



10 October 2017

ASX ANNOUNCEMENT

SRG LIMITED NEWSLETTER

SRG Limited (**ASX:SRG**), a leading complex services company, is pleased to share its second newsletter for 2017.

Highlights:

- Record asset utilisation and new contracts in mining
- SRG awarded \$22.8M JV contract for Margaret River Perimeter Road project with WBHO Infrastructure
- Delivering various bridge projects for Main Roads Western Australia
- Agreement signed with Traylor Bros., Inc. to target dam strengthening work in the US and Canada
- SRG awarded \$26.5M international LNG tank project with Hyundai Engineering & Construction Co., Ltd.
- Carbon fibre strengthening and our work in this area

SRG Managing Director, David Macgeorge said, "I am pleased to share SRG's second newsletter for 2017, which showcases some of our recent financial highlights, project wins and developments throughout the business."

ENDS

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SRG Limited are 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.

SRG's ticker code has recently changed from 'STS' to 'SRG'.

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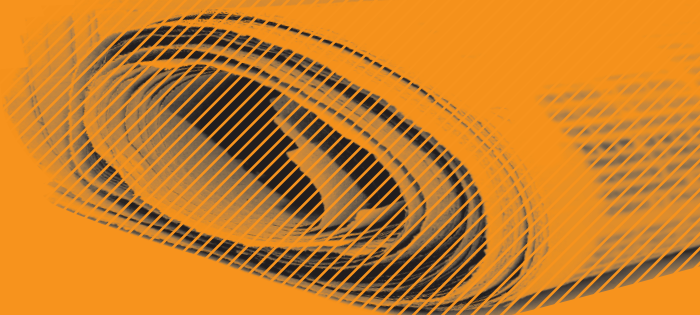
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Message from the Managing Director.

It is my pleasure to present "What's Making News", SRG's second newsletter for 2017. As an important stakeholder in SRG, I hope you enjoy this newsletter and find the update on our business informative.

In late August, SRG announced its full year financial result for the period ending 30 June 2017. During this

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period we made further progress towards becoming the company we know we can be. We continued to make significant investment into the Development Phase of our business strategy which is focused on growth, expansion, acquisitions and disciplined execution. A copy of our annual report is available for download via our website which outlines our progress in more detail and steps through our key achievements from FY17.

As at 30 June 2017, we had a record work in hand number of \$338 million, up 41% on the FY16 figure, coupled with a solid pipeline of opportunities. We remain focused on working hard to convert our pipeline of opportunities to wins as we progress through the Development Phase of our strategy.

We have called out some of the top level results from the full year on this page, but for those interested in our financial progress, I would recommend reviewing SRG's FY17 results presentation. Hartleys Stockbroking has also updated its coverage of SRG, and upgraded its 12 month price target to \$1.86 per share. The new report is available through the Investor Relations / Broker Reports section of our website at srglimited.com.au.

Our International team secured a significant win at the start of August this year with SRG awarded a \$26.5 million LNG Tank Project in Kuwait with Hyundai Engineering & Construction Co., Ltd. This project will see SRG undertake the post-tensioning works for eight LNG tanks which form part of the Al-Zour LNG Import Terminal in Kuwait.

A further win for the International business came with the September announcement that SRG had secured a partner to target dam strengthening works in the US and Canada as part of our global dam expansion strategy. An agreement has been signed with Traylor Bros., Inc. (Traylor Bros), who are headquartered in California, to establish a 50/50 joint venture company specifically to target dam strengthening work. The Traylor-SRG JV will target dam strengthening

FY17 HIGHLIGHTS

- FY17 Revenue up 29% to \$230M
- FY17 NPBT up 25% to \$11.5M
- FY17 EPS up 24% to 12.24cps
- Cash in hand \$24.4M
- No net debt
- Full dividend of 7cps
- 33% increase in FY17 share price
- Record work in hand \$338M, up 41%

works in the region, leveraging SRG's global track record in the installation of world record capacity dam anchors and Traylor Bros' 70 years of experience in complex civil infrastructure projects in North America. I am extremely pleased with this outcome and look forward to expanding our dam strengthening project portfolio.

Our Civil team in Western Australia achieved a win in an iconic region in August, with the award of the Margaret River Perimeter Road project by Main Roads WA. SRG formed a 50/50 joint venture with WBHO Infrastructure and was awarded the \$22.8 million contract for the works. SRG will be responsible for the construction of two bridge structures over the Margaret River – the first will be a 100 metre long road bridge and the second a pedestrian bridge forming part of the Darch trail.

Our Mining business recently undertook a drilling trial with BGC Contracting at Koolyanobbing mine in Western Australia. I am very pleased to announce this trial was successful and has since converted to a new drilling contract. The team have all mobilised to site and recently commenced work.

As always, thanks for your ongoing support. I look forward to keeping you up to date as we continue to make progress.



David MacGeorge

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RECORD UTILISATION AND NEW CONTRACTS IN MINING



Site crew at Koolyanobbing Mine in WA

During the 2017 financial year, SRG's Mining team secured two new contracts, taking our mining services asset utilisation to more than 90%. A trial drilling project with Cliffs Natural Resources was also successfully completed which has recently seen another new drilling contract secured, and we secured a long term \$100 million agreement with BGC Contracting, extending terms of drill and blast operations at the South Middleback Ranges and Iron Knob mine sites in Whyalla South Australia.

The new contracts are located at Nolans East mine and Millennium mine in Queensland as well as the Koolyanobbing mine in Western Australia.

Nolans East mine is an open pit mine located 100 kilometres south of Townsville in Queensland, which produces gold for Carpentaria Gold. SRG was awarded a drilling contract by BGC to provide drill and stemming of blast holes at the mine.

The Millennium mine is located 160 kilometres south west of Mackay in Queensland and is an open cut coal mine which produces coking and



Site crew at Nolans East Mine in QLD

pulverised coal injection (PCI) coal. Under this contract SRG is providing drilling services for Peabody Energy. This is the first coal project SRG has been involved with in a number of years. The project is utilising two of our existing large DR460 drill rigs.

Koolyanobbing mine is located in the Yilgarn region, approximately

400 kilometres northeast of Perth in Western Australia and provides lump and fine iron ore products internationally to the world's most rapidly growing steel markets. SRG is performing drilling works for BGC Contracting who is the mining contractor for Cliffs Natural Resources at the mine.

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SRG DELIVERS VARIOUS BRIDGE PROJECTS FOR MAIN ROADS WA



Margaret River Perimeter Road Project will reduce heavy traffic through the Margaret River town centre

SRG's Civil team has been kept very busy recently with two bridge projects finishing up and a new bridge project awarded in Margaret River all for our client Main Roads Western Australia.

SRG was recently awarded a JV contract for the Margaret River Perimeter Road project in South West WA. The \$22.8M contract was awarded to the SRG / WBHO Infrastructure joint venture. SRG will be responsible for the construction of two bridge structures over the Margaret River - the first will be a 100 metre long road bridge and the second a pedestrian bridge forming part of the Darch trail. Our Civil team has commenced project start-up and will soon be commencing works on site, which are expected to run for approximately ten months.

The Avon Bridge Refurbishment project in Northam as well as the Moore River Bridge Replacement project have both recently been completed.

The Avon Bridge project with Main Roads WA, valued at \$4.4M was successfully completed in August and officially opened by local dignitaries in front of a large crowd of local community members.

The works on this project included widening of traffic lanes a new wider footpath, upgrading the guardrail, replacement of the bridge deck and strengthening works.

The Moore River bridge project, located near Guilderton, one hour north of Perth has also recently been completed. This project, valued at \$1.3M, involved the reconstruction of a traffic bridge over the Moore River. Works commenced on this project in March this year and took six months to complete. ///

Moore River bridge in Western Australia



Avon bridge in Northam, Western Australia

EXPANDING OUR GEOGRAPHIC OFFERING



Pictured above from left to right: Mark Sinclair (SRG), Chris Hebert (Traylor Bros), Dan Collins (Traylor Bros), Mike Clarke (SRG), David Macgeorge (SRG), Michael Traylor (Traylor Bros), Peter McMorro (SRG), John Meagher (Traylor Bros), George Williamson (Traylor Bros).

SRG has been focusing on growing its geographical footprint and international operations. Recently SRG secured a partner to target dam strengthening works in the US and Canada as part of our global dam expansion strategy. Further to this, our International team secured its first significant contract win at the beginning of August this year for post-tensioning works in Kuwait. This is additional to our ongoing international works in progress with the construction of crusher pockets in Panama, installation of permanent ground anchors at the Hazelmere Dam in Durban, South Africa as well as radar monitoring projects in Indonesia, Papua New Guinea and the Philippines.

US AND CANADA DAM EXPANSION STRATEGY

SRG has recently signed an agreement with Traylor Bros, located in California to establish a 50/50 joint venture company specifically to target dam strengthening work in the US and Canada. The Traylor-SRG JV will target dam strengthening works in the region, leveraging SRG's global track record in the installation of world record capacity dam anchors and Traylor Bros' 70 years' experience in complex civil projects in North America.

SRG and Traylor Bros have a strong cultural alignment in delivering complex civil infrastructure projects.

SIGNIFICANT NEW KUWAIT CONTRACT AWARDED

SRG recently secured a AUD \$26.5M contract with Hyundai Engineering and Construction Co., Ltd. for the provision of specialist contracting services for eight new LNG tanks in Kuwait. Under the contract, SRG will be responsible for post-tensioning the LNG storage tanks which are a core part of the Al

Zour LNG Import Project in Kuwait.

Awarding of the Kuwait contract was testament to SRG's ability to move into any region and deliver projects of complexity and further demonstrates SRG's commitment to growing the international business, in line with the investment made during the year to expand internationally.



Artists impression - Al Zour LNG Import Terminal

Image courtesy of <http://www.kogas-tech.co.kr>

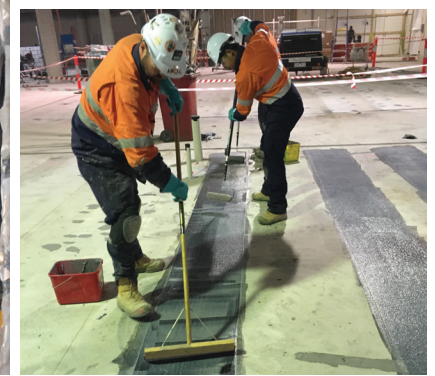
DID YOU KNOW?

SRG'S LARGEST CARBON FIBRE STRENGTHENING PROJECT



PROJECT STATS

- CARBON FIBRE LAMINATE / WRAP USED TO STRENGTHEN CONCRETE SLABS = **6.1KM**
- CARBON FIBRE RODS USED TO STRENGTHEN BEAMS = **1.3KM**
- CARBON FIBRE WRAP USED TO STRENGTHEN COLUMNS = **6.3KM**



SRG recently completed carbon fibre strengthening works for Probuild at The Glen shopping centre located in Glen Waverley, Victoria.

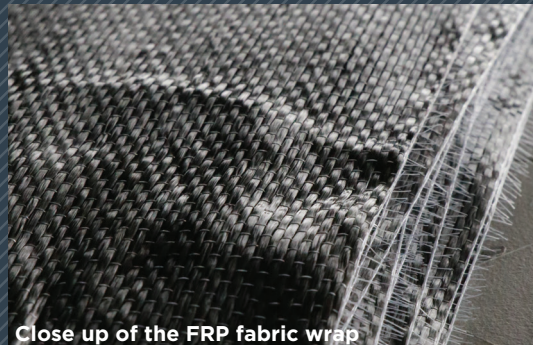
Probuild awarded SRG the \$1.8M contract for the carbon fibre strengthening design and construction works at The Glen shopping centre, which commenced in May this year. This is the largest carbon fibre strengthening project ever undertaken by SRG.

The project involved carbon fibre reinforcement to the lower ground slab, shear strengthening to the beams utilising 1,800 x 650mm long M24 threaded rods and carbon fibre wrapping of over 100 columns.

The strengthening works are part of the \$500 million upgrade of the shopping complex and are required to accommodate the new Aldi, Woolworths and Level 1 carpark deck over the existing structure. ///

WHAT IS CARBON FIBRE?

Carbon Fibre is an extremely strong and lightweight material consisting of crystalline filaments of carbon and is used as a strengthening material.



Close up of the FRP fabric wrap



Placement of FRP fabric wrap

HOW DOES IT WORK?

Carbon Fibre strengthening involves the external application of carbon fibre materials to concrete in order to increase to flexural, shear, axial or seismic resistance of a structure. There are other materials with similar properties to carbon fibre, including kevlar or aramid which can also be used to strengthen structures.

These materials are typically referred to as fibre reinforced polymers (FRP) and are available as either a fabric wrap or as stiff laminate plates. They are generally applied using a high strength epoxy resin to bond the material to the structure in accordance with an engineering design.

In addition to the vast experience that SRG has obtained from applying FRP (both fabric and plate) to a host of different structures, we also have an 'in-house' design capability which can assist engineers and owners alike.

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