

**ASX Release**

24 August 2022

**SGH DELIVERS STRONG EARNINGS GROWTH IN FY22**

Seven Group Holdings (SGH) (ASX:SVW)

- Revenue from continuing operations of \$8,013.4, up 65.6%
- Underlying EBITDA from continuing operations of \$1,465.0m, up 39.2%
- Underlying EBIT from continuing operations of \$987.1m, up 24.6% (8.3% pro-forma)
- WesTrac EBIT of \$425.6m, up 6.3%
- Coates EBIT of \$246.1m, up 16.3%
- Group Statutory EBIT \$1,043.7m, up 12.8%
- Group Statutory NPAT \$607.4m, down 4.3%
- Final dividend of 23 cents per share, fully franked

Seven Group Holdings (SGH) has today reported its financial results for the 12 months ended 30 June 2022 (FY22), delivering strong earnings through outperformance at WesTrac, Coates, Beach and Seven West.

Capitalising on growth in the mining, infrastructure, energy and media sectors, Group underlying EBIT from continuing operations of \$987.1 million was up 24.6% on a reported basis and 8.3% on a pro-forma basis. Statutory EBIT of \$1,043.7 million was up 12.8%.

Underlying net profit after tax (NPAT) of \$577.3 million was up 14.4%. Statutory NPAT of \$607.4 million was down 4.3%, impacted by impairments and transaction costs at Boral and Seven West Media.

Underlying earnings per share (EPS) from continuing operations for the year was 152 cents, up 4.1%. The Group's final dividend has been maintained at 23 cents per share, bringing total dividends for the year to 46 cents per share fully franked.

**Ryan Stokes, Managing Director and Chief Executive Officer said:**

*"Today's result reflects the strength of our diversified group structure, delivering strong earnings growth across the majority of our businesses. The WesTrac and Coates results were particularly pleasing. Boral performance will be a focus for improvement and FY23 will see particular attention on pricing and margin discipline. Boral is expected to deliver earnings uplift and progress towards restoring appropriate profitability to an Iconic Australian company."*

*"It has been a substantial year for the Group. We have gained control of Boral, re-focused its portfolio to Australian construction materials, and repaid the Bridge facility established to fund the acquisition. In addition, we have maintained focus and discipline in our other businesses, which has been critical to managing inflationary pressures, and is reflected in EBIT growth and margin expansion across the Group."*

*"The Group is positioned to capitalise on widely expected growth in the mining production, infrastructure investment and energy sectors in FY23, with leading positions in each industry and clear momentum demonstrated in FY22."*

*"SGH's owner's mindset ethos permeates through all levels of the organisation, and I am proud of the commitment and agility demonstrated by our people as they support the Group and its customers in demanding conditions."*

**WesTrac**

**Coates**

**BORAL**

**7M**

**SGH | Energy**

## Key Financials

Group Results (\$m)	FY21	FY22	Change (%)
Group Revenue	4,838.7	8,013.4	65.6%
Statutory NPAT <sup>1</sup>	634.6	607.4	(4.3%)
Underlying NPAT - continuing operations	504.6	577.3	14.4%
Underlying EPS - continuing operations	146 cents	152 cents	4.1%
Fully franked dividend per share	46 cents	46 cents	0%
Underlying continuing operations (\$m)	FY21	FY22	Change (%)
Group Revenue	4,838.7	8,013.4	65.6%
Group EBITDA	1,052.4	1,465.0	39.2%
WesTrac EBIT	400.2	425.6	6.3%
Coates EBIT	211.6	246.1	16.3%
Boral EBIT	157.2 <sup>1</sup>	106.5	(32.3%)
Energy EBIT	102.3	153.2	49.8%
Media EBIT	57.0	79.6	39.6%
Other EBIT	6.5	1.1	(83.1%)
<b>Group EBIT from continuing operations</b>	<b>911.3<sup>1</sup></b>	<b>987.1</b>	<b>8.3%</b>

<sup>1</sup>Pro forma, underlying, continuing, excluding property

<sup>2</sup>Continuing and discontinued operations

### WesTrac

WesTrac delivered FY22 revenue of \$3,961.7 million, up 4.0% on robust customer demand and strength in product support sales. EBIT margins benefitted from operating leverage and a favourable change in sales mix towards product support, resulting in an underlying EBIT of \$425.6 million, up 6.3% year on year.

Against a backdrop of supply chain disruption and increasing customer demand, a strategic decision was made to invest in inventory in FY22 to support our customers. The short-term impact of this decision was a reduction in FY22 cash conversion at WesTrac. This enabled us to meet customer requirements and be positioned to support continued growth in FY23.

We expect operating cash conversion to return to historical levels over the next 18 months.

### Coates

Coates delivered a strong financial result, with revenue of \$1,009.3 million, up 6.7% on growth in equipment hire across all geographies. EBIT margins benefitted from pricing discipline, resulting in an underlying EBIT of \$246.1 million, up 16.3% year-on-year.

Coates continues to benefit from its market-leading position, productivity focus and exposure to a growing infrastructure sector, with average Time Utilisation (TU) up 7.4% over the year, averaging 59.6%.

### Boral

Strong customer demand for Boral's products facilitated a 1.1% expansion in revenue from continuing operations year-on-year. Demand growth was particularly strong for Boral's low carbon concrete offerings, which saw a 135% increase in sales, and finished the year with a 19% adoption rate.

Construction lockdowns and exposure to rising energy costs saw a deterioration in margins, leading to a 15.0% contraction in underlying EBITDA on a pro-forma basis. We continue to make progress along Boral's performance journey, highlighted by the simplification of the organisational structure in FY22. We expect the transformation efforts to be accelerated in FY23, with the commencement of Vik Bansal, their new CEO&MD.

### Energy

Beach Energy (ASX:BPT) (30.0% owned) delivered revenue and EBIT growth of 13.4% and 47.1% respectively, buoyed by strong realised energy pricing and domestic gas demand. Production of 21.8mboe was within guidance, with strong output from the Otway basin. Beach successfully completed the 7-well Otway offshore drilling program in July 2022, on time and on budget. The additional production capacity provided by the program positions Beach well to capitalise on a tight East Coast gas market.

SGH Energy took FID on the Crux natural gas field in May 2022. SGH Energy holds a 15.5% share in the project, with the right to market its produced volumes. With a supply gap in global LNG markets forecast to widen to +15mtpa by FY25, Crux represents significant value for the business, whether developed by SGH Energy or divested via an ongoing sale process.

## Media

Seven West Media (ASX:SWM) (38.9% owned) continued to deliver growth in FY22, with revenue and EBIT up 20.3% and 54.9%, respectively. SWM now boasts the largest and number one total television network, the #1 BVOD service and the fastest growing print and digital brands in the country.

SWM successfully executed its strategy to grow and strengthen the business in FY22, through content-led growth, digital transformation, a strengthened balance sheet and the acquisition of the Prime Media Group. The company is now well positioned to capitalise on broadcast ratings and earnings momentum carried into FY23, maximise the Prime and national sales opportunity and continue capturing share in the BVOD market.

## Cash Flow and Dividends

Revenue of \$8,013.4 million was up 65.6% on a reported basis and 3.1% on a pro-forma basis, reflecting robust customer demand. The strong demand, coupled with supply chain volatility, necessitated an increase in buffer stock at WesTrac, to minimise customer impact and support growth. This was reflected in a 17.7% reduction in the Group's operating cashflow of \$512.4 million.

In line with our policy of stable and growing dividends over time, SGH has retained its final dividend at 23 cents per share, bringing total dividends for the year to 46 cents per share fully franked.

## Outlook

SGH is carrying strong momentum into FY23, with a positive outlook across all of its businesses.

WesTrac is expected to benefit from strong customer activity and an ageing mining fleet, driving growth in support sales and a robust pipeline of committed new equipment deliveries.

Strength in the infrastructure and construction pipeline should benefit both Coates and Boral. At Coates, robust customer activity and demand for solutions give us confidence that strong conditions will continue in FY23. At Boral, the performance journey is set to be accelerated by the appointment of their new CEO&MD, and we expect earnings recovery and margin growth in FY23 subject to energy input cost and management.

At Beach, elevated energy pricing and demand supports a strong earnings outlook, particularly when combined with repriced gas volumes and emerging uncontracted volumes.

SWM expects to capitalise on its position as the number one total television network in Australia, to grow its revenue share and increase digital earnings, while maintaining tight cost control and reducing leverage.

SGH expects to capitalise on this underlying momentum, to deliver high single to low double-digit Group UEBIT growth relative to FY22, subject to no material change to market conditions.

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

*More detailed information regarding SGH's FY22 results can be found in SGH's FY22 Results Presentation and the FY22 Annual Report. The Company's Annual General Meeting will be held on 17 November 2022. The closing date for the receipt of nominations from persons wishing to be considered for election as a director is 28 September 2022.*

### For investor information, please contact:

Daniel Levy - Head of IR and Communications  
+61 2 8777 7106 | investorrelations@sevengroup.com.au

### For media enquiries, please contact:

Lauren Thompson | +61 438 954 729 or  
Hayley Ashburner | +61 497 554 588

**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 is the sole authorised Caterpillar dealer in WA, NSW and ACT. 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.