

20 November 2019

Company Announcements Office
Australian Securities Exchange Limited
Level 6, 20 Bridge Street
Sydney NSW 2000

By electronic lodgment

Total Pages: 16 (including covering letter)

Dear Sir / Madam

Annual General Meeting Presentation

Attached is a copy of the presentation to be made by Mr Ryan Stokes, Managing Director & CEO, at the Annual General Meeting commencing at 10.30am today.

Yours Sincerely



Warren Coatsworth
Company Secretary



LEADING THE WAY FORWARD

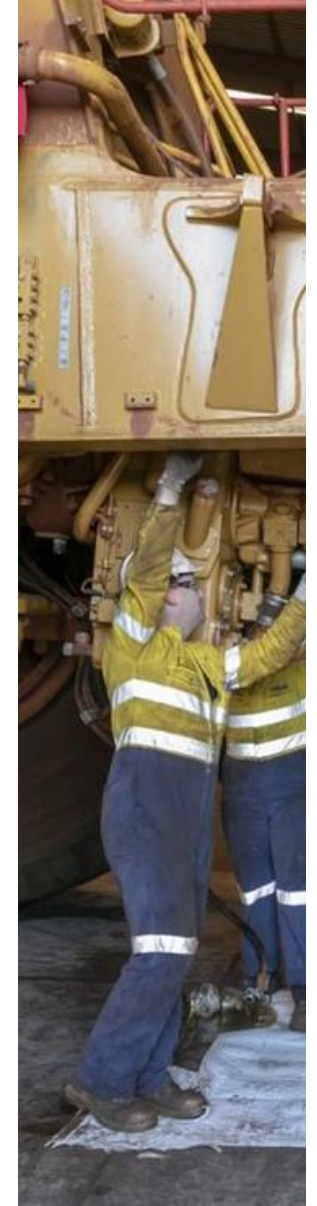
Annual General Meeting

20 November 2019

SGH | Industrial Services, Media,
Energy and Investments

GROUP OVERVIEW

Our objective is to grow
shareholder returns by ensuring our
businesses continue to perform and
deliver market-leading positions



GROUP OVERVIEW PEOPLE, SAFETY AND CULTURE

Our people are our greatest asset and keeping them safe is our top priority

- Expanded our safety commitment through leadership programs
 - WesTrac’s “Built By Us” program is designed to drive a transformational shift in safety culture and behaviour along with staff engagement
 - Objective is to create a safer, enjoyable and more productive workplace
- Improvements achieved in safety performance within numerous businesses











People and culture initiatives underway

- Apprenticeship program launched by Coates Hire while WesTrac’s program has expanded in recent years with targets set for gender diversity and indigenous intake
- Executed “train to task” across six key operational teams in WesTrac, aimed at redirecting our trained technicians to higher skilled tasks
- “Competent Person Program” being rolled out in Coates Hire, delivering career development for staff and savings to the business
- Good leadership supported by people and culture initiatives has led to over 10% improvement in engagement results across all our businesses

	LTIFR			TRIFR		
	Q1 '20	FY19	FY18	Q1 '20	FY19	FY18
WesTrac WA	1.1	1.2	2.5	8.0	8.3	10.6
WesTrac NSW	0.7	1.0	0.4	8.4	10.2	10.1
Coates Hire	1.2	1.6	2.3	12.2	12.8	19.6
AllightSykes	2.5	2.5	0.0	10.0	4.9	7.7
SGH Energy	0.0	0.0	0.0	0.0	0.0	0.0
Group Total	1.1	1.3	1.9	9.8	10.4	14.0

- Lost time injury frequency rate (LTIFR) = number of lost time injuries per million hours worked;
- Total recordable injury frequency rate (TRIFR) = number of recordable injuries per million hours worked;
- AllightSykes FY19 LTIFR has been restated for a recordable injury sustained in May 2019 which resulted in lost time during Q1 FY20
- Q1 FY20 statistics are based on rolling 12 months to September 2019

GROUP OVERVIEW BUSINESSES AND MARKETS

<h2>Industrial services</h2> <div></div> <p>WesTrac (100% owned) is one of the largest CAT dealers globally (by sales) and supports customers in Australia's rich iron ore and thermal coal regions</p> <p>23 branches and 3,300 employees</p> <p>Key customers: BHP, CIMIC, FMG, Macmahon, Min Res, Rio Tinto, Roy Hill</p> <hr/> <p>Trading revenue</p> <p>\$3.0b</p> <hr/> <p>Asset value</p> <p>\$1.9b</p>	<h2>Industrial services</h2> <div></div> <p>Coates Hire (100% owned) is the largest nationwide industrial and general equipment hire company</p> <p>Over 160 branches and 2,300 employees</p> <p>Key customers: BMD, CIMIC, Downer, FMG, Lend Lease, John Holland</p> <hr/> <p>Trading revenue</p> <p>\$1.0b</p> <hr/> <p>Asset value</p> <p>\$2.2b</p>	<h2>Energy</h2> <div></div> <p>Beach Energy (28.6% owned) is a leading mid-cap E&P business and a key supplier to a growing East Coast market</p> <p>SGH Energy (100% owned) holds operated and non-operated oil and gas interests including 15% of the Crux LNG Project</p> <p>Key customers: Alinta, AGL, Adelaide Brighton, Origin Energy</p> <hr/> <p>Segment Underlying EBIT</p> <p>\$157m</p> <hr/> <p>Segment assets</p> <p>\$1.2b</p>	<h2>Media investments</h2> <div></div> <p>Seven West Media (41% owned) is a leading diversified media company in Australia with 2,800 employees</p> <p>Audience of 18.9 million Australians engaged monthly</p> <p>Other media investments include interests in China P/E funds</p> <hr/> <p>Segment Underlying EBIT</p> <p>\$66m</p> <hr/> <p>Segment assets</p> <p>\$0.5b</p>
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Mining production

- We provide equipment solutions to the world's largest miners, supporting record production volumes and driving efficiency

Infrastructure investment

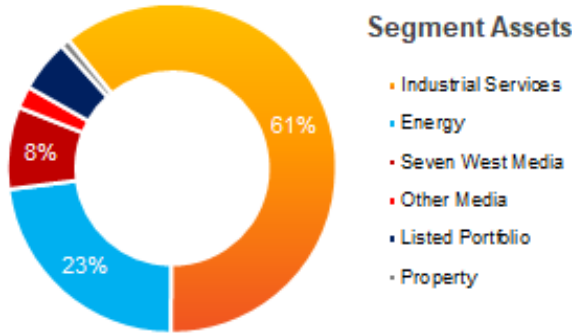
- We are the largest national equipment hire business, providing solutions to major infrastructure and construction customers with a strong pipeline of committed government projects

East coast gas

- Beach and SGH Energy are well positioned to meet growing East Coast gas demand and domestic LNG export opportunity

Diversified investments

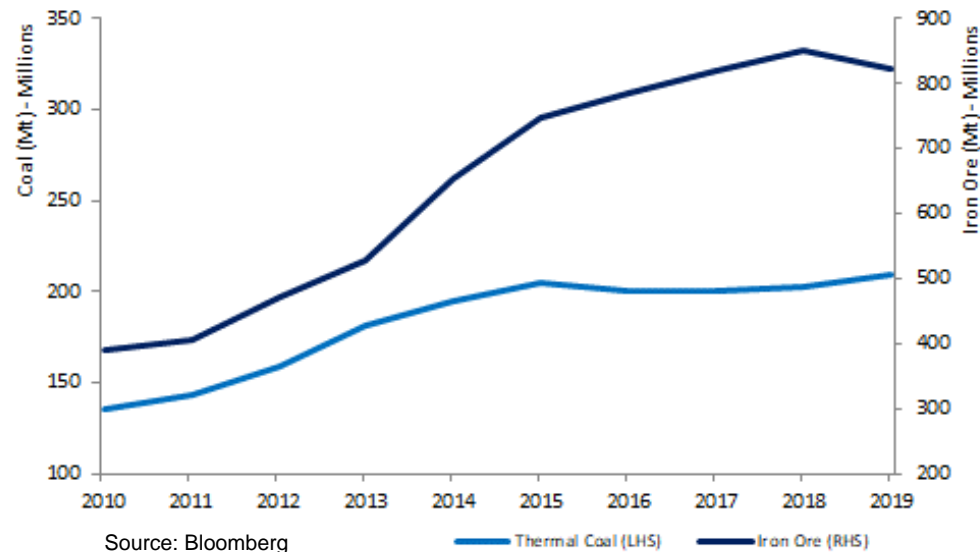
- Strong balance sheet to pursue growth opportunities within or adjacent to our existing core businesses



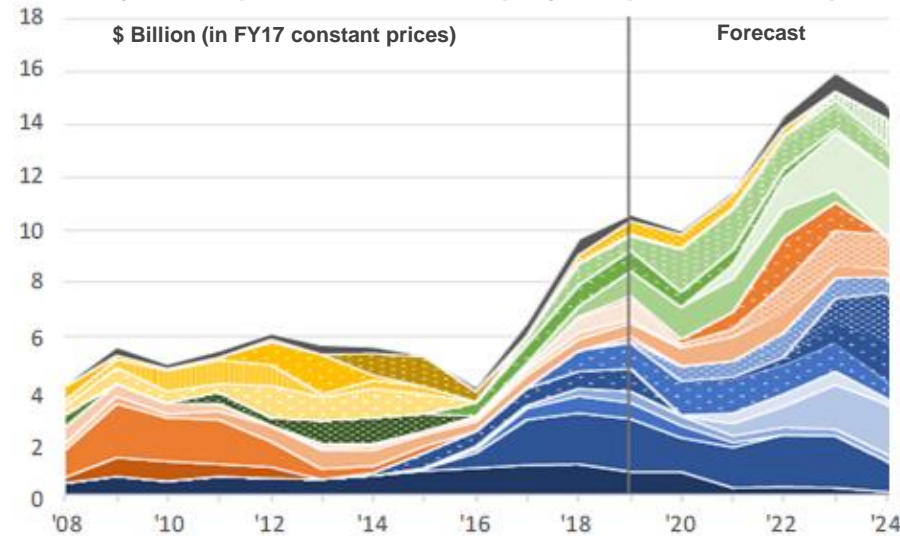
Note: asset values as at 30 June 2019

GROUP OVERVIEW KEY DRIVERS

Iron ore and coal export volumes per annum

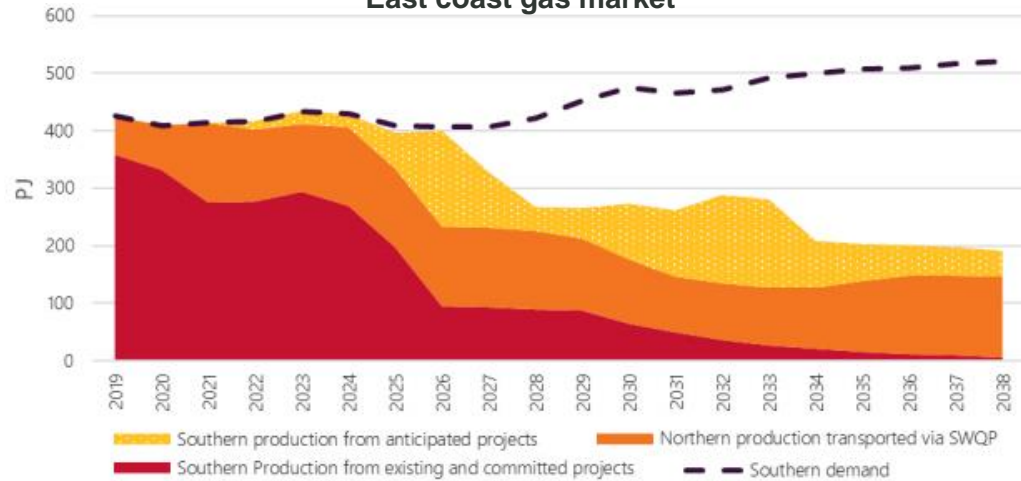


Major transport infrastructure projects (over \$2 billion)



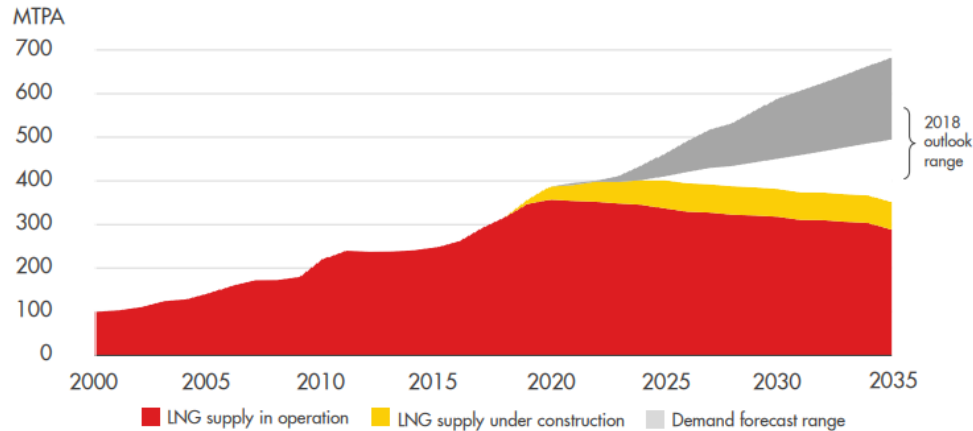
Note: chart is based on projects with over \$2 billion in construction work done
Source: BIS Oxford Economics – Sep 2019

East coast gas market



Source: Australian Energy Market Operator, 2019 Gas Statement of Opportunities

Global LNG forecasts



Source: Shell LNG Outlook 2019

GROUP FY19 REVIEW

Our financial results reflect the level of operating performance achieved and our continued focus on driving efficiencies and cash flow



YEAR IN REVIEW

Key sectors performing strongly delivering 40% EBIT growth to \$695m

- Trading revenue of \$4.1bn up 27% with growth across all businesses
- EBIT up \$198m on pcg delivered through WesTrac (\$83m), Coates Hire (\$54m) and Beach Energy (\$85m)
- Continued operating discipline reflected in underlying margin improvement of 1.5% at EBIT level and 1.7% at NPAT level
- Improved operating cash flow despite investment in future growth through working capital

Unique position in all our key markets to drive growth

- Industrial services EBIT growth of 40% reflecting strength of end markets in mining and infrastructure
 - WesTrac part lines invoiced were up 11% to 6.4m driven by the record level of mining production and export volumes
 - Coates Hire asset utilisation remains 1.2% higher than average over previous five years despite slower construction market and project delays

Energy investments creating value

- Beach delivered record production and earnings result, enabling reinvestment from strong cash flow and \$172m net cash
- Crux FEED more than half-way complete, FID targeted for Q2 2020, and interest in project growing from a range of LNG buyers and investors



YEAR IN REVIEW KEY FINANCIALS

Underlying Results (\$m) – continuing operations	FY19	FY18	% Change
Trading revenue	4,084.0	3,207.9	27%
Earnings before interest and tax ¹	695.1	496.9	40%
Underlying net profit after tax ¹	478.9	321.9	49%
Underlying earnings per share ¹	143 cents	97 cents	47%
Underlying EBITDA cash conversion ¹	59%	54%	5%
Statutory results (\$m) – continuing operations	FY19	FY18	% Change
Trading revenue	4,084.0	3,207.9	27%
Earnings before interest and tax	436.1	570.4	(24)%
Net profit after tax attributable to shareholders	219.2	405.2	(46)%
Earnings per share	65 cents	124 cents	(48)%
Final fully franked ordinary dividend	21 cents	21 cents	

Notes:

1. Excluding significant items

FINANCIALS CAPITAL MANAGEMENT

Capital structure optimised and strengthened

- TELYS4 conversion to ordinary shares well supported by all investors and simplifies the capital structure
- Free float increased from 34% to 39% and new investors introduced onto register
- Successful track record of capital markets transactions over the past two years a signal of market confidence
- Funding base diversified and overall funding costs reduced
- Capacity of >\$1bn to pursue targeted growth opportunities

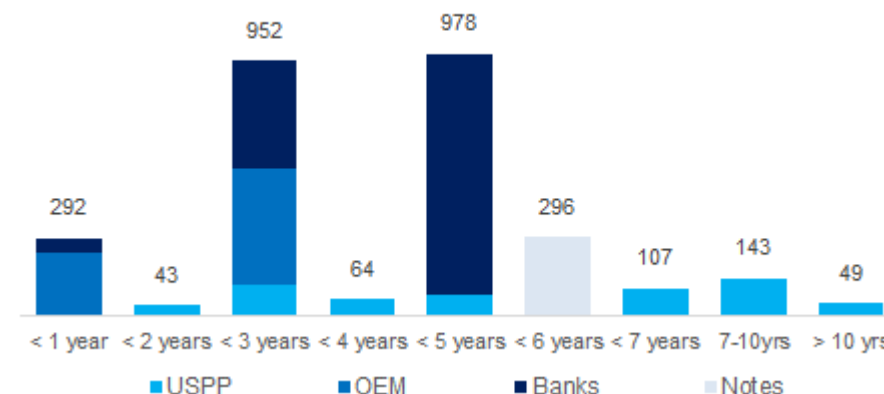
Corporate debt refinanced and extended

- Upsized from \$900m to \$1.3bn in 3 and 5 year tranches
- Reduction in borrowing margin reflects the support from the banking syndicate and the Group's strong credit metrics
- Net debt below \$2bn and effective net debt below \$1.7bn after adjusting for value of hedges and the listed portfolio

Enhancing shareholder return

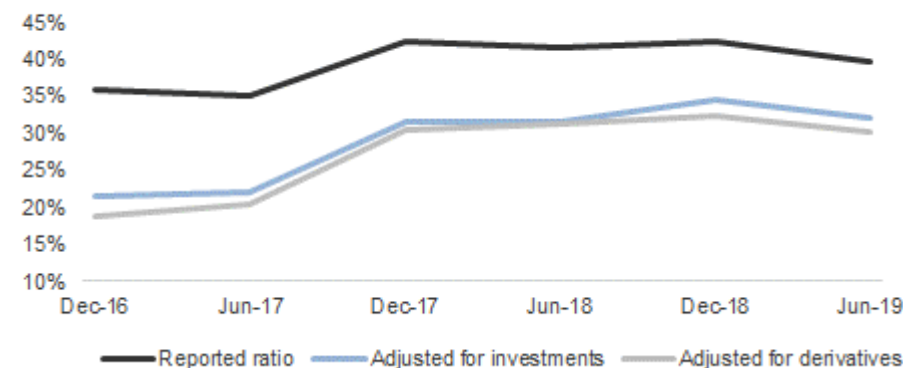
- Total shareholder return of 34% per annum over three years to 19 November 2019 (ranked 5th vs ASX100 ex. Financials)
- Final dividend maintained at 21 cents given the opportunities to reinvest cash flow across our businesses

Facility Maturity Profile



Note: maturity profile as at 30 June 2019

Gearing Ratio (D / D+E)



Note: adjusted ratio takes into account the value of the listed portfolio and the market value of Beach in excess of book value

INDUSTRIAL SERVICES COATES HIRE UPDATE

Leadership and organisational restructure

- Change of CEO with Murray Vitlich appointed in July after previous role as SGH Chief Operating Officer
- Restructured CEO direct reports and redesigned incentive structure for sales team
- Reduction in corporate headcount / SG&A

Priorities and response

- Stronger focus on winning work with mid-tier customers while holding share with top tier customers
- Sales effectiveness and time utilization (TU%) growth from prior year

Strength in infrastructure project pipeline

- Growth in WA and flat on east coast
- Project and infrastructure activity outlook is positive but conditions in line with prior year
 - Market expected to increase more strongly than previously anticipated from FY21 through FY24
 - Driven by engineering, construction and non-residential projections combined with strength in mining
- Fleet investment and growth ahead of the step up in activity
 - Accelerated capex plan to expand fleet in WA and Vic/SA to meet the market demand and win market share in WA



MEDIA SEVEN WEST MEDIA UPDATE

Structural changes implemented

- Change of CEO with James Warburton appointed in August
- Streamlined operations and new executive appointments
- Removal of duplication across work force
 - Recent TV restructure announced and additional headcount reduction in WAN ongoing
 - Group headcount reduced 13% in FY18 and FY19 with further initiatives in FY20 targeting ~\$20m reduction and more than 100 FTE
- Refocused on content led growth

Media consolidation announced by SWM

- SWM to acquire Prime Media Group in all-scrip transaction to be implemented by way of a Scheme of Arrangement
- Sale of Pacific Magazines for \$40 million
- Sale of WA radio assets for \$28 million

Strategic rationale

- Realisation of cash and reduction in leverage
- Consolidation of cost base – expected cost synergy of \$11m (annualised)
- Deal is transformational in terms of size, scale and cost
- Greater TV audience reach: >90% of Australia’s population each month
- Provides advertisers with seamless access to metro and regional Australia

Benefits of merger with Prime



Network 7, Commercial Audience Share % (18:00 to 24:00)

	Combined	Metro	Regional
Total population	40.1%	39.4%	41.9%
P 25-54	37.5%	36.1%	41.0%

Note: OzTAM (Metro), RegionalTAM (Regional). Primetime: 1800-2400. Network National / Combined Commercial Share based on Fiscal 2018/19 average audience for Metro + Regional* (*excl. TAS): Seven Network + Prime7/7Qld/GWN, Nine Network + SCA Nine Network, TEN Network + WIN Network. Data: Consolidated (Live + As Live + TSV7)

ENERGY CRUX UPDATE



Crux development update

- Crux is an attractive asset, uniquely positioned as a backfill opportunity utilising existing infrastructure
- Anticipated global LNG supply gap around the projected Crux start-up window
- Significant potential earnings and cash flow stream over 15 to 20 years from 2024/25
- SGH has the financial capacity to take FID and see the asset through to production
 - Initial market sounding to commence for LNG and condensate offtake

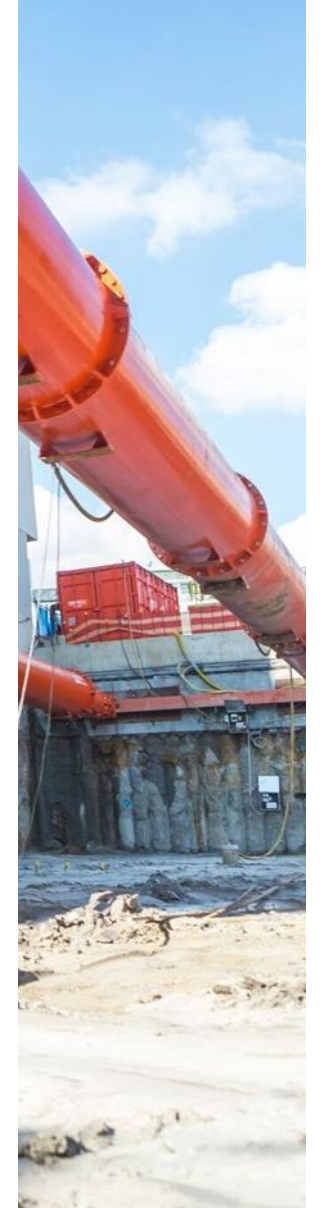
Sale process update

- Interest shown by parties from Japan, China, Europe and Australia
 - World class operator and high-quality resource
 - Uncontracted LNG with proximity to key markets
 - Exploration upside and potential for third-party tolling
- Crux sale review outcome expected mid 2020
 - Aligns with FID expected in Q2 2020
 - Final tolling agreements expected to be in place
 - 12 months of production ramp-up and export from Prelude FLNG



GROUP OUTLOOK

Focused on how we can position
the businesses to best drive value
and realise their potential



OUTLOOK FY20

Business Outlook

WesTrac and Coates Hire continuing to capture opportunity and deliver market-leading positions

- ▶ Strong medium to long term outlook for mining production and infrastructure investment
- ▶ Opportunities being created through new mining projects planned by major miners and growing pipeline of government infrastructure projects
- ▶ FY20 EBIT growth expected in the mid-teens through continued mining parts demand, growing new equipment orders, continued level of infrastructure activity in NSW / VIC and growth in WA equipment hire

Energy

- ▶ Beach FY20 production guidance of 27-29 Mmboe, EBITDA of \$1.25-1.4bn and DD&A \$17-18/boe
- ▶ Crux sale review outcome expected mid 2020

Media EBIT growth driven by cost focus

- ▶ Consolidation to deliver scale benefits and net debt reduction while allowing focus on content-led growth
- ▶ FY20 underlying EBIT at lower end of \$190 to \$200 million guidance range (including impact of AASB 16)

Investments

- ▶ Investment income will be lower due to sell-down of listed portfolio

Group Outlook

Focus on key growth areas

- ▶ Opportunities for growth in our Industrial Services and Energy businesses as they continue to benefit from the strong medium to long term outlook

Group EBIT guidance

- ▶ FY20 underlying EBIT growth is expected in the mid to high single digits against FY19 underlying EBIT including the impact of AASB 16, subject to there being no material adverse changes in trading conditions

GROUP OVERVIEW DISCLAIMER

Basis of preparation of slides

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- Period-on-period changes that are greater than 100%, less than (100)% or change between positive and negative are omitted for presentation purposes.

Non-IFRS Financial Information

- SGH results comply with International Financial Reporting Standards (“IFRS”). The underlying segment performance is presented in Note 2 to the financial statements for the period and excludes Significant Items comprising impairment of equity accounted investees, investments and non-current assets, fair value movement of derivatives, net gains on sale of investments and equity accounted investees, restructuring and redundancy costs, share of results from equity accounted investees attributable to Significant Items, loss on sale of investments and derivative financial instruments, acquisition transaction costs, significant items in other income, remeasurement of tax exposures and unusual tax expense impacts. Significant Items are detailed in Note 3 to the financial statements.
- This presentation includes certain non-IFRS measures including Underlying Net Profit After Tax (excluding Significant Items), total revenue and other income, Segment EBIT margin and Segment EBITDA margin. These measures are used internally by management to assess the performance of the business, make decisions on the allocation of resources and assess operational management. Non-IFRS measures have not been subject to audit or review.
- This presentation includes references to continuing and discontinued operations.