SGH | Industrial Services, Media, Energy and Investments

26 August 2015

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

By electronic lodgment

Total Pages: 6 (including covering 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 2015.

Yours faithfully

For and on behalf of Seven Group Holdings Limited

Warren Coatsworth
Company Secretary

Appendix 4E

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2015

Results For Announcement To The Market

REPORTED				$m
Revenue from ordinary activities	down	**10.0%**	to	**2,779.6**
Net loss from ordinary activities after tax attributable to members	down	**238.0%**	to	**(360.3)**
Net loss for the year attributable to members	down	**238.0%**	to	**(360.3)**

UNDERLYING				$m
Revenue from ordinary activities	down	**10.0%**	to	**2,779.6**
Net profit from ordinary activities after tax attributable to members excluding significant items	down	**19.3%**	to	**203.1**
Net profit for the year attributable to members excluding significant items	down	**19.3%**	to	**203.1**

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 Wednesday 23 September 2015

Date final dividend is payable 9 October 2015

Transferable Extendable Listed Yield Shares (TELYS4)		
Dividend (paid 1 December 2014)	$2.6176	$2.6176
Dividend (paid 1 June 2015)	$2.6370	$2.6370

Commentary on results
A detailed commentary on the results for the year is contained in the Operating and Financial Review section of the accompanying 2015 Annual Report.

Net tangible asset backing
Net tangible asset backing per ordinary share: $5.67 (2014: $6.13). 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 2015.

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 2015

Results For Announcement To The Market
Underlying Trading Performance

		As reported		Significant items[a]		Underlying trading performance[b]	
		2015	2014	2015	2014	2015	2014
	Note	$m	$m	$m	$m	$m	$m
Revenue	4	2,779.6	3,088.2	-	-	2,779.6	3,088.2
Total other income		185.6	148.3	(59.0)	(43.7)	126.6	104.6
Share of results from equity accounted investees		(377.4)	103.6	457.5	0.9	80.1	104.5
Impairment of equity accounted investees		(99.3)	(42.2)	99.3	42.2	-	-
Total expenses excluding depreciation and amortisation		(3,009.2)	(2,886.7)	399.5	11.9	(2,609.7)	(2,874.8)
(Loss)/profit before depreciation, amortisation, net finance costs and tax		**(520.7)**	**411.2**	**897.3**	**11.3**	**376.6**	**422.5**
Depreciation and amortisation		(62.1)	(48.1)	-	-	(62.1)	(48.1)
(Loss)/profit before net finance costs and tax		**(582.8)**	**363.1**	**897.3**	**11.3**	**314.5**	**374.4**
Net finance costs		(67.3)	(52.4)	(16.3)	(19.8)	(83.6)	(72.2)
(Loss)/profit before tax		**(650.1)**	**310.7**	**881.0**	**(8.5)**	**230.9**	**302.2**
Income tax benefit/(expense)		291.0	(48.2)	(317.6)	(0.8)	(26.6)	(49.0)
(Loss)/profit for the year		**(359.1)**	**262.5**	**563.4**	**(9.3)**	**204.3**	**253.2**
(Loss)/profit for the year attributable to:							
Equity holders of the Company		(360.3)	261.1	563.4	(9.3)	203.1	251.8
Non-controlling interest		1.2	1.4	-	-	1.2	1.4
(Loss)/profit for the year		**(359.1)**	**262.5**	**563.4**	**(9.3)**	**204.3**	**253.2**

EARNINGS PER SHARE (EPS)		2015	2014	2015	2014
Ordinary shares		$	$	$	$
Basic earnings per share	7	(1.29)	0.77	0.59	0.74
Diluted earnings per share	7	(1.29)	0.77	0.59	0.74

(a) Detailed information regarding the composition of significant items is provided in Note 3 of the 2015 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 Statement of Profit or Loss and Other Comprehensive Income for information on individual reported components above.

SGH | Industrial Services, Media, Energy and Investments

26 August 2015

Seven Group Holdings Limited announces financial results for the year ended 30 June 2015

- **SGH underlying EBIT result on guidance – down 14.7 per cent year-on-year (ex-SGH Energy)**
- **WesTrac Australia support revenue up 13 per cent, leveraging the resource production cycle**
- **Business transformation ongoing, driving efficiency and margin**
- **Strong operating cash flow and robust balance sheet**
- **Final fully franked dividend of 20cps, full year dividend of 40cps**

Financial results ($m)

	Results for year ended 30 June 2015	**Results for year ended 30 June 2014**	**% Change**
Trading revenue	2,779.6	3,088.2	-10%
Underlying EBITDA	376.6	422.5	-11%
Underlying EBIT	314.5	374.4	-16%
Underlying profit before tax	230.9	302.2	-24%
Underlying profit after tax	204.3	253.2	-19%
Underlying EPS ($)	0.59	0.74	-20%
Reported (loss)/profit before tax	(650.1)	310.7	n/a
Reported (loss)/profit after tax	(359.1)	262.5	n/a
Statutory EPS ($)	(1.29)	0.77	n/a
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.

SGH has delivered an underlying EBIT result of $314.5 million, which is within previous guidance excluding SGH Energy and at the lower end of the guidance range we previously provided the market. Our business generates strong cash flows and our balance sheet is robust, allowing the final dividend to be maintained at 20 cents per share fully franked.

Commenting on the results, Ryan Stokes, Managing Director and Chief Executive Officer of Seven Group Holdings ("SGH"), said:

"This has been a year of transformation for SGH and our companies as we respond to the resource sector transition from the investment to production phase. WesTrac Australia, leveraging off our ~70 per cent share of installed equipment in the mining sector, is well placed to capitalise on the record export volumes being shipped from our ports.

We continue to work closely with our customers to support them in driving efficiencies as well transforming our own businesses in this phase of the resources cycle and this work continues.

"SGH is well positioned with our strong balance sheet. We have confidence in our ability to generate earnings and cash flow through the cycle and we will be selective in identifying opportunities to invest in this market."

Statutory Result

SGH reports a statutory net loss after taxation of $359.1 million for FY15. After adjusting for significant items, SGH reports underlying net profit after tax of $204.3 million, a decrease of 19 per cent on the prior financial year.

SGH delivered underlying earnings before interest, tax, depreciation and amortisation (EBITDA) of $376.6 million, on trading revenues of $2,779.6 million. Underlying earnings before interest and tax (EBIT) was $314.5 million for the financial year. Underlying earnings per ordinary share (excluding significant items) is $0.59. Statutory loss per ordinary share is $1.29.

Significant Items

Significant items during the year include SGH's sale of investments and mark-to-market of derivatives, and impairments to the carrying value for Coates Hire, AllightSykes and WesTrac China in recognition of the softer medium-term outlook for these businesses. Significant items also include costs associated with the Group's restructuring activities during the year and the proportionate share of a rental fleet impairment recognised by Coates Hire. These costs were partly offset by the settlement of the ATO tax adjustment relating to the formation of the Group. On an after-tax basis, significant items deliver a net loss of $563.4 million.

Product support growth in WesTrac is driving maintainable earnings and cash flow through the cycle

WesTrac Australia's target has been to focus on controllable costs and to ensure the value of the proposition remains compelling even in a cost-focused environment, and that it remains the preferred supplier of solutions for customers in the mining and construction industries. This has driven a 13 per cent growth in product support revenue year-on-year in WesTrac Australia on record production volumes of iron ore and coal, reflecting the conversion of parts and service opportunities from the existing installed equipment base. It is also driving innovation, with WesTrac now offering complex value propositions such as component life guarantees and autonomous truck solutions.

The Group continued its rigorous focus on operating cash flow, optimising working capital levels through careful inventory and debtor management resulting in strong cash flow through the cycle with underlying EBITDA cash conversion of 99 per cent. This resilient operating cash flow supports the investment and capital management initiatives of the Group.

Transformation is driving a rationalisation of our cost structure

This transformation includes the 7.3 per cent reduction in FTE headcount across WesTrac Group and AllightSykes over the year and various site consolidations enacted across the Group. Coates Hire has similarly eliminated two layers of management resulting in 68 roles being removed. Equally critical to the business is the technical productivity improvements being driven via the rigorous focus on leaning out our services and increasing velocity through all our branches.

The transformation process is ongoing as we continue to restructure our businesses for the production cycle where we are well placed to compete and work with our customers to drive efficiency and productivity.

Continued investment in technology is helping unlock the value proposition

Overhead reductions are being enhanced by the investments in automation of our parts warehouses, allowing optimisation of inventory and the development of more sophisticated logistics offerings. Combined, these have facilitated the doubling of parts throughput over five years and allowed our customers to reduce their parts inventory whilst maintaining their fleet availability.

The S3 program (simplification, standardization and scalability), is central to WesTrac Australia's ongoing transformation. The major activity has been our SAP HANA implementation. Phase 1 of the program focused on finance, HR and procurement and cost $21.0 million and was completed in FY15.

Phase 2 of S3 will change sales processes, including centralising dispatch for customers' mobility of data and applications and increasing automation of processes. The S3 program, when completed in FY16, will generate annual savings of $38.3 million. This investment will support WesTrac Australia advancing its competitive market position.

Strong balance sheet and efficient capital structure is a point of differentiation

Balance sheet flexibility sets SGH apart from competitors, with SGH reporting net assets of $2,809.4 million, including a listed securities portfolio of $1,090 million, excluding its shareholding in Seven West Media and approximately $967 million in available undrawn facilities at 30 June 2015.

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 $177 million in FY15. Accordingly, the portfolio continues to represent a store of value for the Group.

At 30 June 2015, the Group's net debt is approximately $1,344.6 million – up from $1,069.4 million in the previous financial year and reflects the Group's acquisition of 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.

During the year the wider Group undertook $2.5 billion of debt refinancing achieving more favourable pricing and tenor, demonstrating the strong ongoing relationship the Group enjoys with its banking syndicates.

SGH Energy positioned to benefit from a rising East Coast gas market

SGH is a firm believer in the prospects of the Australian energy sector. In December 2014, SGH successfully completed the acquisition of Nexus Energy Limited. Whilst this shareholder contested acquisition was more drawn out than anticipated, the disciplined approach by which the transaction was effected was ground breaking and preserved value for SGH. Subsequent to the acquisition, SGH Energy terminated the Longtom sales agreement with Santos, advancing the potential to better participate in the expected Australia's East Coast gas market appreciation driven by demand for gas from the three LNG export facilities at Gladstone.

The Group's entry into the energy sector reflects a medium to long-term investment horizon. SGH Energy, the third operating pillar for the Group, with a portfolio of oil and gas interests and a mix of both production and development assets, is a platform to increase future shareholder returns in the medium-term.

Capital Management

In December 2014, SGH completed an on-market share buy-back of 11.9 million shares or 3.86 per cent of the issued shares as part of the Group's ongoing capital management strategy at a total cost of $84.4 million, $40.3 million of which was incurred in FY15. In February 2015, the Group announced a further buy-back of up to 17.7 million shares which is estimated to be completed by March 2016 subject to market conditions and trading volumes.

Dividend

Consistent with our proud history of paying stable dividends, SGH declared a final dividend of 20 cents per share fully-franked, taking the total dividend on ordinary shares for FY15 to 40 cents per share fully franked, unchanged from the previous year.

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. However, Australia has entered the production phase of the commodity growth cycle and this presents significant long-term opportunities. Seven West Media sees the advertising market having low single digit growth in television, an improvement in trend for magazines and newspapers is to continue current trend. The company should benefit from the broadcast of the Olympic Games and is targeting leadership in audiences.

The Group's outlook varies by markets. WesTrac Australia will benefit from maintenance opportunities as record tonnage continues to be mined. Product sales are anticipated to be weaker over the next twelve months. WesTrac China is anticipated to benefit from a shift in demand from construction to power generation. Coates Hire will be impacted by sustained weakness in mining infrastructure markets which will be partly offset by increased infrastructure demand in NSW.

Overall, we remain cautious about the current business environment and anticipate that underlying EBIT in FY16 will be 10 per cent down on the current year, 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.

Media Contacts:
Seven Group Holdings - Simon Francis +61 2 8777 7162
Cannings Corporate Communications - Michael Mullane +61 414 590 296