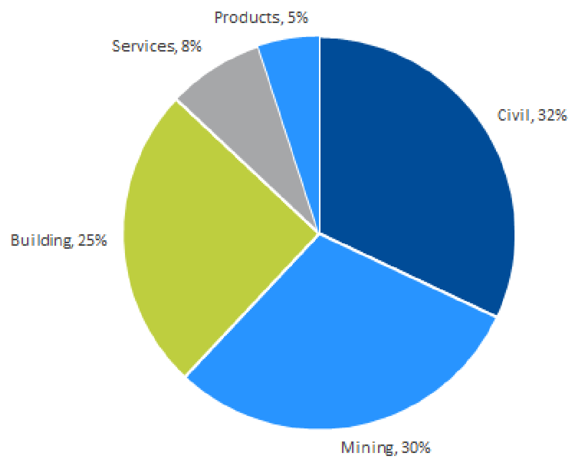
- **Civil:** includes dam strengthening, bridge construction, bridge maintenance, stay cable systems and ground anchors.
- **Mining:** drill & blast, ground support, engineering, mine infrastructure, civil, monitoring and remedial works.
- **Building**: includes design engineering, post tensioning, slab on ground, slipform, reinforcement and remedial works.
- **Services**: includes diagnosis and investigation, concrete repair, structural strengthening, waterproofing, façade & architectural restoration.
- **Products**: Bespoke design products such as maccaloy bars, concrete canvas, ground support products, geotechnical equipment and castings.

Figure 5: SRG Limited revenue ($m)



Source: Morgans, Company Reports

Figure 6: SRG Limited FY17 revenue composition (%)



Source: Morgans, Company Reports

TBS Group

TBS is a specialist industrial contractor in asset and infrastructure maintenance services. TBS was a non-core asset held by Bapcor. The acquisition increased SRG Limited's exposure to NZ and specifically asset maintenance services which improved SRG Limited's recurring revenue stream. TBS was acquired for $33m ($24m from an equity raise and the balance from existing cash/debt). The business was acquired for ~4x EBITDA and ~5x EBIT.

In 2018, customers included Fonterra, Methanex, KiwiRail and other major NZ corporations. ~80% of revenue is derived through long term and recurring contracts, preferred supplier agreements, and annuity type contracts.

Figure 7: Snapshot of customers

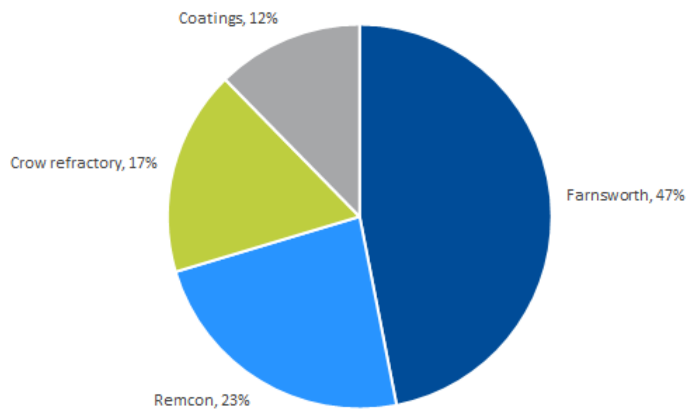
Source: Company Reports

At the time of acquisition, the business was on track to deliver ~$70m revenue and had four key divisions. Again, we set out a non-exhaustive list of the key services within each of these divisions.

- **Farnsworth:** This includes diverse asset maintenance and construction services. This division maintains some of New Zealand's largest infrastructure assets such as the Auckland Harbour Bridge which TBS has been contracted to deliver maintenance services since 1994. This includes significant mechanical strengthening and industrial coatings, pavement repairs and safety upgrades to existing infrastructure.

- **Remcon:** Established in 2013 to offer construction solutions to remediate leaky, seismically challenged end of life buildings and structures. Services include concrete and structural remediation, interior refurbishment, façade building deconstruction and structural strengthening.
- **Coatings:** Services include access solutions (scaffolding and other access equipment) as well as abrasive blasting and protective coating services.
- **Crow refractory:** Provider of refractory services including the design, supply, construction, installation and maintenance of refractory lining (either new construction or maintenance).

Figure 8: TBS Group revenue exposure



Source: Morgans, Company Reports

GCS

In August 2018, the court approved the merger of SRG Limited and GCS by way of scheme of arrangement. Under the scheme, GCS acquired all of the shares in SRG in a swap such that GCS shareholders would own 51% and SRG shareholders would own 49% of the group. David Macgeorge, CEO of SRG Limited, was to continue as Managing Director of the merged entity.

At the time of announcement of the transaction in June 2018, the merged entity had a pro-forma market cap of $322m, pro forma revenue of $510m and 2,000 employees.

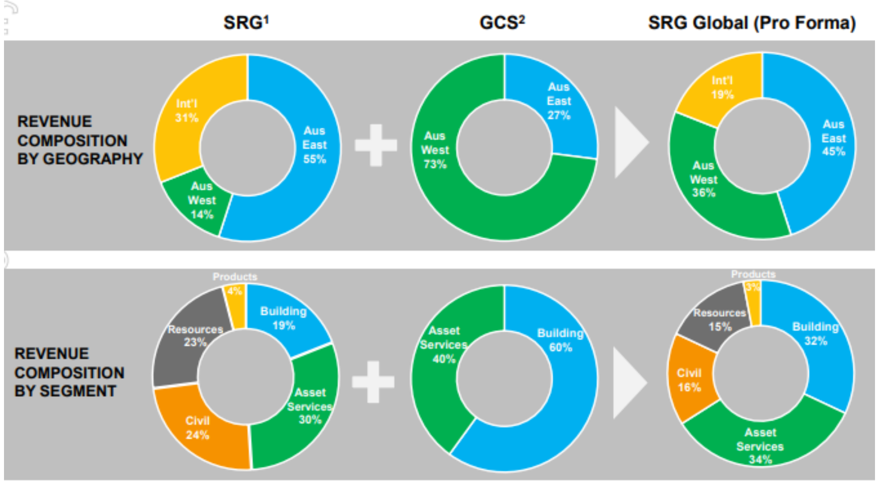
To our mind, the key rationale was a fully integrated engineering & construction business whereby SRG Limited could deliver the design, engineering and post-tensioning and GCS could deliver the building facades, formwork/structures and access solutions.

Figure 9: Combined capabilities (SRG Limited and TBS with GCS in red text)

Source: Company Reports

Additionally, the acquisition delivered an enhanced footprint. SRG Limited derived only 14% of revenue from the West Coast, whereas GCS was predominantly a West Coast business (73% revenue), which saw the merger significantly increase exposure to the West (36%). It also significantly increased SRG Limited's exposure to Building.

Figure 10: Revenue composition (SRG includes TBS Group) – FY17

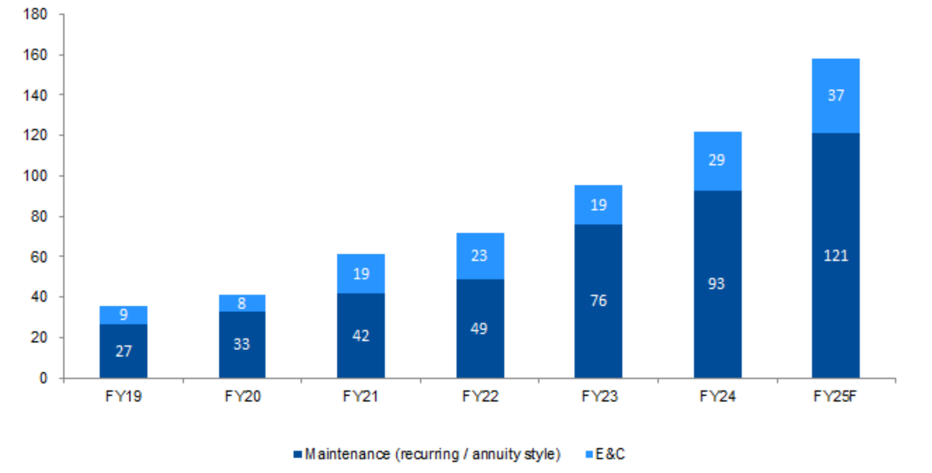


Source: Company Reports

Strategic transformation

Over the last three years, SRG has undergone a strategic transformation to become a diversified industrial services business. This transformation has seen SRG increase its scale, improve its margin profile, expand its tier 1 client base, grow its recurring revenue base and strengthen its overall services offering. This has been done both organically (see section *Strong and Consistent Earnings Growth*) and via acquisition. In this section, we set out the key acquisitions.

Figure 11: Growing recurring earnings (EBITDA $m)



Source: Morgans, Company Reports

WBHO Infrastructure – March 2022

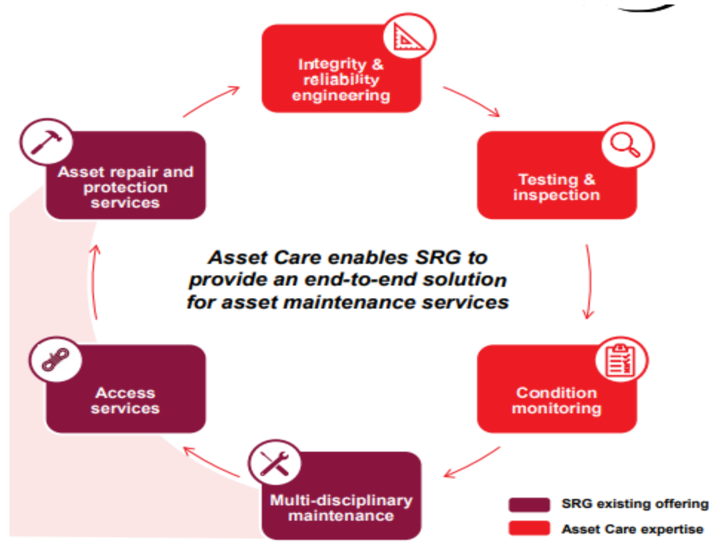
SRG Global acquired WBHO Infrastructure's Western Australian business out of administration for $15.2m. This acquisition expanded SRG's asset management, civil maintenance, and construction services, particularly in transport, resources, water, agriculture, waste, renewables, and aviation sectors. The deal included 275 skilled personnel and long-term contracts with blue-chip clients, contributing to a stable, recurring earnings profile.

The acquisition announcement was relatively light on the details, though it was stated that WBHO's history, it generally delivered revenue of ~$150m. During the first few months of ownership by SRG, it was run rating ~$100m revenue and $5m EBITDA, which implies a transaction multiple of just 3x EBITDA.

ALS Asset Care – February 2023

In February 2023, SRG Global acquired ALS Industrial Pty Ltd (Asset Care) for $80m cash through a $51m equity raising and $30m from a new debt facility and existing reserves. Asset Care specialises in front-end asset integrity and reliability services across mining, oil and gas, and infrastructure sectors. This acquisition complemented SRG's existing back-end maintenance expertise.

Figure 12: Asset Care and SRG expertise



Source: Morgans, Company Reports

The acquisition was conducted at a transaction multiple of ~5x EBITDA and at the time was expected to be EPS accretive in FY23 before considering any revenue or cost synergies. Importantly, the acquisition was on-strategy. Nearly the entirety (99%) of Asset Care's estimated revenue was maintenance-related, with a significant portion under contract, aligning with SRG's strategy to boost recurring revenue streams. Asset Care is capital light with capex ~2% of revenue.

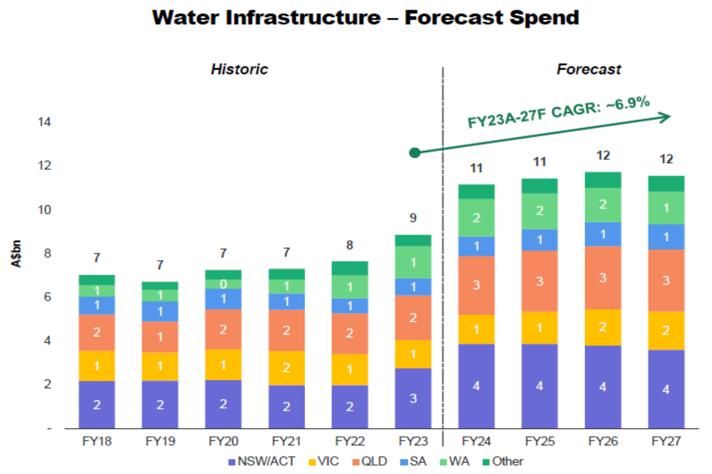
Diona – September 2024

SRG acquired Diona, a leading provider in water security and energy transition services, for $111m. While SRG had some pre-existing exposure to water and energy transition services, this acquisition strengthened its market position in these markets. Diona further embedded SRG's transformation towards a business with approximately 80% annuity/recurring earnings, with 100% of Diona's earnings underpinned by long-term (2-4 years) contracts which provide strong earnings visibility. 85% of revenue is under a cost plus or schedule of rates compensation structure, with the remaining 15% fixed cost. The business is very capital light with capex <1% of revenue.

Diona has been operating for 40 years and has a workforce of 750 people with operations across QLD, NSW, VIC and SA. In FY24, Diona delivered $216m revenue, $19.5m of EBITDA and $18.5m of EBIT. This represents a transaction multiple of ~5.5x EBITDA and ~6x EBIT. The transaction was estimated to be +10% EPSA accretive to FY24 before any synergies. The business is expected to deliver organic growth from geographic expansion, enhanced capabilities and cross-selling opportunities. Diona is well positioned to drive organic growth with more than $1bn work in hand (~5x current revenue) and an opportunity pipeline of more than $2bn.

Investment in the water infrastructure sector is expected to increase over the medium term due to population growth, climate change and water security, and increasing maintenance requirements for water infrastructure. The Australian Construction Industry Forum estimates that water infrastructure spend in Australia will grow at a ~7% CAGR from FY23A-27F.

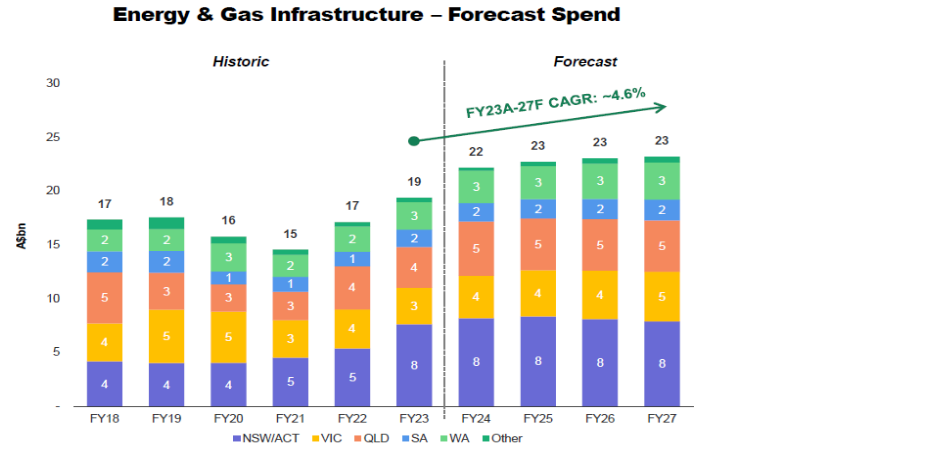
Figure 13: Water Infrastructure spend



Source: SRG, ACIF

Spend in energy and gas infrastructure is similarly expected to remain strong, driven by Australia's push towards renewable energy, energy security and the modernisation of existing networks to meet the demand of the energy transition. The Australian Construction Industry Forum estimates that spend in Australia will grow at a ~4.6% CAGR from FY23A-27F.

Figure 14: Energy & gas infrastructure spend



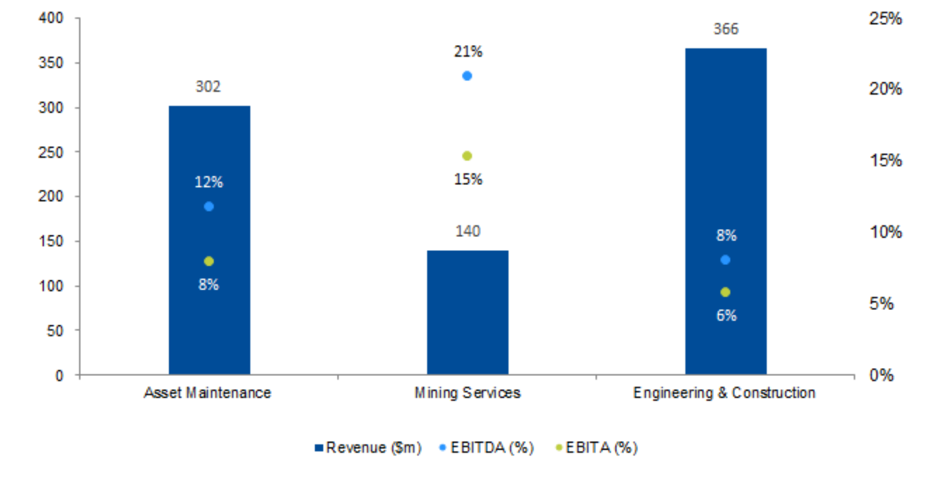
Source: SRG, ACIF

Previous divisions

Prior to FY24, the business was split into three segments: Asset Maintenance, Mining Services and Engineering & Construction.

- **Asset maintenance:** Integrated services throughout the asset life cycle to industries such as oil and gas, energy, infrastructure, offshore, mining, power generation, and water treatment. This business operates at relatively strong margins of 12% at EBITDA and 8% at EBIT.
- **Mining services:** Ground solutions, including production drilling, blasting, and ground and slope stabilisation for mining clients. This is a high margin business (EBITDA 21% and EBIT 15% in FY23). Utilisation is important for a business of this nature given high fixed costs (D&A ~6% of sales).
- **Engineering & Construction:** Specialist engineering and construction services for various industries including water, transport, defense, resources, energy, health, and education. This is a relatively low margin business with EBITDA margins at 8% and EBIT at 6%. Within this division was Engineered Products which does around $30m revenue at 20% EBITDA margins.

Figure 15: Old divisional revenue and margins (FY23)



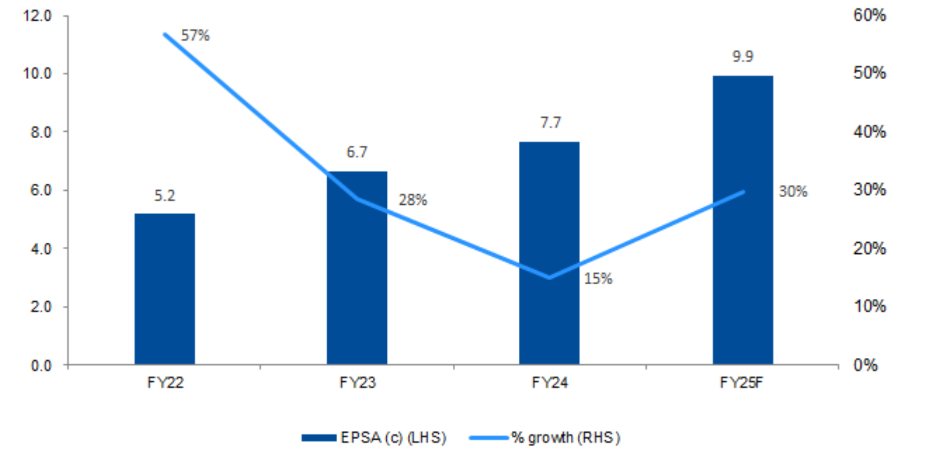
Source: Morgans, Company Reports

The whole of Mining Services was folded into Maintenance & Industrial Services. Additionally, Engineered Products, which previously formed part of Engineering & Construction was folded into Maintenance & Industrial Services alongside two term contracts that were previously classified as Engineering & Construction.

Strong and consistent earnings growth

SRG has a track record of strong and consistent EPSA growth year over year. From FY21-FY24, EPSA grew from 3.3c to 7.7c, delivering average annual growth of +33%. Continuing this trend, during 1H25 the company delivered a further +35% EPSA growth. For FY25, we are forecasting +30% EPSA growth. Thereafter, we assume c.8% growth, all of which is organic.

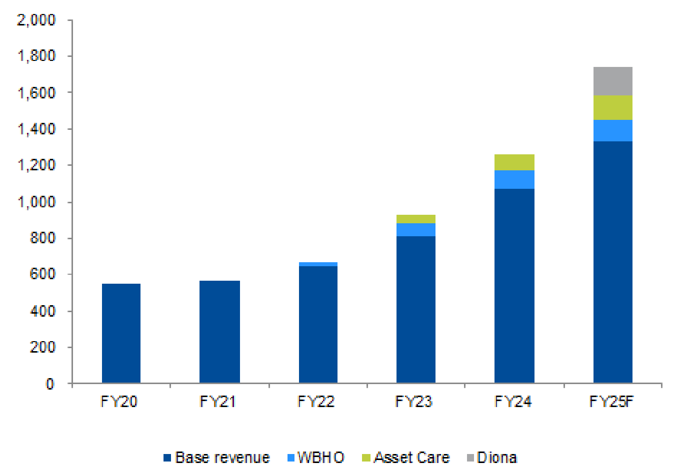
Figure 16: EPSA (c) and % growth (YoY)



Source: Morgans, Company Reports

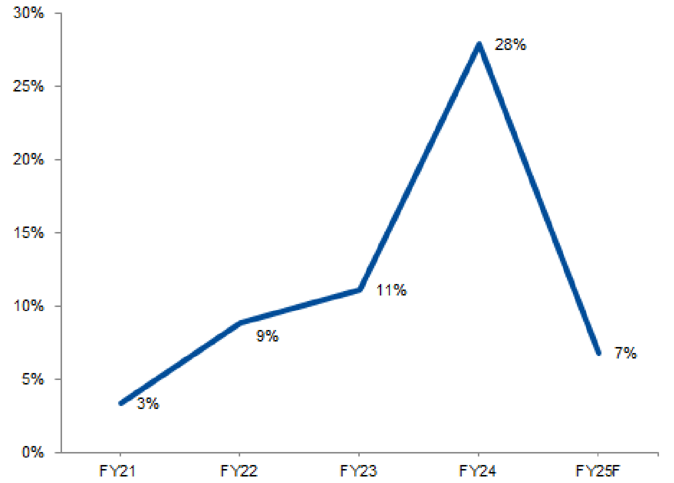
This strong and consistent growth has been achieved via a combination of organic and inorganic growth. Importantly, organic growth has been very strong. At the revenue line, organic growth has averaged low double-digits (~10%) from FY21 to FY24, which is strong for a diversified industrials business with a large recurring revenue base. In FY24, we are expecting organic growth to moderate to +7% after delivering +28% YoY in FY24. At the EBITDA and EPS line, the organic growth rates would be even stronger, as SRG has delivered solid margin expansion over the same time frame. However, given margins are now at a strong level, we prefer to focus deliberately on volumes/revenue.

Figure 17: Organic revenue growth ($m)



Source: Morgans, Company Reports

Figure 18: Organic revenue growth (% chg YoY)

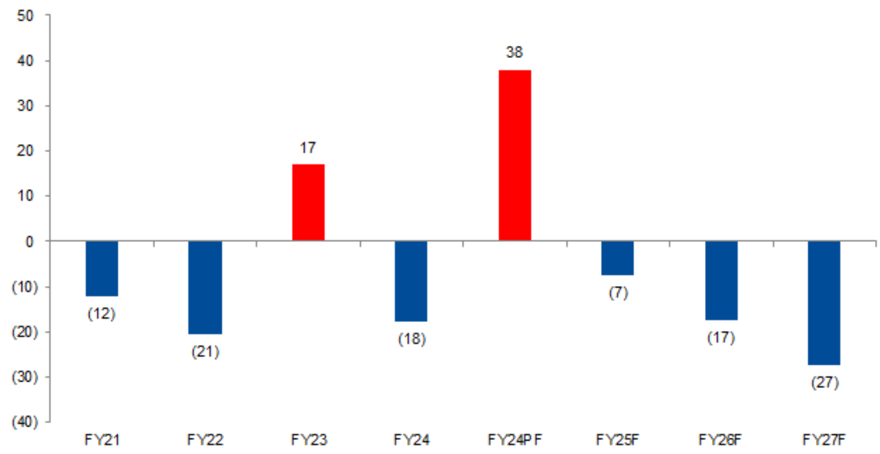


Source: Morgans, Company Reports

Conservative acquisition strategy

SRG has executed a successful and conservative acquisition strategy over the last three years. It has acquired businesses on relatively low transaction multiples (3.0-5.5x EBITDA) using a combination of debt and equity. Following the acquisitions, SRG has shown a tendency to de-lever back to a net cash position, before it makes further acquisitions. This conservative acquisition strategy sets it apart from some peers which use the additional EBITDA to reduce leverage without returning to a net cash position. Cash coming through the door also gives us confidence that the acquisitions are performing strongly.

Figure 19: Net debt/(cash) ex leases ($m)



Source: Morgans, Company Reports

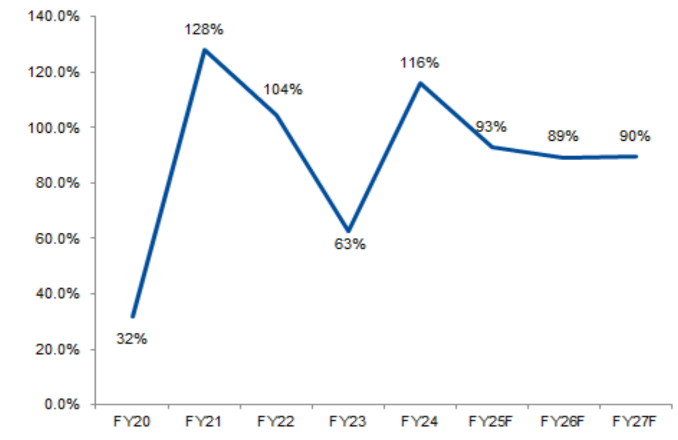
In early 2022, SRG acquired WBHO Infrastructure's WA business for $15m out of administration. The announcement was light on the details, though in its first three months of ownership it was run rating ~$100m revenue (vs $150m revenue per annum historically) and ~$5m EBITDA (implying an acquisition multiple of 3x EBITDA).

In early 2023, SRG acquired ALS's Asset Care business for $80m (~$50m from raising and the remainder from debt/cash reserves) at an implied EBITDA multiple of ~5x. This saw the company go from a net cash position in FY22 to $17m of net debt in FY23. The company then de-levered throughout FY24 to $18m net cash.

At the FY24 result in August, SRG announced the acquisition of Diona for $111m at a transaction multiple of 5.5x EBITDA ($66m from equity raised and $50m from debt and existing cash). At 1H25, the company had already de-levered to a net cash position of $9m. We are forecasting net cash of $7m at FY25. This sets the company up to continue its prudent acquisition strategy.

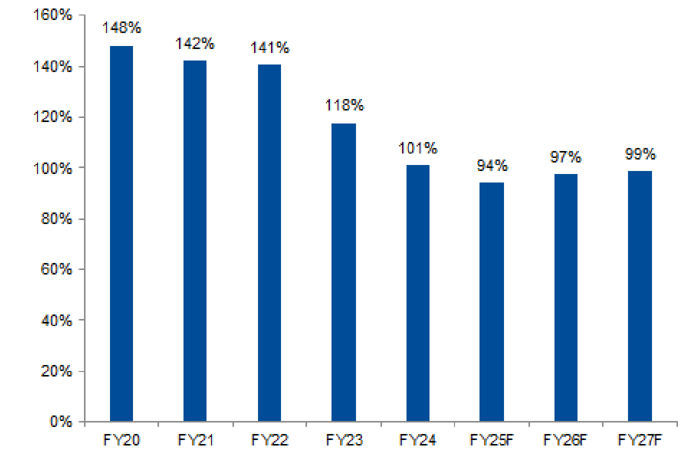
Cash flow and financials

Figure 20: Operating cash conversion (%) (pre- interest & tax)



Source: Morgans, Company Reports

Figure 21: Capex as % of D&A (ex lease D&A)

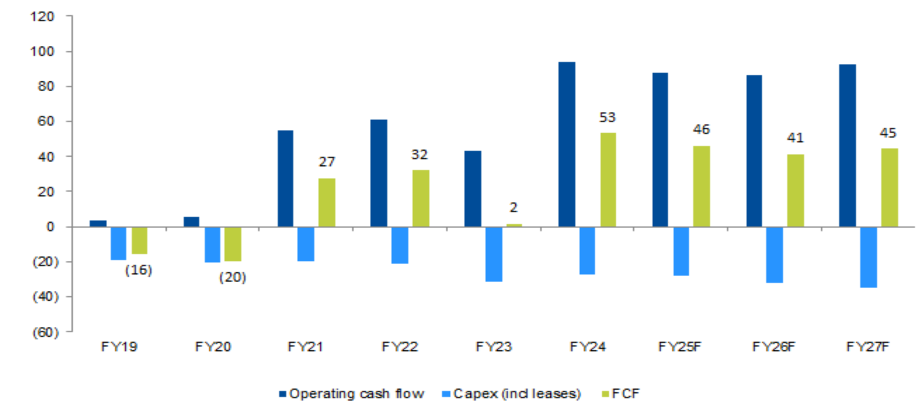


Source: Morgans, Company Reports

Cash conversion has averaged 90% from FY20-24 though it has been quite volatile year to year. It is however important to remember the shift in the business mix over this period. In FY20, E&C was ~60% of revenue whereas it's now just ~40%. In FY20, cash conversion was soft (32%) which was a theme for all construction contractors, particularly those with projects in remote areas like the Pilbara where issues such as site access, labour availability and productivity were exacerbated. In FY23 cash conversion was just 63% before bouncing back to 116% in FY24. We are forecasting cash conversion to remain around 90% for FY25-27. The volatility in the past should be reduced following the acquisitions of the Asset Care business (>100% conversion historically) and Diona (nearly entirely recurring revenue).

SRG has demonstrated strong cash generation over the past 4 years. Heavy capex investment through FY20-22 weighed on free cash flow, though capex is now running in line with depreciation (ex leases). During FY22, capex was nearly 140% of D&A but this dropped to 100% in FY24. In 1H25, capex dropped to just 80% of D&A We are forecasting capex to gravitate around 100% of D&A in 1H25 and through FY26 and FY27.

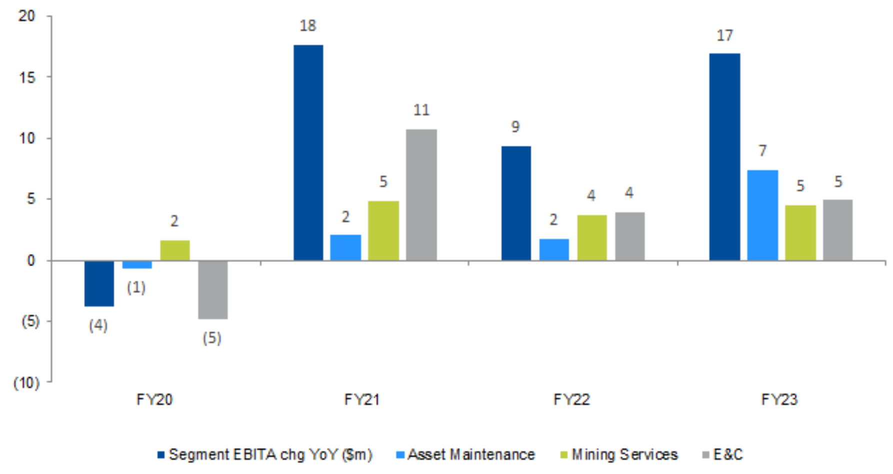
Figure 22: Free cash flow ($m)



Source: Morgans, Company Reports

Diversification journey

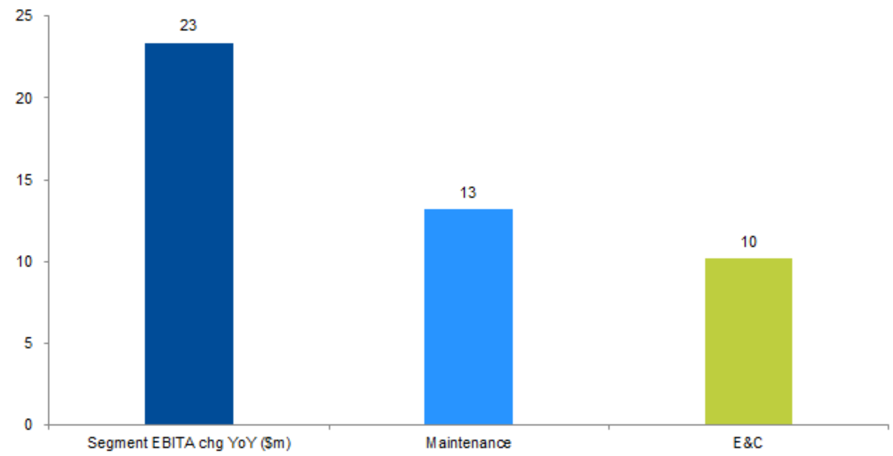
Figure 23: Divisional chg in EBITA YoY ($m) – FY20-23



Source: Morgans, Company Reports

SRG, via organic growth and acquisition, has positioned itself as a large, well-diversified industrial services company. Unlike some services businesses, where there is an obvious swing segment which tends to dictate the change in earnings from year-to-year, any one of SRG's segments can be the largest earnings delta in a given year. In FY21, E&C was the key delta as it bounced back strongly (+$11m EBITA YoY) after a softer FY20. In FY22, both Asset Maintenance and Mining Services contributed equally (+$4m EBITA YoY). In FY23, Asset Maintenance was the main delta at +$7m EBITA. In FY24, under the new segments, both Maintenance and E&C were strong deltas.

Figure 24: Divisional chg in EBITA YoY ($m) - FY24

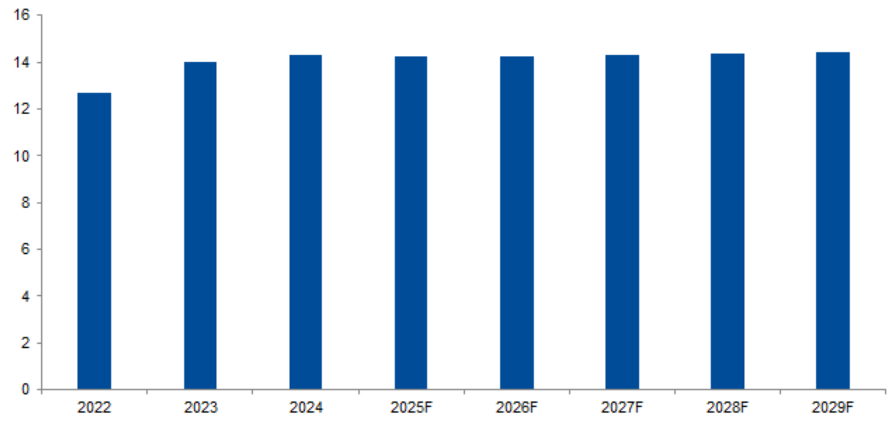


Source: Morgans, Company Reports

Key drivers

Maintenance

Figure 25: Maintenance spend in Australia ($bn)

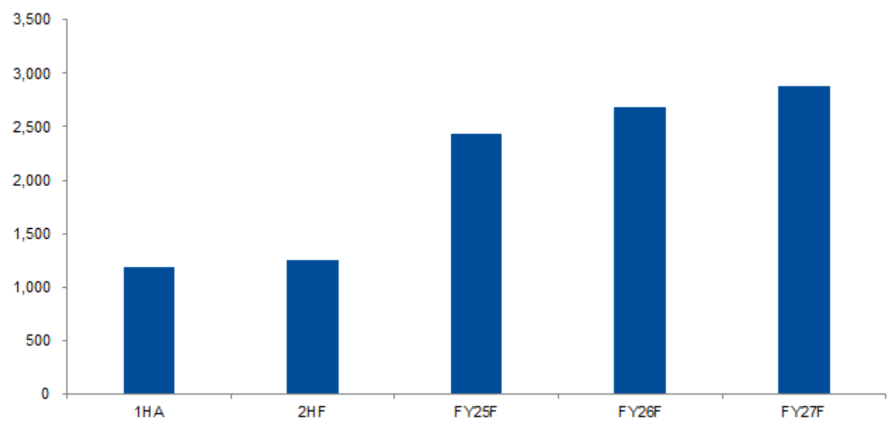


Source: Oxford Economics, ABS

Oxford Economics forecasts maintenance spend in Australia to be relatively flat across oil & gas, transition minerals, iron ore and other minerals. What this doesn't show, however, is a preference towards specialist maintenance services in the resources sector. This is a theme that's been evident across the services sector over the past few years, and has allowed specialist providers to outgrow their generalist peers.

SRG has considerable tailwinds in the mining services part of this division for the next few years. Indeed, it is well positioned amongst leading Australian producers (EVN, NST and GMD) which are increasing their volumes. We use consensus mining production volumes as a proxy for total material blasted, which is how SRG would be paid under its drill & blast contracts. Interestingly, 2H25 volumes are expected to be up +6% on 1H. Volumes are then expected to grow by +10% in FY26 and +7% in FY27.

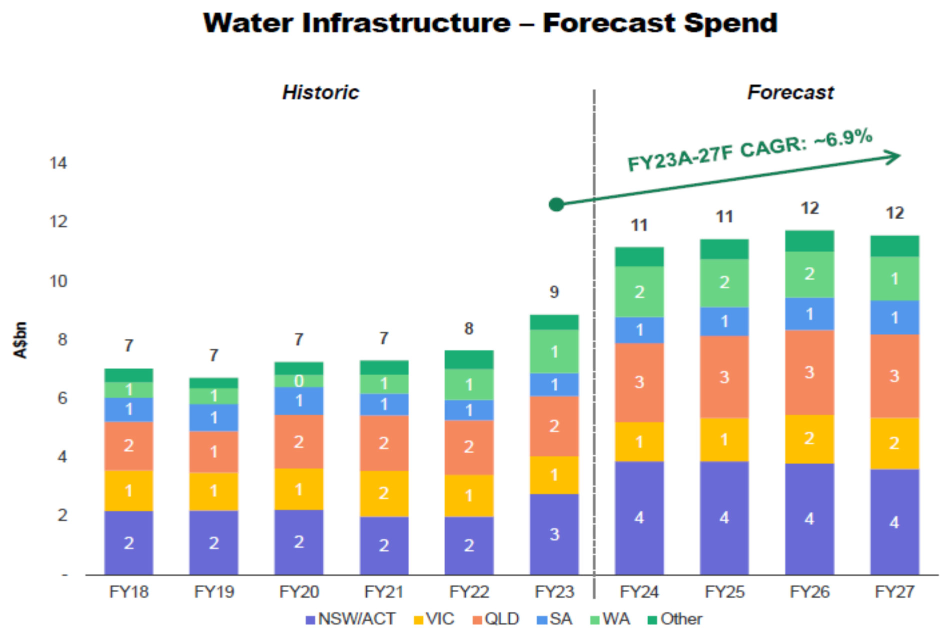
Figure 26: EVN, NST and GMD production volumes (kozt)



Source: Morgans, Visible Alpha consensus

Investment in the water infrastructure sector is expected to increase over the medium term due to population growth, climate change and water security, and increasing maintenance requirements for water infrastructure. The Australian Construction Industry Forum estimates that water infrastructure spend in Australia will grow at a ~7% CAGR from FY23A-27F.

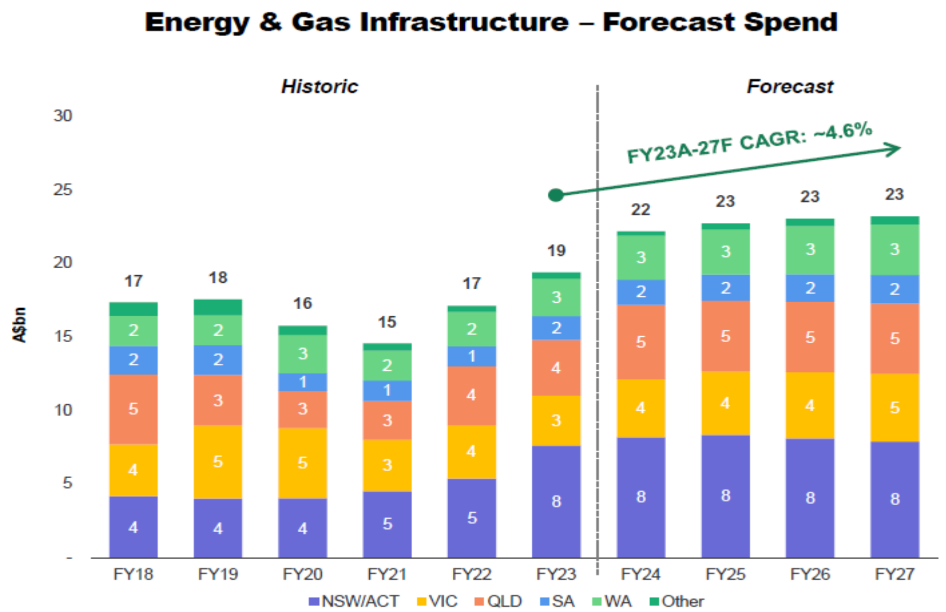
Figure 27: Water Infrastructure spend



Source: SRG, ACIF

Spend in energy and gas infrastructure is similarly expected to remain strong, driven by Australia's push towards renewable energy, energy security and the modernisation of existing networks to meet the demand of the energy transition. The Australian Construction Industry Forum estimates that spend in Australia will grow at a ~4.6% CAGR from FY23A-27F.

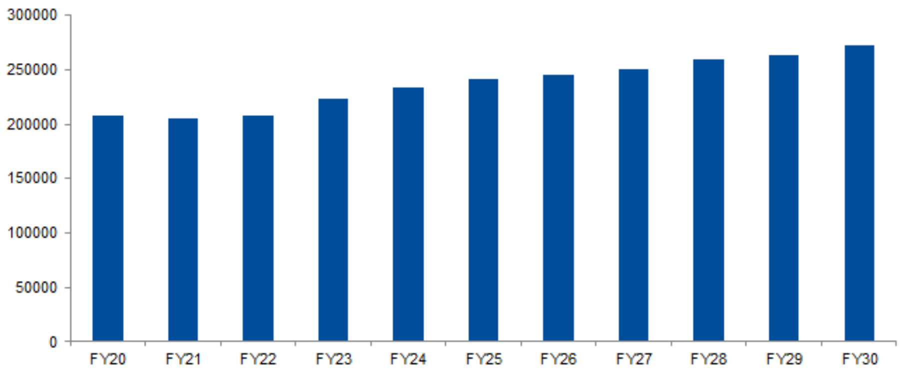
Figure 28: Energy & gas infrastructure spend



Source: SRG, ACIF

E&C

Figure 29: Australian infrastructure and construction spend ($m)



Source: BIS Oxford Economics, Haver Analytics

The outlook for infrastructure and construction spend in Australia is buoyant. Oxford Economics estimates that there's $1.8 trillion to be spent on infrastructure and construction over the next 7 years. This positive outlook aligns with global trends, as the engineering and construction industry benefits from sustained infrastructure spending.

We think the E&C business is poised for continued growth in FY25 and FY26, underpinned by a robust pipeline of projects and work in hand. Given the short duration nature of E&C work (c.12 months), the order book should be a decent proxy for the 1 year forward E&C revenue. As at FY24, the order book was $510m and we are forecasting revenue of ~$500m for FY25. As at 1H25, the order book increased to $544m which is up +7% on FY24. We are forecasting $520m for CY25.

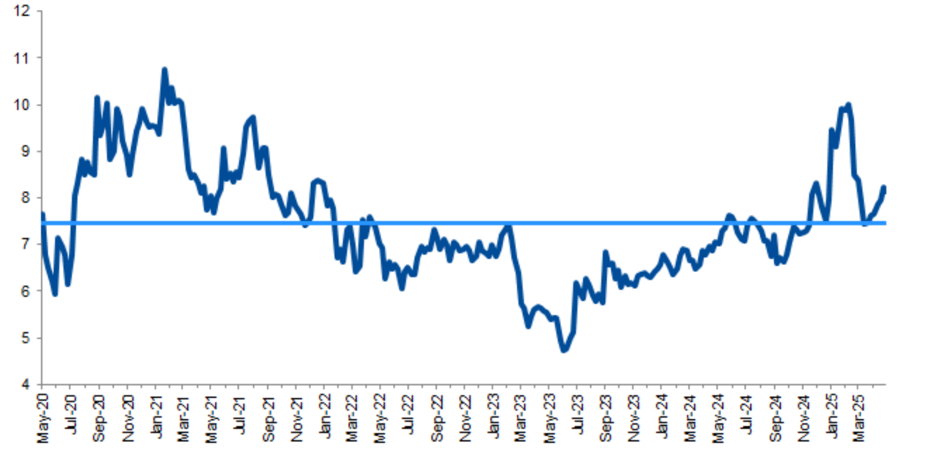
Positively, SRG's E&C contracts come about through long-standing relationships with blue-chip clients in the private and government sectors. Contract awards show a constant stream of repeat business from Multiplex, Lendlease/Charter Hall, Built, VicRoads, WA Roads, Transport for NSW and Water Corporation (amongst others).

SRG is executing its first major R5/B4 project, which is the highest national road and bridge accreditation, allowing it to construct traffic bridges. The $90m Jervis Bay integrated road and bridge projects for Transport NSW is well progressed and sets the business up for continued growth as NSW continues to invest in infrastructure. A proven track record in traffic bridges should open up new opportunities. This is a less competitive area of the market as accreditation is a genuine barrier to entry (takes years of proven track record to receive).

Valuation

Historical valuation

Figure 30: EV/EBIT (NTM) and average

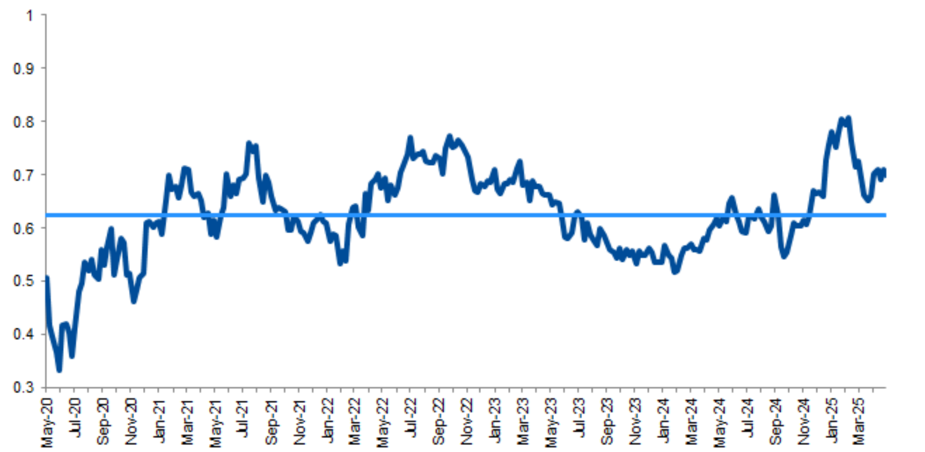


Source: Morgans, Factset

SRG's valuation has historically traded between 5x to 10x EBIT. The average EV/EBIT valuation over the last 5 years is 7.5x EBIT. While the business and its earnings growth is maturing, we think a premium to history is justified given quality of earnings have improved considerably over this period (recurring earnings), continued earnings growth, balance sheet optionality and a track record of strong cash generation.

Another metric to consider is the change in market valuations over this period. The stock is currently trading on ~0.7x relative to the ASX200. Historically, the stock has traded at 0.5-0.8x and the average is 0.6x.

Figure 31: PE relative to ASX200 and average



Source: Morgans, Factset

Our valuation

Figure 32: Valuation methodology

Target price	Value	Weight	Target
EV/EBIT ($)	1.69	50%	0.85
DCF	1.91	50%	0.96
Weighted Average ($)			**1.80**
Premium/(discount)			0%
Price Target ($)			**1.80**

Source: Morgans estimates, company data

We apply an equal weighted EV/EBIT and DCF valuation to derive our price target of $1.80. We assign a multiple of ~10x EBIT (average FY25/26), which is more in line with SRG's core peer group of maintenance style business (see comparables table below). We think a premium to its history is justified given quality of earnings have improved considerably (80% recurring), continued earnings growth, balance sheet optionality and a track record of strong cash generation.

For our DCF, we assume a WACC of 10.2% (risk free rate 4.2%, beta 1.2 and equity risk premium 5.5% and a terminal growth rate equal to the risk-free rate (4.2%).

Comparables

Figure 33: Comparable companies – key metrics

Comparable companies		MCAP	EV	SP	EV / EBITDA			EV / EBIT			Price / Earnings			PER	EPS		Return Calcs				
30/04/2025		(LOCAL)	(LOCAL)	(LOCAL)	LTM	1	2	LTM	1	2	LTM	1	2	1	CAGR	PEG	1 Mth	3 Mth	6 Mth	1 YR	2 YR
SRG Global	SRG-AU	773	796	1.28	7.5x	6.3x	5.8x	12.5x	8.6x	7.9x	18.4x	13.0x	12.1x	13.0x	9.0	1.4	8%	-9%	17%	56%	81%
Monadelphous Group	MND-AU	1,558	1,370	16.02	10.7x	9.1x	8.8x	15.8x	12.6x	12.2x	20.7x	19.7x	19.3x	19.7x	4.3	4.6	0%	4%	29%	21%	37%
Mader Group	MAD-AU	1,272	1,303	6.31	13.1x	11.8x	10.2x	17.5x	15.3x	13.2x	24.2x	22.3x	19.1x	22.3x	14.7	1.5	2%	4%	10%	-9%	31%
Tasmea	TEA-AU	601	691	2.65	10.2x	7.4x	5.9x	12.2x	8.7x	7.0x	13.8x	11.7x	9.5x	11.7x	17.9	0.7	4%	-13%	-5%	60%	n.a
Service Stream	SSM-AU	1,136	1,152	1.86	9.2x	7.9x	7.4x	16.7x	12.6x	11.6x	21.5x	16.9x	15.5x	16.9x	7.0	2.4	4%	20%	22%	49%	189%
Ventia Svc Grp	VNT-AU	3,564	4,058	4.18	8.2x	7.6x	7.3x	11.3x	10.2x	9.5x	16.4x	14.5x	13.4x	14.5x	7.7	1.9	3%	13%	-6%	20%	75%
Downer EDI	DOW-AU	3,828	4,951	5.72	9.6x	6.4x	5.9x	28.0x	11.3x	10.1x	52.4x	14.8x	13.1x	14.8x	11.2	1.3	3%	4%	1%	25%	71%
NRW	NWH-AU	1,226	1,385	2.70	3.9x	3.6x	3.4x	7.6x	6.7x	6.3x	10.6x	9.7x	8.9x	9.7x	4.7	2.1	-6%	-19%	-27%	1%	24%
Worley	WOR-AU	6,514	8,005	12.35	8.8x	7.9x	7.2x	12.5x	10.8x	9.5x	17.1x	13.9x	11.7x	13.9x	16.9	0.8	-17%	-13%	-11%	-21%	-12%
MINIMUM		601	691	1.86	3.9x	3.6x	3.4x	7.6x	6.7x	6.3x	10.6x	9.7x	8.9x	9.7x	4.3	0.7	-17%	-19%	-27%	-21%	-12%
AVERAGE		**2,462**	**2,864**	**6.47**	**9.2x**	**7.7x**	**7.0x**	**15.2x**	**11.0x**	**9.9x**	**22.1x**	**15.4x**	**13.8x**	**15.4x**	**10.6**	**1.9**	**-1%**	**0%**	**2%**	**18%**	**59%**
MEDIAN		1,415	1,377	4.95	9.4x	7.7x	7.3x	14.2x	11.1x	9.8x	18.9x	14.6x	13.3x	14.6x	9.5	1.7	2%	4%	-2%	21%	37%
MAXMIUM		6,514	8,005	16.02	13.1x	11.8x	10.2x	28.0x	15.3x	13.2x	52.4x	22.3x	19.3x	22.3x	17.9	4.6	4%	20%	29%	60%	189%

Source: Morgans estimates, company data

Forecasts

Income statement

Figure 34: P&L

Yr to June (A$m)	FY20A	FY21A	FY22A	FY23A	FY24E	1H	2H	FY25E	FY26E	FY27E
Operating revenue	**551.2**	**569.5**	**644.2**	**809.0**	**1,069.3**	**619.7**	**714.5**	**1,334.3**	**1,437.6**	**1,525.8**
EBITDA										
M&IS (Asset Maint. & Mining Serv. Pre FY23)	32.5	42.1	49.1	76.1	92.7	56.8	64.6	121.3	129.8	137.3
E&C	8.4	18.9	22.8	19.1	29.4	16.5	20.0	36.6	40.2	44.1
Corporate	-13.1	-13.9	-14.7	-21.5	-23.5	-14.3	-16.6	-30.9	-32.1	-34.3
Other (reversals etc)	1.4	0.0	0.0	5.9	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	**29.2**	**47.1**	**57.2**	**79.5**	**98.5**	**59.0**	**68.0**	**127.0**	**138.0**	**147.0**
Depreciation	**-19.1**	**-21.9**	**-23.1**	**-36.6**	**-40.1**	**-21.2**	**-22.0**	**-43.1**	**-46.0**	**-48.3**
M&IS (Asset Maint. & Mining Serv. Pre FY23)	21.5	28.4	33.9	55.3	68.5	45.0	52.8	97.7	105.6	112.5
E&C	1.9	12.6	16.5	12.0	22.2	12.2	15.4	27.6	30.2	33.3
Corporate	-14.7	-15.9	-16.2	-23.1	-25.1	-15.1	-17.4	-32.5	-33.8	-36.1
Other (reversals etc)	1.4	0.0	0.0	5.9	0.0	0.0	0.0	0.0	0.0	0.0
EBITA	**10.1**	**25.1**	**34.2**	**50.1**	**65.6**	**42.1**	**50.7**	**92.9**	**102.1**	**109.6**
Net Interest	-3.0	-2.5	-2.6	-4.3	-7.2	-4.1	-4.1	-8.2	-8.7	-9.0
PBTA	**7.1**	**22.6**	**31.6**	**45.7**	**58.4**	**38.1**	**46.6**	**84.7**	**93.4**	**100.6**
Taxation	-2.1	-7.7	-8.2	-13.9	-18.1	-11.4	-14.0	-25.4	-28.0	-30.2
%	30.0%	34.2%	26.0%	30.4%	30.9%	30.1%	29.9%	30.0%	30.0%	30.0%
NPATA	**5.0**	**14.9**	**23.4**	**31.8**	**40.4**	**26.6**	**32.7**	**59.3**	**65.4**	**70.4**
After tax amortisation	-3.6	-2.8	-2.5	-2.3	-4.8	-4.2	-4.2	-8.4	-8.4	-8.3
After tax significant items	-31.1	0.0	-0.7	-6.9	-1.1	-3.5	0.0	-3.5	0.0	0.0
Statutory NPAT	**-29.7**	**12.1**	**20.1**	**22.6**	**34.5**	**18.9**	**28.5**	**47.4**	**57.0**	**62.1**
EPS	1.1	3.3	5.2	6.7	7.7	4.5	5.4	9.9	10.7	11.5
DPS	1.0	2.0	3.0	4.0	4.5	2.5	2.5	5.0	5.5	6.0
Net Debt (Cash)	8.5	-12.3	-20.5	17.0	-17.8	-9.1	-7.5	-7.5	-17.4	-27.5
Leverage	0.3	-0.3	-0.4	0.2	-0.2	-0.1	-0.1	-0.1	-0.1	-0.2
Margins (%)	**FY20A**	**FY21A**	**FY22A**	**FY23A**	**FY24E**	**1H**	**2H**	**FY25E**	**FY26E**	**FY27E**
EBITDA	5.3%	8.3%	8.9%	9.8%	9.2%	9.5%	9.5%	9.5%	9.6%	9.6%
NPATA	0.9%	2.6%	3.6%	3.9%	3.8%	4.3%	4.6%	4.4%	4.5%	4.6%

Source: Morgans estimates, company data

Cash flow

Figure 35: Cash flow statement

Yr to June (A$m)	FY20A	FY21A	FY22A	FY23A	FY24E	1H	2H	FY25E	FY26E	FY27E
Operating EBITDA	**29.2**	**47.1**	**57.2**	**79.5**	**98.5**	**59.0**	**68.0**	**127.0**	**138.0**	**147.0**
Change in Working Capital	-1.4	4.6	12.1	-44.1	15.4	22.3	-16.0	6.3	-9.9	-10.5
Other Non Cash	-18.5	8.5	-9.6	14.6	0.2	-16.5	1.5	-15.0	-5.0	-5.0
Operating Cashflow - pre int & tax	**9.3**	**60.2**	**59.7**	**50.0**	**114.1**	**64.8**	**53.5**	**118.3**	**123.1**	**131.5**
Interest	-3.0	-2.5	-2.6	-4.3	-7.2	-4.1	-4.1	-8.2	-8.7	-9.0
Tax Paid	-0.6	-2.5	4.0	-2.5	-13.2	-8.5	-14.0	-22.5	-28.0	-30.2
Cash flows from operations	**5.8**	**55.2**	**61.1**	**43.1**	**93.8**	**52.2**	**35.5**	**87.7**	**86.4**	**92.3**
Capex	-20.6	-19.5	-20.9	-31.6	-27.5	-12.7	-15.3	-28.0	-32.0	-35.0
Payment for subsidaries/disposals	4.0	2.2	-12.7	-70.9	2.2	-91.4	0.0	-91.4	0.0	0.0
Cash flows from investing	**-16.5**	**-17.3**	**-33.6**	**-102.5**	**-25.3**	**-104.1**	**-15.3**	**-119.4**	**-32.0**	**-35.0**
Proceeds from treasury shares	0.0	0.0	0.0	48.8	0.0	62.9	0.0	62.9	0.0	0.0
Receipts/repayment of borrowings	-12.0	-2.6	4.8	25.9	-9.2	40.6	-10.0	30.6	-5.0	-5.0
Payments for lease liabilities	-5.2	-8.2	-8.2	-9.7	-12.9	-6.7	-6.7	-13.4	-13.1	-12.8
Dividends paid	-2.2	-8.9	-11.1	-17.1	-20.9	-13.1	-15.1	-28.2	-31.4	-34.4
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash flows from financing	**-19.5**	**-19.7**	**-14.5**	**47.9**	**-42.9**	**83.6**	**-31.8**	**51.8**	**-49.5**	**-52.2**
Incr / (Decr) in Cash	**-30.2**	**18.2**	**13.0**	**-11.5**	**25.6**	**31.7**	**-11.6**	**20.1**	**4.9**	**5.1**
Starting cash	58.3	28.1	46.2	59.3	47.7	73.4	105.1	73.4	93.5	98.4
Net change in cash	-30.2	18.2	13.0	-11.5	25.6	31.7	-11.6	20.1	4.9	5.1
FX effect	0.0	0.0	0.1	-0.1	0.1	0.0	0.0	0.0	0.0	0.0
Ending cash	**28.1**	**46.2**	**59.3**	**47.7**	**73.4**	**105.1**	**93.5**	**93.5**	**98.4**	**103.5**
EBITDA	**29.2**	**47.1**	**57.2**	**79.5**	**98.5**	**59.0**	**68.0**	**127.0**	**138.0**	**147.0**
Cash Conversion	32%	128%	104%	63%	116%	110%	79%	93%	89%	89%
D&A leases	**-19.1**	**-21.9**	**-23.1**	**-36.6**	**-40.1**	**-21.2**	**-22.0**	**-43.1**	**-46.0**	**-48.3**
Capex % D&A	148%	142%	141%	118%	101%	88%	100%	94%	97%	99%
Free cash flow (incl leases)	**-20.0**	**27.5**	**32.0**	**1.8**	**53.4**	**32.8**	**13.5**	**46.3**	**41.3**	**44.5**
FCF yield % (pre div)	(3.5%)	4.7%	5.5%	0.3%	7.9%	4.4%	1.7%	6.0%	5.3%	5.7%

Source: Morgans estimates, company data

Balance sheet

Figure 36: Balance sheet

Yr to June (A$m)	FY20A	FY21A	FY22A	FY23A	FY24E	1H	2H	FY25E	FY26E	FY27E
Cash and Cash Equivalents	28.1	46.3	59.3	47.7	73.4	105.1	93.5	93.5	98.4	103.5
Trade Receivables	83.0	86.5	97.9	110.3	120.9	106.6	127.9	127.9	137.9	146.3
Inventories	15.6	14.9	18.7	21.5	26.0	25.3	25.3	25.3	25.3	25.3
Contract assets	41.3	55.7	60.8	88.0	92.2	103.1	109.7	109.7	126.0	142.1
Other	8.8	3.3	5.6	4.4	5.1	10.3	8.8	8.8	13.8	18.8
Total Current Assets	**176.7**	**206.6**	**242.3**	**271.8**	**317.6**	**350.4**	**365.2**	**365.2**	**401.4**	**436.1**
Property, Plant & Equipment	79.3	81.5	104.3	119.0	122.8	121.1	121.1	121.1	120.3	119.8
ROU assets	26.0	20.3	17.3	25.8	30.7	30.9	30.9	30.9	30.9	30.9
Intangibles & Goodwill	107.3	104.6	102.6	170.4	167.8	285.2	285.2	285.2	285.2	285.2
Contract assets	0.0	1.9	1.6	1.2	1.3	1.5	1.5	1.5	1.5	1.5
Deferred tax assets & other	33.7	28.0	16.5	2.8	0.3	3.3	3.3	3.3	3.3	3.3
Total Non-Current Assets	**246.1**	**236.3**	**242.3**	**319.3**	**322.9**	**442.0**	**442.0**	**442.0**	**441.1**	**440.6**
Total Assets	**422.9**	**443.0**	**484.6**	**591.2**	**640.5**	**792.4**	**807.2**	**807.2**	**842.5**	**876.7**
Trade and other payables	88.6	106.5	122.4	116.1	143.7	158.0	168.2	168.2	181.2	192.3
Contract liabilities	15.9	20.6	33.1	34.8	37.6	42.1	43.9	43.9	47.3	50.2
Borrowings	12.7	15.3	14.0	20.3	17.6	26.3	26.3	26.3	26.3	26.3
ROU liabilities	8.4	8.3	7.7	11.4	10.2	9.8	9.8	9.8	9.8	9.8
Income tax payable	2.5	0.5	0.0	0.5	1.2	0.0	0.0	0.0	0.0	0.0
Provisions	24.5	26.1	32.4	46.9	52.4	78.6	78.1	78.1	76.4	73.9
Other	0.0	0.0	0.0	0.0	1.0	0.0	0.0	0.0	0.0	0.0
Total Current Liabilities	**152.6**	**177.2**	**209.6**	**230.0**	**263.7**	**314.8**	**326.2**	**326.2**	**341.0**	**352.5**
ROU liabilities	18.3	13.1	10.9	15.7	22.0	22.2	22.2	22.2	22.2	22.2
Provisions	6.6	7.1	4.8	10.5	11.8	10.8	10.8	10.8	10.8	10.8
Deferred tax liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Borrowings	23.9	18.6	24.8	44.4	38.0	69.7	59.7	59.7	54.7	49.7
Total Non Current Liabilities	**48.8**	**38.9**	**40.4**	**70.6**	**71.7**	**102.6**	**92.6**	**92.6**	**87.6**	**82.6**
Issued capital	218.1	218.1	218.1	267.5	267.3	330.2	330.2	330.2	330.2	330.2
Reserves	8.1	8.1	6.9	8.0	9.1	10.3	10.3	10.3	10.3	10.3
Retained earnings	-4.8	0.6	9.5	15.0	28.6	34.4	47.8	47.8	73.4	101.1
Total Equity	**221.4**	**226.8**	**234.6**	**290.5**	**305.1**	**374.9**	**388.4**	**388.4**	**413.9**	**441.6**
Total Liabilities & Equity	**422.9**	**442.9**	**484.6**	**591.2**	**640.5**	**792.4**	**807.2**	**807.2**	**842.5**	**876.7**
ROE (NPAT/Equity)	2%	7%	10%	12%	14%	14%	17%	17%	16%	16%
ROCE (EBIT/CE)	4%	12%	16%	16%	23%	23%	27%	24%	26%	26%
Net debt (ex leases)	8.5	-12.3	-20.5	17.0	-17.8	-9.1	-7.5	-7.5	-17.4	-27.5
Net Debt/EBITDA	0.3x	-0.3x	-0.4x	0.2x	-0.2x	-0.1x	-0.1x	-0.1x	-0.1x	-0.2x
ND / ND + Equity - Y/e	4%	-6%	-10%	6%	-6%	-2%	-2%	-2%	-4%	-7%
ND / Equity - Y/e	4%	-5%	-9%	6%	-6%	-2%	-2%	-2%	-4%	-6%

Source: Morgans estimates, company data

Board of Directors & Senior Management

Figure 37: Board of Directors & Senior Management

Title	Name	Description
Non-executive Chair	Peter McMorrow	Peter McMorrow joined the Board of SRG Global as Non-Executive Deputy Chair in September 2018 and was appointed Non-Executive Chair on 26 November 2019. He is also a member of the Remuneration & Nomination Committee. Peter has over forty years' project and executive experience and is a respected leader in the infrastructure and resources industries. Encompassing a wide variety of large and complex infrastructure projects both overseas and within Australia, his industry knowledge extends to all facets of engineering, project identification, winning and delivery as well as management of dynamic, profitable and long lasting business operations. Prior to joining SRG Global, Peter was Managing Director of Leighton Contractors from 2004 to 2010. Under his guidance, Leighton Contractors expanded considerably with turnover increasing to over $5 billion and the workforce increasing fourfold to approximately 10,000 employees. Peter was previously a board member for Valmec Limited until October 2021.
Non-executive Deputy Chair	Amber Banfield	Amber joined the SRG Global Board as a Non-Executive Director on 25 October 2021 and was appointed Non-Executive Deputy Chair of SRG Global on 28 November 2024. Amber is a member of the SRG Global Audit Committee and is Chair of the SRG Global Zero Harm Board Committee.Amber has been involved in the resource and energy sectors for over 25 years. She held operations, management and advisory positions with several ASX-listed entities, including Worley Limited (ASX: WOR) supporting the company's growth to become the world's largest energy and resources engineering service provider. Her roles related to strategy, commercial, sustainability, mergers and acquisitions, servicing the sectors of mining, renewable power, gas and infrastructure. More recently, Amber has supported companies relating to ESG, decarbonisation and sustainable investments.
Managing Director / CEO	David Macgeorge	David Macgeorge was appointed Managing Director of SRG Global in September 2018. Prior to this, David held the role of Managing Director for SRG Limited since May 2014. David has extensive senior executive experience in contracting, logistics, infrastructure and mining service industries and has a strong record of leading business transformations, driving value creation and growth through a unique understanding of strategy, customer focus and shareholder returns. Prior to joining SRG, David held senior executive roles with BIS Industries, Cleanaway and CHEP (a subsidiary of Brambles). He also provided consultancy to Leighton Contractors.
Director / CFO	Roger Lee	Roger joined the SRG Global Board as Executive Director on 23 November 2023. Roger brings over 25 years' experience in senior and executive management in Australia and has played an instrumental role in the strategic transformation of the Company since his appointment to the Executive Leadership Team in July 2014. Prior to joining SRG, Roger played an integral role in the establishment of Broad Group Holdings (now part of the Leighton Contractors Group), a national commercial and civil construction company which grew from inception to annual revenues of over half a billion dollars during his tenure. During his time at Broad, he held various executive roles including Director/CFO, and subsequently Managing Director of Broad. He has also held other Executive Finance roles at Leighton Contractors (now part of CPB), both at corporate level and within the Infrastructure Division.
Non-executive Director	Michael Atkins	Michael joined the SRG Global Board as a Non-Executive Director in September 2018 and is Chairman of the SRG Global Audit Committee. Michael was a founding partner of a national Australian Chartered Accounting practice from 1979 to 1987 and was a Fellow of the Institute of Chartered Accountants in Australia. Since 1987 he has been both an executive and non-executive director of numerous publicly listed companies with operations in Australia, USA, South East Asia and Africa. Michael is currently Non-Executive Chairman of Australian listed company Castle Minerals Limited. Michael more recently was Non-Executive Chairman of Australian listed company Legend Mining Limited, Senior Advisor – Corporate Finance at Canaccord Genuity (Australia) Limited, Non-Executive Director of Australian listed company Warrego Energy Limited and Non-Executive Chairman of Azumah Resources Limited.
Non-executive Director	Kerry Wilson	Kerry joined the SRG Global Board as a Non-Executive Director on 23 November, 2023. Kerry is Chairman of the Remuneration and Nominations Committee of SRG Global. Kerry holds a degree in Psychology and brings significant experience to the Board in relation to human resources, safety and industrial relations both domestically and internationally. Kerry has held a number of global executive roles in his 30-year career in the Brambles Group. From 2013 to 2023, Kerry held positions on the NSW Business Chamber as a State Councillor and Chair of the Work, Health and Safety Committee. He also was the principal owner of an industrial relations consultancy firm which was sold in 2023.

Source: Morgans estimates, company data

Risks

Risks include:

- Duration and timing of projects - given E&C work is under short duration contracts, scheduling of projects is important and has the capacity to impact earnings. SRG mitigates this with the bulk of its earnings being in repeat work, and even within E&C, there is an underlying level of repeat work with customers;
- Contracting risks - SRG is exposed to the inherent risks in a contracting business, particularly in E&C. That is, projects are tendered based on certain assumptions around productivity and costs which can often change as the project evolves. This can affect the final margin that SRG realises on projects;
- Deterioration in end-market demand - slowing global growth may result in a reduction in demand in some of SRG's key end-markets (for example, minerals). SRG mitigates this risk by performing work for more than 20 industries, lots of which require investment through economic cycles;
- Reliance on key clients - although SRG has diversified over time, it still has key customer relationships which it relies on heavily. To mitigate against this risk, SRG has no customer which contributes more than 10% of revenue;
- Labour constraints; and
- Acquisition integration.

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