

22 August 2018

Company Announcements Office
Australian Securities Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

By electronic lodgment

Total Pages: 6 (including covering letter)

Dear Sir / Madam

APPENDIX 4E AND YEAR END RESULTS ANNOUNCEMENT

Following is a copy of the Appendix 4E and the Year End Results Announcement for the financial year ended 30 June 2018.

Yours faithfully

For and on behalf of Seven Group Holdings Limited



Warren Coatsworth
Company Secretary

WesTrac

coateshire



SGH | Energy

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Appendix 4E

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2018

RESULTS FOR ANNOUNCEMENT TO THE MARKET

REPORTED				\$m
Revenue from ordinary activities				
From continuing operations	up	40.6%	to	3,207.9
From discontinued operations	down	68.5%	to	189.9
Net profit from ordinary activities after tax attributable to members	up	830.1%	to	413.9
Net profit for the year attributable to members	up	830.1%	to	413.9

UNDERLYING				\$m
Revenue from ordinary activities				
From continuing operations	up	40.6%	to	3,207.9
From discontinued operations	down	68.5%	to	189.9
Net profit before net finance expense and tax				
From continuing operations	up	67.2%	to	496.9
From discontinued operations	down	52.4%	to	17.2
Net profit from ordinary activities after tax attributable to members excluding significant items	up	54.7%	to	330.6
Net profit for the year attributable to members excluding significant items	up	54.7%	to	330.6

	Amount per security	Franked amount per security
Dividends		
Ordinary shares		
Interim	21 cents	21 cents
Final	21 cents	21 cents

Record date for determining entitlements to the ordinary dividend 5.00pm on Friday 14 September 2018

Date final dividend is payable 8 October 2018

Transferable Extendable Listed Yield Shares (TELYS4)

Final (paid 30 November 2017)	\$2.3180	\$2.3180
Interim (paid 31 May 2018)	\$2.3264	\$2.3264

Commentary on results

A detailed commentary on the results for the year is contained in the Operating and Financial Review section of the accompanying 2018 Annual Report.

Net tangible asset backing

Net tangible asset backing per ordinary share: \$2.46 (2017: \$5.44). This has been calculated by dividing the net assets attributable to equity holders of the Company (adjusted for the value of TELYs4 preference shares) less intangible assets, by the number of ordinary shares as at 30 June 2018.

Entities over which control, joint control or significant influence was gained or lost during the period

On 25 October 2017, the Company completed the acquisition of the remaining 53.3 per cent of Coates Group Holdings Pty Limited. Refer to Note 31: Business combination for further detail.

The sale of entities comprising the Group's WesTrac China operating segment to Lei Shing Hong Machinery Limited was completed on 31 October 2017. Refer to Note 32: Disposal of business for further detail.

Audit

This report is based on accounts that have been audited.

Appendix 4E

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2018

RESULTS FOR ANNOUNCEMENT TO THE MARKET UNDERLYING TRADING PERFORMANCE

	Underlying trading performance ^(a)			Less: Significant items ^(b)			Statutory results (as reported)		
	Cont. \$m	Discont. \$m	Total \$m	Cont. \$m	Discont. \$m	Total \$m	Cont. \$m	Discont. \$m	Total \$m
Year ended 30 June 2018									
Revenue	3,207.9	189.9	3,397.8	-	-	-	3,207.9	189.9	3,397.8
Other income	65.1	2.3	67.4	(11.5)	-	(11.5)	76.6	2.3	78.9
Share of results from equity accounted investees	144.1	-	144.1	17.4	-	17.4	126.7	-	126.7
Revaluation of equity interest on acquisition of Coates Hire	-	-	-	(14.5)	-	(14.5)	14.5	-	14.5
Loss on sale of WesTrac China	-	-	-	5.3	-	5.3	(5.3)	-	(5.3)
Recycling of FCTR on sale of WesTrac China	-	-	-	(79.9)	-	(79.9)	79.9	-	79.9
Impairment reversal of equity accounted investee	-	-	-	(28.6)	-	(28.6)	28.6	-	28.6
Fair value movement of derivatives	-	-	-	(4.0)	-	(4.0)	4.0	-	4.0
Expenses excluding depreciation and amortisation	(2,774.4)	(174.2)	(2,948.6)	42.3	-	42.3	(2,816.7)	(174.2)	(2,990.9)
Profit before depreciation, amortisation, net finance costs and tax	642.7	18.0	660.7	(73.5)	-	(73.5)	716.2	18.0	734.2
Depreciation and amortisation	(145.8)	(0.8)	(146.6)	-	-	-	(145.8)	(0.8)	(146.6)
Profit before net finance costs and income tax	496.9	17.2	514.1	(73.5)	-	(73.5)	570.4	17.2	587.6
Net finance expense	(101.7)	(2.1)	(103.8)	-	-	-	(101.7)	(2.1)	(103.8)
Profit before income tax	395.2	15.1	410.3	(73.5)	-	(73.5)	468.7	15.1	483.8
Income tax expense	(73.3)	(4.7)	(78.0)	(9.8)	-	(9.8)	(63.5)	(4.7)	(68.2)
Profit for the year	321.9	10.4	332.3	(83.3)	-	(83.3)	405.2	10.4	415.6
Profit for the year attributable to:									
Equity holders of the Company	320.2	10.4	330.6	(83.3)	-	(83.3)	403.5	10.4	413.9
Non-controlling interest	1.7	-	1.7	-	-	-	1.7	-	1.7
Profit for the year	321.9	10.4	332.3	(83.3)	-	(83.3)	405.2	10.4	415.6

	Underlying trading performance ^(a)			Less: Significant items ^(b)			Statutory results (as reported)		
	Cont. \$m	Discont. \$m	Total \$m	Cont. \$m	Discont. \$m	Total \$m	Cont. \$m	Discont. \$m	Total \$m
Year ended 30 June 2017									
Revenue	2,282.3	602.4	2,884.7	-	-	-	2,282.3	602.4	2,884.7
Other income	51.7	4.2	55.9	(4.4)	-	(4.4)	56.1	4.2	60.3
Share of results from equity accounted investees	121.0	-	121.0	303.3	-	303.3	(182.3)	-	(182.3)
Impairment reversal of equity accounted investee	-	-	-	(128.4)	-	(128.4)	128.4	-	128.4
Fair value movement of derivatives	-	-	-	(1.9)	(2.1)	(4.0)	1.9	2.1	4.0
Expenses excluding depreciation and amortisation	(2,127.3)	(567.4)	(2,694.7)	8.8	-	8.8	(2,136.1)	(567.4)	(2,703.5)
Profit before depreciation, amortisation, net finance costs and tax	327.7	39.2	366.9	177.4	(2.1)	175.3	150.3	41.3	191.6
Depreciation and amortisation	(30.5)	(3.1)	(33.6)	-	-	-	(30.5)	(3.1)	(33.6)
Profit before net finance costs and income tax	297.2	36.1	333.3	177.4	(2.1)	175.3	119.8	38.2	158.0
Net finance expense	(81.3)	(2.2)	(83.5)	(4.8)	-	(4.8)	(76.5)	(2.2)	(78.7)
Profit before income tax	215.9	33.9	249.8	172.6	(2.1)	170.5	43.3	36.0	79.3
Income tax expense	(28.8)	(5.6)	(34.4)	(1.9)	0.6	(1.3)	(26.9)	(6.2)	(33.1)
Profit for the year	187.1	28.3	215.4	170.7	(1.5)	169.2	16.4	29.8	46.2
Profit for the year attributable to:									
Equity holders of the Company	185.2	28.5	213.7	170.7	(1.5)	169.2	14.5	30.0	44.5
Non-controlling interest	1.9	(0.2)	1.7	-	-	-	1.9	(0.2)	1.7
Profit for the year	187.1	28.3	215.4	170.7	(1.5)	169.2	16.4	29.8	46.2

(a) Underlying trading performance is comprised of reported results less significant items. This is separately disclosed and reconciled to statutory performance to assist users in understanding the financial performance of the Group.

(b) Detailed information regarding the composition of significant items is provided in Note 3 of the 2018 Annual Report.

Refer to Consolidated Statement of Profit or Loss and Other Comprehensive Income for information on individual reported components above.

22 August 2018

Seven Group Holdings (“SGH”) delivers strong FY18 results

- Underlying earnings before interest and tax (“EBIT”) of \$496.9 million, up 67 per cent on prior comparative period (“pcp”) and exceeding upgraded guidance of \$470 million
- Underlying earnings per share (“EPS”) of \$0.97 up 70 per cent, reflecting strong operational performance and capital management
- Result reflects the operational execution with the strength of the product support demand from the mining production cycle, continued East coast infrastructure investment and Beach Energy’s exceptional production performance
- Transformative year that includes the sale of WesTrac China, acquisition of 100 per cent of Coates Hire, institutional share placement and convertible bond, underwrite of Beach Energy acquisition of Lattice and extending and upsizing the Syndicated Facility by \$400 million
- Guidance for FY19 underlying EBIT to be up approximately 25 per cent on FY18 on a continuing operations basis
- Launching offer for TELYS4 shareholders to convert at a premium their TELYS4 to ordinary shares, which if approved, will unify SGH’s capital structure increasing free float

Financial results – continuing operations (\$m)			
	Results for year ended 30 June 2018	Results for year ended 30 June 2017	% change
Trading revenue	3,207.9	2,282.3	41%
Underlying EBITDA	642.7	327.7	96%
Underlying EBIT	496.9	297.2	67%
Underlying profit before tax	395.2	215.9	83%
Underlying profit after tax	321.9	187.1	72%
Underlying EPS (\$)	0.97	0.57	70%
Statutory EPS (\$)	1.24	0.07	>100%
Final fully-franked dividend per ordinary share (cps)	21c	21c	-

Note: The table above reflects the underlying results from continuing operations. Underlying results exclude significant items and are used internally by management to assess the performance of the Group. Underlying results have not been subject to audit or review. Refer to the SGH Annual Report for the reconciliation between statutory and underlying results.

Commenting on the results, Ryan Stokes, Managing Director and Chief Executive Officer of SGH said:

“We are pleased to report underlying EBIT exceeding our recently upgraded guidance, again demonstrating the growing strength of our industrial services and energy businesses.

Complementing the disciplined execution of plans at the operating level, we completed a number of significant strategic transactions, positioning the Group for continued growth and delivering exceptional shareholder value. The year has been transformative for SGH and we are very pleased with the results delivered to date.

Our relentless focus continues to be on driving further operational performance through harnessing our people, systems and technology to provide the best products and services to our customers. Safety remains paramount in all our activities as we seek to further enhance how we serve our customers.”



Seven Group Holdings (ASX: SVW) has today reported a 67 per cent increase in underlying EBIT from continuing operations to \$496.9 million, driven by a 23 per cent increase in WesTrac's EBIT, the consolidation of earnings from Coates Hire following the acquisition of the remaining 53 per cent in October 2017; and the strong performance of the underlying investment in Beach Energy.

The result, which exceeds the upper end of guidance range, reflects the growing core demand of the mining production cycle and strong activity in east coast infrastructure, as well as a solid contribution from the Group's investment in Beach Energy.

Underlying net profit after tax ("NPAT") from continuing operations of \$321.9 million represents a 72 per cent increase on the prior year. Underlying EPS was \$0.97, up 70 per cent on the prior year, while statutory EPS was \$1.24.

The strong result was supported by an increased investment in working capital and capital expenditure. Committed new equipment sales to the mining sector represent 27 per cent of WesTrac's FY19 budget compared to 13 per cent in the previous year. Given the increased capital commitment to fund growth, the Group has elected to maintain the final dividend at 21 cents per share resulting in a full year dividend of 42 cents per share.

Operating Result¹

WesTrac grew its support revenue by 9 per cent on the prior year reflecting the continuity of the mining production cycle compounded by ageing fleets requiring maintenance. Equipment sales increased by 18 per cent over the period driven by increased demand from WesTrac's construction market customers owing to the strong pipeline of east coast infrastructure projects. Segment EBIT increased by 23 per cent with EBIT margin improving from 7.4 per cent to 8.2 per cent.

Coates Hire recorded a 7 per cent increase in hire revenue on a full year stand-alone basis reflecting the buoyant east coast infrastructure market partly offset by a subdued west coast mining and infrastructure market. A sustained focus on fleet utilisation, turn-around time and price realisation delivered an increased margin with stand-alone EBIT increasing by 21 per cent year on year.

In the energy sector, SGH benefitted from increasing its ownership interest in Beach Energy from 22.7 per cent to 25.6 per cent during the year. The acquisition of the Lattice Energy assets by Beach Energy transformed the company, effectively quadrupling its 2P reserves to 313MMboe. SGH's proportionate share of Beach Energy underlying after tax profit was \$73.3 million.

Seven West Media continued its profitable transformation during the year, continuing its rating dominance and delivering on its cost reduction program while at the same time successfully refreshing its programming schedule. Underlying segment EBIT was \$236 million, at the upper end of their guidance range of \$220-\$240 million.

Significant Items

SGH's statutory result has been positively impacted by significant items during the year. Underlying numbers have been provided to allow a meaningful comparison of year on year operating performance. On an after-tax basis, significant items deliver a net profit of \$83.3 million and include:

- the recycling of the foreign currency translation reserve following the sale of WesTrac China and mark-to-market of derivatives (\$82.8 million);
- Impairment reversal relating to SGH's investment in Seven West Media (\$28.6 million);
- Revaluation gains offset by proportionate share of equity accounted investees significant items (\$2.6 million);

Offset by

- Impairments relating to systems and other non-current assets (\$40.5 million).

Balance Sheet

SGH's balance sheet remains robust. Net debt increased by \$728.0 million to \$2,036.1 million at the end of the financial year. The increase was primarily due to the acquisition of the remaining 53.3 per cent of Coates Hire of \$487.8 million, the increased investment in Beach Energy of \$117.5 million and the \$1,033.6 million of Coates Hire net debt recognised at acquisition. These cash outflows were offset by the net proceeds received from the sale of WesTrac China of \$535.3 million; and the share placement totalling \$385.5 million.

¹ The Group released its audited Annual Report today and directs interested parties to the comprehensive review of each operating business and the risks they face contained in the Operating and Financial Review section of the Annual Report.

Today the Company has announced the successful, self-arranged refinance of its corporate syndicated facility increasing the facility from \$900 million to \$1.3 billion. The amended facility provides the Group with increased funding flexibility and capacity at reduced funding costs, extending the duration of drawn debt to from 4.0 to 5.2 years. At 30 June 2018, the Group had cash and available undrawn debt facilities totalling \$515.6 million.

TELYS4

Today, reflecting the continued evolution of its capital structure, SGH has invited TELYs4 holders to consider and vote on a proposal for the conversion of their TELYs4 into ordinary shares of SGH.

The Conversion Proposal gives them the opportunity to receive 4.6064 ordinary shares for each TELYs4. If the vote is passed, it will also give them the option of selling up to 50 per cent of the TELYs4 for cash, at a price of at least \$88.00 per TELYs4. This conversion ratio represents a 15 per cent premium to the current trading price and the proposal enables them to receive cash for up to 50 per cent of their TELYs4 at a minimum price which is an 8.5 per cent premium to the current trading price of the TELYs4².

Should TELYs4 holders support the proposed amendments, the conversion will be EPS-accretive for ordinary shareholders and increase the free float by up to 5 per cent, increasing SGH's index weighting on critical ASX and potentially MSCI indices. As such, we believe that unifying the capital structure further enhances the investability of SGH in a similar manner to that which was achieved by the \$385.5 million institutional share placement.

Dividend

A final ordinary dividend of 21 cents per share fully-franked has been declared, unchanged from the prior comparative period, taking the total dividend on ordinary shares for the financial year to 42 cents per share fully-franked.

Strategy

The Group's strategy of maximising shareholder return through sustainable long-term value creation remains consistent around core themes:

- Compete aggressively for market share and opportunities in each of the areas we operate;
- Support and collaborate with our customers to provide the best solutions;
- Disciplined approach to capital allocation to enhance value creation; and
- Focus on cost and driving efficiencies across all our businesses.

Through the disciplined execution of this strategy, SGH has again delivered superior ordinary shareholder returns of 81.3 per cent (FY17: 93.8 per cent) and 31.7 per cent compounded over the last 5 years.

Outlook

The Group expects FY19 underlying EBIT to be up approximately 25 per cent on the current year on a continuing operations basis.

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Seven Group Holdings Limited is a leading Australian diversified operating and investment group with market leading businesses and investments in industrial services, media and energy. In industrial services, WesTrac Group is the sole authorised Caterpillar dealer in Western Australia, New South Wales and the Australian Capital Territory. WesTrac is one of Caterpillar's top dealers globally (by sales value). SGH also owns Coates Hire, Australia's largest equipment hire business; and AllightSykes, a supplier of lighting towers, generators and pumps. The Group also has a 26 per cent shareholding in Beach Energy and has interests in oil and gas projects in Australia and the United States. In media, SGH has a 41 per cent shareholding in Seven West Media, Australia's largest multiple platform media company, including the Seven Network, The West and Pacific.

Note:

Included in this release is data prepared by the management of Seven Group Holdings and other associated entities and investments. This data is included for information purposes only and has not been subject to the same level of review by the company as the statutory accounts and so is merely provided for indicative purposes. The company and its employees do not warrant the data and disclaim any liability flowing from the use of this data by any party.

² Based on the closing price of TELYs4 on 21 August 2018.