

**SGH**

Industrial Services, Media and Investments

27 August 2013

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

***By electronic lodgment***

Total Pages: 35 (including cover letter)

Dear Sir / Madam

**PRESENTATION OF RESULTS**

Following is a copy of the Presentation of Results for the financial year ended 30 June 2013.

Yours faithfully

**For and on behalf of Seven Group Holdings**



**Warren Coatsworth**  
Company Secretary



**WesTrac**

**Seven Group Holdings Limited** | ABN 46 142 003 469

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# SGH

Industrial Services, Media and Investments

RESULTS FOR THE YEAR ENDED  
30 JUNE 2013

Presentation on 27 August 2013



**WesTrac**

# Disclaimer

## Basis of preparation of slides

- ▶ Included in this presentation is data prepared by the management of Seven Group Holdings Limited (SGH) 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 financial statements, 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.
- ▶ SGH does not accept any liability to any person, organisation or entity for any loss or damage suffered as a result of reliance on this document. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements, and are subject to variation. All forward-looking statements in this document reflect the current expectations concerning future results and events. Any forward-looking statements contained or implied, either within this document or verbally, involve known and unknown risks, uncertainties and other factors (including economic and market conditions, changes in operating conditions, currency fluctuations, political events, labour relations, availability and cost of labour, materials and equipment) that may cause actual results, performance or achievements to differ materially from the anticipated results, performance or achievements, expressed, projected or implied by any forward-looking statements.
- ▶ Unless otherwise indicated, all references to estimates, targets and forecasts and derivations of the same in this material are references to estimates, targets and forecasts by SGH. Management estimates, targets and forecasts are based on views held only at the date of this material, and actual events and results may be materially different from them. SGH does not undertake to revise the material to reflect any future events or circumstances.

## Non-IFRS Financial Information

- ▶ SGH results are reported under International Financial Reporting Standards (IFRS). The underlying segment performance is presented in Note 3 to the financial statements and excludes significant items; comprising impairment of investments, fair value movement of derivatives, net gains on sale of investments, equity accounted investees and subsidiaries, restructuring and redundancy costs, and share of results from equity accounted investees attributable to significant items, fair value unwind of deferred consideration in finance income and unusual tax expense impacts as detailed in slide 12.
- ▶ This presentation also includes certain non-IFRS measures including Underlying Net Profit After Tax (excluding significant items), total revenue and other income, Segment EBIT margin and Segment EBITDA margin. These measures are used internally by management to assess the performance of our business, make decisions on the allocation of our resources and assess operational management. Non-IFRS measures have not been subject to audit or review.



# Today's Agenda

## ▶ Overview

- ▶ Outlook
- ▶ Financials
- ▶ Investments
- ▶ Property
- ▶ Media Investments
- ▶ Industrial Services
  - ▶ AllightSykes
  - ▶ Coates Hire Group
  - ▶ WesTrac Group
- ▶ Key Takeaways and Questions

## Don Voelte

Don Voelte

David Cooper

Ryan Stokes

Ryan Stokes

Don Voelte

Don Voelte

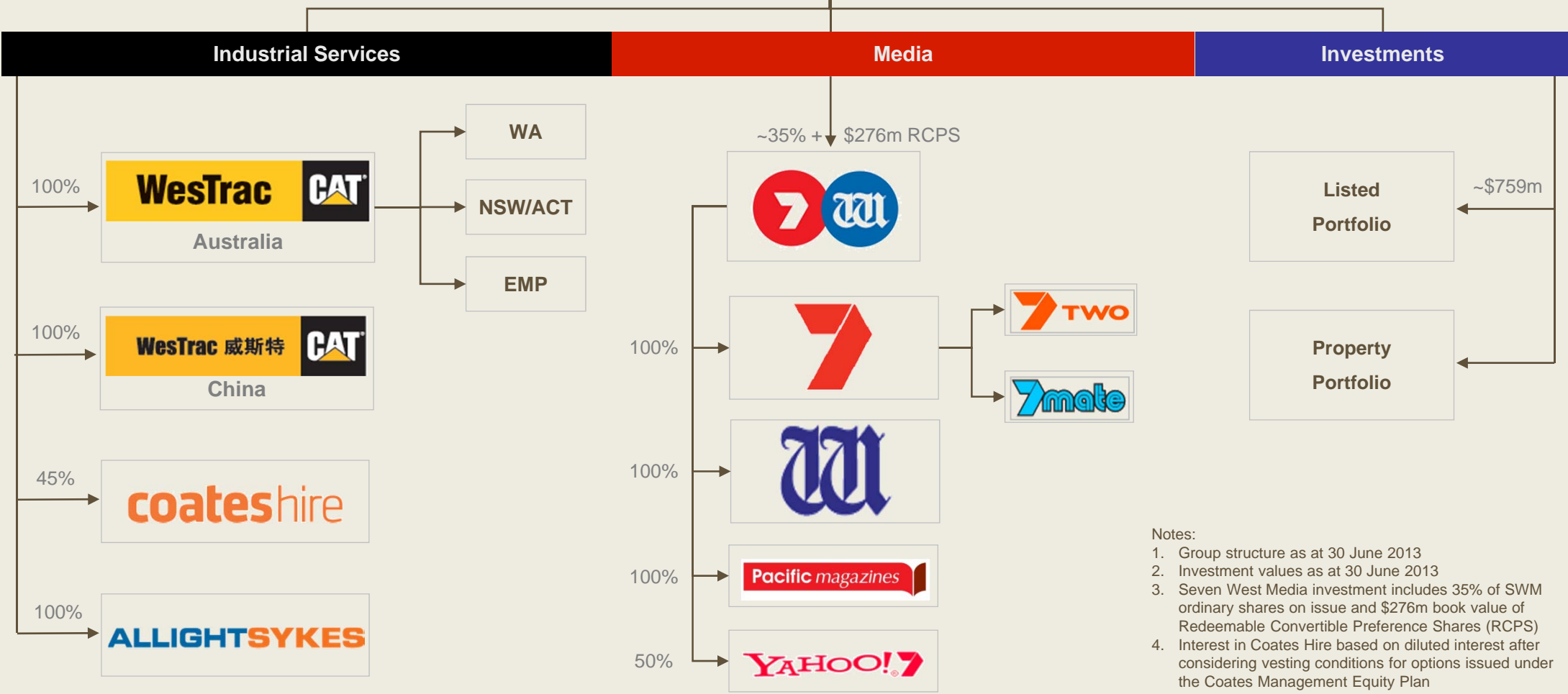
Don Voelte

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Don Voelte



# What the Group Looks Like Now



- Notes:
1. Group structure as at 30 June 2013
  2. Investment values as at 30 June 2013
  3. Seven West Media investment includes 35% of SWM ordinary shares on issue and \$276m book value of Redeemable Convertible Preference Shares (RCPS)
  4. Interest in Coates Hire based on diluted interest after considering vesting conditions for options issued under the Coates Management Equity Plan



# Group Highlights

## Record underlying results

- ▶ Strong first half performance by WesTrac Australia delivered record results
- ▶ Second half was challenging

## Results positively impacted by significant items

- ▶ Net gain after tax of \$89.7m from significant items, predominantly relating to the reversal of prior SWM impairment and gain on sale of CMH

## Significant restructuring across all businesses

- ▶ Given the challenging market in H2, significant cost reduction programs were initiated across all SGH businesses

## Strengthened balance sheet

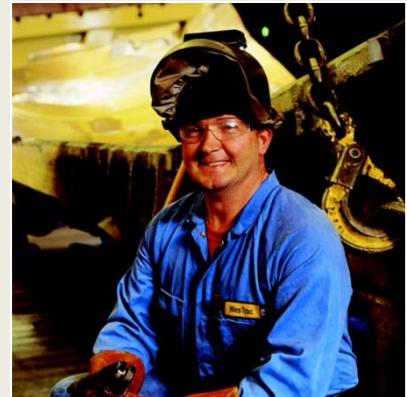
- ▶ Group net debt of \$713m down from \$1,719m at 30 June 2012 reflecting strong operating cash flow across the Group and sale of investments

## Investment portfolio growth

- ▶ Significant increase in the market value of listed portfolio (value at 23 August 2013 - \$810m)

## Annual dividend increase

- ▶ Final ordinary dividend of 20 cents per share
- ▶ Total full year ordinary dividend of 40 cents per share (2 cent increase)



# Key Financial Numbers

## Total Group – Annual Result

Financial Results (\$m) for year ended	30-Jun-13	30-Jun-12	% Change
Trading revenue	4,752	4,467	6%
Underlying EBITDA <sup>1, 2</sup>	686	630	9%
Underlying net profit after tax (excluding significant items) <sup>2</sup>	399	343	16%
Significant items (including tax impact) <sup>2</sup>	90	(167)	n/a
Reported net profit after tax for the period	489	177	177%
Underlying earnings per share (excluding significant items) <sup>3</sup>	\$1.20	\$0.98	22%
Statutory earnings per share (ordinary shares) <sup>3</sup>	\$1.49	\$0.43	245%
Final 2013 fully franked ordinary dividend (payable October 2013)	\$0.20	\$0.20	0%
Total 2013 fully franked ordinary dividend (interim and final)	\$0.40	\$0.38	5%

### Notes:

1. EBITDA = Profit before depreciation and amortisation, net finance costs, tax and significant items

2. Significant items = includes net gains/losses on the sale of investments, subsidiaries and associates, impairment, fair value movement of derivatives, restructuring and redundancy costs, acquisition related costs, share of results from equity accounted investees attributable to significant items, fair value unwind of deferred consideration in finance income, and unusual tax expense impacts. (Please refer to slide 12 for listing of significant items).

3. Earnings per share numbers above, are rounded to 2 decimal places. The percentage change is based on the actual unrounded EPS.

**SGH**

Industrial Services, Media and Investments

ANNUAL RESULTS - 30 JUNE 2013

Presentation - 27 August 2013

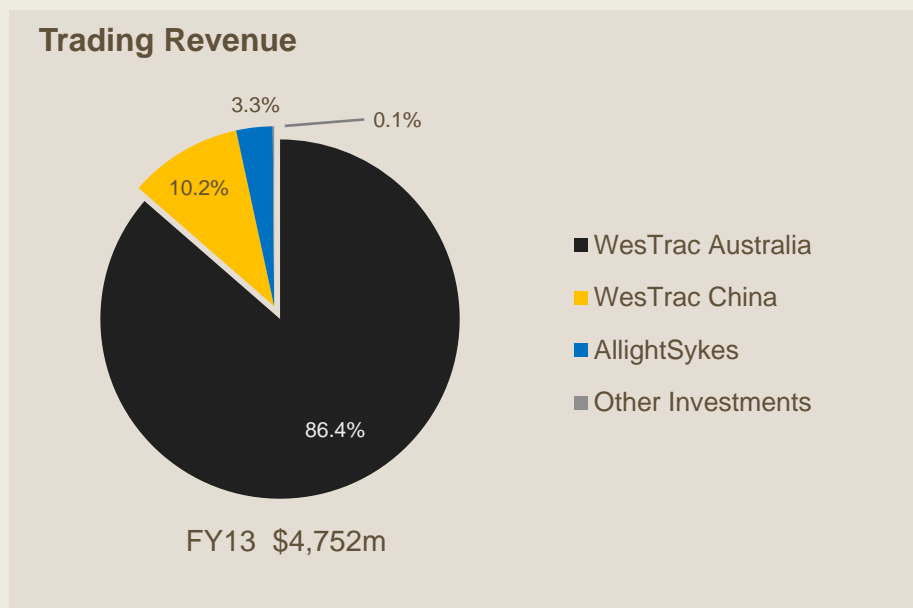
Slide 6



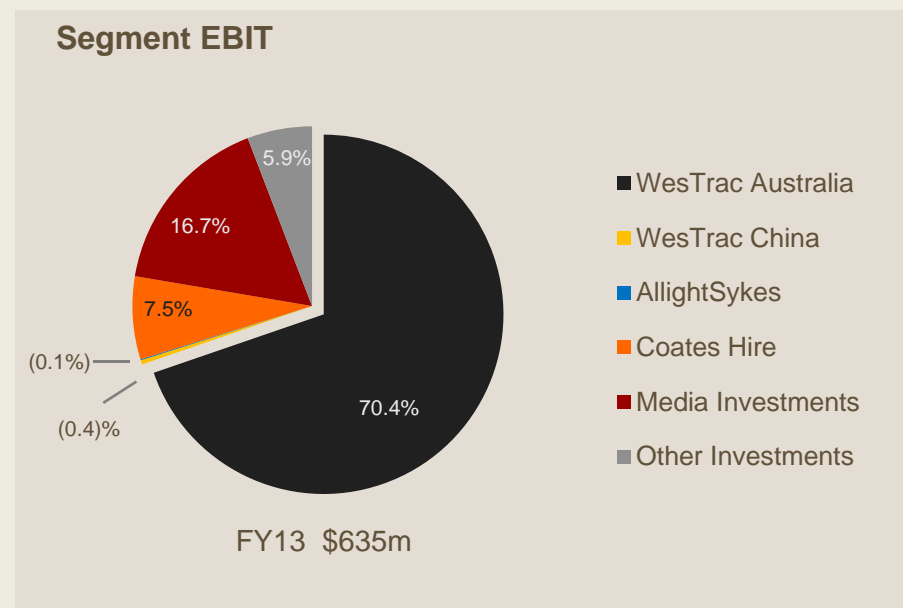
**WesTrac**

# Segment Analysis

## 30 June 2013 – Segment Result



Trading Revenue (\$m)	Jun-13	Jun-12	Change %
WesTrac Australia	4,105.6	3,530.0	16%
WesTrac China	484.5	670.3	(28)%
AllightSykes	155.8	210.3	(26)%
Other Investments	5.7	56.7	(90)%
<b>Total</b>	<b>4,751.6</b>	<b>4,467.3</b>	<b>6%</b>



Segment EBIT (\$m)	Jun-13	Jun-12	Change %
WesTrac Australia	446.7	387.1	15%
WesTrac China	(2.5)	8.4	-
AllightSykes	(0.6)	9.2	-
Coates Hire	47.8	58.3	(18)%
Media Investments	105.8	116.1	(9)%
Other Investments	37.3	5.1	631%
<b>Total</b>	<b>634.6</b>	<b>584.2</b>	<b>9%</b>

Note 1: Sales/EBIT on sales to Coates Hire have been reduced by the impact of SGH's ownership interest in Coates Hire (Impacts WesTrac Australia and AllightSykes results)

Note 2: Other investments impacted by the sale of vividwireless in June 2012 and Engin in September 2012

Note 3: Media Investments impacted by the sale of Consolidated Media in November 2012





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  - ▶ Coates Hire Group
  - ▶ WesTrac Group
- ▶ Key Takeaways and Questions

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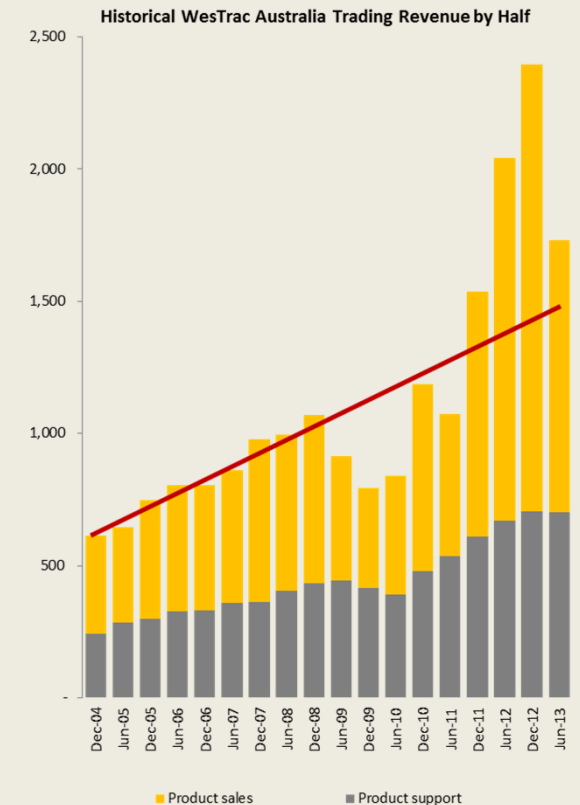
Don Voelte



# Outlook – refer disclaimer

The downturn in the mining sector has impacted all of our Industrial Services businesses and we continue to face challenges in particular in the NSW business of WesTrac.

- ▶ We continue to remain cautious regarding trading conditions.
- ▶ As can be seen from the historical revenue chart, the WesTrac Australia business in particular has gone through a significant recent expansion period and we can now see this normalising to historical trend.
- ▶ Seven West Media see TV having low single digit growth, Magazines decline to lessen and Newspapers on trend.
- ▶ Taking into account all of our businesses, we expect the FY14 result will be below that achieved in FY13 and FY12 and is likely to trend closer to FY11 levels. This means we anticipate underlying EBIT to be down between 30% and 40% on FY13.



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# Consolidated Profit and Loss

## Underlying Performance

\$m	Year ended 30 June 2013	Year ended 30 June 2012	Change %
Revenue	4,751.6	4,467.4	6%
Other income	78.8	75.6	4%
Share of results from equity accounted investees	125.1	154.8	(19)%
<b>Total revenue and other income</b>	<b>4,955.5</b>	<b>4,697.8</b>	<b>5%</b>
Expenses (excl. depreciation, amortisation and interest)	(4,269.5)	(4,068.0)	5%
<b>Underlying EBITDA</b>	<b>686.0</b>	<b>629.8</b>	<b>9%</b>
Depreciation and amortisation	(63.2)	(76.7)	(18)%
<b>Underlying EBIT</b>	<b>622.8</b>	<b>553.1</b>	<b>13%</b>
Net finance costs	(108.8)	(113.0)	(4)%
<b>Underlying net profit before tax</b>	<b>514.0</b>	<b>440.1</b>	<b>17%</b>
Underlying tax expense	(115.1)	(96.9)	19%
<b>Underlying NPAT</b>	<b>398.9</b>	<b>343.2</b>	<b>16%</b>
Significant items (incl. tax impact)	89.7	(166.5)	-
<b>Statutory NPAT</b>	<b>488.6</b>	<b>176.7</b>	<b>177%</b>
<b>Profit attributable to shareholders of SGH</b>	<b>486.4</b>	<b>165.9</b>	<b>193%</b>

- ▶ Please refer to the Appendix 4E for the detailed statutory presentation
- ▶ Significant items are further summarised on slide 12
- ▶ Depreciation and amortisation reduction is driven by the sale of Vividwireless in June 2012, offset by an increase relating to customer contracts related to the acquisition of EMP



# Summary of Significant Items

\$m	Year ended 30	Year ended 30
	June 2013	June 2012
Gain on sale - Consolidated Media	50.1	-
Gain on sale / FV of deferred consideration - Vividwireless	11.5	129.8
Gain on sale - Property (KS1, KS2, KS3)	29.4	-
Gain on sale of other investments & fair value of derivatives	13.8	(9.3)
Impairment reversal / (impairment) - SWM equity	77.9	(483.5)
Impairment reversal - Consolidated Media	-	66.6
Impairment - other	(9.6)	(0.3)
Transaction costs and stamp duties <sup>1</sup>	(0.3)	(15.6)
Restructuring and redundancy costs <sup>2</sup>	(54.3)	(3.2)
Unusual share of result from equity accounted investee	(9.6)	8.2
Unusual tax (expense) / benefit	(19.2)	140.8
<b>Total Significant Items</b>	<b>89.7</b>	<b>(166.5)</b>
<b>Statutory NPAT</b>	<b>488.6</b>	<b>176.7</b>
<b>NPAT excluding Significant Items</b>	<b>398.9</b>	<b>343.2</b>

Notes:

1. Transaction costs and stamp duties relate to the EMP (Bucyrus) acquisition

2. Restructuring and redundancy costs include consulting costs, staff redundancy and stock provisions on discontinued lines and products



# Consolidated Balance Sheet

## Total Group

\$m	As at 30 June 2013	As at 30 June 2012	Change %
Trade and other receivables	721.6	920.5	(22)%
Inventories	1,050.5	1,384.6	(24)%
Intangible assets	765.2	749.1	2%
Investments	2,209.1	2,203.7	0%
Fixed assets	267.0	293.3	(9)%
Other assets	16.7	35.2	(53)%
Trade and other payables	(516.8)	(615.7)	(16)%
Provisions	(139.7)	(107.2)	30%
Net tax liabilities	(427.7)	(362.3)	18%
Deferred revenue	(145.5)	(125.7)	16%
Derivative financial instruments	(51.8)	(77.0)	(33)%
Net (debt)	(713.4)	(1,718.7)	(58)%
<b>Total Shareholders Equity</b>	<b>3,035.3</b>	<b>2,579.8</b>	<b>18%</b>

Notes:

1. The trade and other receivables balance includes the deferred consideration on the vividwireless sale
2. Refer to slide 15 for summary of key items impacting the net debt movement



# Consolidated Investment Listing

## Total Group

\$m	23 August 2013 Market Value <sup>4</sup>	30 June 2013	30 June 2012
Seven West Media (Ordinary shares + RCPS) <sup>3,4,5</sup>	1,141.3	947.1	638.4
Listed Portfolio <sup>1,2,4,6</sup>	809.7	758.8	670.8
Consolidated Media Holdings <sup>3,4</sup>	-	-	439.9
Coates Hire <sup>3</sup>	Unlisted	430.2	386.4
Other	Unlisted	73.0	68.2
<b>Total Investments</b>		<b>2,209.1</b>	<b>2,203.7</b>

### Notes:

1. Available for sale security - fair value movements are carried in reserves until the asset is disposed of or impaired.
2. Available for sale security (shares held by overseas subsidiaries) - fair value movements are carried in reserves (share price movement is recorded in fair value reserves, foreign currency movement in foreign currency translation reserve).
3. Associates - carried at historical cost, plus share of associate income, less dividends received, less impairment.
4. Estimated market values of listed investments using number of shares held at 30 June 2013 and share prices at 4.30pm on 23 August.
5. Movement in SWM between 30 June 2012 and 30 June 2013 includes \$146m investment in SWM Rights Issue and \$35m in on market acquisitions.
6. Movement in listed portfolio between 30 June 2012 and 30 June 2013 includes net sales of (\$57m) and market value increase of \$145m.



# Consolidated Net Debt Movement

## Total Group

\$m	Year ended 30 June 2013	
<b>Net debt (excl. derivatives) 30 June 2012</b>		<b>(1,718.7)</b>
Significant investment items:		
- Consolidated Media proceeds	491.3	
- Seven West Media	(180.7)	
- Other investments net proceeds	102.7	413.3
		(1,305.4)
Operating cash flow pre-net finance costs & income tax	1,026.1	
Capital expenditure (net)	(52.3)	
Income tax	(102.3)	871.5
		(433.9)
Net finance costs	(101.9)	
Dividends paid	(152.3)	
Tax funding from associate	18.6	
Shares issued	6.3	(229.3)
		(663.2)
FX movement in foreign currency denominated debt		(50.2)
<b>Net debt (excl. derivatives) 30 June 2013</b>		<b>(713.4)</b>

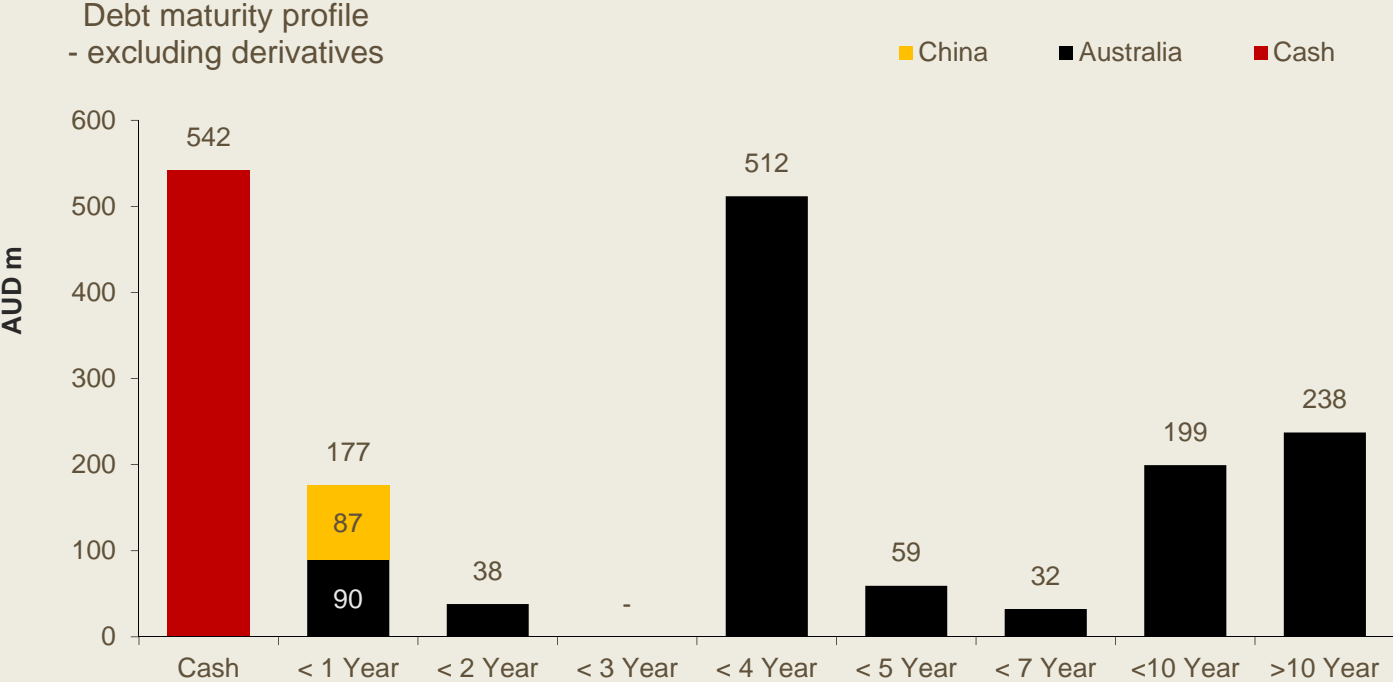
- ▶ Significant operating cash flow improvement on prior corresponding period
- ▶ Primary drivers of net debt reduction in the year were:
  - ▶ Operating cash flow of \$1,026.1m
  - ▶ Sale of the Consolidated Media Holdings investment \$491m





# Consolidated Debt Maturity Profile

Total Group as at 30 June 2013 (refer disclaimer)



- ▶ At 30 June 2013 the Group had \$1.25bn of available undrawn borrowing facilities and \$542m in cash.
- ▶ Current “<1 year” debt includes facilities provided to WesTrac in China, where the lending practice is generally to provide short-dated facilities that roll forward annually.



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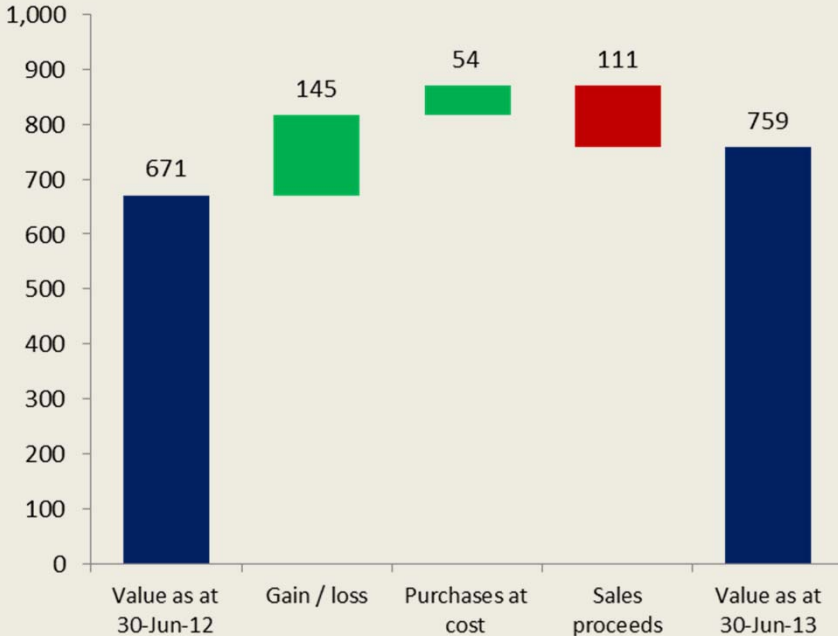
Don Voelte



# SGH Investment Portfolio

- ▶ Investment portfolio delivered growth in value while also releasing capital.
- ▶ Objective to realise value creation through selective investment opportunities where strategic rationale exists to enhance shareholder return.
- ▶ Focus on investments that are complementary to the Group's core focus and which leverage SGH's industry experience and expertise.

Movement in SGH Investment Portfolio



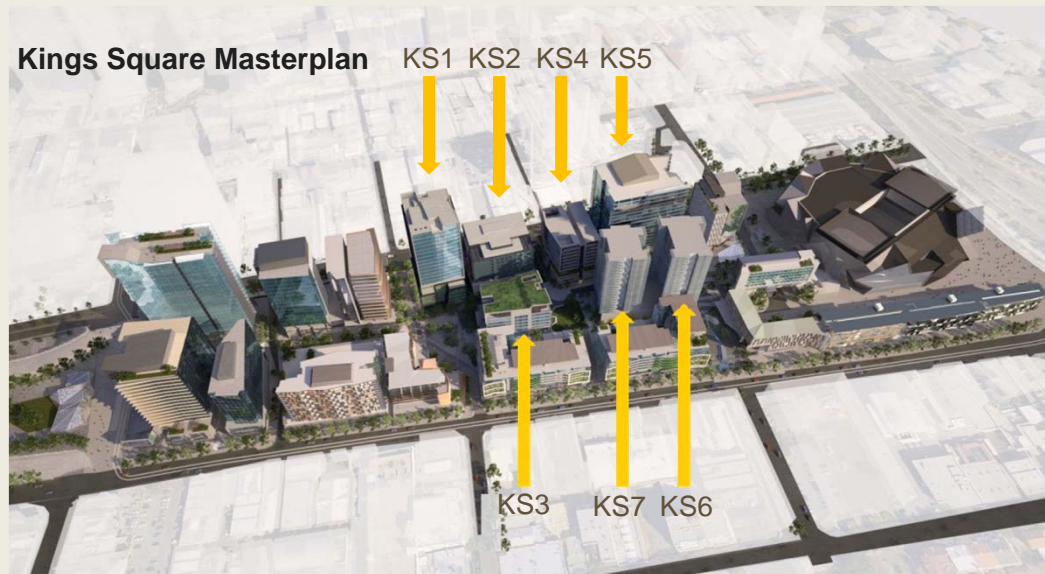
# SGH Property Holdings

Our aim is to maximise the value and return for our existing property assets:

- ▶ Perth Entertainment Centre / Kings Square
- ▶ Seven's Tuart Hill studio in Perth
- ▶ Indirect property investments through the Flagship unlisted property trust and other property holdings

Kings Square project:

- ▶ In conjunction with Leighton for first 4 sites
- ▶ Successful sale of first 3 sites to Dexis
- ▶ Sale of 4th site agreed post 30 June 2013
- ▶ Additional three sites to develop / sell



# Investments and Property P&L

## Excluding Significant Items

\$m	Year ended 30 June 2013	Year ended 30 June 2012	Change %
<b>Revenue</b>	<b>5.8</b>	<b>56.7</b>	(90)%
Other income	39.3	43.6	(10)%
Share of results from equity accounted investees	0.0	0.6	(100)%
<b>Total revenue and other income</b>	<b>45.1</b>	<b>100.9</b>	<b>(55)%</b>
Expenses (excluding interest and corporate)	(7.3)	(70.9)	(90)%
<b>Segment EBITDA</b>	<b>37.8</b>	<b>30.0</b>	-
Depreciation and amortisation	(0.5)	(24.9)	(98)%
<b>Segment EBIT</b>	<b>37.3</b>	<b>5.1</b>	-

Note: the results above exclude net gains on the sale of investments, subsidiaries and property

- ▶ The 30 June 2013 result excludes results from vividwireless (sold June 2012) and includes 3 months trading for Engin (sold Sept 2012)
- ▶ SGH sold the first three sites in the Kings Square development in Perth, recording a \$29.4m gain on the sale, this gain is classified as a significant item and not included in these results
- ▶ Other income comprises largely of dividends from the listed portfolio



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# Media Investments P&L

## Excluding Significant Items

\$m	Year ended 30 June 2013	Year ended 30 June 2012	Change %
<b><u>Share of associates NPAT</u></b>			
- Seven West Media	72.8	71.1	2%
- Consolidated Media Holdings <sup>1</sup>	6.6	21.1	(69)%
<b><u>Other income</u></b>			
- Other investment income <sup>2</sup>	26.4	23.9	10%
<b>Segment EBIT Contribution</b>	<b>105.8</b>	<b>116.1</b>	<b>(9)%</b>
<b><u>By investment</u></b>			
- Seven West Media	96.2	92.6	4%
- Consolidated Media Holdings	6.6	21.1	(69)%
- Other	3.0	2.4	25%
<b>Segment EBIT Contribution</b>	<b>105.8</b>	<b>116.1</b>	<b>(9)%</b>

Notes:

1. Consolidated Media investment sold in November 2012 for proceeds of \$491m

2. Other Income includes accretion on the Seven West Media RCPS and dividend income from other media investments.

- ▶ SGH sold its interest in Consolidated Media for \$491m in Nov 2012.
- ▶ SGH recorded a \$50m gain on the sale, which is classified as a significant item.



# Seven West Media

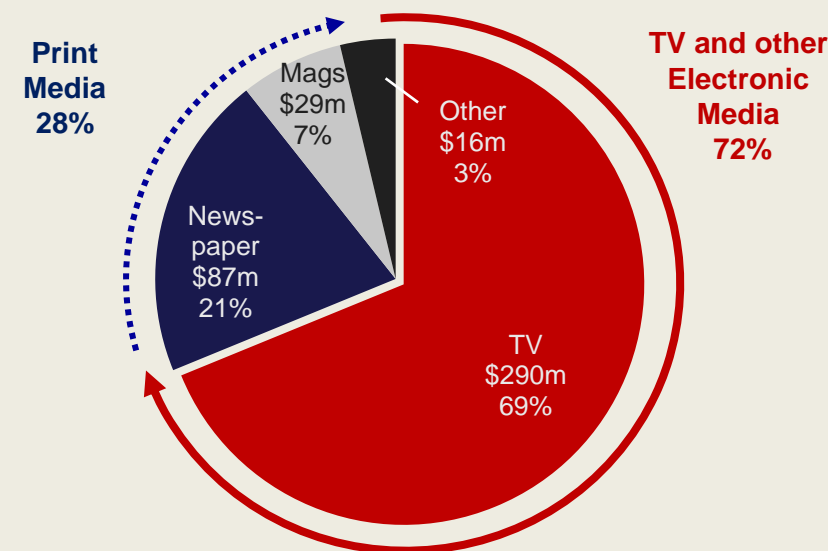
## 30 June 2013 Highlights

- ▶ Outstanding television ratings achieved – 40.4% share
- ▶ Ongoing management focus on cost, quality and revenue initiatives
  - ▶ Cost & revenue initiatives in all divisions, phase 1 impact \$71m in FY13 and phase 1 & 2 target of \$121m in FY14
  - ▶ Continued investment in market-leading products and ideas
- ▶ Net debt of \$1.24bn at 30 June 2013
  - ▶ \$614m reduction from June 2012 position, including \$432m in proceeds from the capital raising completed in Aug 2012
- ▶ EBIT of \$422m, 10.9% down on prior year
  - ▶ Newspapers and Magazines impacted by soft retail market
  - ▶ Overall advertising market trending below prior years
- ▶ Underlying NPAT of \$225m, in line with FY12
  - ▶ \$69.8m statutory loss includes \$295m of significant items (loss) mostly relating to Mags and Yahoo!7 impairment
- ▶ Advertising market outlook: TV low single digit growth, Magazines decline to lessen and Newspapers on trend

Revenue	Jun 13	Jun 12	Change
Television	1,267.8	1,262.4	0.4%
Newspapers	303.1	348.4	(13.0)%
Magazines	256.2	287.2	(10.8)%
Other	54.9	59.4	(7.8)%
<b>Total</b>	<b>1,882.0</b>	<b>1,957.4</b>	<b>(3.9)%</b>

1. Total revenue includes other income and share of net profit from equity accounted investees

### EBIT Breakdown By Division





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# AllightSykes

- ▶ Revenue down (26%) on last year on the back of softer demand
- ▶ Cost reduction initiatives have been implemented, focusing on overheads and property consolidation
- ▶ Improved safety result of 7.2 LTIFR from 10.7 in FY12
- ▶ Strong free cash flow generated from working capital reduction initiatives

AllightSykes \$m	Year ended 30 June 2013	Year ended 30 June 2012	Change %
Revenue	155.8	210.3	(26)%
Other income	0.3	0.8	(63)%
Operating costs	(152.7)	(198.8)	(23)%
<b>Segment EBITDA</b>	3.5	12.3	<b>(72)%</b>
Depreciation and amortisation	(4.0)	(3.0)	34%
<b>Segment EBIT</b>	<b>(0.6)</b>	9.3	-

Notes:

1. The above result excludes one off restructuring, redundancy costs and stock provisions on discontinued product lines
2. Sales to Coates Hire have been eliminated from the above numbers to the extent of SGH's ownership of Coates Hire



# Coates Hire Group

coateshire

- ▶ Revenue of \$1,241m down (4%) against prior year, driven by soft H2
- ▶ EBITDA decreased (5%) on prior corresponding period
- ▶ Strong safety result with LTIFR reduced to 3.8 from 5.3 in FY12, with further improvement initiatives underway
- ▶ Focus on operating and capital efficiency and debt reduction through strong free cash flows
- ▶ Coates Hire expected to continue to benefit from its position as Australia's largest integrated hire company

Coates Hire \$m	Year ended 30 June 2013	Year ended 30 June 2012	Change %
Revenue and other income	1,241.0	1,293.0	(4)%
<b>Gross profit</b>	824.2	868.3	(5)%
<b>Underlying EBITDA</b>	533.7	563.8	(5)%
<b>Underlying EBIT</b>	279.2	326.9	(15)%
Segment result \$m			
<b>Share of Coates underlying NPAT</b>	43.1	56.3	(23)%
<b>Other income</b>	4.7	2.0	135%
<b>Segment result</b>	<b>47.8</b>	<b>58.3</b>	<b>(18)%</b>



Notes:

1. Coates Hire is an equity accounted investment and therefore not consolidated into SGH's results.
2. SGH economic interest in Coates Hire of 45% based on diluted interest after considering vesting conditions for options issued under the Coates Hire Management Equity Plan

**SGH**

Industrial Services, Media and Investments

ANNUAL RESULTS - 30 JUNE 2013

Presentation - 27 August 2013

Slide 26

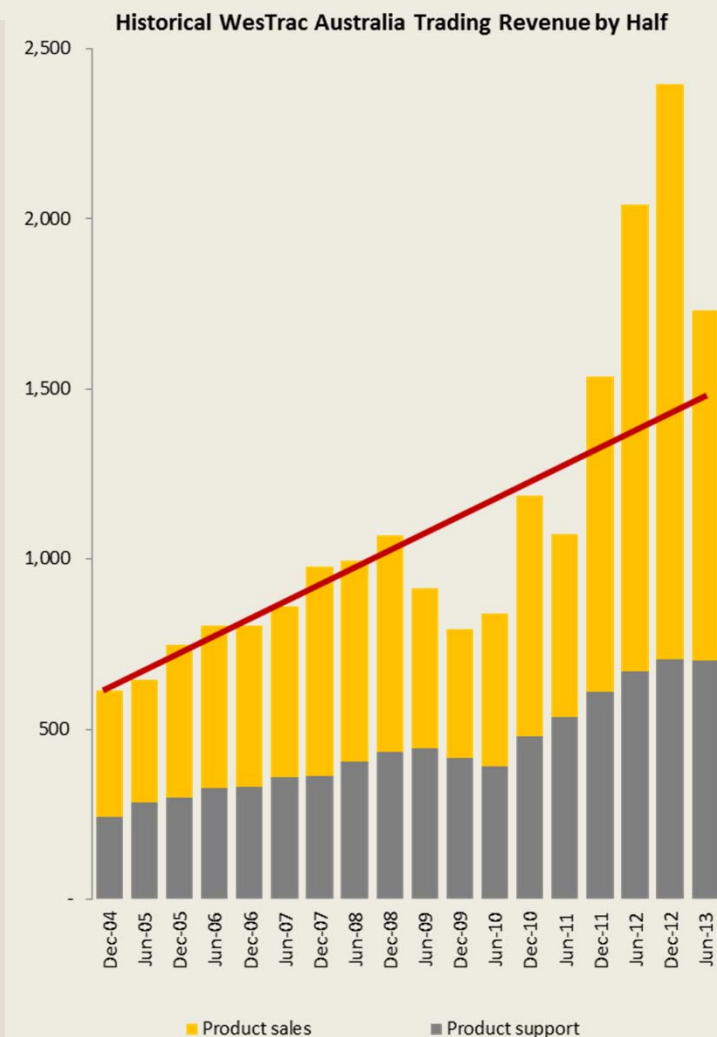


**WesTrac**

# WesTrac Australia

## Overview

- ▶ High demand for Australian resources drove WesTrac's H1 revenue growth
  - ▶ Calendar 2012 saw unprecedented levels of new equipment sales
  - ▶ H2 revenue was impacted by the softening in the coal sector in NSW and the deferral of a number of large mining projects in WA
- ▶ Our business model emphasises long-term growth through a focus on parts and service
  - ▶ Large and rapidly expanding installed base of mining machines and engines
  - ▶ Growing external product support revenue stream. New machine assembly labour will reduce
- ▶ Focus on refining our cost base and competitiveness of our service model and support model
  - ▶ New parts facilities and technology improve our ability to efficiently serve our customers



- December 2012 and June 2013 halves include EMP sales



# WesTrac Australia

- ▶ 20% product market growth
  - ▶ Driven by acquisition of EMP (Bucyrus) and record H1 deliveries
  - ▶ H2 sales softened
- ▶ 10% product support sales growth
  - ▶ Large and growing installed equipment base
  - ▶ High mining equipment utilisation in H1 with softening in H2
- ▶ 15% EBIT growth
- ▶ Operating margins maintained
- ▶ Slowdown in H2 in NSW led to the need to restructure the business
- ▶ Other revenue positively affected by order cancellation fees
- ▶ Improved safety result of 5.2 LTIFR from 10.8 in 2012

\$m	Year ended 30 June 2013	Year ended 30 June 2012	Change %
<b>WesTrac Australia</b>			
- Product sales	2,678.7	2,240.0	20%
- Product support	1,405.6	1,279.1	10%
- Other revenue <sup>1</sup>	21.3	11.0	94%
- Other income <sup>2</sup>	8.0	6.0	32%
<b>Revenue and other income</b>	<b>4,113.6</b>	<b>3,536.1</b>	<b>16%</b>
<b>Segment EBITDA</b>	<b>497.3</b>	<b>427.2</b>	<b>16%</b>
Segment EBITDA margin	12.1%	12.1%	
<b>Segment EBIT</b>	<b>446.7</b>	<b>387.1</b>	<b>15%</b>
Segment EBIT margin	10.9%	10.9%	
Employees	4,238	4,207	1%

Note:

1. Other revenue includes fees in relation to cancelled orders, apprentice rebates and training fees

2. Other income includes share of results from equity accounted investees and FX gains



# WesTrac Australia

## Expanded Mining Products (EMP) Update

- ▶ EMP business purchased from Cat on 1 June 2012 successfully integrated
- ▶ EMP has improved our ability to service our customers full mining equipment needs
  - ▶ Drilling, very large excavating equipment and electric trucks
  - ▶ Stronger access to the underground mining business
- ▶ Focus has now switched from integration of EMP to that of maximizing the opportunity that the expanded product range brings to WesTrac



Top: EMP electric rope shovel, Bottom: EMP dragline, Caterpillar images

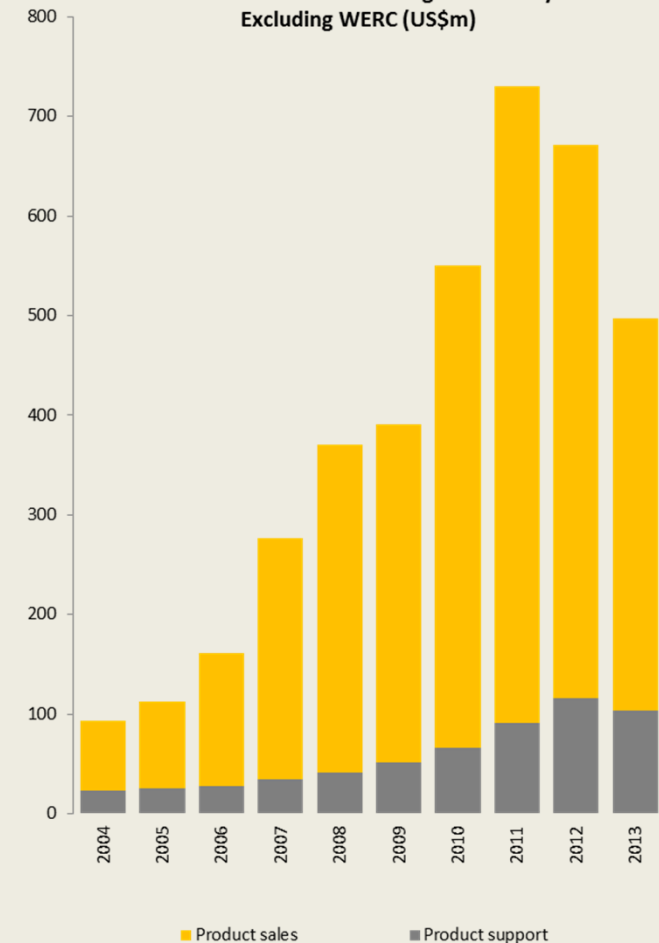
# WesTrac China – (USD)

- ▶ Product sales lower vs prior year
  - ▶ Downturn in mining market and soft construction market
  - ▶ Achieved market share growth in the hydraulic excavator business in a competitive second half
- ▶ WesTrac China business has been through significant restructuring, repositioning the business for
  - ▶ Current market conditions
  - ▶ Future growth opportunities

WesTrac Dealership Territory in China



Historical WesTrac China Trading Revenue by Year Excluding WERC (US\$m)



# WesTrac China – (USD)

- ▶ \$122.2m in operating cash flow delivered during the year
  - ▶ Inventory levels were managed down for current market conditions
- ▶ Cost base has reduced significantly as a result of the business restructure in December 2012
- ▶ Safety result of 3.5 LTIFR from 6.0 in 2012



USD \$m	Year ended 30 June 2013	Year ended 30 June 2012	Change %
<b>WesTrac China</b>			
- Product sales	394.2	555.1	(29)%
- Product support	109.0	120.1	(9)%
- Other income	1.9	3.8	(50)%
<b>Total revenue and other income (USD)</b>	<b>505.1</b>	<b>679.0</b>	<b>(26)%</b>
<b>Segment EBITDA (USD)</b>	<b>5.9</b>	<b>17.4</b>	<b>(66)%</b>
Segment EBITDA margin	1.2%	2.6%	
<b>Segment EBIT (USD)</b>	<b>(1.5)</b>	<b>8.7</b>	<b>-</b>
Segment EBIT margin	-0.3%	1.3%	
Employees	1,262	1,927	<b>(35)%</b>

Notes:

1. Other income includes share of results from equity accounted investees
2. Result excludes one-off redundancy and restructuring costs treated as significant
3. Presented in USD as functional currency of WesTrac China





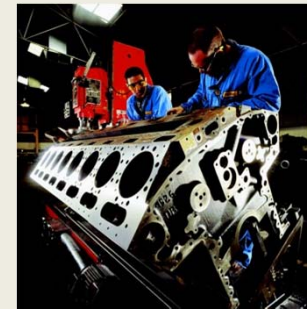
# Today's Agenda

- ▶ Overview Don Voelte
- ▶ Outlook Don Voelte
- ▶ Financials David Cooper
- ▶ Investments Ryan Stokes
- ▶ Property Ryan Stokes
- ▶ Media Investments Don Voelte
- ▶ Industrial Services
  - ▶ AllightSykes Don Voelte
  - ▶ Coates Hire Group Don Voelte
  - ▶ WesTrac Group Don Voelte
- ▶ **Key Takeaways and Questions Don Voelte**



# Key Takeaways and Questions

- ▶ Record underlying results driven by exceptional first half
- ▶ Second half was challenging along with the outlook across all our Industrial Services businesses
- ▶ Significant restructuring undertaken to address the downturn but we expect underlying EBIT to decline between 30% and 40% in FY14
- ▶ Strong balance sheet in addition to strategic investments and property portfolio where we have demonstrated an ability to realise value
- ▶ We are well positioned to deal with the challenges in our markets and have the capability to take advantage of opportunities going forward



**SGH**

Industrial Services, Media and Investments



**Westrac**