

HOLD

Current Price **A\$2.79**
Price Target **A\$3.00**
TSR **10%**

Ticker: **SRG.ASX**
Sector: **Services & Construction**

Shares on Issue (m): **626.6**
Market Cap (\$m): **1,748.2**
Net Debt / (Cash) (\$m): **-16.2**
Enterprise Value (\$m): **1,732.0**

52 wk High/Low: **3.13** **1.15**
12m Av Daily Vol (m): **2.41**

Key Metrics

	25A	26F	27F
EV/EBITDA (x)	13.6	10.6	9.5
EV/EBIT (x)	18.5	14.0	12.4
P/E (x)	24.1	22.1	19.4

Ratios

	25A	26F	27F
ND / Equity	-4.1%	2.7%	-4.9%
EBIT Mgn	7.1%	7.7%	7.8%
RoA	14.3%	15.6%	16.1%
RoE	17.5%	18.8%	19.3%

Financials*:

	25A	26F	27F
Revenue (\$m)	1,324.2	1,613.3	1,785.6
EBITDA (\$m)	127.1	163.6	181.4
EBIT (\$m)	93.9	124.1	139.5
NPAT (\$m)	61.0	79.5	91.3
Rep. EBIT (\$m)	80.6	106.7	122.2
Rep. NPAT (\$m)	54.9	67.9	79.7

*Underlying unless otherwise stated

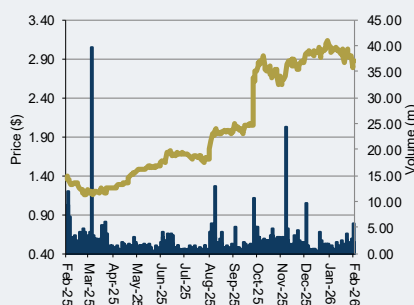
NTA (\$m) 101.7 88.5 138.5

Op CF (\$m) 94.9 101.6 120.9

Per Share Data:

	25A	26F	26F
Norm. EPS (cps)	11.56	12.64	14.35
DPS (cps)	5.50	6.00	6.00
Div Yield	2.0%	2.2%	2.2%
NTAPS (cps)	19.5	14.5	22.4
CFPS (cps)	18.0	16.2	19.0

Share Price Graph



Thursday, 19 February 2026

SRG Global (SRG)

RECORD RESULTS, BUT MARGINS MIXED

Analyst | Jon Scholtz

QUICK READ

A strong result which was a record half for the company, however margins were below our expectations and consensus for the period. FY26 guidance upgrade highlights strong continued growth and the full integration of the recently acquired TAMS. The balance sheet also remains strong, with SRGs net debt position being modest. The strong orderbook and pipeline positions SRG well for further growth and the transition to 80% recurring revenue derisks the earnings profile. We maintain our A\$3.00 price target and our HOLD recommendation.

KEY POINTS

Record financial result and a dividend beat: SRG reported a record result, with revenue of A\$743.9m being in line with our forecasts, while EBITDA and Ebit(a) of A\$71.0m and A\$53.4m grew 22% and 29% YoY respectively. We note that due to the divisional mix, Ebitda and Ebit(a) margins were softer than our forecasts and consensus, which resulted in Ebitda and Ebit(a) missing by 6% and 10% in 1HFY26 respectively. SRG announced an interim dividend of 3.0cps, which was inline with the final dividend of FY25. The dividend was 8% strong than our forecasts and grew by 20% YoY.

Solid operating segments: SRG reported Maintenance and Industrial Services revenue of A\$504.3m and Ebitda of A\$70.8m for a margin of 14.0% and Engineering and Construction Revenue of A\$239.6m and Ebitda of A\$16.7m for a 7.0% margin. Corporate overheads accounted for 2.2% of revenue, in line with prior years.

Strong cash conversion: SRG reported strong cash conversion of 97%. The final net debt position of \$21.2m was below our expectations. We note that SRG completed the acquisition of TAMS in the period.

FY26 guidance upgrade and strong work in hand: SRG has upgraded FY26 guidance of Ebitda of A\$164-168m (Argonaut A\$163.1m) and Ebit(a) of A\$126-130m (Argonaut A\$127.7m). The guidance highlights a strong 2H and a full contribution from TAMS. Record Work in Hand of A\$4.2b and Opportunity Pipeline of A\$11.5b across diverse industries. SRG noted that ~80% of the business has now transitioned to annuity/recurring earnings

VALUATION & RECOMMENDATION

SRG continues to deliver strong results with further growth expected in the 2HFY26 driven by the full integration of the recent TAMS acquisition. The strong recurring revenue is a key positive. Our earnings forecasts are little changed post the 1HFY26 result and we maintain our A\$3.00 price target and our HOLD recommendation.

Please refer to important disclosures from page 6



SRG Global

Equity Research

Recommendation	HOLD
Current Price (\$)	2.79
Valuation (\$)	3.00
TSR	10%



Jon Scholtz

Sector	Services & Construction
Market Cap (\$m)	1,748.2
Date	18 February 2026

Trading Metrics	FY25A	FY26F	FY27F	FY28F
EV / EBITDA (x)		10.6	9.5	9.2
EV / EBIT (x)		14.0	12.4	12.0
P/E (x)		22.1	19.4	18.5
Dividend Yield (%)		2.2%	2.2%	2.2%

Per Share Data	FY25A	FY26F	FY27F	FY28F
Reported EPS (cps)	10.4	10.8	12.5	14.3
Adjusted EPS (cps)	11.6	12.6	14.4	15.0
Div. per share (cps)	5.5	6.0	6.0	6.0
NTA per share (cps)	19.5	14.5	22.4	32.3
CF per share (cps)	18.0	16.2	19.0	19.9

Profit and Loss (\$m)	FY25A	FY26F	FY27F	FY28F
Revenue	1,324.2	1,613.3	1,785.6	1,873.1
EBITDA	127.1	163.6	181.4	188.2
EBITDA Margin	9.6%	10.1%	10.2%	10.0%
Depreciation	(33.3)	(39.5)	(41.9)	(43.4)
EBIT(a)	93.9	124.1	139.5	144.8
EBIT margin	7.1%	7.7%	7.8%	7.7%
PBT	87.0	114.4	131.2	137.0
NPAT	61.0	79.5	91.3	95.7
Adjustments:				
Amortisation	(13.2)	(17.3)	(17.3)	(7.4)
One-Offs	-	-	-	-
Reported EBIT	80.6	106.7	122.2	137.4
Reported NPAT	54.9	67.9	79.7	90.7

Cash Flow (\$m)	FY25A	FY26F	FY27F	FY28F
Receipts	1,429.8	1,598.5	1,757.3	1,858.7
Payments	(1,306.0)	(1,451.4)	(1,593.9)	(1,685.8)
Other	(28.9)	(45.4)	(42.4)	(46.7)
Cash from Operations	94.9	101.6	120.9	126.3
Property, Plant & Equip	(27.5)	(31.5)	(37.1)	(41.9)
Payment for Subsidiary	(99.0)	(90.0)	(10.0)	-
Other	6.6	-	-	-
Cash From Investing	(119.9)	(121.5)	(47.1)	(41.9)
Issue of Shares	66.0	27.7	-	-
Net Borrowing	25.8	(14.8)	(12.8)	(4.5)
Dividends / Other	(28.2)	(36.2)	(37.1)	(37.1)
Cash From Financing	63.6	(23.3)	(49.9)	(41.6)
Net Cash Flow	38.6	(43.2)	23.9	42.8
Ending Cash	111.9	68.6	92.5	135.3

Balance Sheet (\$m)	FY25A	FY26F	FY27F	FY28F
Cash	111.9	68.6	92.5	135.3
Receivables	250.3	265.2	293.5	307.9
Inventory	25.2	39.7	44.0	46.2
Other	4.7	4.7	4.7	4.7
Current Assets	392.1	378.2	434.6	494.0
Property, Plant & Equip	126.3	131.3	139.6	151.1
Intangibles	290.7	363.3	356.0	348.6
Other NC Assets	46.2	46.2	46.2	46.2
Non-Current Assets	463.2	540.9	541.8	545.9
Total Assets	855.3	919.1	976.4	1,039.9
Payables	232.4	258.2	285.7	300.1
Borrowings	95.7	80.9	68.1	63.6
Provisions	95.9	95.9	95.9	95.9
Other	38.9	32.3	32.3	32.3
Total Liabilities	462.9	467.3	482.0	491.8
Net Assets	392.4	451.8	494.5	548.1
Ordinary Equity	330.9	358.6	358.6	358.6
Reserves	13.7	13.7	13.7	13.7
Retained Earnings	47.9	79.6	122.2	175.9
Total Equity	392.4	451.8	494.5	548.1

Valuation	Calcs.	\$m	\$ps
DCF Valuation:			
Discount Rate / WACC (%)	8.4%		
PV Free Cash Flow (\$m)		1,585.5	
Less Net Debt / Plus Cash (\$m)		16.2	
Unpaid Capital (\$m)		-	
Equity Value (\$m)		1,601.7	2.56
Earnings Capitalisation Valuation:			
FY26 EBIT multiple	16.0	2,001.4	3.19
FY26 NPAT multiple	23.0	1,828.7	2.92
Blended Valuation (\$/share)			3.00

Profit and Loss (\$m)	1H25A	2H25A	1H26F	2H26F
Revenue	620.0	704.2	743.9	869.4
EBITDA	58.3	68.8	71.0	92.6
EBITDA Margin	9.4%	9.8%	9.5%	10.7%
Depreciation	(16.9)	(16.4)	(17.8)	(21.7)
EBIT(a)	41.4	52.5	53.2	70.9
EBIT margin	6.7%	7.5%	7.2%	8.1%
PBT	38.1	48.9	49.4	65.1
NPAT	22.4	38.6	33.7	45.8
Adjustments:				
Amortisation	(6.0)	(7.3)	(6.1)	(11.2)
One-Offs	(5.0)	5.0	-	-
Reported EBIT	30.4	50.2	47.1	59.7
Reported NPAT	18.9	35.9	31.4	36.5

Cash Flow (\$m)	1H25A	2H25A	1H26F	2H26F
Receipts	711.6	718.2	845.6	752.9
Payments	(646.9)	(659.2)	(780.5)	(670.9)
Other	(12.6)	(16.3)	(21.4)	(24.1)
Cash from Operations	52.2	42.6	43.7	57.9
Property, Plant & Equip	(12.3)	(15.2)	(11.0)	(20.6)
Payment for Subsidiary	(99.0)	-	(50.8)	(39.2)
Other	7.2	(0.6)	4.3	(4.3)
Cash From Investing	(104.1)	(15.8)	(57.5)	(64.1)
Issue of Shares	62.9	3.1	-	27.7
Net Borrowing	33.8	(8.0)	46.4	(61.2)
Dividends / Other	(13.1)	(15.1)	(18.4)	(17.9)
Cash From Financing	83.6	(20.0)	28.0	(51.3)
Net Cash Flow	31.7	6.9	14.3	(57.5)
Ending Cash	105.1	111.9	126.2	68.6

Financial Ratios	FY25A	FY26F	FY27F	FY28F
Growth				
Revenue growth (%)	23.8%	21.9%	10.7%	4.9%
NPAT growth (%)	51.4%	30.3%	14.8%	4.8%
Norm. EPS growth (%)	51.4%	9.3%	13.5%	4.8%
Profitability Ratios				
EBITDA Margin (%)	10.2%	10.1%	10.2%	10.0%
EBIT Margin (%)	7.1%	7.7%	7.8%	7.7%
PBT Margin (%)	6.6%	7.1%	7.3%	7.3%
NPAT Margin (%)	4.6%	4.9%	5.1%	5.1%
Return on Assets (%)	14.3%	15.6%	16.1%	16.2%
Return on Equity (%)	17.5%	18.8%	19.3%	18.4%
ROIC (%)	14.7%	15.7%	16.4%	16.9%
Balance Sheet Ratios				
Net Debt (ND) / (Net Cash) (\$n)	(16.2)	12.3	(24.4)	(71.7)
Net Debt (ND) / EBITDA	(0.1)	0.1	(0.1)	(0.4)
ND / ND + Equity (%)	-4.3%	2.7%	-5.2%	-15.0%
Net Interest Cover (x)	11.7	11.0	14.7	17.6
Cash Flow Ratios				
Free Cash Flow Yield (%)	-2.1%	-1.1%	4.2%	4.8%
Cash Conversion (x)	0.97	0.86	0.90	0.92

SRG Global (SRG)

Key Charts

Equity Research

Figure 1: Revenue, Ebitda and margins (full year)

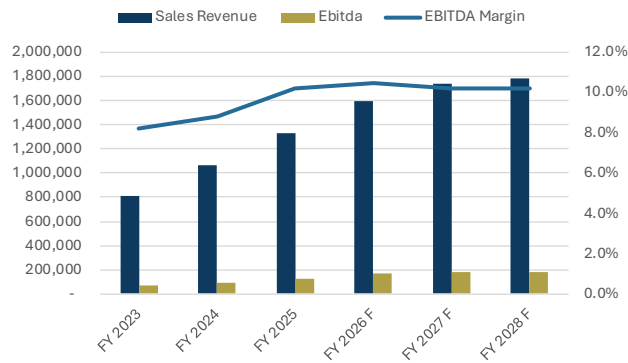


Figure 2: Revenue, Ebitda and margins (half year)

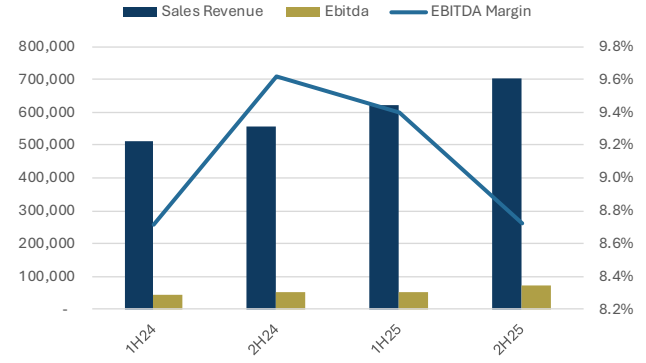


Figure 3: Operating Cash Flow & Conversion from EBITDA, Historic & Forecast

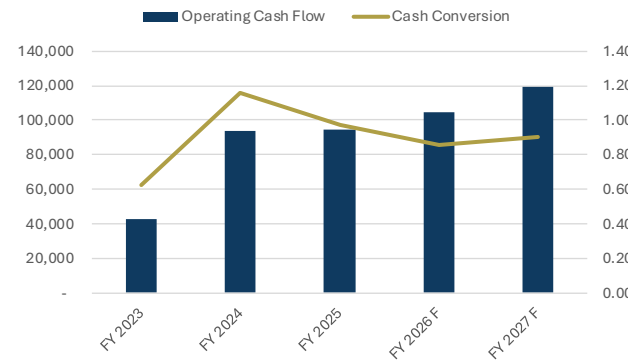


Figure 4: Net Cash Flows, Historic & Forecast

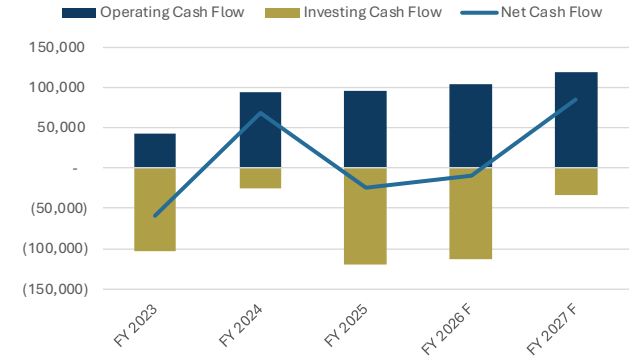


Figure 5: Gearing (ND/(ND+E)) and Leverage (ND/EBITDA), Historic & Forecast

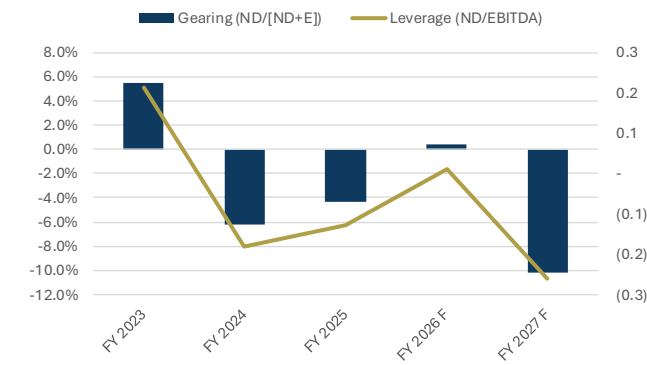


Figure 6: Underlying Earnings and Dividends per Share, Historic & Forecast

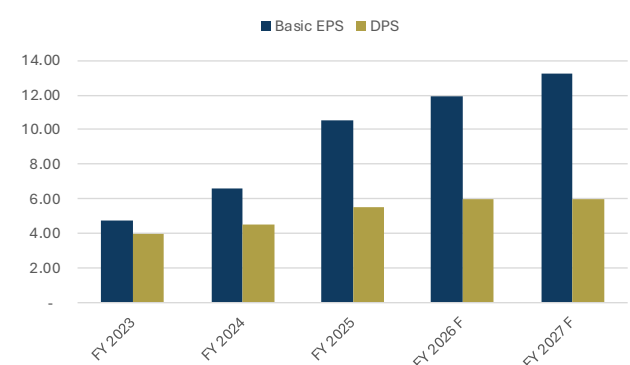


Figure 7: Work in Hand & Pipeline

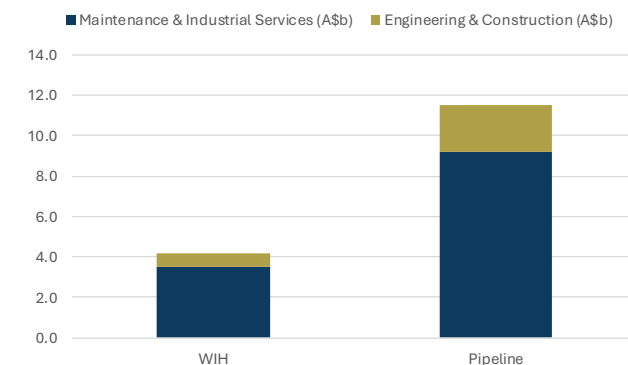
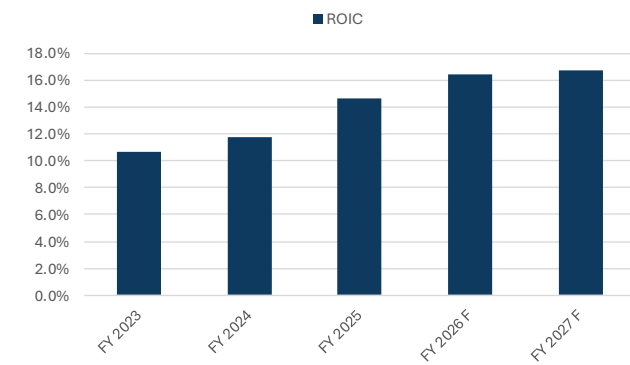


Figure 8: ROIC



ADJUSTMENTS TO FORECASTS

Figure 9: 1H26 financial results vs Argonaut forecasts and VA consensus

		1H25A	2H25A	1H26A	Actual	Variance	HoH	YoY		Consensus	Variance
Revenue	(\$m)	620.0	704.2	740.9	743.9	0%	6%	20%		729.7	2%
EBITDA	(\$m)	58.3	68.8	75.8	71.0	-6%	3%	22%		72.8	-2%
EBITDA margin	(%)	9.4%	9.8%	10.2%	9.5%	-7%	-2%	2%		10.0%	-4%
Ebit	(\$m)	41.4	52.5	59.4	53.4	-10%	2%	29%		55.2	-3%
Ebit margin	(%)	6.7%	7.5%	8.0%	7.2%	-10%	-4%	8%		7.6%	-5%
NPAT	(\$m)	22.4	38.6	41.6	33.7	-19%	-13%	50%		34.7	-3%
NPAT margin	(%)	3.6%	5.5%	5.6%	4.5%	-19%	-17%	25%		4.8%	-5%
Dividend	(cps)	2.5	3.0	2.8	3.0	8%	0%	20%		2.9	4%
Free Cash Flow	(\$m)	-51.9	26.9	-5.4	-13.7	154%	-151%	-74%		30.4	-145%
Net Cash/(Debt)	(\$m)	9.1	16.2	-26.8	-21.2	-21%	-231%	-334%		-17.3	23%

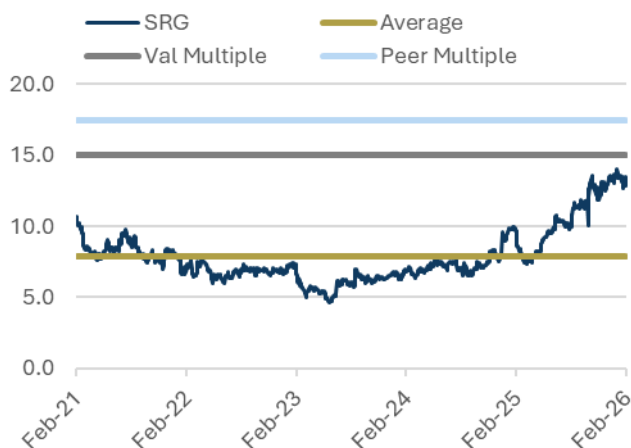
Source: SRG, Argonaut Research, February 2026

Figure 10: Adjustments to forecasts

Underlying (pre one-offs and amortisation)	FY25	FY26F				FY27F				FY28F			
	Actual	Old	New	Change	Change	Old	New	Change	Change	Old	New	Change	Change
Revenue (\$m)	1,323.3	1,593.3	1,613.3	20.0	1%	1,737.4	1,785.6	48.2	3%	1,780.8	1,873.1	92.3	5%
EBITDA (\$m)	127.1	163.1	163.6	0.6	0%	175.6	181.4	5.8	3%	180.0	188.2	8.3	5%
EBITDA margin	9.6%	10.2%	10.1%			10.1%	10.2%			10.1%	10.0%		
Depreciation (\$m)	-33.3	-35.4	-39.5	-4.2	12%	-35.5	-41.9	-6.4	18%	-35.5	-43.4	-7.9	22%
EBIT (\$m)	93.9	127.7	124.1	-3.6	-3%	140.1	139.5	-0.6	0%	144.5	144.8	0.4	0%
EBIT margin	7.1%	8.0%	7.7%			8.1%	7.8%			8.1%	7.7%		
Net Interest (\$m)	-6.9	-7.3	-9.7	-2.4	33%	-6.2	-8.3	-2.1	34%	-6.5	-7.8	-1.3	20%
PBT (\$m)	87.0	120.4	114.4	-6.0	-5%	133.9	131.2	-2.7	-2%	138.0	137.0	-1.0	-1%
PBT margin	6.6%	7.6%	7.1%			7.7%	7.3%			7.7%	7.3%		
NPAT (\$m)	61.0	89.5	79.5	-10.0	-11%	98.9	91.3	-7.7	-8%	98.8	95.7	-3.2	-3%
EPS (cps)	11.6	14.6	12.6	-2.0	-14%	16.0	14.4	-1.7	-10%	16.0	15.0	-0.9	-6%

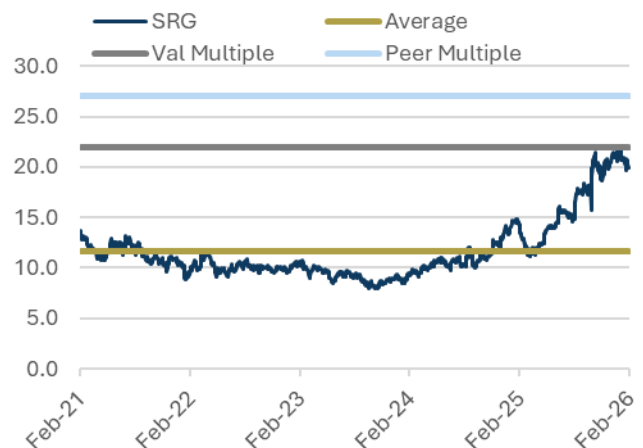
Source: SRG, Argonaut Research, February 2026

Figure 11: Next 12 Months (NTM) EV/EBIT



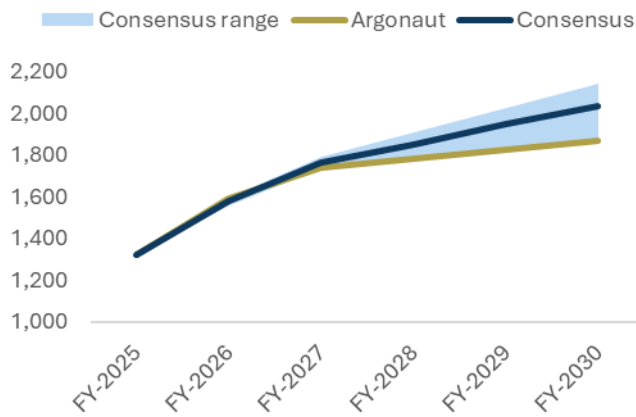
Source: Argonaut Research, February 2026, from FactSet

Figure 12: NTM P/E



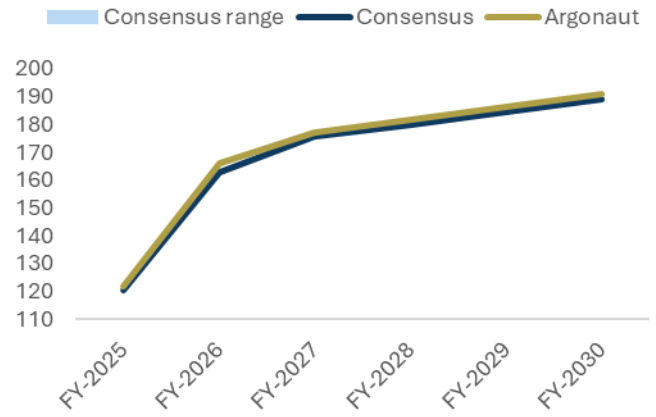
Source: Argonaut Research, February 2026, from FactSet

Figure 13: Revenue forecasts vs VA consensus (A\$m)



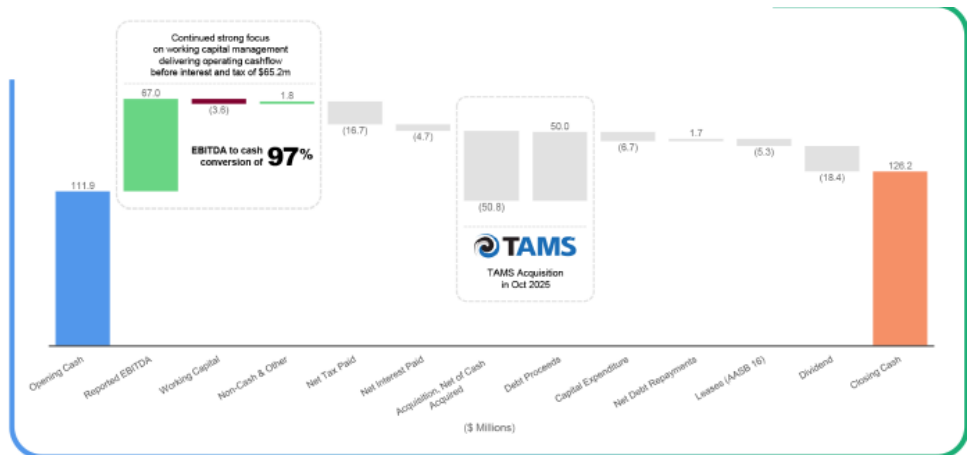
Source: Argonaut Research, Visible Alpha, February 2026

Figure 14: Ebitda forecasts vs VA consensus (A\$m)



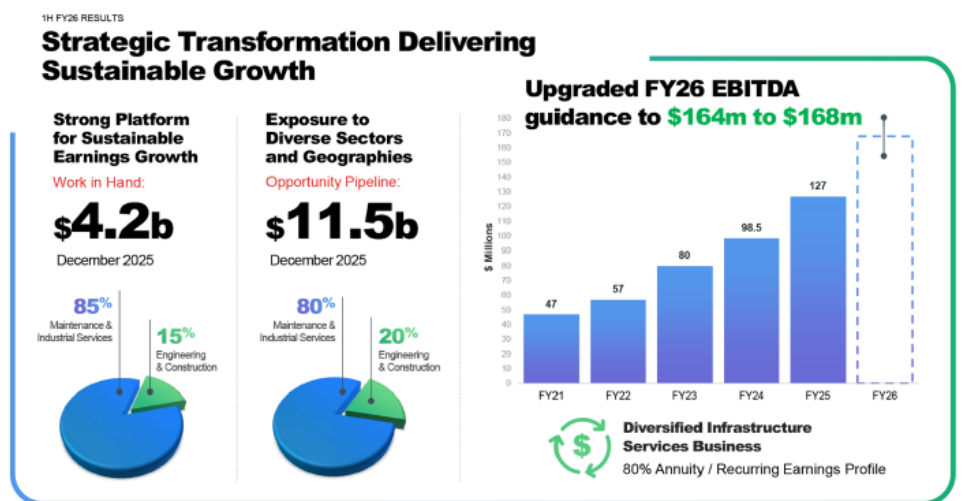
Source: Argonaut Research, Visible Alpha, February 2026

Figure 15: Cashflow waterfall



Source: SRG, Argonaut Research, February 2026

Figure 16: Strong orderbook and Ebitda growth outlook



Source: SRG, Argonaut Research, February 2026

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