

25 August 2021

ASX Release

SGH DELIVERS STRONG EARNINGS GROWTH THROUGH OUR KEY OPERATING BUSINESSES

- Trading revenue of \$4.8 billion, up 6.1% on FY20
- Underlying earnings before interest and tax (EBIT) of \$792.1 million, up 7.3% on FY20
- WesTrac EBIT growth of 7.9% on pcip
- Coates EBIT growth of 3.8% on pcip
- Operating cash flow of \$622.4 million, up 15.6% on pcip
- Underlying earnings per share (EPS) of 146 cents, up 3.9% on pcip
- Fully franked final dividend of 23 cents per share (increased 10%), full year dividend of 46 cents
- Statutory EBIT of \$925.6 million inclusive of SWM impairment reversal of \$92.9 million
- Commitment to net zero GHG emissions by 2040 for WesTrac and Coates

Seven Group Holdings Limited ("SGH") (ASX: SVW) today reported its results for the year ended 30 June 2021 (FY21). SGH's key operating businesses delivered on guidance and generated growth in underlying earnings.

Commenting on the results, Ryan Stokes, Managing Director & Chief Executive Officer said:

"Today's result reflects the strong performance of our key operating businesses. WesTrac delivered growth in revenue and EBIT as its customers maintained high levels of mining production and construction activity and Coates demonstrated its ability to manage through the varying market conditions by expanding margins and delivering underlying growth in EBIT."

"Our Industrial Services portfolio is benefitting from growth of mining production and the substantial pipeline of infrastructure activity. During the year, we increased our shareholding in Boral, and commenced equity accounting for it when we received Board representation. We undertook the takeover of Boral based on our confidence in the value opportunity presented by divesting Boral's international interests and more focused management to achieve improved margins and returns from a transformation of its Australian operations. The addition of Boral to SGH creates an Industrial portfolio second to none in Australia."

"The Group's operating businesses and investments are well-placed to capture the available opportunities in their respective markets. Mining production and infrastructure and construction activity are strong and expected to underpin further growth for SGH's industrial businesses in FY22, which will be expanded by the inclusion of Boral as a subsidiary."

"Confidence in the outlook within our key sectors has allowed us to increase dividends by 10 per cent, providing a total fully franked dividend of 46 cents per share for the year."

Operating cash flow increased by 16 per cent to \$622.4 million driven by solid performance of the operating businesses, and underlying operating cash flow rose 7.4 per cent to \$885.4 million. EBITDA cash conversion improved to 84 per cent.

During the year, SGH announced our commitment to achieving net zero greenhouse gas emissions by 2040 within SGH operating businesses, WesTrac and Coates. SGH will provide medium term emissions targets in the Sustainability Report next month. Supporting this financial result was a continued focus on

WesTrac

Coates

BORAL

7M

SGH | Energy

Seven Group Holdings Limited | ABN 46 142 003 469

Level 30, 175 Liverpool Street, Sydney NSW 2000 | Postal Address: PO Box 745, Darlinghurst NSW 1300

Telephone +61 2 8777 7574

improving physical and mental safety and fostering an open and inclusive working environment and culture. Improvements continue to be recorded in group LTIFR and TRIFR.

Key Financials

Group result (\$m)	FY21	FY20	% change
Trading revenue	4,838.7	4,562.6	6%
Underlying earnings before interest and tax ¹	792.1	737.9	7%
Underlying net profit after tax ¹	504.6	471.8	7%
Statutory net profit after tax	634.6	117.5	440%
Underlying EPS	146 cents	139 cents	5%
Statutory EPS	184 cents	34 cents	440%
Final fully franked dividend per ordinary share	23 cents	21 cents	10%

1. UEBIT excludes Significant Items of \$133.5 million, including a \$92.9 million mark-to-market impairment reversal of the Group's investment in SWM, and the Group's share of SWM, Beach and Boral significant items and Boral bid costs. UNPAT excludes additional Significant items of \$5.0 million Finance costs and \$1.5 million tax benefit.

Segment Earnings

Underlying EBIT (\$m)	FY21	FY20	Change %
WesTrac	400.2	370.9	8%
Coates	211.6	203.9	4%
Boral	38.0	-	n/a
Energy	102.3	126.1	(19)%
Media Investments	57.0	46.6	22%
Other Investments	6.5	14.9	(56)%
Corporate	(23.5)	(24.5)	(4)%
Group EBIT	792.1	737.9	7%

Industrial Services

WesTrac's performance was driven by ongoing strength in mining production as well as in construction across both the WA and NSW dealerships. The outlook remains positive given the strong activity levels and customer requirements for parts and components to support the installed base. WesTrac is focused on supporting our customers and capturing the growing activity demand, including its selection by Northern Star for the KCGM fleet replacement program and a decision by Newmont to deploy autonomous haulage at Boddington, the first use of AHS in gold mining anywhere in the world. Investment in capacity expansion occurred in both Perth and Tomago.

Coates' focus on productivity improved margins and allowed it to increase EBIT by 4 per cent off a slightly lower revenue base. Activity levels were impacted in the first half of the year due to delayed starts to many new projects, cancellation of events, and lockdowns variously reducing demand in some regions. Activity improved in the second half and outside of lockdowns, this momentum carried into FY22. Coates management responded proactively by reducing costs and capital expenditure, and using data analytics to enhance customer focus. The restructured cost base and its large equipment fleet provides Coates with flexibility and leverage for growth in activity.

The Group increased its investment in Boral, culminating in a takeover offer that resulted in SGH achieving control via its 69.6 per cent shareholding of Boral. SGH recognised an equity accounted contribution of \$38.0 million for the year but will consolidate Boral as a subsidiary in FY22. SGH will support Boral through its transformation program, refocus on Australia, and disciplined execution to ensure Boral can deliver on its full potential with revenue, earnings, and margin improvements, resulting in enhanced return on funds employed. Boral increases SGH's exposure to infrastructure and construction.

Energy

Beach Energy (30% owned) production was 25.6 MMboe, down on FY20. Sales revenue was down 8 per cent, impacted by lower oil production. Beach has taken FID with Mitsui on the Waitsia Stage 2 development, with the first LNG sales expected in H2 CY23. Beach acquired Cooper Basin assets from Senex Energy and experienced drilling success at Enterprise-1 and Artisan-1 in the Otway Basin. The Western Flank reserves downgrade was a disappointing outcome. Beach has 339 MMboe in 2P reserves.

Media

Seven West Media (SWM, 40% owned) achieved significant further progress in its transformation strategy and delivered underlying EBIT growth of 141 per cent to \$229 million from revenue of \$1.27 billion, up 4 per cent. SWM's net debt was reduced by 40 per cent during the year, to \$240 million, with a leverage ratio of 0.95x, a significant improvement on the 3.0x at FY20.

Metro TV advertising markets rebounded strongly, FTA up 25.8 per cent in the second half and 11.5 per cent for the year. 7plus again performed strongly, growing revenue 78 per cent against BVOD market growth of 55 per cent in FY21. Seven's digital earnings grew 131 per cent to \$60 million and are expected to double again in FY22. SGH's statutory result includes the positive benefit of a \$92.9 million mark-to-market impairment reversal in the value of the investment in SWM.

Balance Sheet

The Group's balance sheet was strengthened in 2H with a \$500 million underwritten placement and a well supported \$33 million retail share purchase plan. The Group extended and expanded the \$400 million tranche of its corporate syndicated facility by three years from 2021 to 2024. Additional commitments from current lenders and the introduction of a new lender have increased the commitment within this tranche to \$558 million. SGH retains strong credit support. The Group introduced or refinanced more than \$1 billion in facility limits during FY21 and introduced a \$6.2 billion Boral acquisition facility while retaining significant headroom within covenants.

SGH has increased the final dividend by 10 per cent in declaring a 23 cents per share dividend, fully franked. Total dividend for the year was 46 cents per share.

Outlook

In FY22, WesTrac is expected to deliver low single digit EBIT growth on FY21, reflecting the impact of the July 2021 CAT parts price decrease, and Coates is expected to deliver high single digit EBIT growth on FY21 through its continued focus on costs and supporting delivery of key infrastructure projects. This guidance assumes that COVID-19 lockdowns and constructions restrictions are not prolonged or pervasive.

This release has been authorised to be given to ASX by the Board of Seven Group Holdings Limited.

For more information

More detailed information regarding SGH's 2021 results can be found in SGH's FY21 Results Presentation and the FY21 Annual Report. The Company's Annual General Meeting will be held on 17 November 2021. The closing date for the receipt of nominations from persons wishing to be considered for election as a director is 28 September 2021.

Media contacts and details: Jim Kelly +61 412 549 083 / Lauren Thompson +61 438 954 729

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 owns Coates, Australia's largest nationwide industrial and general equipment hire business. SGH also has a 69.9% shareholding in Boral, an international building products and construction materials group. In energy, SGH has a 30.0% shareholding in Beach Energy and has interests in oil and gas projects 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.