

19 February 2020

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

***By electronic lodgment***

Total Pages: 5 (including covering letter)

Dear Sir / Madam

**INTERIM RESULTS ANNOUNCEMENT**

Following is the Interim Results Announcement for the half year ended 31 December 2019.

Yours faithfully

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



**Warren Coatsworth**  
Company Secretary

19 February, 2020

**SEVEN GROUP HOLDINGS FIRST HALF 2020 RESULTS  
STRONG OPERATIONAL PERFORMANCE DELIVERS REVENUE AND EARNINGS GROWTH**

- **Trading revenue of \$2.3 billion, up 12% on prior comparative period (pcp);**
- **Underlying earnings before interest and tax (EBIT) of \$417.6 million, up 7% on pcp;**
- **Underlying net profit after tax (NPAT) of \$255.7 million, up 3% on pcp;**
- **Result reflects the strength of the Industrial Services businesses supported by strong demand from the mining and infrastructure sectors;**
- **Statutory NPAT of \$38.9 million impacted by non-cash significant items;**
- **Underlying earnings per share (EPS) of 75 cents, constant with the pcp; and**
- **Fully franked interim dividend of 21 cents per share (cps) declared.**

Seven Group Holdings Limited (SGH) has today reported its half year results for the six months ended 31 December 2019 (1H20) highlighted by a significant uplift in revenue and underlying earnings to record levels, driven by outstanding results in its Industrial Services and Energy segments.

The operational focus and capital invested in these segments in recent years has paid dividends, with the robust mining production, infrastructure and oil and gas production cycles delivering strong top and bottom line growth.

Revenue (\$2.3 billion) and underlying EBIT (\$417.6 million) were up on the prior corresponding period by 12% and 7% respectively.

SGH Group Managing Director & Chief Executive Officer, Ryan Stokes said: “Our strong operating performance this half reflects growth in our Industrial Services businesses and Energy investments.

We are pleased to report underlying EBIT growth of 7%. “Throughout the first half we have remained focused on supporting our customers in their mining, construction, and infrastructure activities.”

“Both mining production and infrastructure activity outlooks remains robust which will support our industrial and energy interests.”

**WesTrac**

**coateshire**



**SGH** | Energy

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## **Key Financials:**

<b>Group result (\$m)</b>	<b>1H FY20</b>	<b>1H FY19</b>	<b>% change</b>
Trading revenue	2,262.8	2,026.5	12%
Underlying earnings before interest and tax <sup>(1)</sup>	417.6	390.4	7%
Underlying net profit after tax <sup>(1)</sup>	255.7	247.6	3%
Significant items (net of tax) <sup>(2)</sup>	216.8	195.1	11%
Statutory net profit after tax	38.9	52.5	(26%)

(1) Excluding significant items

(2) Significant items include non-cash mark-to-mark impairment of SWM investment of \$56.8 million, share of SWM result attributable significant items \$55.9 million and non-cash \$104.1 million impairment of the producing and development asset Bivins Ranch in 1H FY20.

On a Group level, Trading Revenue was up 12% on the pcp, EBIT was up 7% and Underlying NPAT was up 3%. This growth reflects the strong performance delivered by each of the businesses within the Industrial Services division. Statutory NPAT this half was down 26% on the pcp reflecting the adverse impact of non-cash significant items including a \$112.7 million impairment of Seven West Media and a \$104.1 million impairment in the Bivins US energy assets.

The Group generated operating cash flows of \$147.8 million for the first-half, with \$147.6 million invested back into the divisional businesses to drive future growth.

## **Divisional earnings summary:**

<b>Underlying EBIT (\$m)</b>	<b>1H FY20</b>	<b>1H FY19</b>	<b>% change</b>
WesTrac	186.0	158.7	17%
Coates Hire	104.2	110.2	(5%)
AllightSykes	(0.1)	1.1	(109%)
Energy	46.2	40.1	15%
Media Investments	77.4	76.6	1%
Other Investments	14.6	15.0	(3%)
Other	(10.7)	(11.3)	(5%)
<b>Group EBIT</b>	<b>417.6</b>	<b>390.4</b>	<b>7%</b>

## **Core drivers of the result**

WesTrac Revenue was up 15% in the half (1H20: \$1,713 million versus 1H19: \$1,488 million) driven by a 22% increase in new machine sales and a 12% increase in product support revenue reflecting maintenance activity previously deferred by customers and increased demand for component rebuilds.

WesTrac's 1H20 EBIT grew by 17% and its EBIT margin increased from 10.7% in 1H19 to 10.9% in 1H20. Demand for fleet replacement is also expected outside of major projects across the mining and heavy construction sectors.

To support the adoption of autonomous technology by our customers, WesTrac is building a technology training facility in Collie focused on providing courses in autonomous operations. The centre will be the only Autonomous Haulage System training facility outside of the Caterpillar proving ground in Arizona, USA.

The Coates Hire business has rebounded from its challenging 2H19 result by capturing opportunities in WA whilst continuing to leverage strong East Coast infrastructure demand. Fleet reinvestment highlights our growing confidence in the committed infrastructure pipeline.

Beach Energy maintained its strong financial performance following the partial sale of its Victorian Otway interests, leveraging strong production, earnings and cash flow supported by a 4% increase in oil price and a 6% increase in realised gas and ethane price. The business delivered strong production, earnings and cash flow and a reduction in operating costs.

### **People, Safety and Culture**

Mr Stokes said, “Our people and their safety are integral to our businesses. We are focused on lead indicators and initiatives to continue to drive improvements in our safety culture as well as programs designed to build leadership capabilities and upskill our people including training, apprenticeships and trades upgrades.”

Employee ‘Total Hours Worked’ increased by 12.1% in 2019 and overall safety performance improved.

Lost Time Injury Frequency Rate reduced from 1.4 to 1.1 and Total Recordable Injury Frequency Rate was down from 11.8 to 9.0, for the 12 months to 31 December 2019.“

### **Bushfire relief supporting our communities**

On 16 January 2020, SGH announced a \$5 million pledge to support the bushfire firefighting efforts. This pledge was matched by SGH’s major shareholder Australian Capital Equity, resulting in a total pledge of \$10 million focused on disaster recovery and the long term task of rebuilding communities and ensuring support for mental health.

Mr Stokes said: “We are in a unique position to provide not only financial support but also the equipment and services required by the Rural Fire Service to facilitate the recovery and rebuilding effort. We are committed to working closely with government and local community groups to ensure our assistance is maximised.”

### **Dividend**

The SGH Board has declared a fully franked interim ordinary dividend of 21 cents per share payable on 20 April 2020 to shareholders registered as at 26 March 2020.

## **Outlook**

The Group is well positioned to capitalise on the strong medium to long term outlook for mining production, infrastructure investment, east coast gas demand and other domestic LNG export opportunities.

Mr Stokes said: “We expect our WesTrac and Coates Hire businesses to be able to leverage their market leading positions to benefit from the new projects planned by major miners and the growing pipeline of government infrastructure projects.”

In light of this outlook the Group expects FY20 underlying EBIT to be high single digit growth on FY19.

### **For more information:**

More detailed information regarding SGH's 2020 first half results can be found in SGH's 1H20 Results Presentation and the FY20 Half-Year Report.

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