ShawandPartners
an EFG company

SRG Global (SRG)

Rating: Buy | Risk: High | Price Target: $0.75

A Strong FY21 rolls into a Stronger FY22

Key Information

Current Price ($ps)	0.56
12m Target Price ($ps)	0.75
52 Week Range ($ps)	0.29 - 0.59
Target Price Upside (%)	33.9%
TSR (%)	38.4%
Reporting Currency	AUD
Market Cap ($m)	249.6
Sector	Industrials
Avg Daily Volume (m)	0.5
ASX 200 Weight (%)	0.01%

Fundamentals

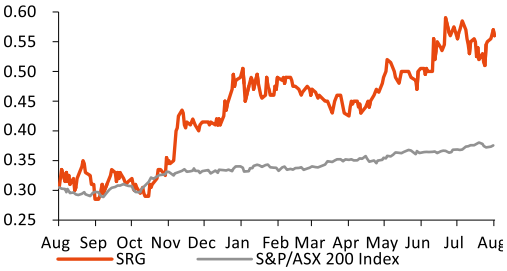
YE 30 Jun (AUD)	FY21A	FY22E	FY23E	FY24E
Sales ($m)	570.7	634.1	685.1	721.9
NPAT ($m)	12.1	19.1	23.0	27.0
EPS (cps)	2.7	4.3	5.2	6.1
EPS Growth (%)	752.9%	58.7%	20.4%	17.1%
DPS (cps) (AUD)	2.0	2.5	3.0	3.0
Franking (%)	100%	100%	100%	100%

Ratios

YE 30 Jun	FY21A	FY22E	FY23E	FY24E
P/E (x)	18.7	13.0	10.8	9.3
EV/EBITDA (x)	5.0	4.2	3.6	3.1
Div Yield (%)	4.0%	4.5%	5.4%	5.4%
Payout Ratio (%)	74.0%	58.3%	58.1%	49.6%

Price Performance

YE 30 Jun	1 Mth	2 Mth	3 Mth	1 Yr
Relative (%)	(1.0%)	7.8%	8.1%	60.5%
Absolute (%)	0.9%	10.9%	14.3%	83.6%
Benchmark (%)	1.9%	3.1%	6.2%	23.1%



Price performance indexed to 100 *Source: FactSet*

Major Shareholders

Perennial Value Management	14.0%
First Sentier Investors (Australia) IM L	6.3%

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Event

SRG have recently released their FY21 Result. EBITDA of $47.1mn (up 61% YoY) was slightly ahead of guidance and Shaw and Partners $47mn. The outlook for FY22 remains positive with Work in Hand of $1bn and an identified $6bn opportunity pipeline (both unchanged at the top line but the mix is moving towards Asset Services). FY22 EBITDA is expected to be circa 15% higher than FY21, again in line with guidance and versus Shaw and Partners +16%. SRG ended FY21 with net cash of $12.2mn versus FY20 net debt of $8.4mn. Macro tailwinds remain positive overall, with SRG exposed to several very high growth sectors. This result and outlook for FY22 is clear evidence that SRG is less exposed to cost / wage inflation in the mining/construction sectors than many of their 'peers'. Given the strong result and outlook we maintain our 12-month target price of $0.75ps and Buy Recommendation.

Highlights

- **EBITDA:** FY21 Revenue was slightly below our estimates, however margins (especially in construction) continue to positively surprise. Hence the Company reported EBITDA just above the top end of the guidance range (and our estimate). The Company expects FY22 EBITDA to be circa 15% higher than FY22 (so circa $54.2mn). While we have lowered our revenue in FY22-23 by 6%, our EBITDA forecasts due to the better than expected margins remain largely unchanged (+16% in FY22). The Company once again on their Investor Call, indicated that there has been minimal impact from labour and Covid-19 challenges in FY21, due to the specialist nature of their business, diversity of service offering, diversity of sectors and geographic spread. A 2H21 DPS of 1c was in line with our expectations.

- **Work in Hand:** WIH at FY end remained at $1bn (flat with 1H21 and up 41% YoY), a continued strong result. However, the mix has shifted quite materially away from Construction to the lower risk and higher margin Asset Services since the 1H21 result.

- **Cash conversion:** As discussed in our prior research, strong cash conversion was a positive surprise in this result. Normally contractors who are growing strongly find it difficult to convert earnings/EBITDA to cash, due to rapidly rising working capital requirements. SRG (given their combination of longer-term annuity service contracts and specialist construction) seem to have differentiated themselves from the 'peers' again, with strong cash performance in 2H21. They ended FY21 with net cash of $12.2mn versus FY20 net debt of $8.4mn. As a result, the Company remains well positioned to fund its strong growth pipeline (circa $6bn of identified opportunities), with available funds of $88.2mn (cash of $46.2mn) plus an undrawn equipment facility of $27.7mn.

Recommendation

The FY21 result and FY22 outlook is strong evidence that SRG is delivering on its strategy and is a lower risk investment (due to the nature of its business and 2/3 recurring revenue) when compared to many construction and mining service peers. We additionally expect the macro outlook to remain strong, across infrastructure, asset services, mining and select construction. We believe the outlook for SRG remains very positive due to;

- FY22 and FY23 revenue underpinned by high quality WIH. Solid balance sheet and forecast strong earnings momentum over the next few years.

- Lower risk profile due to annuity earnings, alliance style contracts, breadth of clients and geographies etc.

- Improving competitive landscape and exit from the underperforming businesses. M&A potential.

While SRG has been a strong performer (absolute and especially relative) we do expect SRG to continue to re-rate, along with a recovery in reported financial performance, towards a valuation closer to its lower risk maintenance focused peers (FY22 6.0x EBITDA). Given the upside in relative valuation, current WIH and likely positive catalysts from the tendering pipeline, we continue to rate SRG a Buy.

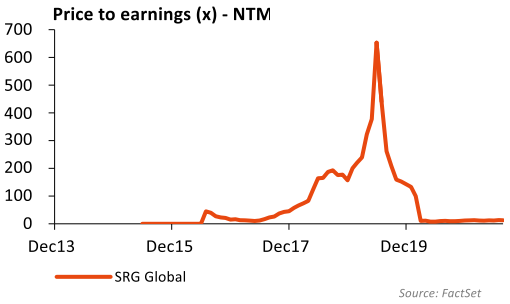
SRG Global
Industrials
Capital Goods
FactSet: SRG-AU / Bloomberg: SRG AU

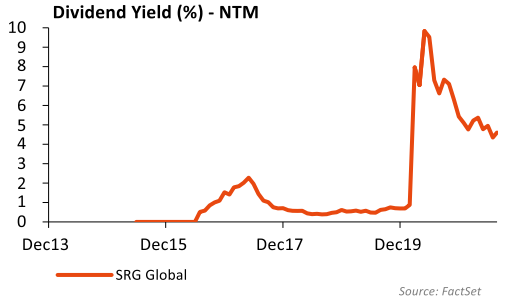
Key Items	Data
Recommendation	BUY
Risk	HIGH
Price ($ps)	0.56
Target Price ($ps)	0.75
52 Week Range ($ps)	0.29 - 0.59
Shares on Issue (m)	445.8
Market Cap ($m)	249.6
Enterprise Value ($m)	228.4
TSR (%)	38.4%

Valuation NPV	Data
Beta	1.30
Cost of Equity (%)	10.8%
Cost of Debt (net) (%)	6.0%
Risk Free Rate (%)	3.0%
Terminal Growth (%)	2.5%
WACC (%)	9.9%

Company Description

SRG Global Ltd. is an engineering-led global specialist asset services, mining services and construction group operating across the entire asset lifecycle of engineer, construct and sustain. It operates through the following segments: Asset Services, Mining Services and Construction. The Asset Services segment supplies integrated services to customers across the entire asset life cycle. The Mining Services segment provides services to mining clients and ground solutions including production drilling, ground and slope stabilization, design engineering and monitoring services. The Construction segment supplies integrated products and services to customers involved in the construction of complex infrastructure. The company was founded in 1961 and is headquartered in Subiaco, Australia.





Financial Year End: 30 June

Investment Summary (AUD)	FY20A	FY21A	FY22E	FY23E	FY24E
EPS (Reported) (cps)	**(6.7)**	**2.7**	**4.3**	**5.2**	**6.1**
EPS (Underlying) (cps)	**0.3**	**2.7**	**4.3**	**5.2**	**6.1**
EPS (Underlying) Growth (%)	(86.1%)	752.9%	58.7%	20.4%	17.1%
PE (Underlying) (x)	**66.2**	**18.7**	**13.0**	**10.8**	**9.3**
EV / EBIT (x)	**51.8**	**11.2**	**7.7**	**6.2**	**5.0**
EV / EBITDA (x)	**8.8**	**5.0**	**4.2**	**3.6**	**3.1**
DPS (cps) (AUD)	1.0	2.0	2.5	3.0	3.0
Dividend Yield (%)	4.8%	4.0%	4.5%	5.4%	5.4%
Franking (%)	100%	100%	100%	100%	100%
Payout Ratio (%)	315.5%	74.0%	58.3%	58.1%	49.6%
Free Cash Flow Yield (%)	(53.0%)	15.6%	8.1%	10.2%	10.2%

Profit and Loss (AUD) (m)	FY20A	FY21A	FY22E	FY23E	FY24E
Sales	522.4	570.7	634.1	685.1	721.9
Sales Growth (%)	*7.4%*	*9.2%*	*11.1%*	*8.0%*	*5.4%*
EBITDA	**29.2**	**47.1**	**54.6**	**60.0**	**66.3**
EBITDA Margin (%)	*5.6%*	*8.2%*	*8.6%*	*8.8%*	*9.2%*
Depreciation & Amortisation	(24.2)	(25.9)	(25.0)	(25.0)	(25.6)
EBIT	**5.0**	**21.1**	**29.5**	**35.1**	**40.7**
EBIT Margin (%)	*1.0%*	*3.7%*	*4.7%*	*5.1%*	*5.6%*
Net Interest	(3.0)	(2.5)	(2.2)	(2.2)	(2.2)
Pretax Profit	2.0	18.6	27.3	32.9	38.5
Tax	(0.6)	(6.6)	(8.2)	(9.9)	(11.6)
Tax Rate (%)	*(30.0%)*	*(35.3%)*	*(30.0%)*	*(30.0%)*	*(30.0%)*
Minorities	0.0	0.0	0.0	0.0	0.0
NPAT Underlying	**1.4**	**12.1**	**19.1**	**23.0**	**27.0**
Significant Items	(31.1)	0.0	0.0	0.0	0.0
NPAT Reported	**(29.7)**	**12.1**	**19.1**	**23.0**	**27.0**

Cashflow (AUD) (m)	FY20A	FY21A	FY22E	FY23E	FY24E
EBIT	5.0	21.1	29.5	35.1	40.7
Tax Paid	(0.6)	(6.6)	(8.2)	(9.9)	(11.6)
Net Interest	(3.0)	(2.5)	(2.2)	(2.2)	(2.2)
Change in Working Capital	3.9	(5.3)	(0.9)	(2.5)	2.0
Depreciation & Amortisation	24.2	25.9	25.0	25.0	25.6
Other	(22.1)	22.5	1.9	5.1	(4.1)
Operating Cashflow	**7.5**	**55.2**	**45.1**	**50.5**	**50.5**
Capex	(57.1)	(18.6)	(25.0)	(25.0)	(25.0)
Acquisitions and Investments	0.0	0.0	0.0	0.0	0.0
Disposal of Fixed Assets/Investments	(25.2)	(0.1)	0.0	0.0	0.0
Other	64.1	1.4	0.0	0.0	0.0
Investing Cashflow	**(18.2)**	**(17.3)**	**(25.0)**	**(25.0)**	**(25.0)**
Free Cashflow	**(49.6)**	**35.2**	**20.1**	**25.5**	**25.5**
Equity Raised / Bought Back	0.0	0.0	0.0	0.0	0.0
Dividends Paid	(2.2)	(8.9)	(11.1)	(13.4)	(13.4)
Change in Debt	(9.5)	(2.6)	0.0	0.0	0.0
Other	(7.7)	(8.2)	0.0	0.0	0.0
Financing Cashflow	**(19.5)**	**(19.7)**	**(11.1)**	**(13.4)**	**(13.4)**
Exchange Rate Effect	0.0	0.0	0.0	0.0	0.0
Net Change in Cash	**(30.2)**	**18.1**	**9.0**	**12.1**	**12.1**

Balance Sheet (AUD) (m)	FY20A	FY21A	FY22E	FY23E	FY24E
Cash	28.1	46.2	55.2	67.4	79.5
Accounts Receivable	124.2	142.2	138.7	131.2	138.2
Inventory	15.6	14.9	16.5	17.9	18.8
Other Current Assets	8.8	3.3	3.3	3.3	3.3
PPE	79.3	81.5	85.0	88.4	91.1
Goodwill & Intangibles	107.3	104.6	101.1	97.7	94.5
Investments	0.0	0.0	0.0	0.0	0.0
Other Non Current Assets	59.6	50.2	50.2	50.2	50.2
Total Assets	**422.9**	**442.9**	**450.0**	**456.0**	**475.6**
Accounts Payable	104.5	127.1	126.2	122.5	128.5
Short Term Debt	12.7	15.3	15.3	15.3	15.3
Long Term Debt	23.9	18.6	18.6	18.6	18.6
Income Taxes Payable	2.5	0.5	0.5	0.5	0.5
Other	57.9	54.6	54.6	54.6	54.6
Total Liabilities	**201.4**	**216.1**	**215.2**	**211.5**	**217.5**
Total Shareholder Equity	**221.4**	**226.8**	**234.8**	**244.4**	**258.1**

Ratios	FY20A	FY21A	FY22E	FY23E	FY24E
ROE (%)	0.6%	5.4%	8.3%	9.6%	10.7%
ROIC (%)	1.6%	9.2%	12.9%	14.9%	15.6%
Gearing (%)	3.7%	(5.7%)	(9.9%)	(15.8%)	(21.4%)
Net Debt / EBITDA (x)	0.3	(0.3)	(0.4)	(0.6)	(0.7)
Price to Book (x)	nm	nm	nm	nm	nm

Onwards and Upwards

SRG have recently released their FY21 Result. EBITDA of $47.1mn (up 61% YoY) was slightly ahead of guidance and Shaw and Partners $47mn. FY21 Revenue was slightly below our estimates, however margins (especially in Construction) continue to positively surprise. Hence the Company reported EBITDA just above the top end of the guidance range (and our estimate).

Figure 1: FY21 Financial Performance – Segment Results ($mn)

	TOTAL	ASSET SERVICES	MINING SERVICES	CONSTRUCTION	CORPORATE
Revenue	**570.0**	187.0	91.0	292.0	-
EBITDA	**47.1**	22.0	20.0	19.0	(13.9)
EBIT(A)	**25.1**	15.0	13.4	12.6	(15.9)

Revenue ▲ 4%
EBITDA ▲ 61%
EBIT(A) ▲ 151%
EBITDA % Margin ▲ to 8.3% (5.6% in FY20)

Asset Services experienced strong growth with the excellent start up and mobilisation of 8 new long-term contracts secured. Solid financial and margin performance with EBITDA margin of 11.8% in line with historical levels.

Mining Services disciplined growth and improved financial performance in FY21 with EBITDA margin of 22.0%. Excellent operational delivery across all sites and high levels of asset utilisation. A very successful start up of the Northern Star and Red5 drill and blast contracts.

Construction delivered an improved financial performance in FY21 with increased EBITDA margins of 6.5% which are expected to further improve

Civil & Engineering strong performance across all Australian projects and scaled back operations Internationally.

Specialist Building solid performance across Facades and Structures West and successfully completed the exit of Structures Victoria in FY21.

Corporate overheads of $13.9m equates to 2.4% of revenue, with scope for further leverage as business grows.

Source: SRG

The outlook for FY22 remains positive with Work in Hand of $1bn and an identified $6bn opportunity pipeline. The Company expects FY22 EBITDA to be circa 15% higher than FY22 (so circa $54.2mn). While we have lowered our revenue in FY22-23 by 6%, our EBITDA forecasts due to the better than expected margins remain largely unchanged (+16% in FY22). The Company once again on their Investor Call, indicated that there has been minimal impact from labour and Covid-19 challenges in FY21, due to the specialist nature of their business, diversity of service offering, diversity of sectors and geographic spread. A 2H21 DPS of 1c was in line with our expectations.

Figure 2: Revenue by Segment

Source: Shaw and Partners

Figure 3: EBITDA Margin by Segment

Source: Shaw and Partners

As stated, Work in Hand at financial year end remained at $1bn (flat with 1H21 and up 41% YoY), a continued strong result. However, the mix has shifted quite materially away from Construction to the lower risk and higher margin Asset Services since the 1H21 result.

The identified Pipeline of Opportunities also remained at a high $6bn, with a shift away from Construction towards Asset and Mining Services continuing.

Figure 4: WIH by Segment

Source: Shaw and Partners

Figure 5: Pipeline of Opportunities by Segment

Source: Shaw and Partners

As discussed in our prior research, strong cash conversion was a positive surprise in this result. Normally contractors who are growing strongly find it difficult to convert earnings/EBITDA to cash, due to rapidly rising working capital requirements. SRG (given their combination of longer-term annuity service contracts and specialist construction) seem to have differentiated themselves from the 'peers' again, with strong cash performance in 2H21. They ended FY21 with net cash of $12.2mn versus FY20 net debt of $8.4mn. As a result, the Company remains well positioned to fund its strong growth pipeline (circa $6bn of identified opportunities), with available funds of $88.2mn (cash of $46.2mn) plus an undrawn equipment facility of $27.7mn.

FY21 revenue was slightly below our expectations, but a stronger margin (especially in Construction) made up fully for this. On this basis, we have lowered our revenue forecasts for FY22-23 by 6%, however, our EBITDA forecasts due to the better than expected margins remain largely unchanged (+16% in FY22 versus guidance of circa 15%).

Figure 6: Earnings Changes

	FY21A			FY22E			FY23E		
	Old	New	Chg	Old	New	Chg	Old	New	Chg
Sales (A$m)	599.6	569.5	-5%	675.8	633.0	-6%	730.7	684.0	-6%
Underlying EBITDA (A$m)	47.0	47.1	0%	54.5	54.6	0%	59.4	60.0	1%
Underlying NPAT (A$m)	13.8	12.1	-12%	18.6	19.1	3%	22.4	23.0	3%
EPS (cents)	3.1	2.7	-12%	4.2	4.3	3%	5.0	5.2	3%
DPS (cents)	2.0	2.0	0%	2.5	2.5	0%	3.0	3.0	0%

Source: Shaw and Partners

Valuation, Outlook and Recommendation

The FY21 result and FY22 outlook is strong evidence that SRG is delivering on its strategy and is a lower risk investment (due to the nature of its business and 2/3 recurring revenue) when compared to many construction and mining service peers.

We additionally expect the macro outlook to remain strong, across infrastructure (Shovel-Ready stimulus), asset services, mining and select construction. Overseas Specialist Civil Engineering may also provide a further boost post FY22.

The Company also highlighted in this result that liquidity and their current corporate structure supports the delivery of the strong WIH and a substantial increase in revenue from the current cost base.

The company's risk profile has also lowered, with over two thirds of earnings now from recurring/annuity contracts and the paring down of under-performing businesses (e.g. Structures Victoria).

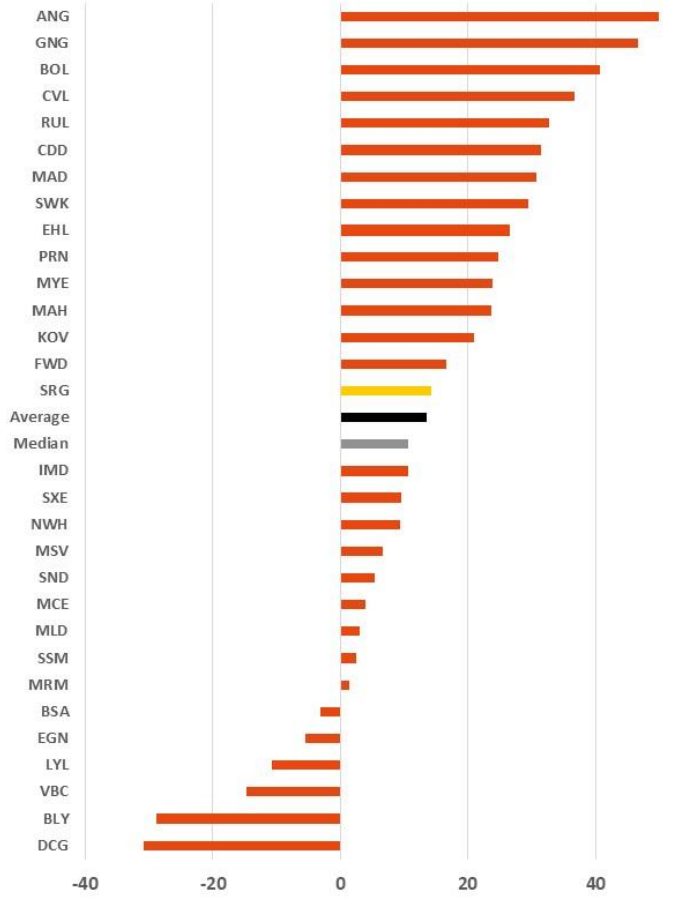
In 2020, our positive call on SRG was based primarily on the potential re-rating we foresaw in its multiples as it won contracts and more importantly de-risked the business. In 2021, there is still scope for a further re-rating, but the delivery of the earnings growth we expect for years to come will also now become a key driver of the share price.

We value SRG on a relative basis to peers and the market (PE Relative 16.2x = $0.70ps (from $0.68ps)) as well as sense checking the relative valuation using a DCF ($0.87ps, unchanged) and Sum of the Parts (break up) valuation ($0.75ps, from $0.76ps).

From this, our 12 month forward composite valuation and price target is $0.75 per share (unchanged). Based on our target price the stock would be trading on 5.7x, 5.0x and 4.4x our FY22-24 EBITDA forecasts respectively.

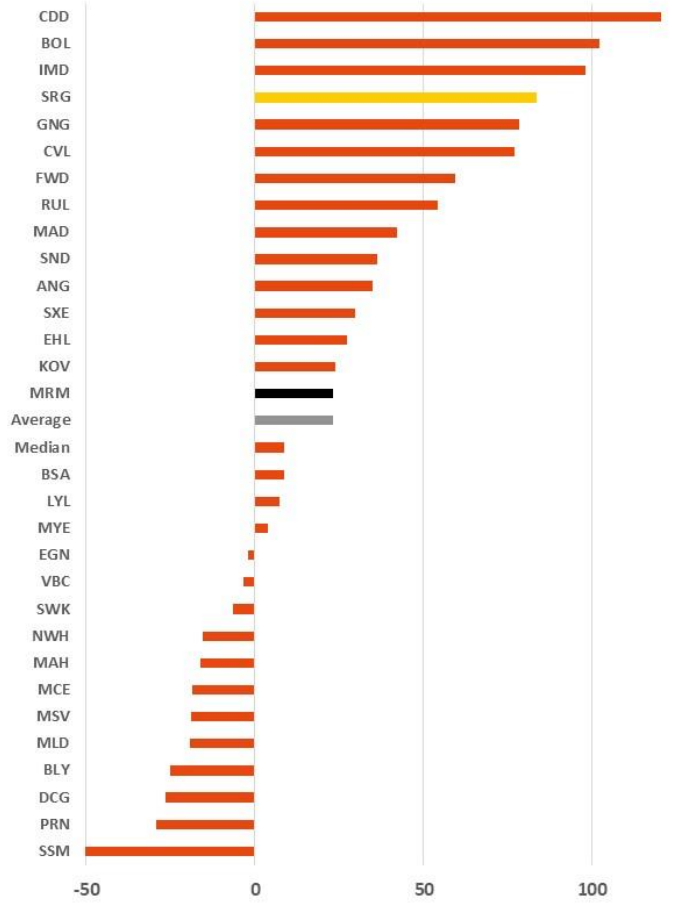
Our DCF assumes a WACC of 9.9% (unchanged), average annual FCF of circa $28.75mn (from $28.65mn) over the 10-year forecast period and a 2.5% terminal growth rate (TV=54% of EV). Our Sum of the Parts assumes relative peer EV/EBITDA multiples for each division (3.8x for Construction, 4.6x for Mining and 7.5x for Asset Services). Our peer multiples are based upon target rather than current share prices.

Figure 7: 3-month Performance – Mining and Asset Services and Contractors



Source: FactSet

Figure 8: 12-month Performance – Mining and Asset Services and Contractors



Source: FactSet. CDD =+208.2%

SRG is still trading at a substantial discount to both the broader market and ASX 300 Industrials. It is currently trading at circa 0.37x FY2 forward earnings versus the S&P ASX 300 Industrials index and 0.61x versus the broader S&P ASX All Ordinary Index. This compares to an historical range of circa 0.24-0.52x and 0.34-0.76x respectively.

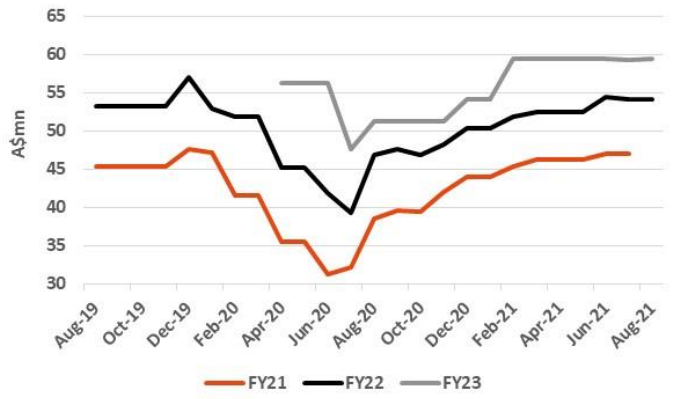
We believe the outlook for SRG remains very positive due to;

- FY22 revenue underpinned by high quality WIH.
- Large pipeline of work identified and hence likely news flow catalysts as more contracts are secured.
- Lower risk profile due to annuity earnings, alliance style contracts, breadth of clients and geographies etc.
- Marginally improving competitive landscape.
- Exit from the underperforming businesses.
- Solid balance sheet and forecast strong earnings momentum in the next few years.
- M&A Potential.

As such we would expect SRG to re-rate along with a recovery in reported financial performance towards a valuation closer to lower risk maintenance focused peers (FY22 6.0x EBITDA).

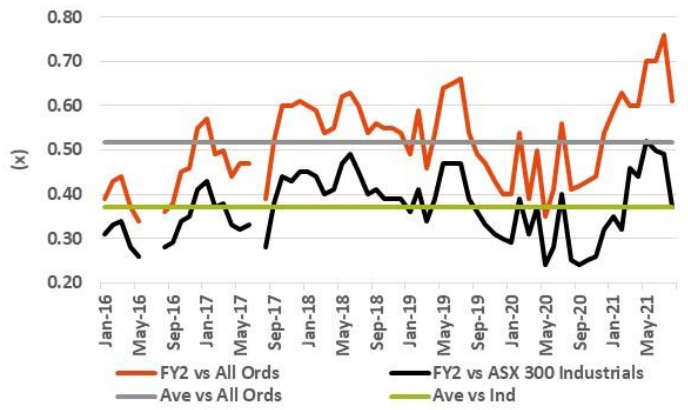
Given the upside in relative valuation, current WIH and likely positive catalysts from the tendering pipeline, we continue to rate SRG a Buy.

Figure 9: SRG FactSet Consensus EBITDA



Source: Shaw and Partners, FactSet Consensus (to 26th August 2021)

Figure 10: SRG FY2 PE Relative to ASX All Ordinaries / Industrials



Source: Shaw and Partners, FactSet Consensus (to 26th August 2021)

SWOT analysis

Strengths

- Strong relationships from project delivery, resulting in majority of contract wins coming from repeat customers.
- Fully integrated service offering - breadth of service offering from engineering, through construction to ongoing maintenance.
- Lower risk earnings, with over two thirds of earnings now recurring, longer term contracts.
- Breadth of clients and geographical exposure lowers risk further.
- Balance sheet supportive of growth.

Weaknesses

- Still a relatively small player in the sector.
- Construction remains relatively low margin.

Opportunities

- $1bn WIH.
- $6bn identified pipeline of opportunities.
- Potential acquisition opportunities.
- Industry consolidation likely.
- Growth in maintenance activity in Australia.
- Recovery in overseas work as COVID restrictions are lifted.
- Growth of lower risk contract types (e.g. Alliance).

Threats

- Construction industry remains competitive.
- Mining sector cyclicality.
- Asset services attracting greater competition.
- Potential high working capital requirements.
- Potential takeover target.
- Ability to attract and retain employees as market conditions improve.

Key risks

SRG has lowered its risk profile in recent years through exiting underperforming businesses and shifting its WIH away from construction towards Asset and Mining Services.

COVID risk

Generally, to date, the construction and mining service operations in Australia that SRG are exposed to have been considered critical infrastructure and as such has been allowed to continue as essential businesses. There has been some (hopefully) temporary delays in the award of new projects and some maintenance work. Assuming a recovery from the COVID-19 slowdown, the outlook for SRG's core businesses remains very positive, as a result of a resilient mining sector and numerous stimulus packages that were announced by governments in SRG's core Construction and Services markets.

Industry risk

S&P categorize the global construction sector as having above-average risks. However, SRG's focus on Asset and Mining Services and annuity (and alliance) style contracts have helped manage this risk.

Geographical risk

SRG has a very focused geographical portfolio by country with most of its revenue from projects in Australia. However, within Australia, the projects are spread widely across a large number of different projects, regions and clients, substantially lowering risk overall.

Customer risk

SRG has a broad range of customers across its three business units. No revenue from transactions with a single external customer amount to 10% or more of the Group's revenue. Key Government (good relationships with State and Federal NZ and Australia) and blue-chip corporate clients including Rio Tinto, Woodside. South 32, Yara, Multiplex, CPB etc.

Employee risk

SRG has roughly 2,300 employees, 21% are technical, engineering and management with the remaining 79% operational. In regard to key personnel, the Board and Management own 12% of the issued capital, aligning their interests with other shareholders.

Cash Flow / Balance sheet risk

SRG is in a strong liquidity position with available funds of $88.2mn at the end of 2H FY21. Banking facilities are not due for renewal until early FY22 and the Company has access to additional equipment finance facilities. At the end of 2H FY21, net cash was $12.2mn.

Contract Risk

As stated earlier, no one single external customer accounts for 10% or more of the Group's revenue. There has also been a general trend towards greater exposure to alliance style contracts and maintenance work.

SRG is also a relatively highly diversified business and the contracts in its different sectors have varying lengths. The average duration of contracts in each segment are (generally) as follows;

- Construction 1-4 years
- Mining 3-6 years
- Services 4-10 years

Commodity Prices

SRG is exposed to commodity price risk through its consumption of steel its operations use for post-tensioning, and to a lesser degree in the mining services business. SRG monitors forward steel prices and endeavors to lock in agreed prices on a project by project basis prior to formalizing bid prices wherever possible.

Foreign Exchange

SRG is exposed to foreign exchange risk in overseas projects executed by local subsidiaries. SRG does not hedge this risk however continues to monitor exchange rates so that currency exposure is maintained at an acceptable level. There is a natural hedge in place to the extent project costs are materially of the same foreign currency.

The major exchange rates relevant to SRG are USD, ZAR, AED, HKD and NZD. Based on the carrying amounts exposed to foreign currencies for FY19, had the Australian dollar weakened by 5% / strengthened by 5% (2018: weakened by 5% / strengthened by 5%)

against these foreign currencies with all other variables held constant, SRG's profit or loss would have been $0.7m lower / $0.7m higher (2018: $1.2m lower / $1.1m higher).

Core drivers and catalyst

• Infrastructure investment by both governments and private sector.

• Maintenance expenditure continues to increase, driven by number of assets and outsourcing trend.

• Rising commodity prices boosting Mining investment.

• All the above, resulting in improving order book / WIH / pipeline.

• Higher recurring revenues.

• Lower risk alliance style contracts.

• Acquisitions / M&A potential.

• Margin improvement, especially in construction.

• Exiting unprofitable businesses.

• Completion / exit of problematic work contracts (Structures Victoria).

Rating Classification

Buy	Expected to outperform the overall market
Hold	Expected to perform in line with the overall market
Sell	Expected to underperform the overall market
Not Rated	Shaw has issued a factual note on the company but does not have a recommendation

Risk Rating

High	Higher risk than the overall market – investors should be aware this stock may be speculative
Medium	Risk broadly in line with the overall market
Low	Lower risk than the overall market

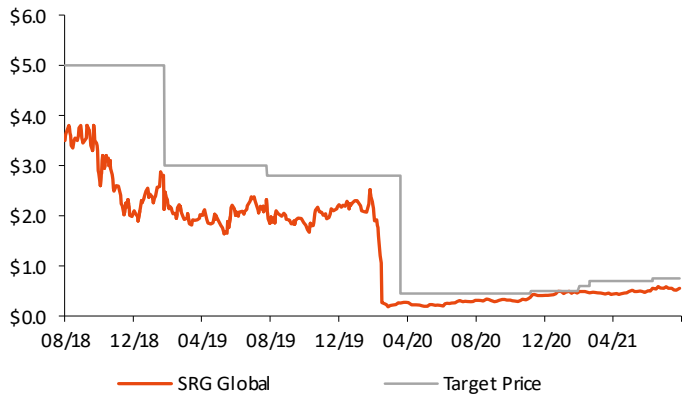
RISK STATEMENT: Where a company is designated as 'High' risk, this means that the analyst has determined that the risk profile for this company is significantly higher than for the market as a whole, and so may not suit all investors. Clients should make an assessment as to whether this stock and its potential price volatility is compatible with their financial objectives. Clients should discuss this stock with their Shaw adviser before making any investment decision.

Distribution of Investment Ratings

Rating	Count	Recommendation Universe
Buy	73	81%
Hold	15	17%
Sell	2	2%

History of Investment Rating and Target Price - SRG Global

Date	Closing Price ($)	Target Price ($)	Rating
6-Jul-21	0.56	0.75	Buy
16-Mar-21	0.47	0.70	Buy
26-Feb-21	0.49	0.60	Buy
2-Dec-20	0.40	0.50	Buy
14-Apr-20	0.26	0.45	Buy
21-Aug-19	2.11	2.80	Buy
20-Feb-19	2.42	3.00	Buy



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