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ASX / Media Release

OPERATIONAL PERFORMANCE LIFTS UNDERLYING EBIT 68 PER CENT TO \$374.8 MILLION

Seven Group Holdings (“SGH”) has reported an increase in revenue and profitability for the six months to 31 December 2018.

Highlights of the result are:

- **Trading revenue of \$2 billion, up 45 per cent on prior comparative period (pcp);**
- **Underlying earnings before interest and tax (EBIT) of \$375 million, up 68 per cent on pcp;**
- **Underlying net profit after tax (NPAT) of \$257 million, up 61 per cent on pcp; statutory NPAT of \$60 million impacted by non-cash significant items including a \$225 million mark-to-market impairment of Seven West Media;**
- **Underlying earnings per share (EPS) up 59 per cent reflecting strong operational performance coupled with effective capital management;**
- **Fully franked interim dividend of 21 cents per share;**
- **Operating cash flow of \$232 million, up 106 per cent on pcp.**

SGH Group Managing Director & Chief Executive Officer, Ryan Stokes said SGH’s strong operational performance continued during the period with substantial growth in revenue, EBIT and operating cash flow.

“The result reflects the breadth, and operational focus, of our diverse businesses that are leveraging the strength of the mining production cycle, infrastructure investment and East Coast gas fundamentals. WesTrac achieved continued parts growth, including strong demand for autonomous technology conversion kits. Coates Hire competed aggressively, growing market share and maintaining a continued focus on operational efficiency.

Our strategic investment to capture exposure to East Coast gas demand has delivered with Beach reporting production above expectations and a shift in production mix to greater than 60 per cent gas post the Lattice acquisition. Similarly, progress has been made with Crux, which we hold a 15 per cent share, with a critical milestone in FEED having commenced, giving the asset a clear pathway to market.”

“Safety remains a primary focus with a tangible improvement in key metrics with a reduction in Lost Time Injury Frequency Rate from 2.8 to 1.5 and a reduction in Total Recordable Injury Frequency Rate from 14.9 to 12.0.”

“We continued our disciplined approach during the first-half delivering margin expansion, as well as pursuing opportunities to optimise our processes through digitisation and innovation.

WesTrac

coateshire



SGH | Energy

“The Group generated operating cash flows of \$232 million for the first-half, supported by a focused approach on free cash flow generation. Capital management continued to be a focus, with the lengthening of our weighted average tenor and lowering of our average cost of debt.”

“The directors have declared a fully franked interim dividend of 21 cents per share, in line with the previous corresponding period.”

Key Financials:

| Group result (\$m) – continuing operations | 1H FY19 | 1H FY18 | % change |
|---|----------------|----------------|-----------------|
| Trading revenue | 2,026.5 | 1,397.2 | 45% |
| Underlying earnings before interest and tax ^{1,2} | 374.8 | 223.5 | 68% |
| Underlying net profit after tax ¹ | 256.8 | 159.1 | 61% |
| Significant Items (net of tax) ³ | (196.5) | (1.6) | - |
| Statutory net profit after tax attributable to shareholders | 60.3 | 157.5 | (62)% |

1. Excluding Significant Items

2. Pro-forma Group EBIT growth is 40% where FY18 1H EBIT is adjusted to reflect the Coates Hire result on a consolidated basis

3. Significant Items include non-cash mark-to-market impairment of SWM investment of \$225m in 1H FY19

Divisional earnings summary:

| Underlying EBIT (\$m) | 1H FY19 | 1H FY18 | Variance % |
|---|----------------|----------------|-------------------|
| WesTrac | 150.1 | 101.1 | 48% |
| Coates Hire ⁴ | 101.9 | 40.5 | 152% |
| AllightSykes | 1.0 | 1.4 | (29%) |
| Energy | 76.6 | 21.6 | 255% |
| Media Investments | 41.5 | 51.9 | (20%) |
| Other Investments | 15.0 | 18.1 | (17%) |
| Other | (11.3) | (11.1) | 2% |
| Group EBIT – continuing operations⁵ | 374.8 | 223.5 | 68% |

4. Pro forma Coates Hire EBIT growth is 20% where FY18 1H EBIT is adjusted to reflect the Coates Hire result on a consolidated basis

5. Pro forma Group EBIT growth is 40% where FY18 1H EBIT is adjusted to reflect the Coates Hire result on a consolidated basis

Outlook:

Mr Stokes said: “We continue to be well placed for the future and have made solid progress in positioning our industrial businesses. We remain well positioned to capitalise on demand for mining production, infrastructure investment and domestic gas.

This positive outlook supports our guidance of FY19 underlying EBIT to be approximately 25 per cent up on FY18.”

For more information:

More detailed information regarding SGH’s 2019 half-year results can be found in SGH’s FY19 1H Results Presentation and the FY19 Half-Year Report.

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