

22 August 2017

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 2017.

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 2017

## RESULTS FOR ANNOUNCEMENT TO THE MARKET

REPORTED				\$m
<b>Revenue from ordinary activities</b>				
From continuing operations	up	2.0%	to	2,282.3
From discontinued operations	up	0.3%	to	602.4
<b>Net profit from ordinary activities after tax attributable to members</b>	down	77.4%	to	44.5
<b>Net profit for the year attributable to members</b>	down	77.4%	to	44.5

UNDERLYING				\$m
<b>Revenue from ordinary activities</b>				
From continuing operations	up	2.0%	to	2,282.3
From discontinued operations	up	0.3%	to	602.4
<b>Net profit before net finance expense and tax</b>				
From continuing operations	up	9.5%	to	297.2
From discontinued operations	up	15.3%	to	36.1
<b>Net profit from ordinary activities after tax attributable to members excluding significant items</b>	up	16.6%	to	213.7
<b>Net profit for the year attributable to members excluding significant items</b>	up	16.6%	to	213.7

	Amount per security	Franked amount per security
<b>Dividends</b>		
<b>Ordinary shares</b>		
Interim	20 cents	20 cents
Final	21 cents	21 cents

**Record date for determining entitlements to the ordinary dividend** 5.00pm on Thursday 14 September 2017

**Date final dividend is payable** 6 October 2017

### Transferable Extendable Listed Yield Shares (TELYS4)

Final (paid 30 November 2016)	\$2.4093	\$2.4093
Interim (paid 31 May 2017)	\$2.3595	\$2.3595

### Commentary on results

A detailed commentary on the results for the year is contained in the Operating and Financial Review section of the accompanying 2017 Annual Report.

### Net tangible asset backing

Net tangible asset backing per ordinary share: \$5.44 (2016: \$5.45). 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 2017.

### Discontinued operations

At 30 June 2017, the Group has classified its investment in WesTrac China as an asset held for sale as the Group has definitively committed on a plan to dispose of the operations. The operations are disclosed as the WesTrac China segment. Furthermore, as the WesTrac China segment represents the Group's sole direct geographical exposure to China, the results of WesTrac China have been presented as discontinued operations.

### 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 2017

## RESULTS FOR ANNOUNCEMENT TO THE MARKET UNDERLYING TRADING PERFORMANCE

	Underlying trading performance <sup>(a)</sup>			Less: Significant items <sup>(b)</sup>			Statutory results (as reported)		
	Cont. \$m	Discont. \$m	Total \$m	Cont. \$m	Discont. \$m	Total \$m	Cont. \$m	Discont. \$m	Total \$m
<b>Year ended 30 June 2017</b>									
Revenue	2,282.3	602.4	2,884.7	-	-	-	2,282.3	602.4	2,884.7
Other income	51.7	4.2	55.9	(4.4)	-	(4.4)	56.1	4.2	60.3
Share of results from equity accounted investees	121.0	-	121.0	303.3	-	303.3	(182.3)	-	(182.3)
Impairment reversal/(impairment) of equity accounted investees	-	-	-	(128.4)	-	(128.4)	128.4	-	128.4
Fair value movement of derivatives	-	-	-	(1.9)	(2.1)	(4.0)	1.9	2.1	4.0
Expenses excluding depreciation and amortisation	(2,127.3)	(567.4)	(2,694.7)	8.8	-	8.8	(2,136.1)	(567.4)	(2,703.5)
<b>Profit before depreciation, amortisation, net finance costs and tax</b>	<b>327.7</b>	<b>39.2</b>	<b>366.9</b>	<b>177.4</b>	<b>(2.1)</b>	<b>175.3</b>	<b>150.3</b>	<b>41.3</b>	<b>191.6</b>
Depreciation and amortisation	(30.5)	(3.1)	(33.6)	-	-	-	(30.5)	(3.1)	(33.6)
<b>Profit before net finance costs and income tax</b>	<b>297.2</b>	<b>36.1</b>	<b>333.3</b>	<b>177.4</b>	<b>(2.1)</b>	<b>175.3</b>	<b>119.8</b>	<b>38.2</b>	<b>158.0</b>
Net finance expense	(81.3)	(2.2)	(83.5)	(4.8)	-	(4.8)	(76.5)	(2.2)	(78.7)
<b>Profit before income tax</b>	<b>215.9</b>	<b>33.9</b>	<b>249.8</b>	<b>172.6</b>	<b>(2.1)</b>	<b>170.5</b>	<b>43.3</b>	<b>36.0</b>	<b>79.3</b>
Income tax expense	(28.8)	(5.6)	(34.4)	(1.9)	0.6	(1.3)	(26.9)	(6.2)	(33.1)
<b>Profit for the year</b>	<b>187.1</b>	<b>28.3</b>	<b>215.4</b>	<b>170.7</b>	<b>(1.5)</b>	<b>169.2</b>	<b>16.4</b>	<b>29.8</b>	<b>46.2</b>
<b>Profit for the year attributable to:</b>									
Equity holders of the Company	185.2	28.5	213.7	170.7	(1.5)	169.2	14.5	30.0	44.5
Non-controlling interest	1.9	(0.2)	1.7	-	-	-	1.9	(0.2)	1.7
<b>Profit for the year</b>	<b>187.1</b>	<b>28.3</b>	<b>215.4</b>	<b>170.7</b>	<b>(1.5)</b>	<b>169.2</b>	<b>16.4</b>	<b>29.8</b>	<b>46.2</b>
<b>Year ended 30 June 2016</b>									
Revenue	2,237.2	600.5	2,837.7	-	-	-	2,237.2	600.5	2,837.7
Other income	69.5	6.7	76.2	(17.2)	-	(17.2)	86.7	6.7	93.4
Share of results from equity accounted investees	90.0	-	90.0	(1.0)	-	(1.0)	91.0	-	91.0
Impairment reversal/(impairment) of equity accounted investees	-	-	-	0.4	-	0.4	(0.4)	-	(0.4)
Fair value movement of derivatives	-	-	-	(4.2)	(1.0)	(5.2)	4.2	1.0	5.2
Expenses excluding depreciation and amortisation	(2,092.1)	(571.0)	(2,663.1)	17.1	2.5	19.6	(2,109.2)	(573.5)	(2,682.7)
<b>Profit before depreciation, amortisation, net finance costs and tax</b>	<b>304.6</b>	<b>36.2</b>	<b>340.8</b>	<b>(4.9)</b>	<b>1.5</b>	<b>(3.4)</b>	<b>309.5</b>	<b>34.7</b>	<b>344.2</b>
Depreciation and amortisation	(33.1)	(4.9)	(38.0)	-	-	-	(33.1)	(4.9)	(38.0)
<b>Profit before net finance costs and income tax</b>	<b>271.5</b>	<b>31.3</b>	<b>302.8</b>	<b>(4.9)</b>	<b>1.5</b>	<b>(3.4)</b>	<b>276.4</b>	<b>29.8</b>	<b>306.2</b>
Net finance expense	(85.7)	(3.5)	(89.2)	-	-	-	(85.7)	(3.5)	(89.2)
<b>Profit before income tax</b>	<b>185.8</b>	<b>27.8</b>	<b>213.6</b>	<b>(4.9)</b>	<b>1.5</b>	<b>(3.4)</b>	<b>190.7</b>	<b>26.3</b>	<b>217.0</b>
Income tax expense	(16.4)	(13.0)	(29.4)	(9.7)	(0.5)	(10.2)	(6.7)	(12.5)	(19.2)
<b>Profit for the year</b>	<b>169.4</b>	<b>14.8</b>	<b>184.2</b>	<b>(14.6)</b>	<b>1.0</b>	<b>(13.6)</b>	<b>184.0</b>	<b>13.8</b>	<b>197.8</b>
<b>Profit for the year attributable to:</b>									
Equity holders of the Company	167.9	15.3	183.2	(14.6)	1.0	(13.6)	182.5	14.3	196.8
Non-controlling interest	1.5	(0.5)	1.0	-	-	-	1.5	(0.5)	1.0
<b>Profit for the year</b>	<b>169.4</b>	<b>14.8</b>	<b>184.2</b>	<b>(14.6)</b>	<b>1.0</b>	<b>(13.6)</b>	<b>184.0</b>	<b>13.8</b>	<b>197.8</b>

(a) 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.

(b) Detailed information regarding the composition of significant items is provided in Note 3 of the 2017 Annual Report.

Refer to Consolidated Statement of Profit or Loss and Other Comprehensive Income for information on individual reported components above.

22 August 2017

## Seven Group Holdings (“SGH”) delivers solid FY2017 Results

- Underlying earnings before interest and tax (“EBIT”) of \$333.3 million, up 10% on prior comparative period (“pcp”) and at the upper end of guidance
- Underlying earnings per share (“EPS”) up 20%, reflecting strong operational performance and capital management
- Result reflects the benefit of a diversified portfolio of investments with core demand from the mining production cycle and continued East coast infrastructure investment driving strong underlying performance
- Sale of WesTrac China crystallises value at the right time in the cycle and facilitates reallocation of ~\$540 million of capital
- Final Dividend increased to 21c per share reflecting confidence in outlook
- Guidance for FY18 underlying EBIT to be up 5-10% on FY17 on a continuing operations basis

Financial results (\$m)	Results for year ended 30 June 2017	Results for year ended 30 June 2016	% Change
Trading revenue	2,884.7	2,837.7	2%
Underlying EBITDA	366.9	340.8	8%
Underlying EBIT	333.3	302.8	10%
Underlying profit before tax	249.8	213.6	17%
Underlying profit after tax	215.4	184.2	17%
Underlying EPS (\$)	0.67	0.56	20%
Statutory profit before tax	79.3	217.0	(63%)
Statutory profit after tax	46.2	197.8	(23%)
Statutory EPS (\$)	0.07	0.60	(88%)
Final fully-franked dividend per ordinary share (cps)	21c	20c	5%

Note: The table above reflects the results of continuing and discontinued operations to aid comparison with FY16. 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 statutory and underlying results.

Commenting on the results, Ryan Stokes, Managing Director and Chief Executive Officer of SGH said:

*“We report underlying EBIT at the upper end of the revised guidance range, with the result demonstrating the strength of our industrial services and energy businesses.*

*Previous cost out and capital management strategies together with the strength of the recurrent product support revenue streams in WesTrac have aided in the delivery of a 20% growth in underlying earnings per share. The focus has progressed from cutting costs and restructuring to our people effectively delivering compelling customer solutions with technology and our capabilities in service and support.*

*Our drive to improve operational performance has not just focused on systems and technology – our people continue to enable our businesses to provide the best products and solutions; safety is paramount and we have made significant improvements with LTIFR and TRIFR down across WesTrac, Coates Hire and AllightSykes. We continue to embed a positive safety culture supported by the provision of safety leadership training at all levels.”*

**WesTrac**



**SGH** | Energy

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**Seven Group Holdings (ASX:SVW)** has today reported a 10 per cent increase in underlying EBIT to \$333.3 million, driven by ongoing improvements in its industrial services businesses, WesTrac and Coates Hire.

The result, which is at the upper end of guidance range, reflects the core demand of the mining production cycle and strong activity in east coast infrastructure, as well as a solid combination from the Group's investment in Beach Energy.

Our operating businesses continue to benefit from the Group's focus on margins, overheads and cash conversion, resulting in an increase in the final dividend to 21 cents per share.

Underlying NPAT of \$215.4 million represents a 17 per cent increase on the prior financial year. The Statutory NPAT result of \$46.2 million reflects the impact of significant items. Underlying EPS was \$0.67, up 20 per cent on the prior year.

SGH's portfolio continues to generate strong cash flows, with free cash flow per share up 3c to 96 cents per share and continuing the growth of the past three years.

### **Operating Result<sup>1</sup>**

In FY2017, WesTrac Australia captured the opportunity from the ongoing demand for parts and services created by a high level of mining production, with the business recording 10 per cent growth in parts market share. This demonstrates the strength of the CAT dealer model working through the cycle to be able to deliver value to our customers.

Product Support revenue grew 15 per cent off record parts volumes, as customers sought to ameliorate their maintenance backlog on an ageing fleet. WesTrac Australia anticipates that ageing equipment will need to be replaced as iron ore and coal prices support investment in the mining sector. There have been early signs of fleet replacement occurring in the second half of the financial year with an increase in forward orders and extended factory lead times starting to emerge.

Coates Hire recorded a strong turnaround in profitability benefitting from the fleet deployment and branch rationalisation in the previous year to take advantage of the buoyant East coast infrastructure market. Coates Hire has benefited from a reinvigorated management team, focused on fleet relocation, price realisation and branch rationalisation initiatives, delivering an increase in margin.

In Energy, SGH benefitted from the strong production and cost management effort at Beach Energy which has successfully maintained both production and reserves. They are targeting greater than 10MMboe annual production out to FY20 coupled with greater than 100 per cent 2P reserves replacement.

### **Sale of WesTrac China**

On 1 July 2017, SGH formalised an agreement to sell WesTrac China to Lei Shing Hong Machinery ("LSHM") for approximately \$540 million, subject to purchase price adjustments and China regulatory approval. In considering its position, the Board considered that the interests of shareholders would be best served by monetising the underlying value of this business and recycling the capital into activities where the Group can generate a cost of capital return.

The Group's balance sheet strength and financial flexibility will be significantly enhanced following the transaction, enabling future growth in shareholder value through earnings accretive acquisitions and capital management initiatives. The transaction is expected to complete in September 2017, subject to the receipt of China regulatory approval.

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<sup>1</sup> 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 Annual Report.

## Significant Items

SGH's statutory result has been materially impacted by significant items during the year. Underlying numbers have been provided to allow a meaningful comparison of year on year operating performance. On an after-tax basis, significant items deliver a net loss of 169.2 million. Significant items include:

- SGH's proportionate net share of impairments taken by SWM (\$245.6 million);
- SGH's share of profits from the sale of Beach Energy's Egypt assets (\$58 million); and
- A distribution from an unlisted property trust following the sale of the commercial property in Pymont (\$18.8 million).

## Balance Sheet

SGH's balance sheet is robust with net debt decreasing by \$59.4 million to \$1,308.1 million at the end of the financial year. The Group has cash and available undrawn debt facilities totalling \$982.5 million, with 60 per cent of the Group's drawn debt is fixed with an average remaining tenure of 5.0 years.

As previously advised, the sale of WesTrac China will realise approximately \$540 million which will be applied to investment opportunities and to further strengthen the Group's capital position.

## Dividend

A final ordinary dividend of 21 cents per share fully-franked has been declared, up 5 per cent on the prior comparative period, taking the total dividend on ordinary shares for the 2017 financial year to 41 cents per share fully-franked.

## Strategy

The Group's strategy has been consistent around core themes:

- Compete aggressively for market share and opportunities in each of the areas we operate;
- Support and collaborate with our customers to provide the best solutions;
- Disciplined approach to capital allocation to enhance value creation; and
- Focus on cost and driving efficiencies across all of our businesses.

As a result of relentless focus on this strategy, SGH has delivered ordinary shareholder returns of 93.8 per cent for FY17 and 23.8 per cent over three years.

Ryan Stokes said: *"Our strategy of maintaining an unwavering focus on our customers and driving margin, cost control and cash generation is paying dividends, particularly as our core industrial and energy businesses benefit from improvements in the resource and infrastructure sectors."*

## Outlook

The pending sale of WesTrac's operations in China will enhance the Group's balance sheet strength and provide the Group with further flexibility to consider value accretive acquisitions in FY18.

Taking into account the above factors, the Group anticipates FY18 underlying EBIT to be up 5 to 10 per cent on the current year on a continuing operations basis.

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**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 in Australia. WesTrac is one of Caterpillar's top dealers globally (by sales value). SGH also owns AllightSykes, a supplier of lighting towers, generators and pumps, and has a 47% shareholding in Coates Hire, Australia's largest equipment hire business. In media, SGH has a 41% shareholding in Seven West Media, Australia's largest multiple platform media company, including the Seven Network, The West, Pacific and Yahoo7. The Group also has a 23% shareholding in Beach Energy and has interests in oil and gas projects in Australia and the United States.

### 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.