



**27 May 2016**

## ASX ANNOUNCEMENT

### SRG LIMITED INVESTOR NEWSLETTER

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

**Highlights:**

- SunWater Dam project wins
- Evolution Mining Umbrella contract
- Commonwealth Games Village project win
- Hazelmere Dam Project, (South Africa) progressing well
- Elizabeth Quay Pedestrian Bridge complete
- Samson Brook Dam commenced
- Doha Metro Red Line progressing
- CCM integration on track
- Loy Yang Power Station nearing completion
- Monash University façade progressing
- Westfield Warringah Mall progressing

SRG Managing Director, David Macgeorge said, "I am pleased to share our inaugural investor newsletter. In this edition, I will reflect on the progression of our strategy, key achievements and our focus moving forward along with showcasing some of the world class projects we are working on."

**ENDS**

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

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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**MAKING  
THE  
COMPLEX  
SIMPLE**



## Message from the Managing Director.

I am pleased to share our inaugural investor newsletter. In this edition, I will reflect on the progression of our strategy, key achievements and our focus moving forward along with showcasing some of the world class projects we are working on.

In late 2014 SRG launched our new strategy unified by a vision of “making the complex simple”, new brand and a strategy to become an ASX top 200 company broken down into three phases of Foundation, Development and Market Leadership. I am pleased to say that we have now largely completed the Foundation phase and are entering the Development phase of our strategy which is focused on growth, acquisitions, international expansion and most importantly project execution.

FOUNDATION 1 Year	DEVELOPMENT 1-3 Years	MARKET LEADERSHIP 3+ Years
Develop vision strategy	Execute strategy	Zero Harm industry leader
Drive Zero Harm	Projects delivered above green sheet	Global complex service partner of choice
Right structure / capability	Secure specialised civil projects of scale	Strong brand
Develop brand / value proposition	Organic growth in target markets	Employer of choice
Rigorous review mechanism in place	Growth in complementary services / markets	ASX top 200
Formalise relationships with key stakeholders	Selective acquisitions to accelerate growth	Consistent performance
Drive improvement / efficiency	Brand recognition	Above market returns
Resolve legacy issues		Diversified international specialist contractor

As a business, we are very clear on what we are trying to achieve in our five business streams of Civil, Mining, Building, Products and Services and we

# SRG INVESTOR NEWSLETTER

continue to leverage our diversity as an international specialist contractor of choice. To recap for investors our focus is as follows:

## CIVIL

Secure specialised civil projects of scale in water / bridge / tank sectors

## MINING

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

## BUILDING

Maintain market leadership, leverage alliances and drive operational efficiency

## PRODUCTS

Expand portfolio through new product development (e.g. SureLok™)

## SERVICES

Expand remedial capability across the business (organically and through acquisition)

## INTERNATIONAL

Regenerate the Middle East business and further geographic expansion

continued to strengthen the financial capacity of SRG with cash in hand of \$20M, no net debt and total financial liabilities of less than \$5.0M. This has been a particular focus for SRG as we ensure that we have a robust company to navigate through challenging market conditions.

In the remainder of the newsletter we will touch on some of the recently secured projects to showcase the capability and intellectual property of SRG and to highlight the disciplined approach we take to project execution.

Starting with our Civil business, I am particularly proud of our delivery of the iconic Elizabeth Quay Pedestrian Bridge project in Perth. Along with the new Elizabeth Quay precinct, the new bridge opened to the public on 29 January 2016, providing Perth with an architectural focal point for the city and reconnects the popular recreational route around the Swan River.

In the past six months we have achieved some significant strategy outcomes with notable highlights including:

- Significant safety improvement with lost time injuries and total recordable injuries both down in excess of 40%
- A solid half year financial result of \$3.0M Net Profit Before Tax, up 36% against last year and a 2.0c fully franked interim dividend to shareholders
- A strengthened service offering with the launch of our patented SureLok™ range of products for the building sector and the acquisition of remedial services company CCM Group Australia
- Significant contract renewal including the \$150M group wide umbrella agreement with Evolution Mining which is testament to our strong operational performance and deep customer relationships.
- A record work in hand level of \$240M and a significant pipeline of opportunities in excess of \$800M.

I am also pleased that we have

## NEWS HIGHLIGHTS

- SunWater Dam project wins
- Evolution Mining Umbrella contract
- Innovative new products introduced
- Commonwealth Games Village project win
- Hazelmere Dam Project, (South Africa) progressing well
- Elizabeth Quay Pedestrian Bridge complete
- Samson Brook Dam commenced
- Doha Metro Red Line progressing
- CCM integration on track
- Loy Yang Power Station nearing completion
- Monash University facade progressing
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The continued success of our world leadership in remediating and strengthening of large dams both in Australia and overseas is also showcased in the newsletter and is an example of our drive to deliver projects of scale in the water space, no matter the location.

Our Mining division is doing great work for our client Evolution Mining throughout Australia. In late 2015, we secured a five year umbrella agreement with Evolution Mining at four mine sites including Edna May, Cowal, Mt Rawdon and Mt Carlton, and a new drill and blast contract at Mt Carlton. This umbrella agreement is valued at \$150m and extends our current work in hand by approximately \$110m. Evolution Mining is the second largest ASX listed gold miner.

The Building business is testament to our ability to develop deep client relationships that results in continued repeat business where we are actively working on nearly 100 projects with high profile clients such as Westfield (now Scentre) at Warringah Mall, Lendlease at Barangaroo and Grocon for the

Commonwealth Games Village.

In line with our core "Innovation" value, our Products division continually excels in providing innovative solutions for our customers. We have recently brought to market an innovative 'bent duct' product detailed on page 7 which delivers a superior product and a cost effective solution. It is the creation of products like this and our proprietary SureLok™ range last year that gives us an edge over our peers and provides further intellectual property to our asset base. SureLok™ is a complete engineered solution for temporary movement joints and is now being pushed into the market as an independently sold product both domestically and internationally.

Following the acquisition in July of last year of CCM Group Australia I am very pleased with how well the CCM team has adapted to the change and are now very much a part of the SRG Services business stream. Now known as SRG Services (Western) Pty Ltd, they have a number of great projects underway and are currently undertaking remedial works at a gas plant in the Pilbara of

Western Australia.

Along with the half year results, the Company updated its guidance indicating an expected improved profit performance for the full financial year ending 30 June 2016 against the underlying profit for the financial year 2015 result.

Finally, I am pleased to let you know that our stock code has changed to 'SRG' from 'STS' effective Monday 16th May 2016. This now completes our brand transition to the new SRG brand for our company and the ASX platform.

As an important stakeholder of SRG, I hope you enjoy this newsletter and find the update on our business informative. We are determined to continue to "make the complex simple" for our customer and thank all of our shareholders for their continued support.



**David MacGeorge**



Elizabeth Quay Pedestrian Bridge, Perth WA



# SRG AWARDED CONTRACTS WITH SUNWATER VALUED AT OVER \$20M

**SRG's Civil team has recently been awarded two contracts with SunWater for works at Paradise and Fairbairn Dams in QLD valued at over \$20M.**

SRG has been awarded a \$6.3m contract by SunWater for the construction of Paradise Dam Improvement Project, located near Childers in Queensland. In addition to this contract award, SunWater have also engaged SRG to perform construction works for the Fairbairn Dam Improvement Project which is valued at \$15m and is located in Emerald Queensland.

The award of these two contracts supports SRG's civil strategy of securing specialised projects of scale in the water sector and extends SRG's strong existing working relationship with SunWater.

SRG will be principal contractor on each project and will be utilising both Civil and Mining businesses on both projects as part of the Company's "One Business, One Team" approach. The Civil business will manage the core construction components and SRG's Mining division will be responsible for the drilling and geotechnical works on each project.

## PARADISE DAM

SRG has previously performed flood repair works at Paradise Dam which included the construction of a downstream dissipator sill, steps and capping slabs as a result of the effect of floods during January 2013. This work included the installation of over 2,500 passive anchors followed by forming, reinforcing and pouring over 10,000m<sup>3</sup> of reinforced concrete.

This new contract is scheduled to include further strengthening of the downstream structure. Works will commence in May 2016 and are expected to be completed by the end of September 2016.

Paradise Dam lies on the Burnett River and is situated near Childers, 80 kilometres south-west of Bundaberg in Queensland. The dam's wall height is 37.1 metres and spans approximately 600 metres. The Paradise Dam construction was completed in 2005 and is owned and operated by SunWater. It is primarily used for irrigation.

## FAIRBAIRN DAM

Fairbairn Dam is an embankment dam across the Nogoa River, located southwest of Emerald and 270 kilometres west of Rockhampton in Central Queensland.

It has a surface elevation of 204 metres and covers an area of 150 square kilometres. The height of the dam is 46 metres.

SRG will be responsible for the construction of improvements to the dam's chute slab, including upgrading the under-drainage system, installing ground anchors and constructing reinforced concrete overlay slab.

Fairbairn Dam is Queensland's second largest water storage facility and meets demand for industrial, mining and urban sectors. ///



# SRG SUPPORTING EVOLUTION MINING THROUGHOUT AUSTRALIA



## SRG's Mining team provides support to Evolution Mining in more ways than just our drill and blast and drilling services.

SRG currently provide services to four mine sites for Evolution Mining. While our primary contracts on these projects include drill and blast and drilling services, we have provided additional services outside of this scope.

Our Geotechnical team has been performing drape meshing works at the Cowal site in NSW for four months. These works involve the scaling of loose rocks and slope support using Geobrigg drape mesh. The works are carried out to improve mine safety by preventing rock falls in open pit mining.

Additionally, our Products team provides cable bolts to the Mt Rawdon

and Mt Carlton sites which are installed for their ground support works by Evolution.

SRG currently provides drill and blast services to Edna May in WA, Mt Carlton and Mt Rawdon in QLD and drilling services at Cowal in NSW.

Drill and blast work across several mine sites for Evolution Mining was renegotiated in December into an umbrella agreement which saw broadening of work scope to include a new mine, Mt Carlton. The agreement is valued at \$150m and extends our current work in hand by approximately \$110m. ///

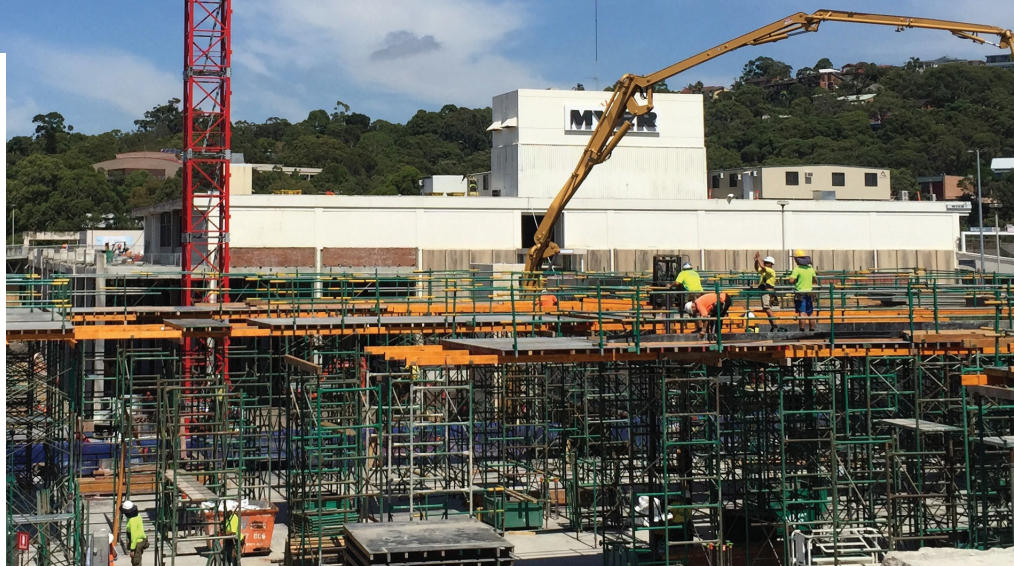


# SRG'S ONGOING COMMITMENT AND SERVICE TO WESTFIELD

2016 - Construction works at Westfield Warringah Mall



1970's - Construction of Sydney Tower



**Sydney Tower (Centrepunt) was constructed in the 1970's. It is Sydney's tallest free standing structure and is owned by Scentre Group (formerly Westfield Group).**

SRG with its innovative approach to construction provided the unique supporting net structure in what was one of the first applications of stay cables of this magnitude in Australia. Now some 40 years later, SRG is still providing post-tensioning installation services to Scentre Group Design and Construction having maintained a strong relationship over this time and completing more than 20 Westfield Shopping Centre projects throughout Australia.

Currently, SRG Building in NSW is installing post-tensioning at Westfield Warringah Mall. The \$310 million redevelopment will include more than 70 new stores within a new two-storey parallel mall, a new refurbished Myer, and a new multi-deck car park.

The contract was awarded to SRG in October 2015 and site works commenced shortly after in mid-November.

The post-tensioning works are programmed to be completed by end of May 2016 and our labour force is expected to peak at around 15 employees.

SRG's works include the production of shop drawings and supply and installation of post-tensioning to three different zones. SRG's SureLok™ system has also been introduced into the project as a superior alternative to the documented lockable dowels into one of the zones.

In addition to the supply and installation of post-tensioning to the new floor slabs, SRG has been working with Scentre Group Design and Construction in truncating the post-tensioning in the existing floor slabs.

The Warringah Mall redevelopment project is scheduled for completion by late 2016. ///

## SCENTRE GROUP / WESTFIELD PROJECTS BEING UNDERTAKEN OR COMPLETED BY SRG:

### NSW / ACT

- Westfield Sydney
- Westfield Hornsby
- Westfield Kotara
- Westfield Belconnen
- Westfield Macquaire
- Westfield Miranda
- Westfield Warringah
- Westfield Chatswood
- Sydney Tower

### QLD

- Westfield Garden City
- Westfield North Lakes

### VIC / TAS

- Westfield Doncaster
- Westfield Plenty Valley
- Westfield Fountain Gate

### WA

- Westfield Galleria
- Westfield Whitford City
- Westfield Innaloo
- Westfield Carousel





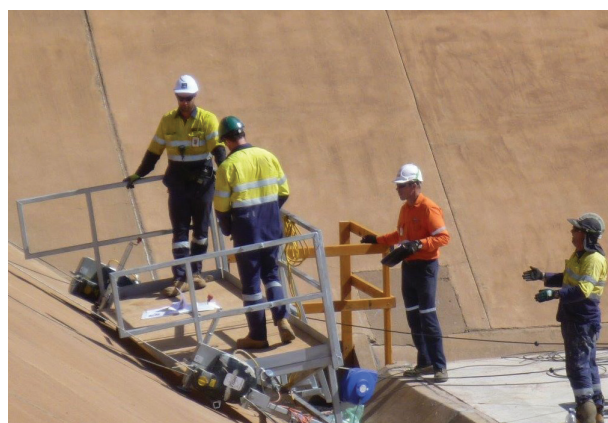
## CONDENSATE BUND REFURBISHMENT WORKS IN KARRATHA

**SRG's Services team has been engaged by BGC Contracting Pty Ltd to conduct repairs to two condensate tank concrete bunds on Woodside's Karratha Gas Plant as part of the Karratha Life Extension (KLE) program in the Pilbara Region of WA.**

These bunds are thirty years old and require repair due to the aggressive marine environment. The integrity of the bunds is critical to protect the surrounding environment in the extremely unlikely event that one of the tanks holding the condensate ruptures.

One of the major challenges faced by the project team was establishing a safe and efficient means of access to the sloped bund walls, which are inclined between 28° and 33° and over 10m in slope height. The client wanted to minimise traditional rope access systems due to the large areas involved and the inherent risks. As there are no suitable proprietary systems available, the SRG team designed an access platform to suit the application. As the platform is designed to carry people, there were some particularly stringent Australian Standards to adhere to. It was a very difficult task to find a solution that would satisfy these standards, yet still fit the budget and remain practical and easy to use on site.

With the successful implementation of the first platform, SRG has extended the fleet of platforms to three. The platforms have great potential to be used in similar applications elsewhere in the future and SRG will be actively seeking these opportunities. The approach taken on the project fits in very well with SRG's vision of Making the Complex Simple and solving the complex problems others can't. ///







## SRG'S INNOVATIVE PRODUCTS TEAM DEVELOPS ANOTHER SOLUTION FOR ITS CUSTOMERS

**Through SRG's strong customer relationships a new product has been developed to be supplied in the precast industry.**

SRG's customers have traditionally used a right angle piece of PVC pipe to join two lengths of spiral duct together. This process was time consuming and expensive.

### THE SOLUTION

SRG's Products team identified a solution by bending specialist ducting to right angles and the duct cut to length for our customers. ///





## DID YOU KNOW THAT SRG SPECIALISE IN DAM REMEDIATION WORKS AND IS A WORLD LEADER IN GROUND ANCHOR DESIGN AND INSTALLATION FOR DAMS?

SRG have designed and installed world record breaking ground anchors in a number of dams in Australia. The anchors which are 91 strands have breaking loads of over 25,000 kilo-newtons and have had lengths in excess of 142 metres. SRG has performed remediation works on a large number of dams throughout Australia and overseas and have completed in excess of 60% of all anchoring works for major dams within Australia.

Currently SRG is working on five dam projects. Samson Brook Dam and Lefroy Dam in WA, Hazelmere Dam in Durban, South Africa and the recently secured contracts with SunWater in Queensland for Paradise Dam and Fairbairn Dam.

The **Samson Brook Dam** project in WA is located approximately 110 kilometres south east of Perth and is due to be completed mid 2016. This contract with Water Corporation in Western Australia has involved remediation works to the dam including a spillway upgrade. This upgrade involves decommissioning the existing glory hole spillway and constructing a new spillway with a design capacity of 280 cumecs on the right abutment.

**Lefroy Dam** is located in Pemberton in the South West of Western Australia and works involve remediation works including detailed excavation, abutment repairs, filter layer construction and weighting the embankment. As the reservoir currently supplies the water treatment plant in Pemberton and the Department of Fisheries hatchery, a bypass system has been designed and installed to provide uninterrupted water supply to the end users which requires provision of emergency back up, remote monitoring and 24/7 call out attendance. All works are currently progressing well and on schedule to be completed by the end of May.

Works at **Hazelmere Dam** are currently underway which involve strengthening and increasing the dam storage volume which is located in Durban KwaZulu Natal, South Africa. The dam is a concrete gravity arch-type structure, which is 478m long with a centre line radius of 725m. It incorporates a 103m long ogee spillway, situated 60m from the right bank end. The dam was originally completed in 1976 and was designed and built to accommodate a proposed 7m increase in dam height through the installation of steel gates. The project includes repair to the grout curtain to reduce leakage under the dam wall, the construction of piano key weirs to increase the stored water height and ground anchors to strengthen the wall to take the increased loads due to the higher water level. When complete, the Hazelmere Dam will hold close to double the current 18,000 mega litres.

The two new contracts awarded to SRG by SunWater are Fairbairn Dam and Paradise Dam in Queensland. Works at **Fairbairn Dam** have already commenced, with the team beginning to mobilise to site. Works at **Paradise Dam** will commence in May and are expected to be completed by the end of September 2016. ///



### PROJECT STATISTICS - DAMS ANCHORED BY SRG

DAM	LOCATION	YEAR	HEIGHT (m)	NO. ANCHORS	MAX ANCHOR		
					TENDON	MBL kN	LENGTH (m)
Hazelmere Dam	Sth Africa	2016	44	84	91 x 15.7mm	25,389kN	95.0
Scrivener Dam	ACT	2013	33	60	1 x 50ø	2,022kN	6.0
Roseires Dam	Sudan	2012	78	237	55 x 15.24mm	14,300kN	31.7
Wellington Dam	WA	2010	32	45	91 x 15.7mm	25,389kN	69.9
Tinaroo Falls Dam	QLD	2010	40	32	75 x 15.7mm	20,925kN	79.0
Catagunya Dam	TAS	2009	49	92	91 x 15.7mm	25,389kN	78.0
Laanecoorie Dam	VIC	2008	22	14	27 x 15.2mm	6,750kN	49.1
Goulburn Weir	VIC	2008	16	8	7 x 15.2mm	1,750kN	44.0
Lake Manchester Dam	QLD	2007	38	69	65 x 15.2mm	16,250kN	105.0
Ross River Dam	QLD	2006	30	9	50 x 15.2mm	12,500kN	51.0
Canning Dam	WA	2000	70	166	91 x 15.2mm	23,751kN	139.2
Hume Dam NTW	VIC	1998	20	14	27 x 15.2mm	6,750kN	55.0
Lower Sth Dandalup	WA	1997	10	16	20 x 15.2mm	5,000kN	41.4
Hume Dam STW	VIC	1997	20	15	27 x 15.2mm	6,750kN	49.2
Bickley Dam	WA	1990	13	32	12 x 15.2mm	3,000kN	30.0
Glenmaggie Dam	VIC	1989	37	70	52 x 15.2mm	13,670kN	69.0
Mt Cole Dam	VIC	1986	22	40	48 x 7mm	5,559kN	40.0
Chichester Dam	NSW	1983	43	97	132 x 7mm	8,633kN	70.0

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