

ASX Release

22 February 2022

SGH DELIVERS SOLID GROWTH ACROSS ALL SEGMENTS

Boral included as a consolidated subsidiary

- Trading revenue from continuing operations of \$3,956m, up 3.1% on a pro-forma basis
- EBIT from continuing operations \$510.9m, up 28.9%
- WesTrac EBIT of \$209.9m, on track to deliver FY22 EBIT guidance
- Coates EBIT of \$119.4m, guidance increased to 'low double-digit' FY22 EBIT growth
- Group FY22 EBIT guidance of 8% to 10% increase on the pro-forma FY21
- Deleveraging following post balance date Boral capital return
- Interim dividend of 23 cents per share, fully franked
- Statutory NPAT \$1,221m, up 235.6%
- Statutory EBIT \$1,471m, up 187.5%

Seven Group Holdings ('SGH') (ASX:SVW) today reported its financial results for the six months ended 31 December 2021 (HY22) delivering strong revenue, earnings and profit growth.

The statutory net profit after tax of \$1,221 million, up 235.6%, included a gain of \$757 million relating to the Boral acquisition. On an underlying continuing operations basis, the net profit after tax of \$302 million is up 21.5% for the half-year.

The Group continues to adapt effectively to evolving market conditions, delivering strong results across the portfolio. WesTrac remains on track to deliver its FY22 guidance of low single digit EBIT growth and Coates EBIT guidance has been upgraded to low double-digit growth. Group guidance is for FY22 underlying EBIT from continuing operations to be up between 8% to 10% on a pro-forma basis.

Ryan Stokes, Managing Director and Chief Executive Officer said:

"We have achieved strong growth and maintained our focus on financial discipline and operational excellence in what has been a challenging environment. Across the portfolio, we have delivered on our strategy, working to support our network of business leaders and their highly engaged teams. I continue to be incredibly proud of the agility demonstrated by our people as they support our customers and deliver results in demanding conditions."

"Today's result demonstrates the benefits of our strategy to own a diversified portfolio of high-quality businesses across varied segments of the economy."

"We like to assess our performance on a like-for-like, continuing operations basis, but I do note that in this period we consolidated Boral following our acquisition of a 69.6% stake during 2021. We are excited by the opportunity Boral presents. With the company having successfully pivoted back to Australia, we are supporting management to drive financial performance and deliver margins that are commensurate with Boral's industry-leading position."

"Importantly for SGH, we made a commitment to repay the transaction bridge facility of \$2.97 billion within the financial year and are pleased to confirm that, following the Boral capital return, the bridge has been substantially reduced and will be fully repaid in March."

WesTrac

Coates

BORAL

7001

SGH | Energy

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Key Financials

Group results (\$m)	HY22	HY21	% change
Revenue	4,839.3	2,357.4	105.3%
Statutory NPAT	1,221.5	364.0	235.6%
Underlying NPAT - continuing operations	302.4	248.8	21.5%
Statutory EPS	324 cents	107 cents	202.8%
Interim fully franked dividend per share	23 cents	23 cents	-

Underlying continuing operations (\$m)	HY22	HY21	% change
Revenue	3,956.0	2,357.4	67.8%
EBITDA	749.3	526.6	42.3%
WesTrac	209.9	211.4	(0.7)%
Coates	119.4	105.0	13.7%
Boral	77.6	15.9	388.1%
Energy	66.1	35.4	86.7%
Media	51.1	38.3	33.4%
Other	(13.2)	(9.6)	37.5%
Group EBIT from continuing operations	510.9	396.4	28.9%

Industrial Services

WesTrac delivered growth in capital sales and parts revenue, demonstrating the robustness of the Caterpillar model and its leverage to mining production and construction activity in Western Australia and New South Wales.

Customer demand, particularly for construction machinery, has continued to increase with revenue up 4.0% to \$1,921 million. A shift in product mix and the impact of a parts price decrease on 1 January 2021 contributed to a small reduction in EBIT to \$209.9 million. The EBIT margin of 10.9% was lower than the prior comparative period but higher than the overall level of 10.5% in FY21. In response to the increasing customer activity, working capital has been increased to ensure WesTrac is well placed to meet future demand.

Coates continued to benefit from its market-leading position and productivity focus with revenue and EBIT up 5.7% and 13.7% respectively. Utilisation improved 8.8% during the six months.

SGH acquired a 69.6% controlling interest in Boral during the half and is now fully consolidating Boral's financial results. Boral completed its portfolio realignment with the exit of US operations and domestic timber and roofing businesses. As a result, Boral returned \$3 billion of capital to all shareholders on 14 February 2022, allowing SGH to effectively deleverage and repay its bridge facility.

Boral's continuing operations revenue of \$1.5 billion, up 1.5%, was impacted by construction shutdowns in New South Wales and Victoria. EBIT, excluding property sales, was \$77.6 million. SGH is now supporting Boral to improve its margins to reflect the strength of its position in the construction materials industry.

Media

Seven West Media (SWM, 38.9% owned) continued to deliver improved results during the half, benefitting from its transformation strategy. Revenue of \$820 million was up 27.3% with Seven the most watched free-to-air Australian network in 2021 and 7plus the most watched BVOD. SWM EBIT of \$204 million and NPAT of \$129 million were up 33.5% and 47.8% respectively. The acquisition of the Prime Media Group, completed in December 2021, will deliver significant value creation providing the potential to reach more than 90% of the Australian population.

SGH's underlying results included SWM EBIT of \$50.8 million, up 44.7%, and the statutory results include a \$76 million benefit from the mark-to-market impairment reversal in the value of the investment in SWM.

Energy

Beach Energy (BPT, 30.0% owned) contributed EBIT of \$66.7 million, up 82.2%, with an 11.5% increase in sales revenue to \$786 million as a result of improved energy prices. Production for the half was 19.7% lower at 11 MMboe due to natural field decline and planned and unplanned maintenance in the Cooper Basin JV and Western Flank. The first delivery of gas from the Otway offshore development will support Beach delivering its FY22 production guidance of 21.0 to 23.0 MMboe. Furthermore, the progress on the Waitsia project will support its transition to an LNG exporter.

SGH Energy is continuing to work with joint venture partners at the Crux natural gas field to move towards a Final Investment Decision (FID) in the second half of this financial year. SGH is also exploring divestment options for Crux.

Balance Sheet and Cash Flow

Investment in working capital in WesTrac to support growth and respond to disruptions in the supply chain resulted in a slight reduction in Operating Cash Flow to \$221.5 million. During the half, the Group successfully launched its first US Private Placement for its Coates operations raising \$905 million with an average tenor of 9.6 years at a fully hedged fixed cost of 4.1%, demonstrating the strength of the Coates business and investor familiarity with the rental business model.

SGH has retained its interim dividend at 23 cents per share fully franked. The Group has available franking credits of \$237 million as at 31 December 2021.

Environmental, Social and Governance (ESG)

Ensuring the safety of the Group's 13,500 employees is a top priority and, responding to an increase in safety incidents during the half, the Group has implemented a range of initiatives that are delivering improved safety performance.

During the half, Seven Group released its first Sustainability Report. The report outlined the ten material issues of forward focus for the Group, adopted disclosures in line with TCFD recommendations, and documented the Group's actions to achieve its targets. In terms of the Group's commitment to achieve net zero carbon emissions by 2040 for wholly owned and operated businesses, interim targets of a 30% reduction from 2020 levels by 2026 and a 50% reduction by 2030 have been set for Coates and WesTrac.

Outlook

SGH increased its FY22 guidance for Coates EBIT to 'low double digits' from 'high single digits' reflecting the strong momentum during the first half. Guidance for WesTrac 'low single digit' EBIT growth is retained.

Group guidance is for FY22 pro-forma EBIT from continuing operations excluding property to be up between 8% to 10%. This guidance reflects the quality of the Group's businesses which are now well placed to capitalise on the expansion in mining production, infrastructure investment, media and energy markets. Guidance is subject to no material change to market conditions.

This announcement has been authorised for release by the Board of Seven Group Holding Limited.

For further information, please contact:

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Seven Group Holdings Ltd SGH (ASX:SVW) 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 WA and NSW. WesTrac is one of Caterpillar's top dealers globally. SGH owns Coates, Australia's largest nationwide industrial and general equipment hire business. SGH also has a 69.6% shareholding in Boral (ASX:BLD), a leading construction materials group. In energy, SGH has a 30.0% shareholding in Beach Energy (ASX:BPT) and has interests in energy assets in Australia and the United States. In media, SGH has a 38.9% shareholding in Seven West Media (ASX:SWM), one of Australia's largest multiple platform media companies, including the Seven Network, 7plus and The West Australian