

20 November 2019

Company Announcements Office
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Dear Sir / Madam

Annual General Meeting Addresses

Attached is a copy of the addresses to be made by Mr Terry Davis, Lead Independent Director and Chairman of the Meeting, and Mr Ryan Stokes, Managing Director & CEO, at the Annual General Meeting commencing at 10.30am today.

Yours Sincerely



Warren Coatsworth
Company Secretary

Seven Group Holdings

Annual General Meeting – 20 November 2019

Mr Terry Davis, Lead Independent Director and Chair of the Meeting

Good morning. I am Terry Davis, Lead Independent Director of Seven Group Holdings.

Welcome to this Annual General Meeting of Seven Group Holdings.

Executive Chairman, Kerry Stokes, sends his apologies today. He is currently recovering from a routine medical procedure yesterday and could not attend the meeting.

He sends his apologies to you, as we know how much he wants to be here.

The Directors in attendance have elected that I chair this meeting today.

Firstly, let me introduce the members of the Board: Managing Director & CEO of Seven Group Holdings, Ryan Stokes; Annabelle Chaplain; Kate Farrar; Chris Mackay; David McEvoy; Commercial Director Bruce McWilliam; The Hon. Warwick Smith AO and Richard Uechtritz.

SGH has undergone a process of Board succession and renewal over the last couple of years allowing us to create a Board of outstanding individuals who have worked constructively together to help guide the repositioning and consequential growth of SGH.

Each Director brings a range of personal and professional experiences and expertise to the Board.

The Board seeks to achieve an appropriate mix of skills, tenures and gender diversity, as well as a deep understanding of the industries in which the Company holds investments and operates. Independence and governance experience are also critically considered.

Having regard to these matters, the Board reviewed its composition to ensure it remains appropriate for SGH.

This resulted in the appointment of Kate Farrar as a new Independent Non-Executive Director. Kate brings a diverse set of skills and almost three decades of experience, spanning public and private roles in energy and finance. She is currently the CEO of LGIA super where she is responsible for over \$12b under management.

Prior to this she held executive roles at McKinsey, Qenergy Ltd, Morgans Stockbroking, Ergon Energy and Suncorp.

I can attest that since her appointment Kate has spent considerable time getting to know our operations and our people. We value her contribution and know she will help drive shareholder value across our portfolio of businesses and investments.

The other key change is the retirement from the Board of Bruce McWilliam at the conclusion of this meeting. We would like to pay tribute to Bruce who has been pivotal to the formation of SGH and critical to so many of its achievements over the last decade.

Throughout his tenure at SGH, Bruce has successfully fulfilled the dual roles of Commercial Director at SGH and Commercial Director at SWM. In his dual capacity, Bruce has been a valued member of SGH's and SWM's Senior Executive Teams.

Bruce is one of Australia's most experienced and best-credentialed media executives, having worked for CPH, NewsCorp and SWM.

The opportunity for Bruce to add further value, and support James Warburton to drive market consolidation, necessitates Bruce providing additional availability and focus to SWM. We wish to thank Bruce for his support as part of the SGH team and his contribution to the evolution of SGH over such a long period of time.

It is appropriate to acknowledge all my fellow Directors' contribution and personally thank each of them, on behalf of all shareholders, for their ongoing commitment.

We are delighted to present to you another year of outstanding achievement by your Company. SGH has a unique position in all our markets. A portfolio of industry leaders, our businesses support our customers by offering leading products and services.

In FY19, we focused on leading our businesses to capture growth whilst continuing to support our customers' drive for greater efficiency and productivity. It is an approach that has driven performance for our shareholders and customers and provided exciting opportunities for our people.

The value of our market leading industrial services businesses in WesTrac and Coates Hire, as well as our investments in Seven West Media and Beach Energy, is evident in our achievement of an outstanding operational performance and excellent returns for shareholders during the year in review.

In delivering its FY19 results, the Company has achieved improved returns in 2019, reporting Underlying EBIT of \$695 million, an increase of 40 per cent on 2018.

Our strong performance enabled the Board to declare a final fully franked dividend of 21 cents per share. Total dividends declared for FY19 were 42 cents per share.

The result the Group delivered this year clearly demonstrates the value in quality business and equally highlights what can be achieved with a capable management team supported by an exceptional workforce and quality business partners.

The Board gave due consideration to increasing the dividend but elected to use increased free cash flow to further invest in our businesses, including the increased position within Beach, and to retire debt.

Your Board is optimistic about the outlook for the Company. Notwithstanding the challenges and economic concerns around the globe, the Group's businesses hold leading market positions, supported by a strong balance sheet and financial discipline, enabling us to compete and take advantage of growth opportunities.

SGH will continue to focus on creating shareholder value by disciplined capital management.

Today we are seeing the signs that market conditions, particularly for our Industrial Services businesses in Australia, continue to improve. Ryan will speak more of these in his address.

Coates Hire has similarly leveraged the infrastructure investment cycle, particularly in the eastern states of Australia, to create long-term value for the Group.

Our investment into Energy has seen the Group create substantial value for shareholders. We expect further growth from Beach as it continues to benefit from a strong east coast gas market.

Our media interests are in a period of rapid change, especially in how we engage with our audiences of all ages. Our capacity to connect with them across all media and all screens, particularly mobile devices, will determine our future.

The new SWM management team have responded positively with a renewed focus on improving their core business with stronger TV ratings, revenue and cost savings. Further market consolidation will also provide opportunities derived by scale and their ability to leverage content across multiple platforms.

We believe that the combination of our assets, people and opportunities will allow SGH to continue to deliver shareholder value.

On behalf of the Board I thank our staff and you our shareholders, for your continuing support and commitment to your Company. Together with over 5,000 employees, we continue to adapt to the ever-changing market and ensure our businesses remain strong and competitive.

And on that, I would like to invite Ryan Stokes to address you.

Seven Group Holdings

Annual General Meeting – 20 November 2019

Mr Ryan Stokes, Managing Director & CEO

Underlying EBIT up 40 per cent. Strong growth in Industrials and Energy. TSR of 34 per cent per annum for the last three years, ranking fifth against the ASX 100 ex-financials. Strong balance sheet position with the capacity for growth.

It is pleasing to be able to report to our shareholders, the underlying strength from operations that has allowed SGH to deliver the strong results for the FY19 year.

Despite these successes we didn't deliver on all our objectives for FY19 and there is more we need to do.

Our objective is to grow shareholder returns. We do this by ensuring our businesses are positioned to drive value and realise their potential.

Our people are committed to supporting our customers with high standards of service, support and innovative thinking. This is a key attribute of the culture across all our businesses, making our people our most important asset.

Safety is our top priority. While we have made positive progress on our key metrics we are aiming to continuously improve in this area. Our Q1 results reinforce this and reflect improvements made across most of our businesses for the rolling 12 months to September.

We continue to expand our activity through leadership and safety cultural programs, such as the "built by us" program in WesTrac. This was one of the contributors to a strong improvement in employee engagement. We are exploring a similar program for Coates Hire.

There have been changes to key leadership across the Group with new CEO's appointed to AllightSykes, Coates Hire, and Seven West Media in the last nine months.

SGH is a diversified company, with interests across Industrials, Energy, Media, and Investments. The diversity provides us the opportunity to take advantage of some key thematic drivers. We are well positioned for the strong mining production cycle, infrastructure investment and domestic energy demand.

In Industrials, WesTrac and Coates Hire, hold leading positions in equipment solutions for major mining and a diversified set of infrastructure and construction customers.

Beach Energy, in which we own a 28 per cent stake, is a key supplier of gas to the East Coast market. Our SGH Energy assets also provide opportunities in domestic gas and LNG exports.

In media, we hold a 41 per cent interest in Seven West Media, one of the largest media companies in Australia.

The position of our operating businesses have allowed the Group to capture strength in our key markets.

Our end customers in the mining sector have experienced positive trading conditions, with WesTrac delivering 41 per cent EBIT growth in FY19 off an already strong base.

WesTrac's business opportunity is aligned to the mining production cycle. We have seen growth in demand for support through parts and service, also with major new projects such as Rio Tinto's Koodaideri "Mine of the Future" project.

Coates Hire delivered 7 per cent EBIT growth in FY19 with the result weighted toward the first half. While the result didn't meet our expectations we are confident in the opportunities with the significant amount of infrastructure investment.

Beach Energy recorded full year production of 29 MMboe, up 55 per cent on previous year. Free cash flow of \$560 million for the year has delivered a net cash position.

The FY19 year's result has delivered robust, sustainable growth in revenue and underlying earnings. Revenue was up 27 per cent to \$4.1 billion. Operating cash flow of \$411 million was up 62 per cent on the prior year.

WesTrac delivered strong growth with the second half result matching the strong result in the first half.

Coates Hire delivered moderate earnings growth however a much softer second half and action have been taken to address that.

Beach's strong operational results were delivered through production growth, facility reliability and high customer demand, resulting in SGH's share of Beach NPAT more than doubling to \$158 million.

Seven West Media had a challenging year with the underlying result at the lower end of guidance and a significant impairment of Television licences.

Underlying EBIT was \$695 million. Underlying NPAT was up 49 per cent to \$479 million. Underlying EPS was 143 cents, up 47 per cent on the prior year.

Underlying EBITDA cash conversion of 59 per cent was a 5 per cent improvement on the prior year.

On a statutory basis, EBIT was \$436 million and statutory net profit after tax was \$219 million, impacted by significant items of \$260 million, including a \$291 million share of equity accounted investee significant items and mark-to-market impairment relating to the Seven West Media investment.

During FY19 we declared fully franked ordinary dividends of 42 cents per share.

In FY19 we enhanced our capital structure by converting the TELYS4 shares to ordinary shares, allowing unification of our share structure while delivering a 5 per cent increase in free float.

We refinanced our senior corporate debt, extending tenure to 2021 and 2023, increasing the facility size to \$1.3 billion, and reducing our credit margin.

The 40 per cent gearing ratio calculated from our reported balance sheet effectively reduces to 27 per cent when taking into account the listed portfolio, the mark-to-market of our debt hedging instruments, and the market value of Beach in excess of its book value.

This leaves the Group in an extremely strong position to fund growth opportunities, with more than \$1.1 billion in potential liquidity available.

Earlier in the year we announced a leadership change at Coates Hire, with Murray Vitlich transitioning from the role of SGH Chief Operating Officer to CEO of Coates Hire.

Murray brings an excellent blend of operational and industry experience from his previous roles. He knows the business issues and opportunities well, having served on the Coates Hire board since joining SGH more than two years ago.

This succession also reinforces the strength of the SGH operating model with high quality leadership at both SGH corporate and our portfolio businesses.

The priorities at Coates Hire are to grow revenue through sales effectiveness and winning work with mid-tier customers, continued focus on operational efficiency continues, and improving fleet utilisation.

Year to date trading shows continued growth in WA while the east coast remains consistent with the prior year.

While project and infrastructure activity remains in line with prior year, the outlook is positive. We are investing in fleet and growth ahead of the expected step-up in activity.

Since 30 June, SWM has undertaken a leadership change with James Warburton appointed MD&CEO. The focus is around three core areas of content led growth, transformation, and strengthening the capital structure and balance sheet.

SWM has undertaken further initiatives to remove duplication and streamline the operations, reducing more than 100 positions and delivering ~\$20 million in annualised savings.

SWM has also announced the proposed merger with Prime Media Group and the sale of Pacific Magazines and radio assets. These initiatives will expand the core TV business, simplify the business both in cost structure and operating model while realising cash to enhance the balance sheet.

During the year we also saw some significant milestones on Crux, a 2 Tcf world class LNG asset, which is 15 per cent owned by SGH Energy. Crux is the primary source of backfill gas to the Prelude FLNG facility which shipped its first cargo in June this year.

Commercial tolling agreements are in place with Prelude and we are more than half-way through FEED, targeting FID for mid-2020, first production as early as late 2024 and a production life extending for more than 15 years.

We are undertaking a price discovery process and have the balance sheet flexibility to pursue project investment. The Crux market review process is expected to complete in early Q2 2020, which aligns with the timing of FID expected in late Q2 2020.

We are confident with our outlook for FY20.

WesTrac is expected to continue experiencing growth in demand for parts and service to support the high level of ongoing mining activity. Coates Hire has seen delays on major projects but activity levels are expected to be robust over the next 12 months. Industrials are expected to deliver FY20 EBIT growth in the mid-teens.

Beach has delivered strong operational performance and management has a solid track record. Including the sell down of 40 per cent of the Otway, Beach is expecting earnings to be flat in FY20.

SWM media has presented its guidance for underlying EBIT to be at the lower end of guidance range.

On a Group basis, consistent with the full year results announcement we expect FY20 underlying EBIT growth of mid to high single digits against FY19, including the impacts of AASB 16.

On that, I'll hand back to the Chairman.

Ends.