

SGH | Industrial Services, Media,
Energy and Investments

Focus on execution

Results for the year ended
30 June 2018

22 August 2018

Disclaimer

Basis of Preparation of Slides

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Non-IFRS Financial Information

- ▶ SGH results comply with International Financial Reporting Standards (“IFRS”). The underlying segment performance is presented in Note 2 to the financial statements for the period and excludes Significant Items comprising impairment of equity accounted investees, investments and non-current assets, fair value movement of derivatives, net gains on sale of investments and equity accounted investees, restructuring and redundancy costs, share of results from equity accounted investees attributable to Significant Items, loss on sale of investments and derivative financial instruments, acquisition transaction costs, significant items in other income, remeasurement of tax exposures and unusual tax expense impacts. Significant Items are detailed in Note 3 to the financial statements and Slide 12 of this presentation.
- ▶ This presentation 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 the business, make decisions on the allocation of resources and assess operational management. Non-IFRS measures have not been subject to audit or review.
- ▶ This presentation includes references to continuing and discontinued operations. Profit and cash flow from discontinued operations are detailed in Note 32 to the financial statements.



Group

Overview

Ryan Stokes
Chief Executive Officer & Managing Director

Group People, Safety and Culture

Committed to health, safety and welfare of staff

- ▶ Workplace health and safety is the collective responsibility of all the Group's ~5,400 direct employees
- ▶ Safety reporting and performance are a key focus of the Group and have improved in some operations, but overall our results need to improve
 - Shift from incident reporting and compliance mindset to genuine supervisory / managerial ownership
 - Transition from Life Saving Rules to Life Saving Commitments, emphasising the ownership of safety by all individuals in the workplace
 - Standardised safety objectives across the Group and safety cultural change programs launched in WesTrac and Coates Hire

Renewed focus on people and culture initiatives

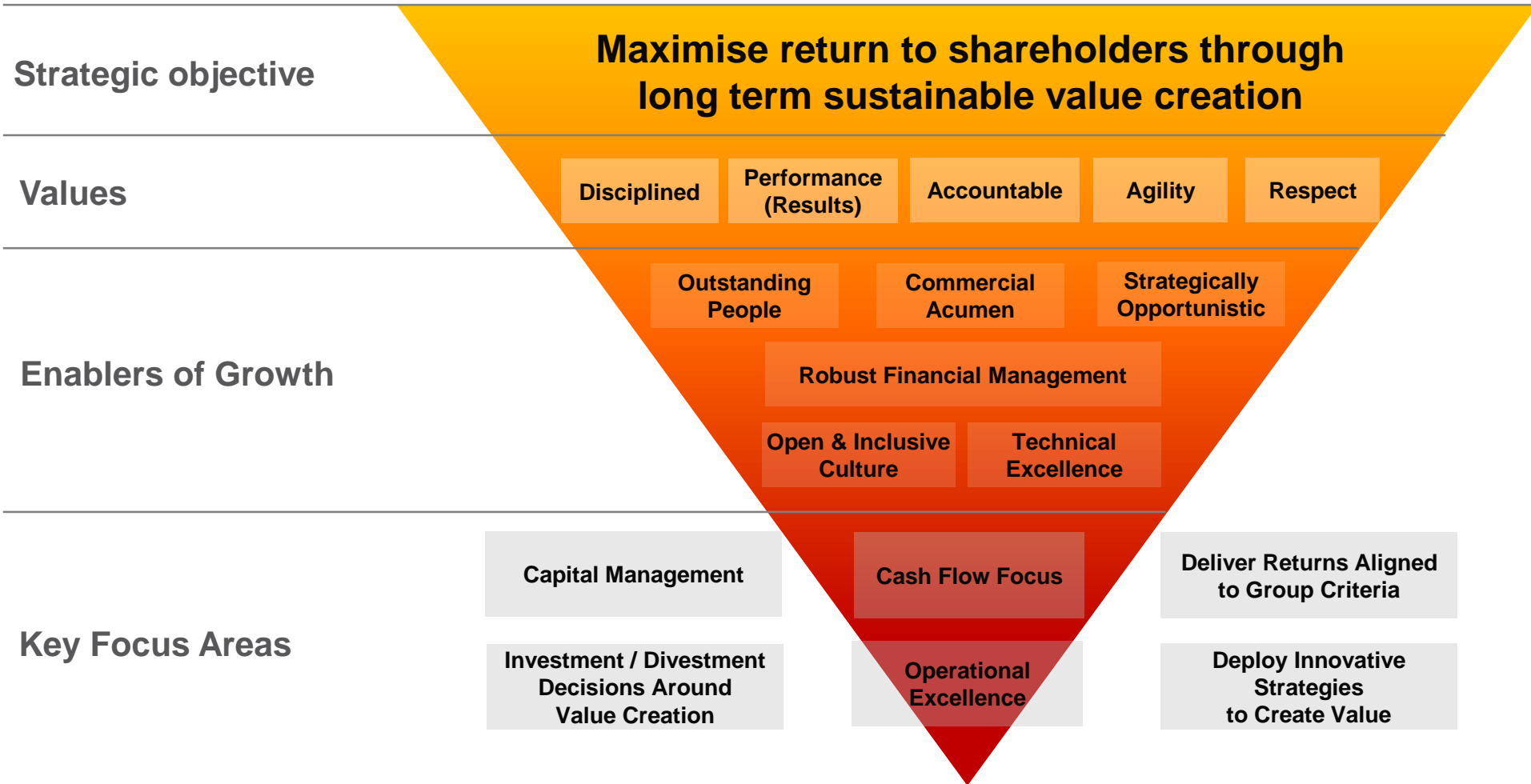
- ▶ Group values collectively developed and cascaded across the businesses, providing shared understanding of values, enablers and strategic people initiatives and priorities
- ▶ Committed to fostering a high performance culture that is focused on building strong leadership capability
- ▶ Building a culture that continues to leverage diversity to create an open, engaged and inclusive workforce



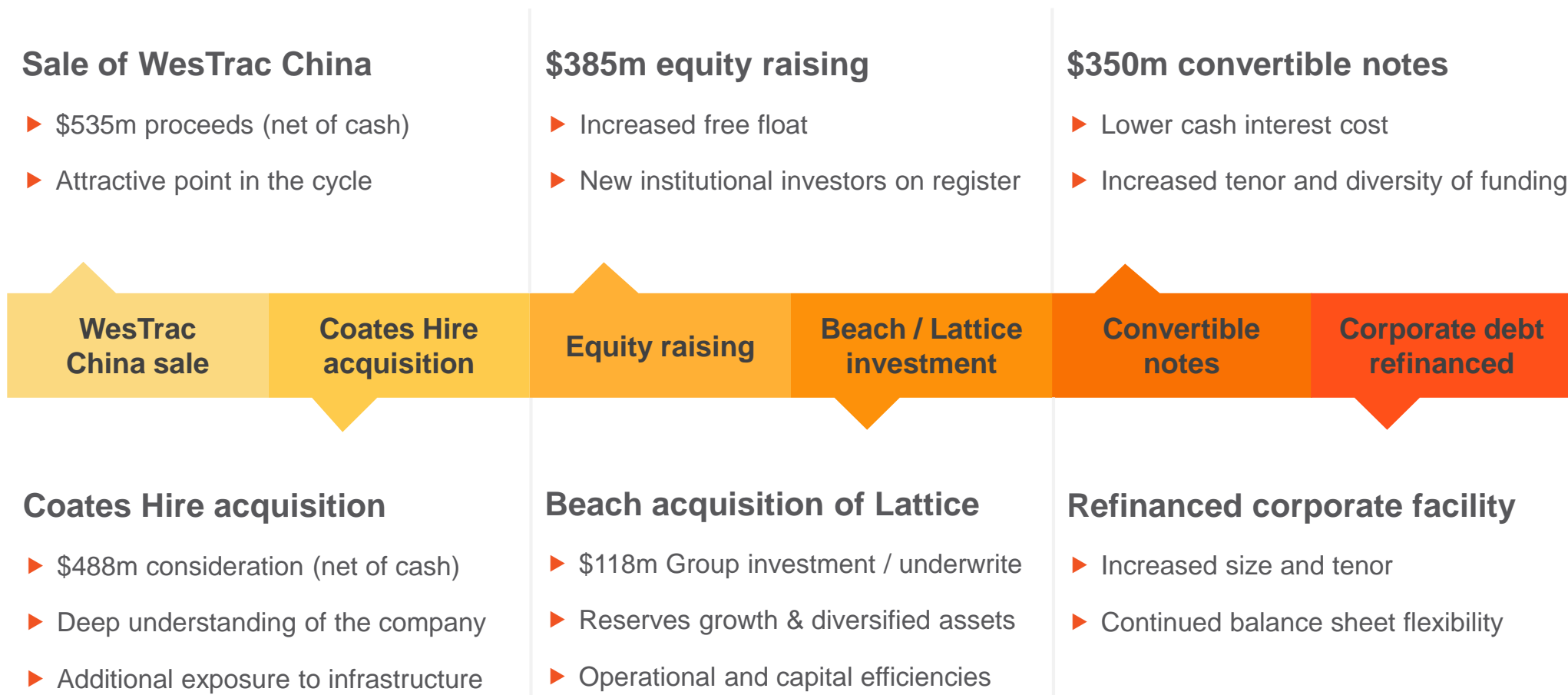
WesTrac | Mt Whaleback (WA) | BHPIO Safety Award Winners

	LTIFR		TRIFR	
	FY18	FY17	FY18	FY17
WesTrac WA	2.5	1.2	10.6	9.8
WesTrac NSW	0.4	1.3	10.1	7.6
Coates Hire	2.3	1.7	19.6	21.3
AllightSykes	0.0	0.0	7.7	2.9
SGH Energy	0.0	0.0	0.0	0.0
Group Total	1.9	1.4	14.0	14.0

Group Strategic Framework



Group Timeline



Group Businesses

Industrial Services



#1 equipment solution company
in WA and NSW / ACT

coateshire

Largest equipment hire
company in Australia

ALLIGHTSYKES

\$3.9bn segment assets

Energy



Australia's leading mid-cap oil and
gas producer

\$1,019m investment value



Leveraged to East Coast
gas demand

\$443m segment assets



Australia's largest diversified media
company

\$517m investment value

Listed Portfolio

\$329m investment
value

Other Media
Investments

Property Portfolio

Industrial Services: Equipment solutions leveraged to growth in mining production and infrastructure investment

Energy: Diversified energy assets leveraged to growing East Coast gas demand and other domestic opportunities

Media: Diversified media with leading content and dominant TV ratings in Australia

Other media: Offshore media investments

Listed portfolio: High yield and liquid investments

Property portfolio: Legacy property assets

Group Highlights

Momentum continues in key sectors

- ▶ Significant year of growth and transformation for the Group
- ▶ Strong operational and financial results delivered by WesTrac, Coates Hire, Beach Energy and Seven West Media
- ▶ Group underlying EBIT growth of 67% to \$497m; 32% growth on FY17 pro-forma EBIT – ahead of 20-25% guidance range provided in May
- ▶ Structure of the Group optimised to capture the strength in mining production, infrastructure investment and domestic gas demand

High level of activity in WesTrac and Coates Hire

- ▶ Mining demand remains strong and resurgence seen in construction, driving WesTrac EBIT growth of 23%
- ▶ WesTrac shipped 5.7m parts lines, up 25% YoY, and operating cash flow is allowing reinvestment in parts inventory and equipment to meet the expected demand
- ▶ Coates Hire time utilisation of 57.9%, up from 57.2% in prior year, while average hire value increased by 16%
- ▶ Coates Hire EBIT increased by 21% on revenue growth of 7%, reflecting the operating leverage in the business

Focus on long term sustainable value creation

- ▶ Business-led transformation across the Group enabled by operating strength of the businesses, rationalisation of cost structures, embracing data and technology, and commitment of management and staff
- ▶ Proposal to convert TELYS4 shares to ordinary shares at \$92.50



Coates Hire | Hydraulic Shoring | Sydney

Group Key Financials

Underlying results (\$m) – continuing operations	FY18	FY17	% Change
Trading revenue	3,207.9	2,283.3	41%
Earnings before interest and tax ¹	496.9	297.2	67%
Underlying net profit after tax ¹	321.9	187.1	72%
Underlying earnings per share ¹	97 cents	57 cents	70%
Underlying EBITDA cash conversion ^{1,2}	54%	86%	(33)%
Statutory results (\$m) – continuing operations	FY18	FY17	
Trading revenue	3,207.9	2,283.3	41%
Earnings before interest and tax	570.4	119.8	>100%
Underlying net profit after tax	405.2	16.4	>100%
Underlying earnings per share	124 cents	(3) cents	-
Final fully franked ordinary dividend	21 cents	21 cents	-

Notes:

1. Excluding Significant Items. Refer to slide 12 for listing of Significant Items
2. Refer to slide 14 for EBITDA cash flow conversion



Financials

Year ended 30 June 2018

Richard Richards
Chief Financial Officer

Financials Profit and Loss

\$m	FY18	FY17	Change %
Revenue	3,207.9	2,283.3	41%
Other income	65.1	51.7	26%
Share of results from equity accounted investees	144.1	121.0	19%
Trading revenue and other income	3,417.1	2,455.0	39%
Expenses (excl. depreciation, amortisation and interest)	(2,774.4)	(2,127.3)	30%
Underlying EBITDA	642.7	327.7	96%
Depreciation and amortisation	(145.8)	(30.5)	>100%
Underlying EBIT	496.9	297.2	67%
Net finance costs	(101.7)	(81.3)	25%
Underlying net profit before tax	395.2	215.9	83%
Underlying tax expense	(73.3)	(28.8)	>100%
Underlying NPAT from continuing operations	321.9	187.1	72%
NPAT from discontinued operations	10.4	28.3	(63)%
Significant Items (incl. tax impact)	83.3	(169.2)	n/a
Statutory NPAT including discontinued operations	415.6	46.2	>100%
Profit attributable to shareholders of SGH	413.9	44.5	>100%

Financials Significant Items

\$m	FY18	FY17
Gain on sale of assets and derivatives	78.8	1.9
Impairment reversal – SWM equity	28.6	128.4
Revaluation of equity interest – Coates Hire	14.5	-
Mark-to-market of derivatives	4.0	1.9
Impairment – S3 Program costs	(29.2)	-
Share of Significant Items from equity accounted investees	(17.4)	(303.3)
Impairment – other non-current assets	(11.3)	-
Restructuring and other costs	(1.8)	(4.8)
Other items	7.3	2.5
Significant items – EBIT	73.5	(175.3)
Net finance income	-	4.8
Tax benefit relating to Significant Items	9.8	1.3
Significant items – NPAT	83.3	(169.2)
Statutory NPAT	405.2	46.2
NPAT excluding Significant Items	321.9	215.4

Financials Earnings Summary

\$m	Continuing Operations								Discontinued
	Total Group	WesTrac Aus	Coates Hire	Allight Sykes	Energy	Media	Investments	Other	WesTrac China
Trading revenue	3,207.9	2,452.2	649.8	91.2	5.9	-	8.8	-	189.9
Statutory EBIT	570.4	174.0	144.2	2.9	49.2	97.5	40.4	62.2	17.2
Add unfavourable significant items									
Impairment – other non-current assets	40.5	29.2	-	-	5.7	0.6	5.0	-	-
Share of associate significant items	20.0	-	-	-	16.9	3.1	-	-	-
Restructuring and other costs	1.5	-	1.4	0.1	-	-	-	0.3	-
Mark-to-market on derivatives	1.1	-	0.9	-	-	-	-	0.2	-
Subtract favourable significant items									
Gain on sale of assets and derivatives	(78.8)	-	-	-	-	-	(4.2)	(74.6)	-
Impairment reversal – SWM equity	(28.6)	-	-	-	-	(28.6)	-	-	-
Revaluation of equity interest – Coates Hire	(14.5)	-	(14.5)	-	-	-	-	-	-
Mark-to-market on derivatives	(5.1)	(0.5)	-	-	-	-	(0.8)	(3.8)	-
Share of associate significant items	(2.6)	-	(2.6)	-	-	-	-	-	-
Other	(7.3)	-	-	-	-	-	(7.3)	-	-
Total significant items – EBIT	(73.5)	28.7	(14.8)	0.1	22.6	(24.9)	(7.3)	(77.9)	-
Underlying EBIT – FY18	496.9	202.7	129.4	3.0	71.8	72.6	33.1	(15.7)	17.2
Underlying EBIT – FY17	297.2	164.3	24.7	(3.1)	25.7	69.7	36.7	(20.8)	36.1

Financials Cash Flow

\$m	FY18	FY17
Underlying EBIT	496.9	333.3
Add: depreciation and amortisation	145.8	33.6
Underlying EBITDA	642.7	366.9
Operating cash flow	253.1	295.8
Add: interest and other costs of finance paid	83.4	71.8
Net income taxes paid / (refunded)	8.3	13.2
Add back: restructuring costs	1.8	4.8
(Less) / Add: other cash Significant Items	-	(32.8)
Underlying operating cash flow	346.6	352.8
Underlying EBITDA cash conversion (continuing operations only)	54%	86%
Operating cash flow	253.1	295.8
Investing cash flow	(216.1)	(25.5)
Financing cash flow	(102.1)	(379.9)
Net (decrease) / increase in cash and cash equivalents	(65.1)	(109.6)
Opening net debt	1,308.1	1,367.5
Movement in net debt	728.0	(59.4)
Closing net debt	2,036.1	1,308.1

► Cash conversion lower than in recent years given:

- WesTrac's investment in new machines and components to support future demand
- Greater proportion of non-cash earnings from equity-accounted investees

► Investment cash flow includes:

- \$488m Coates Hire acquisition (net of cash)
- \$118m Beach Energy investment
- \$107m Coates Hire capex (net)
- \$35m WesTrac capex
- \$23m in offshore media investments (net)
- \$8m energy and other capex

Offset by:

- \$535m WesTrac China sale proceeds
- \$17m sale of Prime Media interest
- \$10m in net sales from listed portfolio

► Financing cash flow includes:

- \$385m net proceeds from ordinary share issue
- \$345m net proceeds from convertible note issue
- \$150m in dividends paid
- \$682m in debt repayments (net)

Financials Balance Sheet

\$m	FY18	FY17	Change %
Trade and other receivables	585.8	341.1	72%
Inventories	828.6	654.7	27%
Net assets held for sale	2.4	543.4	(100)%
Investments	1,536.8	1,735.3	(11)%
Property, plant and equipment	835.6	159.9	423%
Oil and natural gas assets	441.8	436.1	1%
Intangible assets	1,617.7	456.7	254%
Other assets	29.6	14.0	111%
Trade and other payables	(427.7)	(289.5)	48%
Provisions	(221.7)	(154.7)	43%
Net tax assets / (liabilities)	(262.5)	(123.0)	113%
Deferred income	(113.5)	(100.3)	13%
Derivative financial instruments	18.5	59.3	(69)%
Net debt	(2,036.1)	(1,308.1)	56%
Total shareholders equity	2,835.3	2,425.2	17%

- ▶ Balance sheet movements include impact of Coates Hire consolidation, particularly the working capital line items and net debt
- ▶ Net assets held for sale reduced by sale of WesTrac China
- ▶ Investments reduced mainly by carrying value of Coates Hire equity accounted investment, partially offset by additional investment in Beach Energy
- ▶ Beach Energy is recorded at its equity accounted value of \$493m, significantly below market value of \$1,019m as at 30 June 2018
- ▶ Increase in intangible assets includes \$1,182m in goodwill on acquisition of Coates Hire and recognition of brand name
- ▶ Derivative financial instrument includes \$61m relating to the convertible notes embedded option
- ▶ Increase in shareholder equity includes SGH equity raising of \$385m

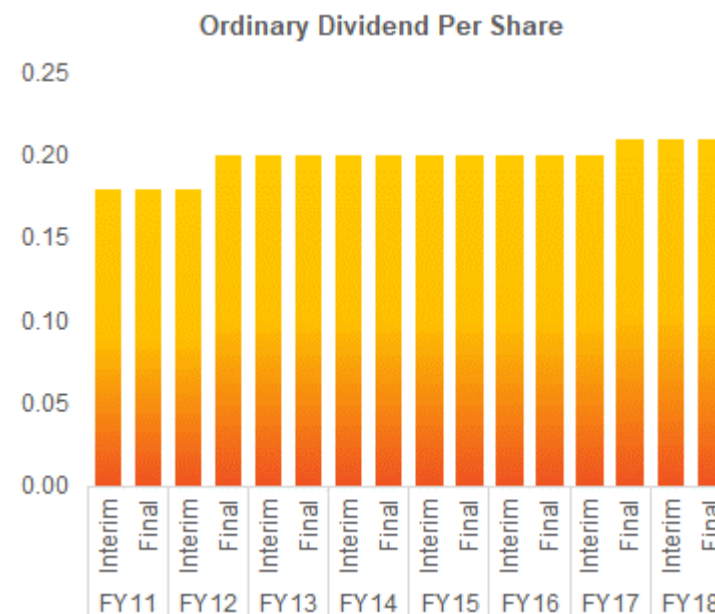
Financials Capital Management

Capital structure strengthened and diversified

- ▶ \$385m institutional placement completed in September 2017
 - Increased free float from 26% to 34% leading to improved quality and diversity of the institutional share register
 - 81% return on investment to participating retail and institutional holders
- ▶ \$350m convertible notes issued in February 2018
 - Reduction in Group's cash interest cost by capturing the margin differential of ~400 bps
 - Diversification away from bank facilities and increase in duration
- ▶ Proposal to convert TELYS4 to ordinary shares, subject to TELYS4 shareholder vote, at \$92.50 representing value for both sets of shareholders
- ▶ Refinance of corporate syndicated facility completed with upsize from \$900m to \$1.3bn and extended tenor of 3 and 5 year tranches

Investor relations

- ▶ Total shareholder return of 81%, ranked 2nd against ASX100 (ex financials) in past year, 5th over three years and 7th over five years
- ▶ Increase in analyst coverage as a result of free float and index weighting which is attracting institutional investor interest
- ▶ Confidence in management's capacity to identify opportunities and execute has removed the holdco discount in analyst valuations
- ▶ Focus on MSCI inclusion and targeting foreign investors



Financials TELYS4 Conversion

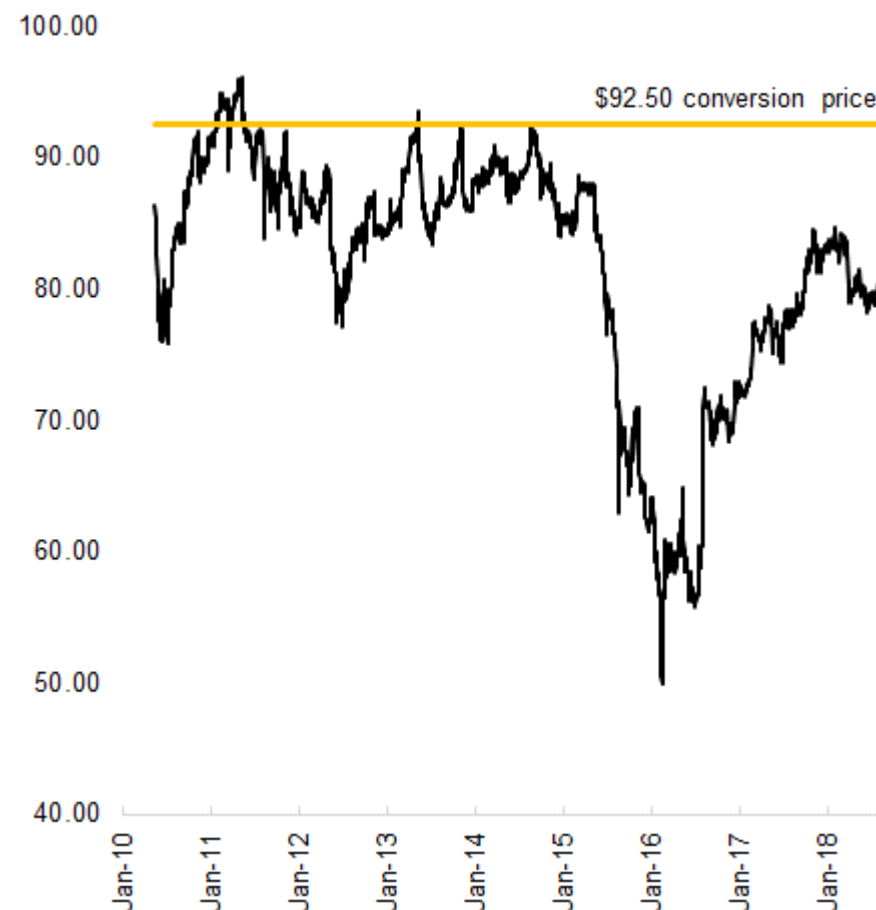
Proposal to convert at 15% premium to current TELYS4 price

- ▶ TELYS4 shares have not enjoyed the same market re-rating as ordinary shares
- ▶ Potential amendments to the franking system may limit the ability for SMSFs to obtain a cash refund for excess franking credits in future
- ▶ TELYS4 shareholders approached the Group to provide a potential liquidity event
- ▶ The Group has proposed an amendment to the terms of the TELYS4 shares, supported by an offer to convert to ordinary shares at \$92.50, or sell on market up to 50% of shares at a guaranteed value of \$88.00
 - Conversion price represents a 15% premium to last trading price
 - Subject to 75% of TELYS4 holders voting in favour of the proposed amendments

Value created for all shareholders

- ▶ TELYS4 shareholders receive a premium to current market value at a price not traded since 2014
- ▶ Independent Experts Report concludes: *“Conversion Proposal is in the best interests of TELYS4 Holders”*
- ▶ Both sets of shareholders benefit from EPS accretion
- ▶ Free float increased by up to 5%, increasing the index weighting for the ASX and potentially MSCI indices

TELYS4 Share Price Performance



Financials Debt Maturity Profile

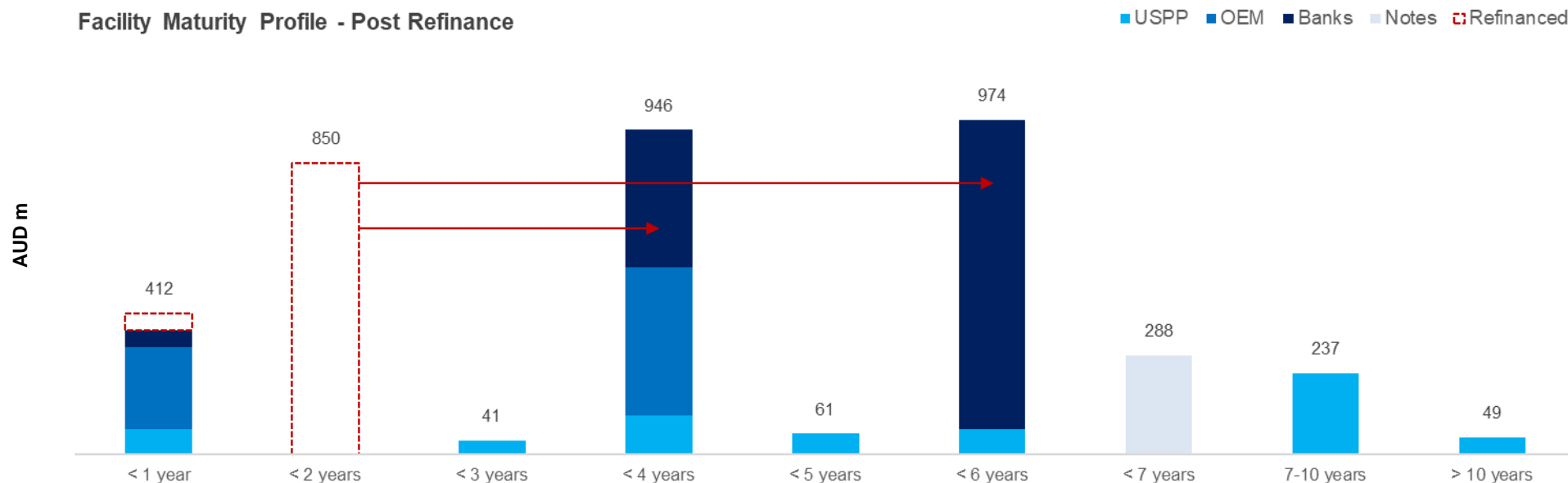
Balance sheet strength has enabled strategic initiatives

- ▶ As at 30 June 2018, the Group had \$411m of available undrawn borrowing facilities
- ▶ Facilities had a weighted average tenor of 3.4 years while drawn debt had an average tenor of 4.0 years
- ▶ Convertible notes provide diversification of funding base and lower cash interest costs
- ▶ Coates Hire legacy debt of \$1,034m fully repaid

Refinancing has further improved tenor and borrowing cost

- ▶ Corporate facility upsized from \$900m to \$1.3bn
- ▶ 3 year tranche of \$400m and 5 year tranche of \$900m, increasing facility tenor from 3.4 years to 4.4 years
- ▶ Improved pricing achieved, leveraging off the Group's:
 - Improved business performance and outlook
 - Consistent balance sheet strength
 - Ability to deliver on strategic initiatives

Facility Maturity Profile - Post Refinance



Financials Property and Listed Investments

Property impacted by slowdown in Perth market

- ▶ Early signs of recovery in Perth property market
 - Vacancy rates in the CBD have fallen but yet to translate to higher rentals
- ▶ 23 lots sold at the Dianella residential development compared to 13 in prior year

Realisation of investment portfolio over time

- ▶ Listed portfolio value of \$329m providing liquidity and attractive gross dividend yield
- ▶ FY18 movement of \$(157)m including mark-to-market of \$(147)m and net sales of \$(10)m
- ▶ Listed portfolio excludes Beach Energy investment which was transferred to the Energy segment as of 1 July 2015 at a value of \$364m
- ▶ Intention to divest the portfolio over time

\$m	FY18	FY17
Revenue	8.8	5.3
Other income	30.8	35.7
Share of associate NPAT	0.7	0.5
Total revenue and other income	40.3	41.5
Segment EBITDA	33.3	36.9
Segment EBIT	33.1	36.7
Fair value movement of listed portfolio recognised in reserves	(146.9)	(106.4)



WesTrac

Highlights

Ryan Stokes
Chief Executive Officer & Managing Director

Industrial Services WesTrac Highlights



Strategic objective and value proposition

- ▶ To be the customer's first choice in equipment solutions with zero harm safety culture and focus on growth and sustained profitability
 - Enable lower lifecycle equipment costs for customers
 - Deliver customer-focused equipment solutions for their needs
 - Provide market leading support integrated within customer operating models

Improved activity levels

- ▶ Strength in commodity prices is driving increased customer activity; high productivity levels required to deliver incremental volume
- ▶ Increasing fleet age profile and activity are driving product support
- ▶ Record 5.7m parts lines moved in WA and NSW in FY18, up 25%

Growth opportunities

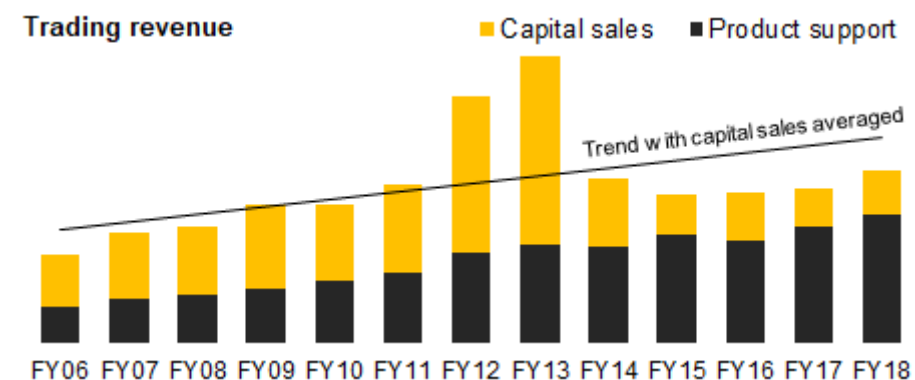
- ▶ New greenfield projects announced by major miners are close to commencement
- ▶ Indications of increased inquiry for fleet replacement as existing fleets continue to age
- ▶ Standardisation of jobs to drive efficiency gains and volume
- ▶ Deployment of technology and data analytics to further enhance value proposition for customers

Cat Equipment Utilisation	WA	NSW	Total
Machine population	20,051	22,195	42,246
Mining population	4,329	2,334	6,663
Utilised mining population	3,485	2,111	5,596
% mining utilisation	80.5%	90.4%	84.0%

Equipment Average Age (Years)

Machine population	14.9	14.3	14.6
Mining population	9.8	10.4	10.0
Utilised mining population	8.9	9.9	9.3
Idle mining population	13.2	15.8	13.7

Source: CAT OLGA as at 30 June 2018



Industrial Services WesTrac Financials



Growth in construction market complements mining demand

- ▶ Revenue growth of \$249m or 11% YoY including \$95m or 18% rise in capital sales and \$154m or 9% rise in product support
- ▶ Growth of 57% achieved in equipment sales to construction sector customers in WA and NSW/ACT
- ▶ Several large orders for used machines and aged inventory completed during the year
- ▶ New mining equipment sales remain below long-term average; however committed orders are accelerating, particularly given the extended CAT lead times globally

Product support demand continues to build

- ▶ Sales growth achieved in all major segments, particularly NSW mining, and positive impact seen from conversion to autonomy
- ▶ Reduction in the level of parked up mining fleet is contributing to parts demand along with customers needing to perform maintenance that has been deferred in prior years

Operating cost discipline and investment in working capital

- ▶ EBIT up 23% to \$203m; growth in non-labour operating costs limited to 2%; however skills shortage is impacting labour costs
- ▶ \$167m invested in inventory during the year to ensure WesTrac can meet the demand pipeline





Coates Hire

Highlights

Industrial Services Coates Hire Highlights



Strategic objective and value proposition

- ▶ To be the leading equipment solutions provider and help build a better future
 - Largest equipment hire business in Australia with footprint across >200 branches and a broad range of products, customers and end markets
 - Backed by a dedicated team of product specialists and engineers

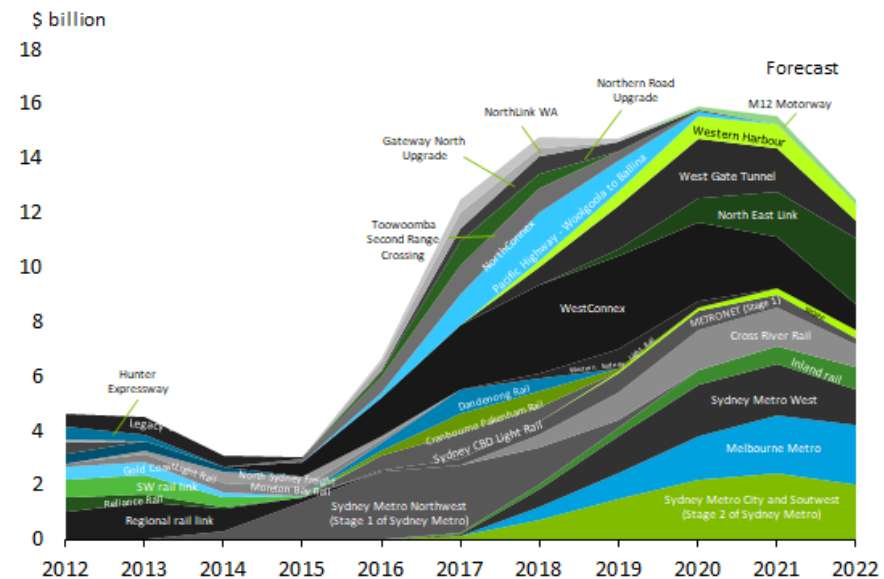
Strong growth in eastern states

- ▶ Direct exposure to East Coast infrastructure:
 - Underpinned by government spending and committed projects
 - Without taking on contractor risk
 - Rental penetration driven by asset-light contractors on major projects
- ▶ NSW and VIC/SA businesses continue to outperform; strong uplift in QLD; WA impacted by aggressive competitor pricing
- ▶ Improvement in rolling 12 month average time utilisation to 57.9%, up from 57.2% in prior year, and striving towards world's best practice

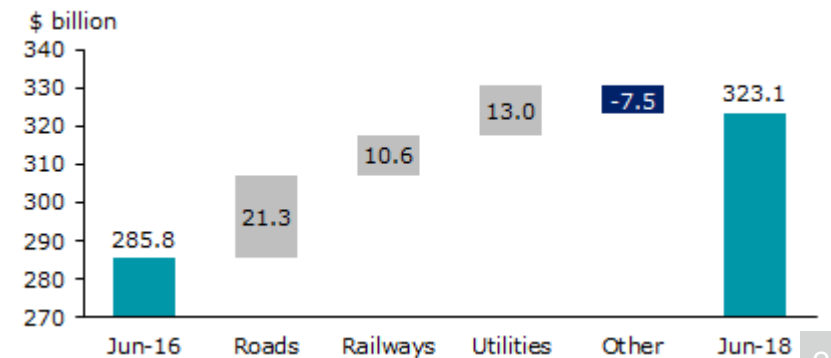
Strategic initiatives making an impact

- ▶ Growth in EBIT reflects the operating leverage achieved by the business
- ▶ Disciplined approach of management to drive operational excellence through data, fleet utilisation, transport optimisation and lower R&M costs
- ▶ Key business improvement initiatives to continue in FY19

Future value of major road and rail infrastructure projects



Infrastructure spend forecast has grown by \$37bn since 2016



Source: Deloitte Access Economics

Industrial Services Coates Hire Financials

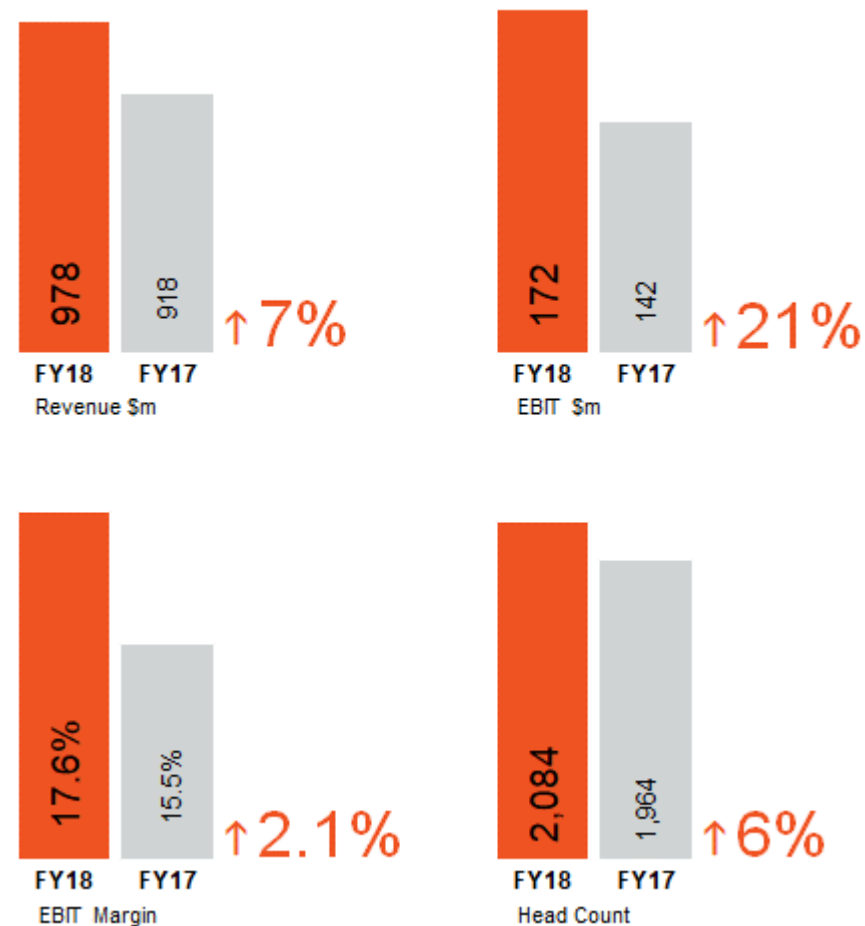


Strong operating results achieved

- ▶ Group revenue up 7% YoY, underlining the continued infrastructure activity levels in eastern states
- ▶ EBIT up 21% and EBIT margin improved by 2.1% to 17.6%
- ▶ All regions outperforming on revenue and margin improvement except for WA which makes up <15% of group revenue
- ▶ QLD revenue up 16% YoY; strong increase in gross margin achieved; EBIT improved by \$19m or 171%
- ▶ NSW revenue up 8% YoY; EBIT improved by \$15m or 19%
- ▶ VIC/SA revenue up 8% YoY; EBIT improved by \$9m or 20%
- ▶ WA revenue down 10% YoY; EBIT down by \$0.4m on pcp

Reinvesting in fleet to meet demand

- ▶ Capex of \$146m (net of disposals) in FY18 with orders currently in place for a further \$98m in fleet
- ▶ FY19 capex guidance of ~\$180m representing investment for the market opportunities seen ahead



Note: Coates Hire revenue and EBIT figures are shown on a 100% basis



AllightSykes

Highlights

Industrial Services AllightSykes

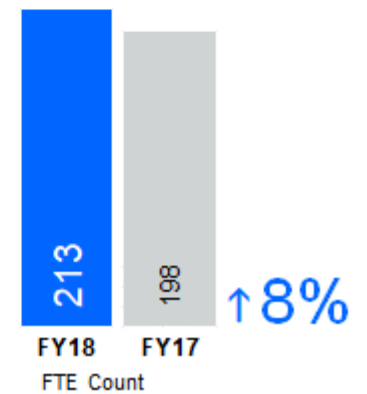
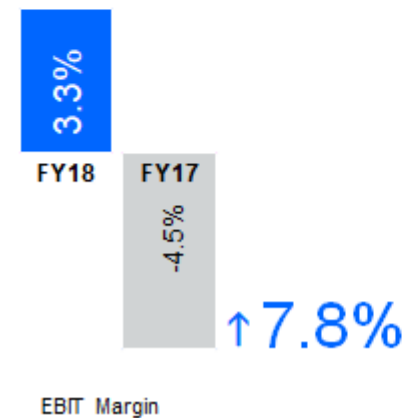
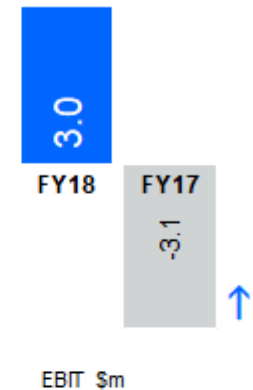
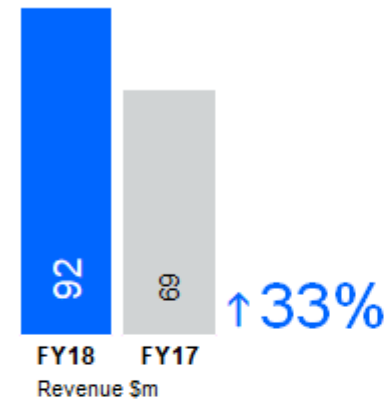
ALLIGHTSYKES

Strategic objective

- ▶ Provide product and service solutions that are competitive, reliable and backed by knowledge and experience to deliver sales growth and shareholder return

Turnaround achieved in business performance

- ▶ Improved domestic sales capability and marketing activity to take advantage of civil and infrastructure project growth
 - Revenue growth of 33% YoY driven by sales of towers and gensets along with hire revenue
- ▶ Consolidation of Parts and Service to a Customer Support model has enhanced the customer value proposition
- ▶ Focus on growing the mining business in US and Africa while consolidating distribution channels in other global markets
- ▶ Targeting further gains through improved global sourcing of lighting towers and generators





Energy

Highlights

Energy Highlights

Positive macroeconomic trend for energy

- ▶ Global economy is entering a period of higher growth and activity which has a positive correlation to demand for energy
- ▶ Australian east coast gas demand is robust while new supply is restricted; west coast gas contract repricing and industrial demand growth to materialise in coming years
- ▶ The Group is well positioned to benefit from the current trends in domestic and global energy markets, with key initiatives in both its direct and indirect investments in the sector:

Value creation through Beach investment

- ▶ The Group's investment concept of creating a leading mid-cap E&P company in Beach, given its strong operational capability and asset base, has materialised through the Lattice and Drillsearch acquisitions
- ▶ Ongoing focus on optimising value by ensuring management continue to deliver on strategic goals across its portfolio and maintaining low cost operations and cash flow generation

Other initiatives

- ▶ Crux: concept selection finalised as a backfill option that can enhance returns for existing infrastructure owners; work plan is progressing towards FEED and first gas anticipated in 2024/25
- ▶ Longtom: establishing a pathway to market and delivering 80 PJ to east coast gas users

\$m	FY18	FY17
Sale of gas and condensate	5.9	4.6
Other income	0.7	-
Beach share of associate NPAT	73.3	28.3
Total revenue	79.9	32.9
Segment EBITDA	73.8	27.8
Segment EBIT	71.8	25.7
Asset value as at 30 June 2018	Book Value	Market Value
Beach Energy	493	1,019
Crux	220	n/a
Bivins Ranch	108	n/a
Longtom	59	n/a

Energy Beach Investment



Lattice transaction ahead of plan and creating significant value

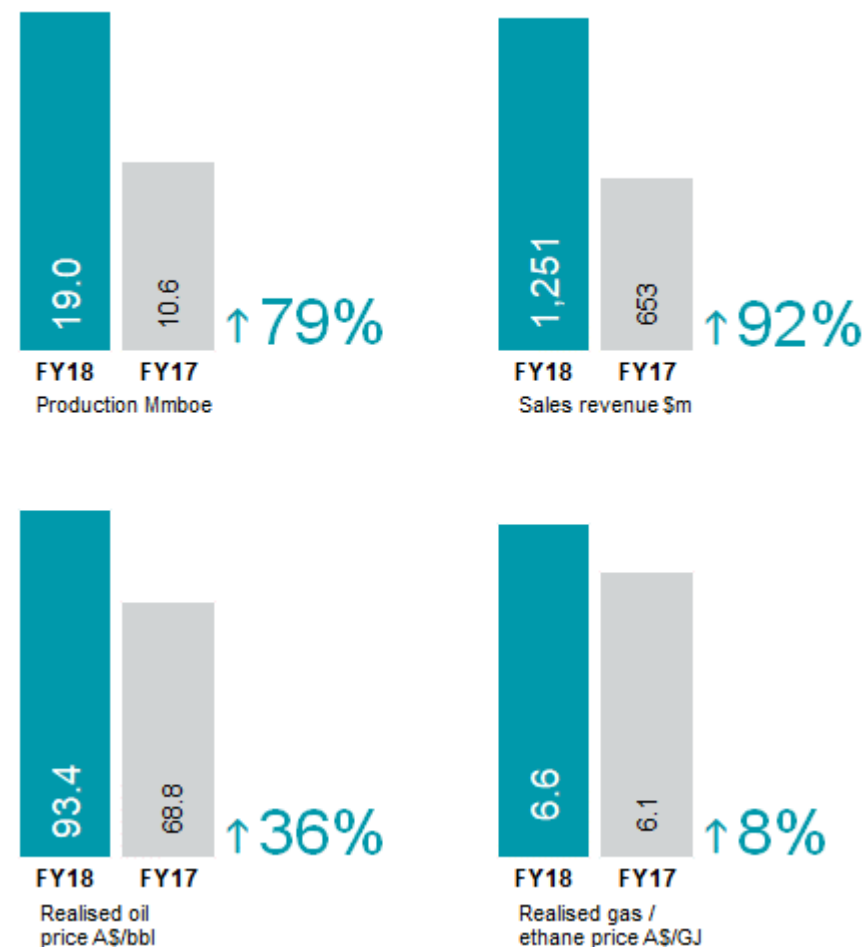
- ▶ Value created through Lattice with Beach as a low cost operator having balance sheet flexibility and capturing improved GSA pricing, reserves growth and ability to optimise capex, procurement, people and systems
- ▶ Debt reduction almost 12 months ahead of target reflecting strong free cash flow of \$350m, driven by Western Flank oil and Lattice assets
- ▶ Increased synergy of \$60m (pre-tax) per year on track for FY19

Strong operating performance

- ▶ 2P reserves increase of 320% in FY18 to 313 Mmboe and reserves life extended from 7 years to 11 years
- ▶ Production of 26.8 Mmboe (pro-forma) or 19.0 Mmboe (reported), combined with higher realised price to drive \$1.25bn in revenue
- ▶ Capex of \$288m below guidance due to cost reductions
- ▶ Demonstrated capacity of management to operate across five basins

Continuing to enhance the portfolio

- ▶ Transformational acquisition of Lattice Energy has provided reserves growth, exploration upside and synergy across all facets of the business
- ▶ Future upside on WA gas market re-pricing through 50% interest in Waitsia; development plans for Otway Basin and Kupe Phase 2 in progress along with plans to farm down 30% of Otway interests
- ▶ FY19 production guidance of 26 to 28 Mmboe and capex of \$460-540m





Media

Highlights

Media SWM Highlights

Guidance delivered and costs / leverage ahead of target

- ▶ Underlying EBIT of \$236m, at upper end of \$220-240m guidance
- ▶ Cost reductions ahead of guidance announced at AGM:
 - Group costs down \$22m exceeding target; delivered \$62m savings to more than offset AFL uplift and licence fees
 - Total cost reduction program on target to deliver \$125m savings
- ▶ Group net debt reduced below \$635m versus \$650m target

Ratings recovery while transforming the operating model

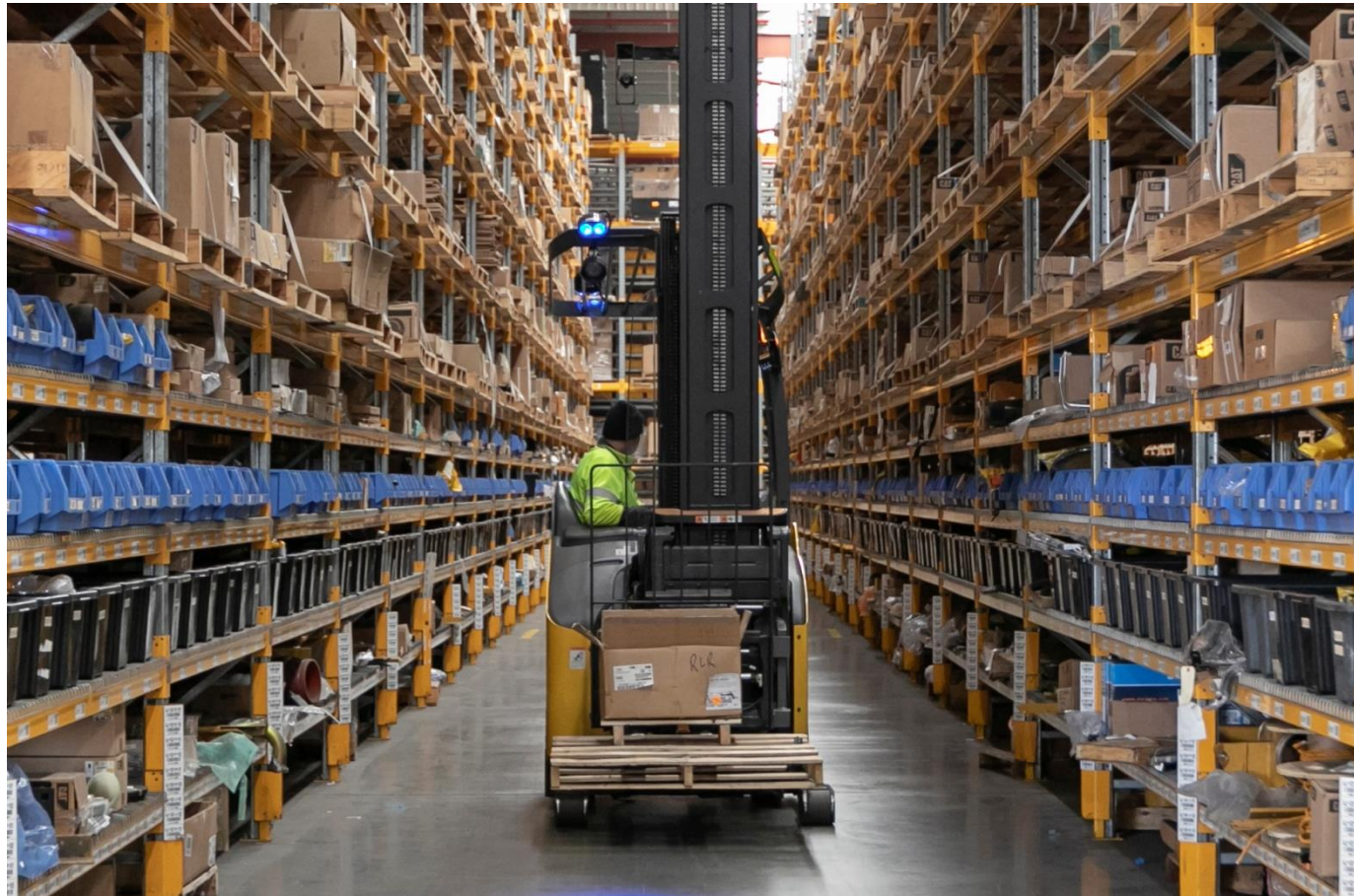
- ▶ 38.1% metro revenue share and record 41.6% ratings share in 2nd half
- ▶ Secured in #1 summer and #1 winter sport, Cricket and AFL, until 2022
- ▶ Took control of digital content monetisation with Yahoo!7 JV exit
- ▶ Growing new revenue streams

Outlook

- ▶ Forecasting FY19 underlying EBIT growth of 5% to 10% and reduction in leverage to drop below 2x
- ▶ Continued efforts to deliver and identify new cost savings, targeting \$10-20m net group savings in FY19 including cricket
- ▶ Expect TV advertising market to grow; digital revenue to grow 50%; and Seven Studios to deliver seventh consecutive year of EBIT growth
- ▶ Prime affiliation extended for 5 years with step-up in FY19 revenue share

\$m	FY18	FY17
Share of associate NPAT - SWM	58.4	68.3
Other media investments	14.2	1.4
Segment EBIT contribution	72.6	69.7

Seven	Strong second half ratings recovery
Sport	Cricket and AFL rights provide year round premium sport
Seven Digital	7plus rapidly scaling unique audience in high growth BVOD market
Seven Studios	International earnings growth delivered record EBIT and eighth consecutive year of growth
The West	Providing unparalleled reach to West Australians
Pacific	Optimising print and accelerating digital
SWM Ventures	Audience alignment and media assets deliver partner growth



Outlook

Outlook

Business Outlook

WesTrac continuing to benefit from growth in mining production

- ▶ Parts volume level to remain strong while service sales will benefit from an expected increase in maintenance activities, new machine assembly, and a rise in service rates due to the tight labour market
- ▶ Increase in new equipment sales to be driven by activity levels in both mining and construction markets with customers investing in fleet for new projects

Coates Hire benefitting from infrastructure activity

- ▶ Capture new revenue opportunities and win market share as the level of infrastructure activity strengthens
- ▶ Utilisation, margins and profitability to continue benefiting from improvement initiatives already in progress
- ▶ Investment in fleet to capture the market opportunity

Capitalise on demand for domestic gas and Australian gas assets

- ▶ Beach FY19 production expected to be 26 to 28 Mmboe and FY19 capital program expanded to \$460 to \$540m with the aim of growing production to 30 Mmboe by FY21
- ▶ Crux progressing as a backfill option that can enhance returns for existing infrastructure owners

Media cost focus and earnings growth

- ▶ Forecasting 5% to 10% FY19 underlying EBIT growth; expecting to reduce leverage below 2x and targeting \$10 to \$20m net group savings after factoring in cricket

Group Outlook

Momentum building throughout the Group

- ▶ All businesses anticipating earnings growth in FY19 as the focus on excellence and execution continues

TELYS4 proposal benefits

- ▶ Proposal to deliver enhanced EPS, increased free float and higher index weighting

Group EBIT guidance

- ▶ FY19 EBIT expected to be approximately 25% above FY18 underlying EBIT on a continuing operations basis