

SGH

Industrial Services, Media and Investments

27 August 2014

Company Announcements Office
Australian Securities Exchange Limited
Level 6, 20 Bridge Street
SYDNEY NSW 2000

By Electronic Lodgment

Total pages: 6 (including cover 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 2014.

Yours faithfully

For and on behalf of Seven Group Holdings



Warren Coatsworth
Company Secretary



WesTrac

Appendix 4E

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2014

Results For Announcement To The Market

REPORTED				\$'000
Revenue from ordinary activities	down	35.01%	to	3,088,199
Net profit from ordinary activities after tax attributable to members	down	46.31%	to	261,145
Net profit for period attributable to members	down	46.31%	to	261,145

UNDERLYING				\$'000
Revenue from ordinary activities	down	35.01%	to	3,088,199
Net profit from ordinary activities after tax attributable to members excluding significant items	down	36.52%	to	251,802
Net profit for period attributable to members excluding significant items	down	36.52%	to	251,802

Dividends	Amount	
	per security	Franked amount per security
Ordinary shares		
Interim	20 cents	20 cents
Final	20 cents	20 cents

Record date for determining entitlements to the ordinary dividend 5.00pm on Friday 26 September 2014

Date final dividend is payable 13 October 2014

Transferable Extendable Listed Yield Shares ("TELYS4")

Dividend (paid 2 December 2013)	\$2.6427	\$2.6427
Dividend (paid 2 June 2014)	\$2.5608	\$2.5608

Commentary on results

A detailed commentary on the results for the year is contained in the Operating and Financial Review section of the accompanying 2014 Annual Report.

Net tangible asset backing

Net tangible asset backing per ordinary share: \$6.04 (2013: \$5.94). 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 2014.

Disposals

There were no material disposals by the Group during the year.

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 2014

Results For Announcement To The Market Underlying Trading Performance

	Note	As reported		Significant items ^(a)		Underlying trading performance ^(b)	
		2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Total revenue		3,088,199	4,751,630	-	-	3,088,199	4,751,630
Total other income		148,368	182,537	(43,737)	(103,718)	104,631	78,819
Share of results from equity accounted investees		103,565	115,505	865	9,613	104,430	125,118
Impairment of equity accounted investees		(42,175)	77,851	42,175	(77,851)	-	-
Total expenses excluding depreciation and amortisation		(2,886,756)	(4,344,064)	11,961	74,517	(2,874,795)	(4,269,547)
Profit before depreciation and amortisation, net finance costs and tax		411,201	783,459	11,264	(97,439)	422,465	686,020
Depreciation and amortisation		(48,070)	(63,186)	-	-	(48,070)	(63,186)
Profit before net finance costs and tax		363,131	720,273	11,264	(97,439)	374,395	622,834
Net finance costs		(52,412)	(97,341)	(19,763)	(11,500)	(72,175)	(108,841)
Profit before tax		310,719	622,932	(8,499)	(108,939)	302,220	513,993
Income tax expense		(48,179)	(134,327)	(844)	19,187	(49,023)	(115,140)
Profit for the year		262,540	488,605	(9,343)	(89,752)	253,197	398,853
Profit for the year attributable to:							
Equity holders of the Company		261,145	486,417	(9,343)	(89,752)	251,802	396,665
Non-controlling interest		1,395	2,188	-	-	1,395	2,188
Profit for the year		262,540	488,605	(9,343)	(89,752)	253,197	398,853
EARNINGS PER SHARE (EPS)		2014	2013	2014	2013		
Ordinary shares		\$	\$	\$	\$		
Basic earnings per share	8	0.77	1.49	0.74	1.20		
Diluted earnings per share	8	0.77	1.49	0.74	1.20		

(a) Detailed information regarding the composition of significant items is provided in Note 4 of the 2014 Annual Report.

(b) 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.

(c) Refer to Consolidated Income Statement for detailed information on individual reported components above.

Seven Group Holdings Limited announces financial results.

Financial Results (\$m)	Results for year ended		% Change
	30 June 2014	30 June 2013	
Trading revenue	3,088.2	4,751.6	-35%
Underlying EBITDA	422.5	686.0	-38%
Underlying EBIT	374.4	622.8	-40%
Underlying profit before tax	302.2	514.0	-41%
Underlying profit after tax	253.2	398.9	-37%
Underlying EPS (\$)	0.74	1.20	-39%
Reported profit before tax	310.7	622.9	-50%
Reported profit after tax	262.5	488.6	-46%
Statutory EPS (\$)	0.77	1.49	-49%
Final fully franked dividend per ordinary share (cps)	20c	20c	-

Note: 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 reported and underlying results.

Commenting on the results, Don Voelte, Managing Director and CEO of Seven Group Holdings (“SGH”), said: “Our industrial service businesses continue to be impacted by the mining downturn. As commodity prices like iron ore remain under pressure, the miners are very focused on reducing or deferring costs. There is very limited demand for new equipment at this time even though record coal and iron ore export volumes will have to support service, parts and ultimately lead to capital replacements. We have taken the measures to right-size our businesses to match industry performance. Although the market is smaller at this point in time, we believe that our share of it has not diminished. In fact, in all of our businesses impacted by lower revenues, we are committed to protect and increase market share.” “Our investment in Seven West Media delivered a positive result in what is a challenging market and our broad portfolio of property and other strategic investments delivered a strong result and we will continue to focus on enhancing the value of this important part of our business,” Mr Voelte said.

The appointment of new executives at the Group level and in WesTrac Australia and WesTrac China provides SGH with talented personnel with right balance of operational expertise and industry experience to drive the strategic changes required to guide the Group through this difficult period of a changing market dynamics. Combined with the experience and expertise of the Group’s existing executive team, SGH is also well placed to capture any opportunities that arise in the oil and gas sector.

“We have a strong balance sheet and a capable management team from which to build and diversify SGH’s portfolio of businesses and investments,” Mr Voelte said.



27 August 2014 --- SGH reports a statutory net profit after taxation (NPAT) of \$262.5 million for the 2013-2014 financial year. After adjustment for significant items, SGH reports underlying NPAT of \$253.2 million, a decrease of 37 per cent on the prior financial year.

SGH delivered underlying earnings before interest, tax, depreciation and amortisation (EBITDA) of \$422.5 million, on trading revenues of \$3,088.2 million.

Underlying earnings before interest and tax (EBIT) was \$374.4 million for the financial year. Underlying earnings per share (excluding significant items) is \$0.74 per ordinary share. Statutory earnings per share are \$0.77 per share.

Significant Items

Significant items during the period include SGH's sale of investments and mark-to-market of derivatives, and an impairment of the carrying value to reflect prevailing share prices at 30 June 2014 for Seven West Media. Significant items also include costs associated with the Group's restructuring activities during the year. On an after-tax basis, significant items deliver a net gain of \$9.3 million.

Balance Sheet

SGH has net assets of \$3,142.8 million, including a listed securities portfolio of \$915.6 million, excluding its shareholding in Seven West Media and approximately \$1,075.4 million in available undrawn facilities at 30 June 2014.

The market value of SGH's listed portfolio has increased over the past twelve months through realised and unrealised gains as well as new investments, with the portfolio increasing in value by \$157 million in the 2013-2014 financial year. Accordingly, the portfolio continues to represent a store of value for the Group.

At 30 June 2014, the Group's net debt is approximately \$1,069.3 million – up from \$713.4 million in the previous financial year and reflects the Group's acquisition of EMP China, senior and subordinated debt issued by Nexus Energy Limited, net additions to SGH's listed investment portfolio as well as the impact of the share buyback, dividends paid and other investments.

Capital Management

On 11 December 2013, SGH announced an on-market share buy-back of approximately 11.9 million shares as part of the Group's ongoing capital management strategy. As at 30 June 2014, 5.5 million shares were bought-back and subsequently cancelled at a total cost of \$44.1 million. Subject to market conditions and trading volumes, the buy-back is anticipated to be completed by the end of December 2014.

Dividend

A final dividend of 20 cents per share fully-franked has been declared, taking the total dividend on ordinary shares for the 2013-2014 financial year to 40 cents per share fully franked.

Outlook

Trading conditions in the mining and industrial services sector remain challenging with coal and iron ore prices under pressure and ongoing cost reduction initiatives being undertaken by all customers.

Seven West Media sees the advertising market having low single digit growth in television, with magazines rate of decline to lessen and newspapers to continue current trend

The Group has initiated its entry into the energy sector in a deliberate yet conservative manner with a medium to long term investment horizon. The creation of a portfolio of oil and gas interests with a mix of both production and development assets is envisaged to form a third operating pillar for the Group that would complement existing businesses and provide a platform to increase future shareholder returns.

The Group's outlook varies by markets. Resources exposed businesses such as WesTrac Australia and WesTrac China are expected to be flat or declining on current low levels. Coates Hire ("Coates") results should strengthen slightly as project expenditure transitions from mining to construction infrastructure.

Underlying mining commodity markets are currently very difficult for a number of key customers. The short term pressures on service providers like WesTrac and Coates is difficult to predict. Over the longer term we believe demand for our products and services will return to normal levels as customers seek to replace ageing fleet with more efficient autonomous equipment.

Overall, we remain cautious about the current business environment and we anticipate that underlying EBIT in FY15 will be flat, subject to there being no further deterioration in market conditions.

Review of Businesses

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 Report.

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.