

19 February 2020

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

***By electronic lodgment***

Total Pages: 33 (including covering letter)

Dear Sir / Madam

**PRESENTATION OF HALF YEAR RESULTS**

Following is the Presentation of Results for the half year ended 31 December 2019.

Yours faithfully

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



**Warren Coatsworth**  
Company Secretary



# LEADING THE WAY FORWARD

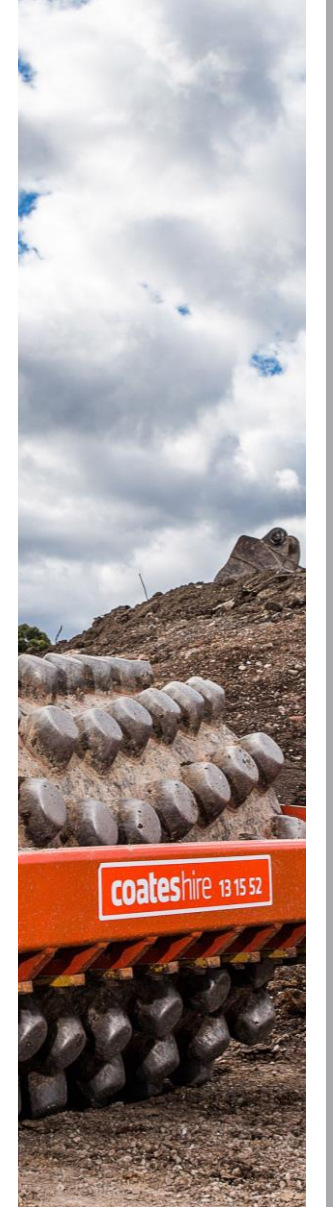
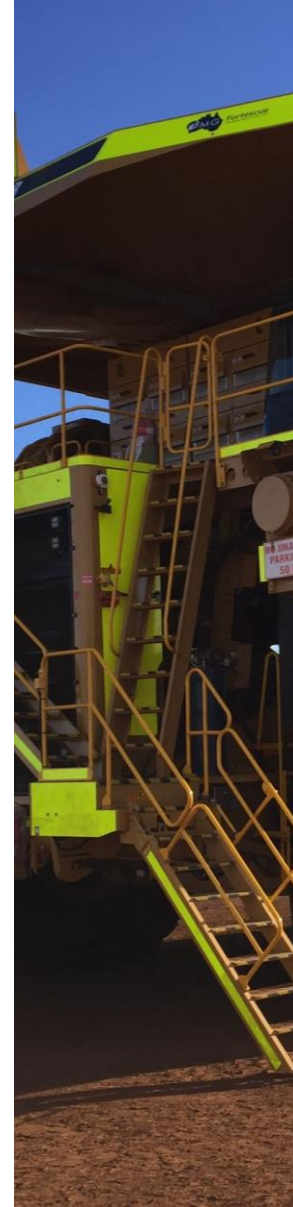
Investor presentation for the half-year ended 31 December 2019

19 February 2020

**SGH** | Industrial Services, Media, Energy and Investments

# GROUP OVERVIEW

Our objective is to grow  
shareholder returns by ensuring our  
businesses continue to perform and  
deliver market-leading positions



# GROUP OVERVIEW PEOPLE, SAFETY AND CULTURE

## Keeping our people safe continues to be our top priority

- Total hours worked increased by 12% over pcp, however overall safety performance has improved over that period
- Supported by significant improvement in business unit performance:
  - WesTrac WA LTIFR
  - Coates Hire LTIFR and TRIFR
- Continued focus on lead indicators and initiatives to further drive improvements in safety culture
- Increase in AllightSykes LTIFR and TRIFR is an area of specific focus for the new leadership team

## Initiatives underway to develop our greatest asset, the people who work across our businesses

- Programs (training, apprenticeships, trade upgrades) to uplift the skills and capability of our people to better address potential skilled labour gaps
- Continued focus on cultural transformation programs to build leadership capability and nurture an open and inclusive culture that values diversity

	LTIFR		TRIFR	
	Dec 2019	Dec 2018	Dec 2019	Dec 2018
WesTrac WA	0.9	1.6	8.2	8.6
WesTrac NSW	0.6	0.3	8.8	7.8
Coates Hire	1.0	1.9	9.5	17.5
AllightSykes	7.3	0.0	14.5	7.3
SGH Energy	0.0	0.0	0.0	0.0
<b>Group Total</b>	<b>1.1</b>	<b>1.4</b>	<b>9.0</b>	<b>11.8</b>

- Lost time injury frequency rate (LTIFR) = number of lost time injuries per million hours worked
- Total recordable injury frequency rate (TRIFR) = number of recordable injuries per million hours worked
- Statistics are calculated on a rolling 12 months basis
- Results for previous periods may be adjusted following post incident investigation and review

# GROUP OVERVIEW BUSINESSES AND MARKETS

## Industrial services



WesTrac (100% owned) is one of the largest CAT dealers globally (by sales) and supports customers in Australia's rich iron ore and thermal coal regions

28 branches and 3,350 employees

Key customers: BHP, CIMIC, FMG, Glencore, Macmahon, Mineral Resources, Rio Tinto, Roy Hill

## Industrial services



Coates Hire (100% owned) is the largest nationwide industrial and general equipment hire company

Over 160 branches and 2,150 employees

Key customers: BMD, CIMIC, Downer, FMG, John Holland, Lend Lease

## Energy



Beach Energy (28.6% owned) is a leading mid-cap E&P business and a key supplier to a growing East Coast market

SGH Energy (100% owned) holds operated and non-operated oil and gas interests including 15% of the Crux LNG Project

Key customers: Alinta, AGL, Adelaide Brighton, Origin Energy

## Media investments



Seven West Media (40% owned) is a leading diversified media company in Australia with 2,700 employees

Monthly Australia-wide audience reach of:  
- 17.7m in Seven Network  
- 8m in 7Digital  
- 3m in WAN + digital

Other media investments include interests in China P/E funds

## Mining production

- We provide equipment solutions to the world's largest miners, supporting record production volumes and driving efficiency

## Infrastructure investment

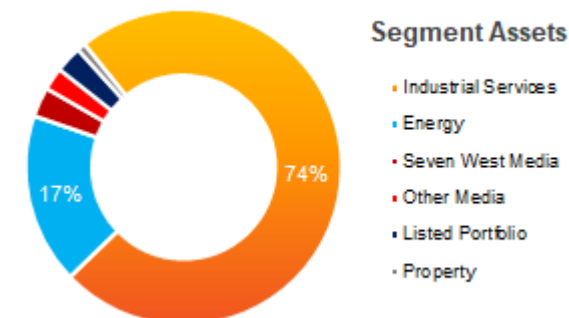
- We are the largest national equipment hire business, providing solutions to major infrastructure and construction customers with a strong pipeline of committed government projects

## East coast gas

- Beach and SGH Energy are well positioned to meet growing East Coast gas demand and domestic LNG export opportunity

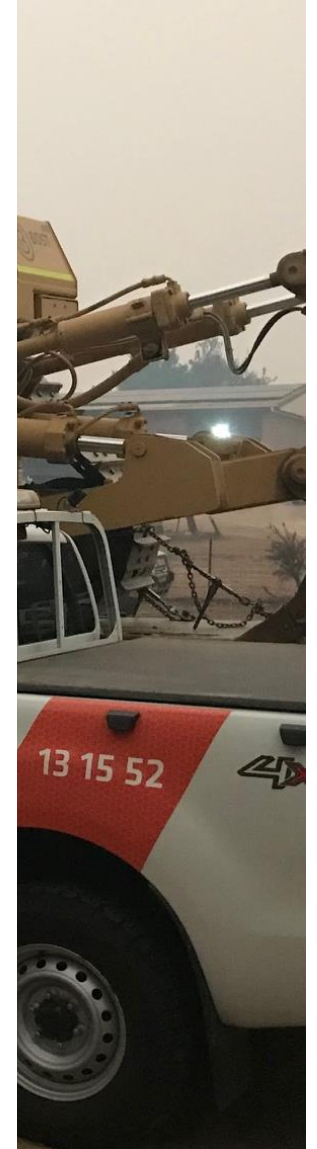
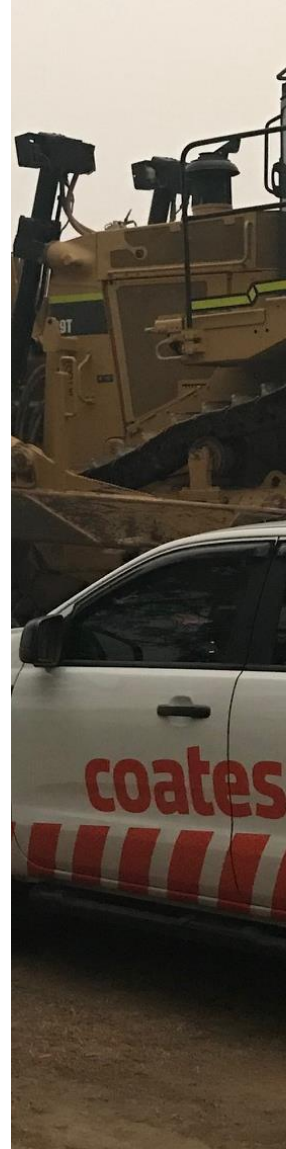
## Diversified investments

- Strong balance sheet to pursue growth opportunities within or adjacent to our existing core businesses



Note: based on segment asset values as at 31 December 2019

# BUSHFIRE RELIEF IN PICTURES



# BUSHFIRE RELIEF IN PICTURES



# BUSHFIRE RELIEF SUPPORTING OUR COMMUNITIES

## Uniquely positioned to assist our communities

- Over 5,750 staff across the Group with incredible work undertaken by 35 of our brave and committed people who serve in the RFS and other volunteer services
  - Providing paid leave for all leave taken by employees to fight recent bush fires and support affected communities
- The diversity of our Group uniquely positions us to respond to the crisis through industry-leading equipment and our team's motivation and skills

## \$10m pledged by SGH and its majority shareholder

- SGH pledge of \$5m to directly support firefighting efforts, disaster recovery and the long-term task of rebuilding communities and ensuring support for mental health
- Matched by \$5m pledge by Australian Capital Equity (ACE)
- Using the resources of the Group to support the rebuilding and recovery of affected communities

## Contribution to date of \$2.8m combined

- Equipment and services deployed to the RFS, BlazeAid and ADF in NSW and working with CFS Victoria and CFA South Australia to assess needs
- Direct funding provided to BCA's Australian Volunteer Support Trust and Community Rebuilding Trust
- Additional support provided by SWM through live broadcasts of the Fire Fight Australia Concert, raising \$9.5m, and the Bushfire Bash charity cricket match, raising \$7.8m



## Equipment deployed to date

- Cobargo: shower and toilet blocks, portable facilities, 50x 2-3kva generators, 2x 4WD dual cabs, 1x 301.8 hydraulic excavator, fencing material
- Balmoral: 2x bushfire recovery containers
- Bega: 1x 962M wheel loader
- Canberra (ADF): D6T dozer
- Kangaroo Island: temporary shelters
- Additional dozers, graders, site sheds in delivery



# GROUP OVERVIEW HIGHLIGHTS

## Continued solid growth in revenue and earnings

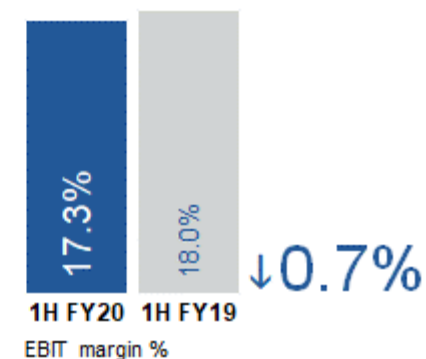
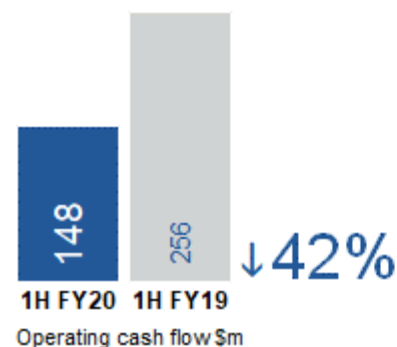
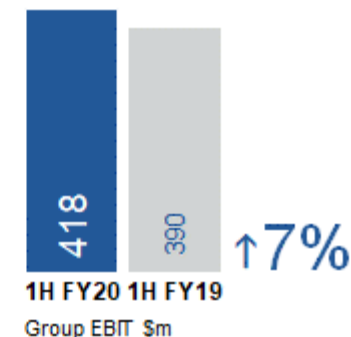
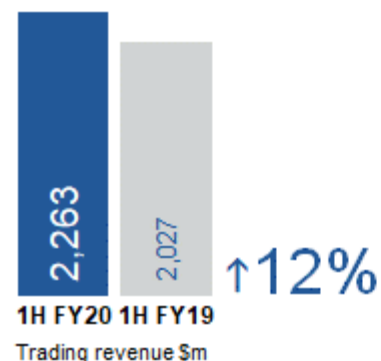
- Trading revenue of \$2.3bn up 12% with growth achieved in all Industrial Services business
- EBIT of \$418m up \$27m or 7%, driven by WesTrac performance
- Operating cash flow of \$148m down on pcp, reflecting working capital increase to support continued sales growth and level of customer activity across parts and components in WesTrac

## Unique position in all our key markets to drive growth

- Industrial Services EBIT growth of 7% reflecting strength of end markets in mining and infrastructure
  - WesTrac part lines invoiced up 4% to 3.6m for the half
  - Component revenue increased by 49% driven by installed base consuming more key components YoY
  - Coates Hire EBIT of \$104m significantly recovered from 2H FY19 reflecting management response

## Energy investments creating value

- Beach delivered strong production, earnings and cash flow, enabling reinvestment in development and frontier exploration to support growth
- Market value of Beach investment of \$1.63bn against equity accounted book value of \$808m



# GROUP OVERVIEW KEY FINANCIALS

<b>Underlying Results (\$m)</b>	<b>1H FY20</b>	1H FY19	% Change
Trading revenue	2,262.8	2,026.5	11.7%
Earnings before interest and tax <sup>1</sup>	417.6	390.4	7.0%
Underlying net profit after tax attributable to shareholders <sup>1</sup>	254.7	246.9	3.2%
Underlying earnings per share <sup>1</sup>	75 cents	75 cents	(0.2)%
Underlying EBITDA cash conversion <sup>1,2</sup>	59.0%	64.2%	(5.2)%
<b>Statutory results (\$m)</b>	<b>1H FY20</b>	1H FY19	% Change
Trading revenue	2,262.8	2,026.5	11.7%
Earnings before interest and tax	200.8	195.3	2.8%
Net profit after tax attributable to shareholders	37.9	51.8	(26.8)%
Earnings per share	11 cents	16 cents	(29.2)%
<b>Interim fully franked ordinary dividend</b>	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

# GROUP FINANCIALS

Our financial results reflect the level of operating performance achieved and our continued focus on driving efficiencies and cash flow



# FINANCIALS PROFIT AND LOSS

\$m	1H FY20	1H FY19	Change %
Revenue	2,262.8	2,026.5	12%
Other income	35.9	30.4	18%
Share of results from equity accounted investees	112.4	112.7	(0)%
<b>Trading revenue and other income</b>	<b>2,411.1</b>	<b>2,169.6</b>	<b>11%</b>
Expenses (excluding depreciation, amortisation and interest)	(1,863.5)	(1,653.6)	13%
<b>Underlying EBITDA</b>	<b>547.6</b>	<b>516.0</b>	<b>6%</b>
Depreciation and amortisation	(130.0)	(125.6)	4%
<b>Underlying EBIT</b>	<b>417.6</b>	<b>390.4</b>	<b>7%</b>
Net finance costs	(76.1)	(79.7)	(5)%
<b>Underlying net profit before tax</b>	<b>341.5</b>	<b>310.7</b>	<b>10%</b>
Underlying tax expense	(85.8)	(63.1)	36%
<b>Underlying net profit after tax</b>	<b>255.7</b>	<b>247.6</b>	<b>3%</b>
Significant items (including tax impact)	(216.8)	(195.1)	11%
<b>Statutory net profit after tax</b>	<b>38.9</b>	<b>52.5</b>	<b>(26)%</b>

# FINANCIALS SIGNIFICANT ITEMS

\$m	1H FY20	1H FY19
Share of results from equity accounted investees attributable to significant items – SWM	(55.9)	-
Impairment – SWM equity	(56.8)	(224.0)
Impairment of producing and development asset – Bivins Ranch	(104.1)	-
Other items	-	28.9
<b>Significant Items – EBIT</b>	<b>(216.8)</b>	<b>(195.1)</b>
Tax benefit relating to significant items	-	-
<b>Significant Items – NPAT</b>	<b>(216.8)</b>	<b>(195.1)</b>
<b>Statutory net profit after tax</b>	<b>38.9</b>	<b>52.5</b>
<b>Net profit after tax excluding significant items</b>	<b>255.7</b>	<b>247.6</b>

Notes:

- Mark-to-market value of SWM investment was \$127 million as at 18 February 2020
- Bivins Ranch reassessment of carrying value was based on a change in operatorship and resulting impact on asset strategy, future development potential and partial relinquishment of acreage

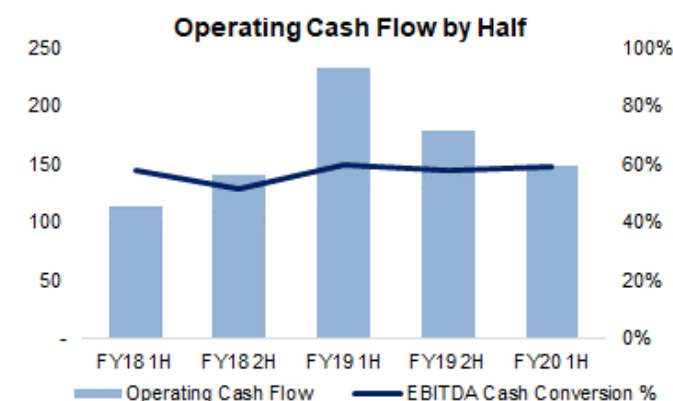
# FINANCIALS EARNINGS SUMMARY

\$m	Total Group	WesTrac	Coates Hire	Allight Sykes	Energy	Media	Investments	Corporate
<b>Trading revenue</b>	<b>2,262.8</b>	<b>1,712.8</b>	<b>504.3</b>	<b>41.2</b>	<b>2.1</b>	<b>-</b>	<b>2.4</b>	<b>-</b>
<b>Statutory EBIT</b>	<b>200.8</b>	<b>186.0</b>	<b>104.2</b>	<b>(0.1)</b>	<b>(26.7)</b>	<b>(66.5)</b>	<b>14.6</b>	<b>(10.7)</b>
<b>Add unfavourable significant items</b>								
Share of significant items from equity accounted investees	55.9	-	-	-	-	55.9	-	-
Impairment – SWM equity	56.8	-	-	-	-	56.8	-	-
Impairment – producing and development assets	104.1	-	-	-	104.1	-	-	-
<b>Total significant items – EBIT</b>	<b>216.8</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>104.1</b>	<b>112.7</b>	<b>-</b>	<b>-</b>
<b>Underlying EBIT – 1H FY20</b>	<b>417.6</b>	<b>186.0</b>	<b>104.2</b>	<b>(0.1)</b>	<b>77.4</b>	<b>46.2</b>	<b>14.6</b>	<b>(10.7)</b>
Underlying EBIT – 1H FY19	390.4	158.7	110.2	1.1	76.6	40.1	15.0	(11.3)
Change %	7%	17%	(5)%	n/a	1%	15%	(3)%	(5)%

# FINANCIALS CASH FLOW

\$m	1H FY20	1H FY19
Underlying EBIT	417.6	390.4
Add: depreciation and amortisation	130.0	125.6
<b>Underlying EBITDA</b>	<b>547.6</b>	<b>516.0</b>
<b>Operating cash flow</b>	<b>147.8</b>	<b>256.3</b>
Add: interest and other costs of finance paid	68.8	73.3
Add: net income taxes paid	106.6	1.8
<b>Underlying operating cash flow</b>	<b>323.2</b>	<b>331.4</b>
<b>Underlying EBITDA cash conversion</b>	<b>59%</b>	<b>64%</b>
Operating cash flow	147.8	256.3
Investing cash flow	(147.6)	(215.5)
Financing cash flow	1.8	(69.3)
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>2.0</b>	<b>(28.5)</b>
<b>Opening net debt</b>	<b>1,996.1</b>	<b>2,036.0</b>
<b>Movement in net debt</b>	<b>103.7</b>	<b>85.7</b>
<b>Closing net debt</b>	<b>2,099.8</b>	<b>2,121.7</b>

Note: interest and other costs of finance paid includes interest on lease liability payments



- Underlying operating cash flow conversion of 59% lower than prior half and total operating cash flow lower due to tax payable position
- Operating cash flow includes working capital investment of \$110m primarily in WesTrac parts/component inventory and WIP to drive FY20-21 growth
- Investing cash flow includes: \$156m in net capex (\$135m Coates, \$16m WesTrac, \$5m energy/other), and \$8m net investment proceeds
- Financing cash flow includes \$71m ordinary dividend, \$100m in debt drawn (net) and \$27m lease liabilities repaid

# FINANCIALS BALANCE SHEET

\$m	As at 31 Dec 19	As at 30 Jun 19	Change %
Trade and other receivables	756.1	702.9	8%
Inventories	871.0	803.6	8%
Net assets held for sale	2.2	2.1	4%
Investments	1,407.8	1,462.8	(4)%
Property, plant and equipment	978.1	910.3	7%
Oil and natural gas assets	357.2	454.2	(21)%
Intangible assets	1,624.6	1,624.4	0%
Other assets	36.9	29.2	26%
Trade and other payables	(417.7)	(409.4)	2%
Provisions	(173.7)	(175.1)	(1)%
Deferred income	(148.8)	(130.1)	14%
Net tax assets (liabilities)	(290.2)	(318.2)	(9)%
Derivative financial instruments	122.2	110.8	10%
Net lease liabilities	(213.0)	(202.1)	5%
Net debt (excluding leases)	(2,099.8)	(1,996.1)	5%
<b>Total shareholders equity</b>	<b>2,813.0</b>	<b>2,869.3</b>	<b>(2)%</b>

- Increase in trade and other receivables includes the impact of WIP totalling \$73m being reclassified from inventory within WesTrac
- PP&E increase of \$68m reflects step up in fleet replacement together with targeted growth capex within Coates
- Reduction in investments by \$55m includes the impairment of SWM by \$113m, decline in value of listed portfolio by \$15m and realisation of other investments by \$26m, partially offset by the share of equity accounted investee results
- Reduction in oil and natural gas assets includes impact of \$104m write down in the carrying value of Bivins Ranch
- Net lease liabilities of \$213m reflects the net amount of lease liabilities and right of use assets recognised under AASB 16



# FINANCIALS CAPITAL MANAGEMENT

## Capacity to further optimise borrowing costs

- Opportunity presented by refinancing over next 18 months
  - Expiring debt is diversified across banking syndicate, OEM financing and USPP, providing flexibility in funding options
  - Ability to refinance at materially lower borrowing costs in current debt markets

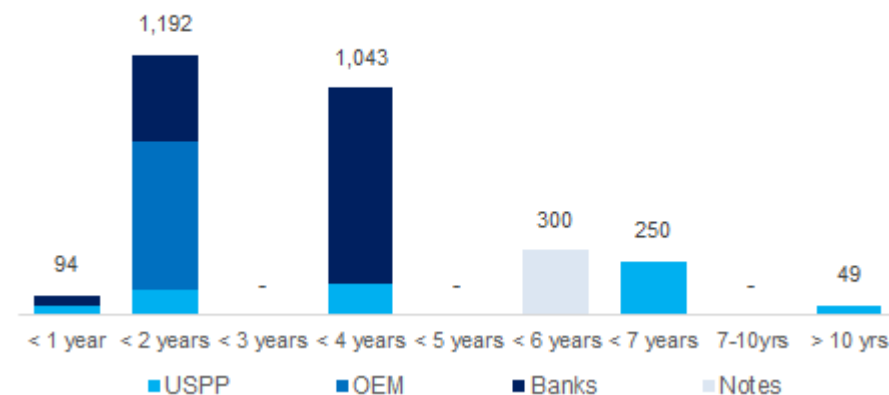
## Investing in growth

- Net debt increase of \$104m since 30 June 2019 reflects investment within WesTrac on machine and parts inventory to support sales growth including delivery of major customer projects and increase in Coates fleet capex in the half
- Effective net debt below \$1.7bn after adjusting for value of hedges and the listed portfolio
- Capacity of >\$1bn to pursue targeted growth opportunities

## Enhancing shareholder return

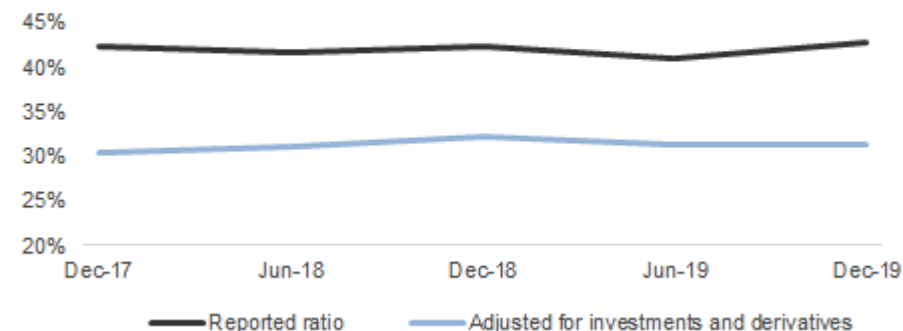
- Total shareholder return of 41% per annum over three years to 31 December 2019 (ranked 3rd vs ASX100 ex. Financials)
- Interim dividend maintained at 21 cents given the opportunities to reinvest cash flow across our businesses

Facility Maturity Profile



Note: maturity profile as at 31 December 2019

Gearing Ratio (D / D+E)



Note: adjusted ratio takes into account the value of the listed portfolio, the market value of Beach in excess of book value and the mark-to-market position of debt-related derivatives

# BUSINESS REVIEW WESTRAC

Leader in helping customers to drive efficiency by partnering on product support and technology solutions



# INDUSTRIAL SERVICES WESTRAC HIGHLIGHTS



## Growing demand for support through parts and rebuilds

- Demand driven by high mining equipment utilisation, equipment life extension and growing average fleet age
  - Strong demand for component rebuilds from major customers
  - 3.6m parts lines invoiced in WA and NSW, up 4% on pcp
  - 4.7m hours worked in the half, up 17% on pcp

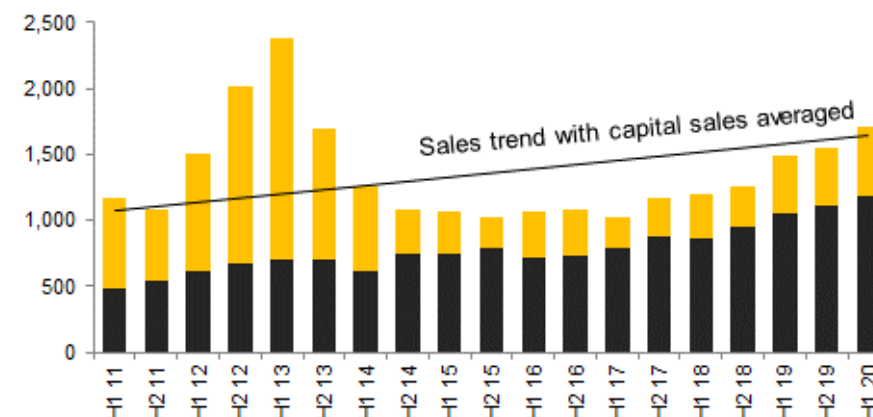
## Major project commencements

- Increase in committed sales driven by Rio Tinto's Koodaideri project (haulage and ancillary) and BHP's South Flank project (ancillary)
- Further pipeline of potential opportunity through FMG's Eliwana and Iron Bridge projects along with United JV's Wambo project
- Ad-hoc demand for fleet replacement outside of major projects seen in both WA and NSW across both mining and heavy construction

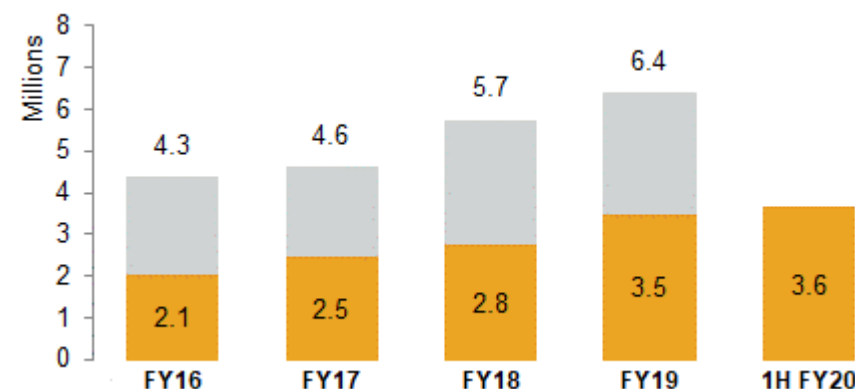
## Investing in WesTrac's capacity and capability

- Australia has the largest installed fleet of autonomous mining equipment in the world
- WesTrac to build a CAT autonomous training facility in WA, only the second such facility in the world
- Investment to increase capacity in WA at Guildford site

Trading revenue (2011 to 2019 by half) ■ Capital sales ■ Product support



Parts lines invoiced (#m)



# INDUSTRIAL SERVICES WESTRAC FINANCIALS



## Growth achieved across most segments / geographies

- Revenue up 15% driven by demand and new machine sales
  - Product support revenue up \$130m or 12%, reflecting maintenance activity previously deferred by customers and increased demand for component rebuilds
  - Product sales revenue up \$95m or 22% with a strong increase of 41% in new machines sold in NSW
- Drop in sale of AHS kits in the half due to timing of customer conversion projects, indicating that growth in sales is reflective of core underlying demand rather than one-off sales
- EBIT growth of 17% or \$27m on prior half coupled with margin improvement of 0.2% to 10.9% driven by higher service margins

## Reinvestment in the business

- Investment in inventory particularly in the last quarter to support the future sales opportunity and major fleet deliveries
- Development activity underway for expansion of South Guildford site
- Growth in workforce

## Capital replacement cycle

- Higher mix of equipment sales reflective of strengthening demand for new machines for fleet renewal



# BUSINESS REVIEW COATES HIRE

A key supplier of equipment to infrastructure and non-residential construction markets with a strong pipeline of projects ahead



# INDUSTRIAL SERVICES COATES HIRE



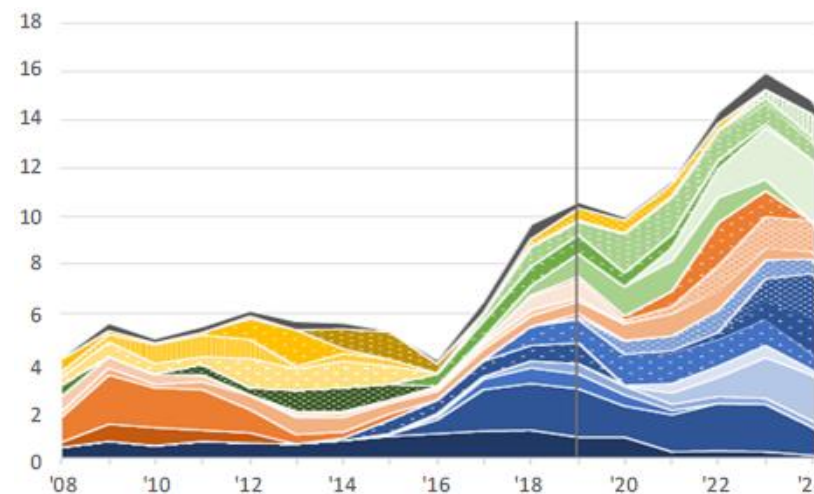
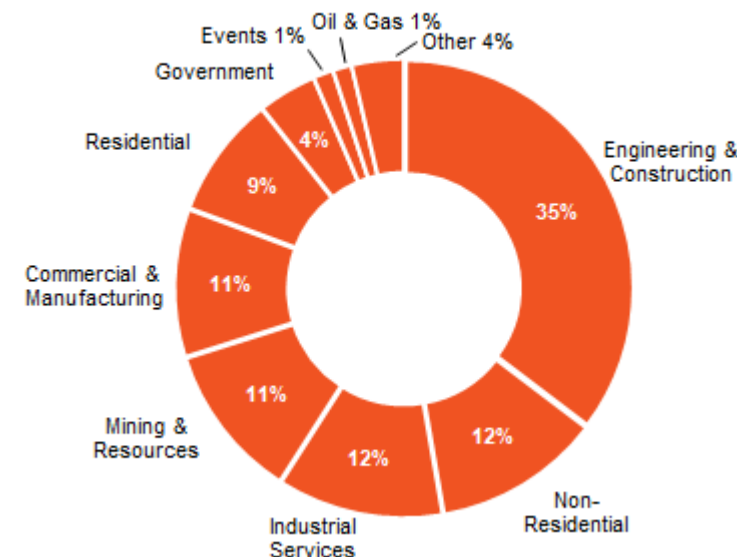
## Activity levels set to improve in key markets

- Project and infrastructure activity outlook is positive from FY21 onwards, particularly in engineering construction and non-residential
- Confidence in level of infrastructure growth over the next five years
- Current conditions are in line with prior year, however, improvement seen in mining sector which has driven sales growth in WA
- Future opportunity on major projects including Snowy Hydro 2.0, Western Sydney Airport, WestConnex extensions and new mining and resource projects

## Fleet optimisation and customer value proposition

- Fleet investment and growth ahead of the step-up in activity
  - Accelerated capex plan to expand fleet in WA and Vic/SA to meet the market demand and win market share in WA
  - Approximately \$40m in incremental growth capex approved
- Investing in digital capability through online hiring and real-time pricing and availability due to be rolled out in FY20
- Specialist services beyond dry hire including engineering solutions for propping, shoring and dewatering

Hire Revenue Split (1H FY20)



Note: chart is based on projects with over \$2 billion in construction work done  
Source: BIS Oxford Economics – Sep 2019

# INDUSTRIAL SERVICES COATES HIRE



## Revenue growth achieved

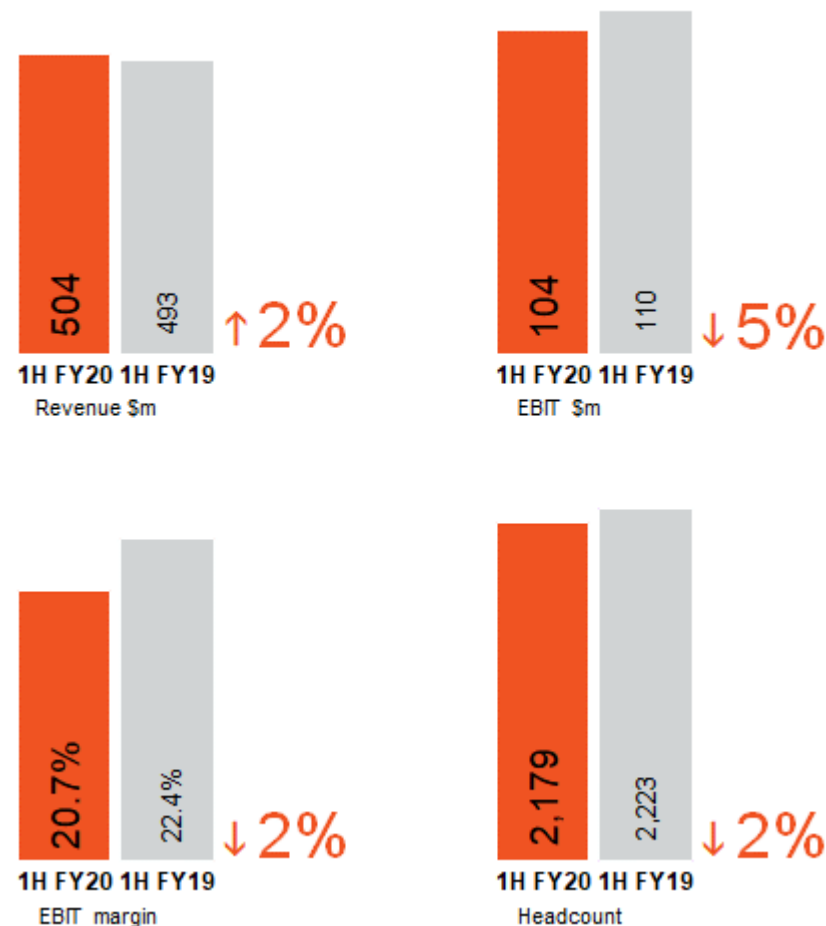
- Strong growth in WA and Industrial Services segment
- Total revenue up 2% driven by 26% growth in WA while east coast has declined by 2% against pcg
- Improved performance in Industrial Services segment which includes industrial maintenance shutdowns
- Time utilisation slightly down by 0.7% to 54.6% since June
- EBIT down 5% against pcg restated for AASB16 impact

## Priorities and focus

- Focus on sales effectiveness contributed to 5% growth in revenue of major customers
- Stronger focus on winning work with mid-tier customers while holding share with top tier customers
- Focus on improving time utilisation
- Culture of performance and results

## Reinvesting in new fleet and expanding services team

- Invested \$135 million (net) in fleet during the half
  - Targeting reduction in average fleet age to position Coates for infrastructure opportunities



# BUSINESS REVIEW

## ENERGY

Portfolio of opportunities within Beach Energy and SGH Energy aimed at meeting the East Coast gas demand and new domestic LNG export opportunities







# ENERGY BEACH ENERGY

## Accelerated growth program being executed

- Victorian Otway and New Zealand drilling underway, 9-well offshore Otway drilling program to commence in March
- Participation in 105 wells during the half at 83% success rate
- Capex of \$440m in 1H, focused on development and increased investment to drive longer term production growth

## Operational excellence continues

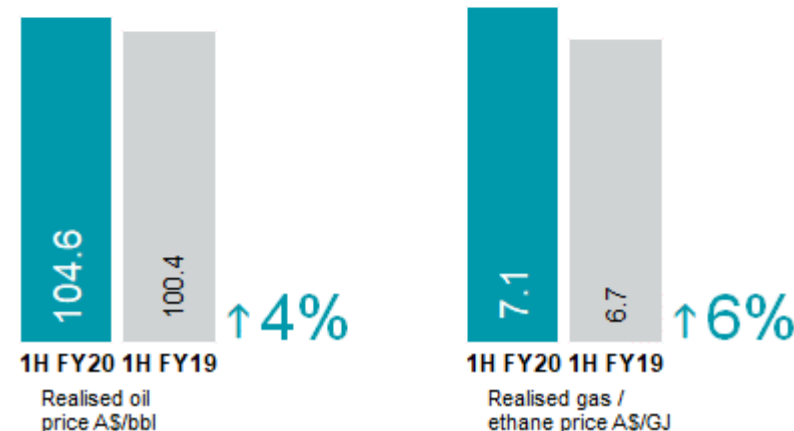
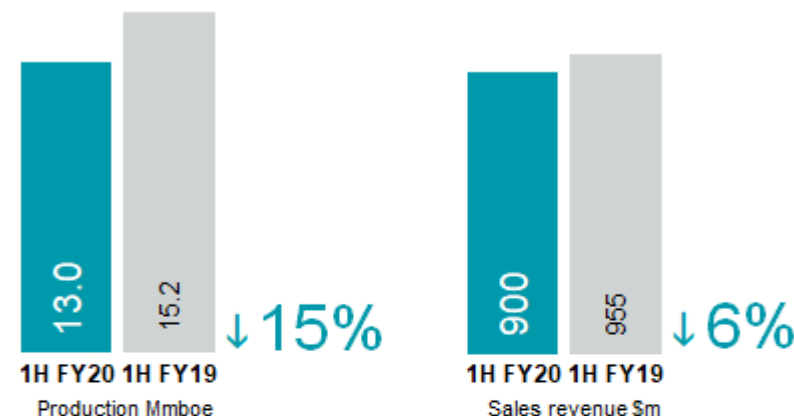
- Production of 13 Mmboe down 15% on prior half, impacted by statutory plant shutdown at Kupe and lower customer nominations
- 2H production to be driven by higher sustained Western Flank oil output, increased BassGas and Kupe deliverability, new BassGas contract with Alinta, first gas at Katnook Q3 / Black Watch Q4

## Financial strength through operating cash flow

- Operating cash flow of \$351m during the half driven by higher realised oil and gas prices and continued operating discipline
- Available liquidity of \$510m (net cash and undrawn debt) provides flexibility to continue growth investment and frontier exploration

## Outlook for FY20

- Production 27-28 MMBoe and capex of \$875-950m to drive growth in reserves and production in Cooper / Otway / Perth basins
- EBITDA guidance of \$1.275-1.35bn and DD&A of \$17-17.5/Boe



Note: Beach accounted for its Victorian Otway interests at 100% until 31 May 2019 and 60% thereafter. For comparison purposes, production for the prior period is based on 60% ownership for the entire comparison period.

# ENERGY SGH ENERGY



## Crux development update

- Crux is an attractive asset, uniquely positioned as a backfill opportunity utilising existing infrastructure
- Anticipated global LNG supply gap around projected Crux start-up window in late 2024 / early 2025
- Initial market sounding to commence for LNG and condensate offtake
- Crux sale review outcome expected mid 2020 with interest shown by various parties, however flexibility retained to pursue the most value-accretive option for shareholders

## Longtom update

- Continuing to engage with infrastructure owners on access to market
- Long lead items maintained in readiness for drilling subject to reaching commercial agreements

## Bivins Ranch update

- Onshore US drilling activity down 26% over past 12 months and level of investment to support exploration and development has declined
- Recent changes in operatorship and resulting asset strategy is no longer supportive of previous development assumptions for the asset
- Impairment of \$104m recognised in the half

\$m	1H FY20	1H FY19
Sale of oil, gas and condensate	2.1	4.0
Beach share of associate NPAT	79.5	77.0
<b>Total revenue</b>	<b>81.6</b>	<b>81.0</b>
<b>Segment EBITDA</b>	<b>78.3</b>	<b>78.0</b>
<b>Segment EBIT</b>	<b>77.4</b>	<b>76.6</b>
Asset value / Ownership %	Book Value 31 Dec 19	Market Value 31 Dec 19
Beach Energy (29%)	808	1,626
Crux (15%)	232	n/a
Longtom (100%)	112	n/a
Bivins Ranch (11%)	13	n/a

# BUSINESS REVIEW MEDIA

Seven Network provides leadership through its mass audience reach across multiple platforms



# MEDIA SEVEN WEST MEDIA

## SWM growth in revenue share in a challenging market

- #1 FTA metro revenue share in 1H20, up 0.4% to 38.8% share, with increased leadership in News & Current Affairs and Sports
- Metro FTA ad market down 7%, group revenue down 3.2%
- Underlying EBIT of \$120m, down 21% on pcp
- Successfully completed sale of radio assets for \$28m (post 1H20 close), reducing net debt to \$542m and Net Debt / EBITDA to 2.4x

## SWM Outlook

- Trading conditions have remained consistent with the first half
- SWM provided guidance of underlying EBIT expected to be \$165m to 175m subject to market conditions and improved ratings

## Other media investments

- Contribution of \$17m in the half from investments in offshore China media funds which are entering the divestment phase following SGH's cornerstone investment in 2013
- These funds have capitalised on the significant growth in China's media, entertainment and technology sectors in recent years

\$m	1H FY20	1H FY19
Share of associate NPAT – SWM	29.0	33.8
Other media investments	17.2	6.3
<b>Underlying segment EBIT</b>	<b>46.2</b>	<b>40.1</b>
Significant items	(112.7)	(224.0)
<b>Statutory segment EBIT</b>	<b>(66.4)</b>	<b>(183.9)</b>

# INVESTMENTS LISTED PORTFOLIO AND PROPERTY

## Unlocking value of listed portfolio

- Mark-to-market loss of \$15m during the period
- Intention to further sell down over time to fund other opportunities

## Property portfolio

- Kodo apartment development in Adelaide delivered by Flagship (46% SGH interest) was completed in July
- Signs of market recovery in WA to benefit remaining legacy property held at Kings Square and Dianella sites over the long-term
  - 7 Dianella lots sold during the half, up from 3 in pcp

\$m	1H FY20	1H FY19
Revenue	2.4	1.3
Other income	9.7	15.9
Share of associate NPAT	4.5	(0.6)
<b>Total revenue and other income</b>	<b>16.6</b>	<b>16.6</b>
<b>Segment EBITDA</b>	<b>14.6</b>	<b>15.0</b>
<b>Segment EBIT</b>	<b>14.6</b>	<b>15.0</b>
Fair value movement of listed portfolio recognised in reserves	(10.4)	(4.0)

# GROUP OUTLOOK

Focused on how we can position  
the businesses to best drive value  
and realise their potential



# OUTLOOK FY20

## Business Outlook

### WesTrac and Coates Hire continuing to capture opportunity and deliver market-leading positions

- ▶ Strong medium to long term outlook for mining production and infrastructure investment
- ▶ Opportunities being created through new mining projects planned by major miners and growing pipeline of government infrastructure projects
- ▶ Leading market positions held by WesTrac and Coates Hire expected to strengthen through initiatives within each business
- ▶ Growth in FY20 earnings expected through continued mining parts demand, growing new equipment orders, continued level of infrastructure activity in NSW / VIC and growth in WA equipment hire market

### Energy

- ▶ Expanded Beach capital program with FY20 guidance range of \$875-950m to drive production and reserves growth through Cooper, Otway and Waitsia projects as well as frontier exploration
- ▶ Beach FY20 production guidance of 27-28 Mmboe, EBITDA of \$1.275-1.35bn and DD&A \$17-17.5/boe
- ▶ Crux dual-track process underway with flexibility to select the most value-accretive shareholder outcome

### Media EBIT growth driven by cost focus

- ▶ SWM provided FY20 EBIT guidance of \$165-175m subject to market conditions and improved ratings
- ▶ Content-led growth strategy while maintaining focus on cost discipline and net debt reduction

## Group Outlook

### Focus on three key growth areas

- ▶ Opportunities for growth in our Industrial Services and Energy businesses as they continue to benefit from the strong medium to long term outlook for mining production, infrastructure investment, East Coast gas demand and other domestic LNG export opportunities

### Upgraded Group EBIT guidance

- ▶ FY20 underlying EBIT expected to grow in the high single digits against FY19 underlying EBIT including the impact of AASB 16 subject to there being no material adverse changes in trading conditions

# GROUP OVERVIEW 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.
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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.



## APPENDIX PRIOR YEAR RESTATEMENT

P&L \$m	1H FY19 Restated	1H FY19 Reported
<b>Trading revenue and other income</b>	<b>2,169.6</b>	<b>2,171.0</b>
Expenses (excluding depreciation, amortisation and interest)	(1,653.6)	(1,706.6)
<b>Underlying EBITDA</b>	<b>516.0</b>	<b>464.4</b>
Depreciation and amortisation	(125.6)	(89.6)
<b>Underlying EBIT</b>	<b>390.4</b>	<b>374.8</b>
Net finance costs	(79.7)	(50.6)
<b>Underlying net profit before tax</b>	<b>310.7</b>	<b>324.2</b>
Underlying tax expense	(63.1)	(66.7)
<b>Underlying net profit after tax</b>	<b>247.6</b>	<b>257.5</b>
Significant items (including tax impact)	(195.1)	(196.5)
<b>Statutory net profit after tax</b>	<b>52.5</b>	<b>61.0</b>

Balance Sheet (selected items) \$m	30 Jun 19 Restated	30 Jun 19 Reported
Trade and other receivables (current)	700.4	572.2
Inventories	803.6	931.8
Other assets (current)	29.2	32.1
Right of use asset (non-current)	658.5	-
Property, plant & equipment	910.3	911.9
<b>Total assets</b>	<b>6,899.3</b>	<b>6,245.3</b>
Lease liabilities (current)	47.5	-
Interest bearing liabilities (current)	30.3	31.8
Provisions (current)	22.9	24.6
Lease liabilities (non-current)	813.1	-
Deferred tax liabilities	238.9	299.9
<b>Total liabilities</b>	<b>4,030.0</b>	<b>3,233.6</b>
Retained earnings	789.7	932.1
<b>Total shareholders equity</b>	<b>2,869.3</b>	<b>3,011.7</b>