

26 August 2020

Company Announcements Office
Australian Securities Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

APPENDIX 4E & FY20 FULL YEAR RESULTS RELEASE

Seven Group Holdings Limited (ASX: SVW) attaches the Appendix 4E and the FY20 Full Year Results Release for the year ended 30 June 2020.

Ends.

This release has been authorised to be given to ASX by the Board of Seven Group Holdings Limited.

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WesTrac

coateshire



SGH | Energy

Seven Group Holdings Limited | A BN 46 142 003 469

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Appendix 4E

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
ABN 46 142 003 469
FOR THE YEAR ENDED 30 JUNE 2020

RESULTS FOR ANNOUNCEMENT TO THE MARKET

REPORTED				\$m
Revenue from ordinary activities	up	11.72%	to	4,562.6
Net profit from ordinary activities after income tax attributable to members	down	42.39%	to	115.8
Net profit for the year attributable to members	down	42.39%	to	115.8

UNDERLYING				\$m
Revenue from ordinary activities	up	11.72%	to	4,562.6
Net profit before net finance expense and income tax	up	1.65%	to	739.9
Net profit from ordinary activities after income tax attributable to members excluding significant items	up	2.77%	to	471.6

DIVIDENDS		
Ordinary shares	Amount	Franked amount
	per security	per security
Interim	21 cents	21 cents
Final	21 cents	21 cents
Record date for determining entitlements to the dividend	5.00pm on 18 September 2020	
Date the final dividend is payable	13 October 2020	

COMMENTARY ON RESULTS

A detailed commentary on the results for the year is contained in the Operating & Financial Review section of the accompanying 2020 Annual Report.

NET TANGIBLE ASSET BACKING

Net tangible asset backing per ordinary share: \$3.62 (2019 restated[^]: \$3.63).

This has been calculated by dividing the net assets attributable to equity holders of the Company less intangible assets by the number of ordinary shares as at 30 June 2020.

ENTITIES OVER WHICH CONTROL, JOINT CONTROL OR SIGNIFICANT INFLUENCE WAS GAINED OR LOST

There were two entities over which significant influence was lost during the year. Refer to Note 11 of the accompanying 2020 Annual Report. There were no entities over which control or joint control was gained or lost during the year.

AUDIT

This report is based on accounts that have been audited.

[^] Amounts have been restated. Refer to Note 1 of the accompanying 2020 Annual Report for further detail.
Right of use assets and Lease liabilities recognised on the adoption of AASB 16: Leases have been included in the calculation of Net tangible assets.

Appendix 4E

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
ABN 46 142 003 469
FOR THE YEAR ENDED 30 JUNE 2020

RESULTS FOR ANNOUNCEMENT TO THE MARKET UNDERLYING TRADING PERFORMANCE

	Underlying trading performance ^(a)		Significant items ^(b)		Reported statutory results	
	Restated [^]		Restated [^]		Restated [^]	
	2020	2019	2020	2019	2020	2019
	\$m	\$m	\$m	\$m	\$m	\$m
Revenue	4,562.6	4,084.0	-	-	4,562.6	4,084.0
Other income	62.7	53.5	-	-	62.7	53.5
Share of results from equity accounted investees	151.7	208.4	(71.1)	(179.3)	80.6	29.1
Gain on conversion of convertible note	-	-	-	28.9	-	28.9
Impairment of equity accounted investee	-	-	(162.3)	(106.8)	(162.3)	(106.8)
Impairment of producing and development asset	-	-	(116.7)	-	(116.7)	-
Expenses excluding depreciation and amortisation	(3,772.4)	(3,346.1)	(8.1)	-	(3,780.5)	(3,346.1)
Profit before depreciation, amortisation, net finance expense and income tax	1,004.6	999.8	(358.2)	(257.2)	646.4	742.6
Depreciation and amortisation	(264.7)	(271.9)	-	-	(264.7)	(271.9)
Profit before net finance expense and income tax	739.9	727.9	(358.2)	(257.2)	381.7	470.7
Net finance expense	(150.1)	(160.7)	-	(1.0)	(150.1)	(161.7)
Profit before income tax	589.8	567.2	(358.2)	(258.2)	231.6	309.0
Income tax expense	(116.0)	(106.4)	2.4	0.3	(113.6)	(106.1)
Profit for the year	473.8	460.8	(355.8)	(257.9)	118.0	202.9
Profit for the year attributable to:						
Equity holders of the Company	471.6	458.9	(355.8)	(257.9)	115.8	201.0
Non-controlling interest	2.2	1.9	-	-	2.2	1.9
Profit for the year	473.8	460.8	(355.8)	(257.9)	118.0	202.9
Earnings per share (EPS)	\$	\$			\$	\$
Basic earnings per share	1.39	1.37			0.34	0.60
Diluted earnings per share	1.39	1.37			0.34	0.60

[^] Amounts have been restated. Refer to Note 1 of the accompanying 2020 Annual Report for further detail.

(a) Underlying trading performance is comprised of statutory results adjusted for significant items. Underlying trading performance is separately disclosed and reconciled to statutory performance to assist users in understanding the financial performance of the Group.

Underlying trading performance measures are non-International Financial Reporting Standards (IFRS) measures and have not been subject to audit or review.

(b) Detailed information regarding the composition of significant items is provided in Note 3: Significant Items of the 2020 Annual Report.

Refer to Consolidated Statement of Profit or Loss and Other Comprehensive Income for information on individual reported components above.

26 August 2020

ASX Release

REVENUE AND UNDERLYING EARNINGS GROWTH SUPPORTED BY STRONG OPERATING PERFORMANCE AND RESILIENT CUSTOMER DEMAND

- Trading revenue of \$4.6 billion, up 12 per cent on prior comparative period (pcp);
- Underlying earnings before interest and tax (UEBIT) of \$740 million, up 2 per cent on FY19 UEBIT or up 6.5 per cent on FY19 UEBIT prior to AASB16 restatement;
- WesTrac delivered EBIT growth of 22 per cent on pcp;
- Underlying operating cash flow of \$826 million, up 29 per cent on pcp;
- Underlying net profit after tax (NPAT) of \$474 million, up 3 per cent on pcp;
- Underlying earnings per share (EPS) of 139 cents, up 1 per cent on pcp;
- Statutory EBIT of \$382 million impacted by significant items of \$358 million relating to Seven West Media and Bivins Ranch;
- Fully franked final dividend maintained at 21 cents per share.

Seven Group Holdings Limited (SGH) has today reported its full year results for the year ended 30 June 2020 highlighted by growth in revenue and underlying earnings during a period of unprecedented economic and social disruption due to COVID-19.

Commenting on the results, Ryan Stokes, Managing Director & Chief Executive Officer said:

“Today’s result reflects a strong performance from our operating businesses and the robustness of our diversified model. We are pleased to report revenue growth of 12 per cent to \$4.6 billion and underlying EBIT growth of 2 per cent to \$740 million.

“In particular our Industrial Services portfolio has delivered solid growth with WesTrac executing a standout performance, reflecting the strong demand from customers who remain active in mining production and construction.

“The Group’s growing exposure to industrials aligns with our recent investment in Boral, which has increased to 16.3 per cent since year end, and supports the view that infrastructure activity is critical in stimulating Australia’s economic recovery.

“While our Energy portfolio grappled with volatile oil prices in the recent half, this volatility was partly absorbed by resilience in the growing East Coast gas market and our investments remain well positioned to meet growing demand.”



“Our response to COVID-19 has centred on protecting the health and safety of our 5,800 employees, who have been incredibly agile in their response to servicing and supporting both our customers and communities through the COVID-19 pandemic and summer bushfires, while ensuring our business fundamentals remain strong.

“Our disciplined focus on operational cash flow combined with an increasingly diversified exposure to end markets means we are successfully navigating through the current uncertain times, and commence Financial Year 2021 with a strong balance sheet to pursue growth opportunities that complement our existing core businesses.”

During the year SGH, on behalf of its employees and shareholders, committed \$5 million cash and in-kind to support communities affected by last summer's tragic bushfires. This was matched by major shareholder Australian Capital Equity. During the year \$2.6 million of the pledged amount has been contributed, the remainder will be contributed in FY21 focusing on the rebuild efforts of these communities.

Key Financials

Group result (\$m)	FY20	FY19	% change
Trading revenue	4,562.6	4,084.0	12%
Underlying earnings before interest and tax ¹	739.9	727.9	2%
Underlying net profit after tax ¹	473.8	460.8	3%
Statutory net profit after tax	115.8	201.0	(42)%
Underlying EPS	139 cents	137 cents	1%
Statutory EPS	34 cents	60 cents	(43)%
Final fully franked dividend per ordinary share (cps)	21 cents	21 cents	-

1. Excluding Significant Items of \$358.2 million before tax, \$355.8 million after tax, that include the Group's share of Seven West Media's significant items, together with a mark-to-market impairment of the carrying value of SGH's investment, the Groups share of Beach Energy's significant items, Bivins Ranch impairment, and restructuring and redundancy costs.

Segment Earnings

Underlying EBIT (\$m)	FY20	FY19	Change %
WesTrac	371.0	303.0	22%
Coates Hire	203.7	200.8	1%
AllightSykes	(3.5)	1.3	n/a
Energy	126.6	156.6	(19)%
Media Investments	48.1	64.1	(25)%
Other Investments	18.4	21.4	(14)%
Other	(24.4)	(19.3)	26%
Group EBIT – continuing operations	739.9	727.9	2%

Industrial Services

WesTrac's revenue growth of 15 per cent and EBIT growth of 22 per cent underpinned the Group result. Parts and service demand remained strong with 6.6 million parts lines shipped during the year, another record level, supplemented by growth in product sales across several markets and equipment categories. Recent contract wins, including projects with all of the major iron ore miners, has built a strong pipeline of committed sales for the business. This reflects not only the strong CAT brand but also the reputation WesTrac has earned for delivering value-added customer solutions and technology, including autonomous mining, parts exchange and component rebuilds.

CAT's AHS technology, combined with WesTrac's proven expertise, has been a differentiator in the recent tenders providing our customers with material unit cost advantages which has ensured that WesTrac continues to sell equipment and provide aftermarket support to every major mine operator in WA.

Coates Hire's revenue and underlying EBIT were marginally higher than FY19, demonstrating the advantage of a diversified end-market exposure given the varying impact of COVID-19 across different sectors. East Coast infrastructure activity remains resilient, being a key lever for governments to accelerate economic activity. Regionally, Western Australia performed well during the year with strong growth in both infrastructure and resources. Coates Hire completed an organisational restructure in May, focused on improving agility and responsiveness to customers. The focus remains on winning major customers while building capability in specialised areas such as Engineering Solutions and Industrial Services.

Energy

Beach has demonstrated its resilience with a robust production result for the year. Pro-forma production was up 2 per cent after adjusting for the sell down of its Victorian Otway interests. Beach generates 55 per cent of its revenues through its gas business, which has provided dependable cash flows and acts as a hedge against oil price volatility. Management continues to target reductions in field operating costs.

Final Investment Decision is planned for Waitsia Stage 2 in the December quarter which represents a large, high quality, low cost gas resource close to existing major gas pipelines. Importantly, Beach has achieved early mover advantage in achieving WA Government support for up to 50 per cent of the projects 2P reserves to be exported as LNG via North West Shelf. Furthermore, following the LNG export period, the new 250 TJ/d Waitsia gas processing facility will be available to further supply the domestic gas market, including new industrial developments in WA.

SGH Energy is continuing to work through the development pathways for Crux, an attractive world-class LNG asset, and Longtom, a key source of potential supply to the East Coast gas market. Due to market conditions the Final Investment Decision on Crux has been delayed by at least 12 months, while the divestment review is on hold until 2021.

SGH's statutory result was impacted by a non-cash impairment of \$117 million to the carrying value of its investment in Bivins Ranch, located in the US.

Media

Seven West Media (SWM) has faced an unpredictable advertising market but in response has repositioned the business and is accelerating its transformation focus. Cost savings of \$170 million have been actioned and an AFL contract renegotiation has provided \$87 million in savings. Asset sales to date have realised \$150 million and the debt facility has been amended, providing certainty, flexibility and liquidity. This provides support for SWM's content-led growth strategy, which has shown early signs of positive ratings impact and audience demographic shift.

SGH's statutory result was impacted by non-cash significant items of \$245 million relating to the share of SWM's significant items, together with a mark-to-market impairment of the carrying value of SGH's investment.

Additional media income of \$30 million was generated through the Group's investments targeting China's media, entertainment and consumer sectors.

Listed Investments

The Group invested \$464 million in Boral during the year and a further \$187 million subsequent to 30 June 2020, representing an interest of 16.3 per cent. Boral was identified as a value opportunity in a sector aligning to the Group's overall industrial focus, with a long track record, potential for growth through the increasing levels of infrastructure investment in Australia and potential for improved profitability through management actions to drive operational and structural efficiencies.

Balance Sheet

Subsequent to 30 June 2020, the Group increased its balance sheet capacity through a US private placement (USPP) completed by WesTrac on 7 July 2020, delivering proceeds of \$461 million to support continued investment in facility upgrades and additional capacity, working capital to support the level of future sales, and repayment of maturing USPP tranches.

The Group has also entered into additional uncommitted facilities, increasing available cash and undrawn facilities to \$1.1 billion.

SGH has declared an unchanged final dividend of 21 cents per share, taking full year dividends to 42 cents per share, unchanged from last year.

Outlook

The Group's focus remains on the health and safety of its people and ensuring that customers can continue to provide their essential products and services to the economy. The three key themes of mining production, infrastructure investment and East Coast gas demand will continue to provide growth opportunities over the medium to long term.

Ample liquidity and funding are in place to support continued investment, with divisional growth anticipated in our Industrial Services businesses, which operate in essential industries. Given the current and ongoing uncertainty of COVID-19 restrictions, the Group will assess FY21 guidance at the time of the AGM in November.

For more information

More detailed information regarding SGH's 2020 full year results can be found in SGH's FY20 Results Presentation and the 2020 Annual Report.

The Company's Annual General Meeting will be held on 18 November 2020. The closing date for the receipt of nominations from persons wishing to be considered for election as a director is 29 September 2020.

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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. WesTrac is one of Caterpillar's top dealers globally (by sales value). SGH also owns Coates Hire, Australia's largest equipment hire business; and AllightSykes, a supplier of lighting towers, generators and pumps. The Group also has a 28.5 per cent shareholding in Beach Energy and has interests in oil and gas projects in Australia and the United States. In media, SGH has a 40 per cent shareholding in Seven West Media, one of Australia's largest multiple platform media companies, including the Seven Network and The West.