

## Seven Group Holdings Limited announces financial results

- **Statutory NPAT up \$556.9m to \$197.8m**
- **Underlying EBIT ahead of guidance at \$302.8m**
- **WesTrac Australia product sales up 22% year-on-year**
- **Strong cash flows support an unchanged fully-franked dividend of 40c for the year**

Financial results (\$m)	Results for year ended		% Change
	30 June 2016	30 June 2015	
Trading revenue	2,837.7	2,779.6	2%
Underlying EBITDA	340.8	376.6	-10%
Underlying EBIT	302.8	314.5	-4%
Underlying profit before tax	213.6	230.9	-7%
Underlying profit after tax	184.2	204.3	-10%
Underlying EPS (\$)	0.56	0.59	-5%
Statutory profit/(loss) before tax	217.0	(650.1)	n/a
Statutory profit/(loss) after tax	197.8	(359.1)	n/a
Statutory EPS (\$)	0.60	(1.29)	n/a
Final fully-franked dividend per ordinary share (cps)	20c	20c	-

Note: 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 CEO of Seven Group Holdings (“SGH”), said: “The momentum of change continues across our businesses to meet the challenges of varied market conditions and ensure that we remain a valued partner to our customers through productivity improvements, investment in technology and increased agility and responsiveness.

This year we have benefitted from the ongoing demand for parts and services created by the high level of mining production and pleasingly we secured the equipment order for Roy Hill, the only major greenfield mining development this year. Our underlying EBIT result was ahead of guidance, reflecting in part the stabilisation of market conditions but more importantly the effort of our management team to focus on cost efficiencies and positioning our businesses to compete for the available opportunities, in addition to the benefits of the restructuring programs undertaken over the past three years.

Our businesses continue to generate strong cash flows, which together with the strength of our balance sheet provide opportunities to enhance shareholder value through new business development as well as our broad based capital management program, noting the share buy-back program generated a 24 per cent post-tax return for the year for shareholders. It also supports our policy of maintaining the dividend through the cycle.”

**WesTrac**



**SGH | Energy**

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3 August 2016 --- SGH reports a statutory net profit after taxation of \$197.8 million for the 2015-2016 financial year, a \$556.9 million improvement on the prior year. After adjustment for significant items, SGH reports underlying net profit of \$184.2 million, a decrease of 10 per cent on the prior financial year.

Revenue was up 2 per cent to \$2,837.7 million and underlying earnings before depreciation, interest and tax (EBITDA) was \$340.8 million, down 10 per cent on the prior year and reflecting the margin compression as well as reduced contributions from Seven West Media ("SWM") and Coates Hire.

Underlying earnings before interest and tax (EBIT) was down 4 per cent to \$302.8 million for the financial year, 6 per cent ahead of guidance. Underlying earnings per share (excluding significant items) is \$0.56. Statutory earnings per share of \$0.60 compares favourably to the loss of \$1.29 per share recorded in the previous financial year.

### **Significant Items**

Significant items during the year did not materially impact the result and included SGH's sale of investments and mark-to-market of derivatives and impairments to the carrying value of the investment in SWM. Significant items also include costs associated with the Group's restructuring activities during the year. These costs were partly offset by the gains relating to the Kings Square development and the release of tax provisions following the successful resolution of various tax issues. On an after-tax basis, significant items deliver a net profit of \$13.6 million.

### **Balance Sheet**

SGH has net assets of \$2,667.2 million, including a listed securities portfolio of \$621.6 million, its strategic holdings in SWM and Beach Energy of \$655.8 million and \$257.8 million respectively. In addition there was approximately \$955 million in available undrawn facilities at 30 June 2016.

The market value of SGH's listed portfolio, which now excludes its strategic investment in Beach Energy, totalled \$621.6 million and includes \$173.1 million of unrealised gains. Accordingly, the portfolio continues to represent a store of value for the Group.

At 30 June 2016, the Group's net debt was approximately \$1,367.5 million – up from \$1,344.6 million in the previous financial year and reflects the underlying cash flow generation of the Group as well as net additions to SGH's listed investment portfolio, the impact of the share buy-back and other investments.

### **Capital Management**

Over the year, SGH completed an on-market share buy-back of 14.9 million shares or 5 per cent of the total shares on issue as part of the Group's ongoing capital management strategy at a total cost of \$72.1 million, representing a post-tax 24 per cent return for shareholders at the closing share price on 30 June 2016. In February 2016, the Group announced a further buy-back of up to 16.6 million shares of which 16.3 million shares are still to be bought back.

Today, the Group has announced the broadening of the capital management initiative to include the on market buy-back of up to 10 per cent of the TELYS4 shares subject to market conditions and trading volumes.

### **Dividend**

A final dividend of 20 cents per share fully-franked has been declared, taking the total dividend on ordinary shares for the 2015-2016 financial year to 40 cents per share fully-franked, unchanged from the previous year.

## Outlook

Trading conditions in the mining and industrial services sector remain competitive with ongoing cost reduction initiatives including insourcing of maintenance work being undertaken by some customers. There has been a partial recovery in commodity prices since January which is positive for the industry, however, no significant increase is anticipated in new equipment sales.

SWM has increased its audience share and the company should benefit from the broadcast of the Olympic Games. While SWM is targeting leadership in audiences, it sees the advertising market having flat to negative low single digit growth in television and a continuance of trend for its publishing businesses resulting in SWM providing EBIT guidance for FY17 of 15-20 per cent down year-on-year.

The Group has exercised patience and discipline in terms of its energy investments. It has recently secured a place on the board of Beach Energy and expects the company's announced synergy benefits to be realised. The key thematic of a shortfall in East Coast gas is still expected to provide opportunities to extract value from the company's petroleum reserves. SGH Energy, the third operating pillar for the Group, with its current and longer term gas interests is a platform to increase future shareholder returns over the longer term.

WesTrac Australia will benefit from increased maintenance opportunities as a result of equipment sold in FY12/13 coming due for major maintenance events. However, this will be tempered by some customer's intentions to insource or defer the maintenance work and we will continue to work hard to enhance our value proposition to customers to capture these opportunities. Overall product sales are anticipated to be slightly down over the next twelve months with a shift in demand to used equipment and increased consumption of parts and service. WesTrac China is anticipated to benefit from further cost base refinements against a flat revenue outlook. Coates Hire will continue to be impacted by sustained weakness in mining infrastructure markets, particularly WA, which will be offset by strong infrastructure demand in NSW and appropriate target cost out programs.

Overall, we are cautiously confident that conditions will stabilise and anticipate that underlying EBIT in FY17 will be in line with the current year.

## Review of Businesses

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.

### 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.

**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, and in North Eastern China territories. WesTrac Group is one of Caterpillar's top five 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, Presto, 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.