

19 February 2024

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

SGH OFFER FOR BORAL

Offer Summary

Seven Group Holdings Limited (ASX:SVW, **SGH**) has today announced a proposal to acquire the shares in Boral Limited (Boral) (**Offer**) that it doesn't currently own. SGH currently holds a 71.6%¹ controlling interest in Boral. Under the Offer, SGH Bidder², a wholly owned subsidiary of SGH, would acquire all the shares it does not own in Boral for minimum consideration of 0.1116 SGH shares and \$1.50 cash per Boral Share (**Offer Consideration**). This represents an aggregate value of \$6.05 per Boral Share (**Minimum Consideration**) as at the Announcement Date.³

The Offer Consideration will be increased by \$0.10 in cash per Boral Share if one or both of the following occur: SGH Bidder reaches an aggregate interest of 80% or more, or the Boral Board unanimously recommends that Boral Shareholders accept. The Offer Consideration would increase by a further \$0.10 in cash per Boral share if SGH Bidder reaches the 90.6% compulsory acquisition threshold.

If both of these increases occur, the Offer Consideration would be 0.1116 SGH Shares and \$1.70 cash for each Boral Share, representing aggregate value of \$6.25 per Boral Share as at the Announcement Date (**Maximum Consideration**).⁴

The Offer Consideration is Best and Final and will not be increased. SGH also confirms that it will not acquire Boral Shares for an amount in excess of \$6.25 for at least 12 months following the close of the Offer.

Transaction Rationale

SGH is a leading ASX 100 industrial services business with a demonstrated track record of delivering superior sustainable operating performance from the companies it controls. SGH has a history of delivering outstanding shareholder returns for its shareholders, with a total Shareholder Return (TSR) of 180% over the past five years.

By acquiring the Boral shares it does not already own, SGH intends to drive an acceleration of Boral's performance journey and long-term growth. The integration of Boral into SGH is consistent with the Group's owner-operator strategy and would increase SGH's strategic flexibility and access to Boral's cash flow.

¹Comprised of a 62.4% holding of Boral Shares and a further interest in 9.2% of Boral under a physically settled equity swap, in each case based on Boral's most recent ASX disclosure (Appendix 4D) Note 10 dated 9 February 2024. See SGH's Form 604 disclosure dated 1 September 2023.

² Network Investment Holdings Pty Limited.

³ Based on the closing price of SGH Shares of \$40.77 at close of trading on 16 February 2024. The implied aggregate value of the Offer will vary depending on the market price of SGH Shares.

⁴ Based on the closing price of SGH Shares of \$40.77 at close of trading on 16 February 2024. The implied aggregate value of the Offer will vary depending on the market price of SGH Shares.



The proposal allows existing Boral Shareholders to continue to participate in Boral's ongoing performance journey through a shareholding in SGH, while gaining exposure to a broader portfolio of high-quality businesses. SGH has demonstrated the quality of its existing industrial businesses of WesTrac and Coates through consistent outperformance, and most recently with the strength of its 1HFY24 earnings result and cash flow.

For SGH shareholders, the Offer represents:

- a logical next step in SGH's acquisition of Boral, which began in 2020;
- a more efficient holding of Boral via a de-listed structure, creating greater control and direct access to cashflows;
- an opportunity to reduce Boral's compliance and listing costs by ~\$3 million per annum;
- an opportunity to increase the free float, liquidity and index weighting of SGH shares;
- disciplined use of capital, with SGH retaining a strong balance sheet (post-transaction leverage of 2.2x⁵);¹ and
- confidence in the outlook for SGH's businesses, noting that Industrial Services guidance was upgraded at our recent 1H results to 20-25% EBIT growth in FY24.

The Offer delivers Boral shareholders:

- a premium to the current Boral trading price, notwithstanding that control of Boral has already passed, via SGH's existing 71.6% interest.⁶
- a price that is higher than any closing price at which Boral has traded since 2007;⁷
- access to SGH's broader, diversified portfolio of investments and market leading returns (SGH management has delivered TSR of 180% over the past five years);
- a direct exposure to the SGH management team, with a proven track record of disciplined capital management and executing innovative, value accretive transactions;
- an opportunity to receive dividends in the context of SGH's strong track record of paying fully franked dividend (and the fact that Boral is unlikely to pay a dividend for some time); and
- additional liquidity for Boral shareholders in the combined entity.

Ryan Stokes, MD& CEO SGH said:

"Today's announcement represents an exciting opportunity to integrate Boral into SGH's leading Industrial Services portfolio. The transaction has a compelling rationale for SGH, and for Boral's shareholders, who would become SGH shareholders as part of the transaction and continue to benefit from the operational improvement journey underway at Boral. The terms of the Offer reflect our disciplined approach to capital allocation, and we will retain a strong balance sheet position post-transaction."

"The integration of Boral as a 100% owned business is a natural evolution for SGH, supporting our position as a leading ASX industrial business. The integration is expected to support and accelerate the delivery of the current Good to Great performance journey."

⁵ Assuming SGH acquires 100% of Boral under the Maximum Consideration.

⁶ Comprised of a 62.4% holding of Boral Shares and a further interest in 9.2% of Boral under a physically settled equity swap, in each case based on Boral's most recent ASX disclosure (Appendix 4D) Note 10 dated 9 February 2024. See SGH's Form 604 disclosure dated 1 September 2023.



SGH believes this proposal is in the interests of Boral shareholders. Should SGH not be successful in acquiring 100% of Boral the intentions of SGH are:

- To seek to delist Boral when legally permissible and consistent with ASX guidance;
- To have board representation majority represented with SGH nominees;
- Make other changes to Boral's capital management approach; and
- Other changes as outlined in the Bidder's Statement.

Conditions of the Offer

The Offer Consideration is SGH's Best and Final price and will not be increased. SGH will not acquire Boral Shares for more than \$6.25 for at least 12 months following close of the Offer.

The Offer is not subject to any minimum acceptance condition. The Offer is only conditional upon the customary condition of no prescribed occurrences in relation to Boral.

The full terms and conditions of the Offer are set out in section 9 of the Bidder's Statement that has been lodged separately to the ASX. Boral shareholders should read the Bidder's Statement in full before deciding whether or not to accept the Offer.

This release has been authorised to be given to ASX by the Board of SGH.

For investor information, please contact:

Daniel Levy - Head of IR and Communications
+61 2 8777 7106 |
investorrelations@sevengroup.com.au

For media enquiries, please contact:

Lauren Thompson | +61 438 954 729
Jim Kelly | +61 412 549 083
Hayley Ashburner | +61 497 554 588

Seven Group Holdings Limited is an Australian diversified operating group, with market leading businesses across industrial services, energy and media. In industrial services, SGH owns WesTrac and Coates, and holds a 71.6% interest in Boral. WesTrac is the sole authorised Caterpillar dealer in Western Australia, New South Wales and the Australian Capital Territory. Coates is Australia's largest industrial and general equipment hire business. Boral is Australia's largest and leading integrated construction materials business. In Energy, SGH has a 30.0% shareholding in Beach Energy, as well as interests in other energy assets in Australia and the United States. In Media, SGH has a 40.2% shareholding in Seven West Media, one of Australia's largest multiple platform media companies, including the Seven Network, 7plus and The West Australian.

