

4 March 2024

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

## SEVEN GROUP HOLDINGS LIMITED OFFER FOR BORAL

Seven Group Holdings Limited (ACN 142 003 469) (ASX: SVW) (**SGH**), through its wholly owned subsidiary Network Investment Holdings Pty Ltd (ACN 078 448 512) (**SGH Bidder**), has today released a replacement bidder's statement dated 4 March 2024 (**Replacement Bidder's Statement**) in relation to its off market takeover bid under Chapter 6 of the Corporations Act 2001 (Cth) (the **Corporations Act**) for all the fully paid ordinary shares in Boral Limited (ACN 008 421 761) (ASX: BLD) (**Boral**) (the **Offer**).

Further to SGH Bidder's announcement today attaching the Replacement Bidder's Statement, SGH Bidder attaches, by way of service pursuant to section 633A(2)(c) of the Corporations Act (as inserted by ASIC Corporations (Replacement Bidder's and Target's Statements) Instrument 2023/688) its replacement bidder statement in respect of the Offer.

Yours sincerely



Warren Coatsworth  
**Company Secretary**

**Seven Group Holdings Limited** is an Australian diversified operating group, with market leading businesses across industrial services, energy and media. In industrial services, SGH owns WesTrac and Coates, and holds a 71.6% interest in Boral. WesTrac is the sole authorised Caterpillar dealer in Western Australia, New South Wales and the Australian Capital Territory. Coates is Australia's largest industrial and general equipment hire business. Boral is Australia's largest and leading integrated construction materials business. In Energy, SGH has a 30.0% shareholding in Beach Energy, as well as interests in other energy assets in Australia and the United States. In Media, SGH has a 40.2% shareholding in Seven West Media, one of Australia's largest multiple platform media companies, including the Seven Network, 7plus and The West Australian.



THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO HOW TO ACT, YOU SHOULD CONSULT YOUR FINANCIAL OR LEGAL ADVISER AS SOON AS POSSIBLE.

## Bidder's Statement

### **ACCEPT** the Scrip and Cash Offer

by

**Network Investment Holdings Pty Limited** (ACN 078 448 512)

a wholly owned subsidiary of

**Seven Group Holdings Limited** (ACN 142 003 469)

to acquire all of your shares in

**Boral Limited** (ACN 008 421 761)

for

**0.1116 SGH Shares and up to A\$1.70 of cash per Boral Share**

Please call the SGH Offer Information Line on 1300 373 947 (toll-free within Australia) or +61 2 8023 5462 (from outside Australia) if you require assistance. Calls to these numbers may be recorded.

Financial Adviser

**Barrenjoey**<sup>\*</sup>

 **MACQUARIE**

Legal Adviser

 **HERBERT  
SMITH  
FREEHILLS**

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## Important Dates

Announcement Date	19 February 2024
Date of original Bidder's Statement	19 February 2024
Date of this replacement Bidder's Statement	4 March 2024
Date of the Offer	4 March 2024
Offer scheduled to close (unless extended or withdrawn)	7.00pm (Sydney time) on 4 April 2024

*Note: The closing date for the Offer may change as permitted by the Corporations Act.*

## Important information

This replacement Bidder's Statement is given by Network Investment Holdings Pty Limited, a wholly owned subsidiary of Seven Group Holdings Limited, to Boral Limited under Part 6.5 of the Corporations Act (as modified by ASIC Corporations (Replacement Bidder's and Target's Statements) Instrument 2023/688) and relates to the Offer.

Unless otherwise specified, in this document Network Investment Holdings Pty Limited is referred to as "SGH Bidder" and Seven Group Holdings Limited is referred to as "SGH".

You should read this Bidder's Statement in its entirety.

This replacement Bidder's Statement is dated 4 March 2024 and includes an Offer dated 4 March 2024 in section 9.

This replacement Bidder's Statement replaces the original Bidder's Statement and was lodged with ASIC on 4 March 2024. The original Bidder's Statement was lodged with ASIC on 19 February 2024. References to "as at the date of this Bidder's Statement" continue to mean 19 February 2024, being the date of the original Bidder's Statement. Neither ASIC nor any of its officers takes any responsibility for the contents of this replacement Bidder's Statement.

## Investment advice

This Bidder's Statement does not take into account your individual investment objectives, financial situation or particular needs. You may wish to seek independent financial and taxation or other professional advice before deciding whether or not to accept the Offer.

You are advised to exercise caution in relation to the Offer. If you are in any doubt about any of the contents of this Bidder's Statement, you should obtain independent professional advice.

## Forward-looking statements

This Bidder's Statement may contain forward-looking statements, which include statements other than statements of historical fact. Such statements are only predictions and are subject to inherent risks and uncertainties in that they may be affected by a variety of known and unknown risks, variables and other factors, many of which are beyond the control of SGH and SGH Bidder. Those risks and uncertainties include factors and risks specific to the industry in which Boral and SGH and the members of the SGH Group operate as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets. Actual events, results, value, performance or achievements may differ materially from events, results, values, performance or achievements expressed or implied in any forward-looking statement.

None of SGH, SGH Bidder, any of their directors, officers, employees or advisers, or any other person named in this Bidder's Statement with their consent or involved in preparation of this Bidder's Statement, gives any representation, warranty, assurance or guarantee as to the likelihood or accuracy of the occurrence of the events expressed or implied in any forward-looking statements in this Bidder's Statement. You are cautioned not to place undue reliance on any forward-looking statements.

The forward-looking statements in this Bidder's Statement only reflect views held as at the date of this Bidder's Statement.

## Boral and Merged Group information

The information on Boral, Boral's securities and Boral Group contained in this Bidder's Statement has been prepared by SGH using publicly available information.

The information in this Bidder's Statement concerning Boral and the assets and liabilities, financial position and performance, profits and losses and prospects of the Boral Group, has not been independently verified by SGH. Accordingly, SGH does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

The information on the Merged Group contained in this Bidder's Statement, to the extent that it incorporates or reflects information on Boral and Boral Group, has also been prepared using publicly available information. Accordingly, information in relation to the Merged Group is subject to the foregoing disclaimer to that extent.

Further information relating to Boral's business may be included in Boral's target's statement which Boral must provide to its shareholders in response to this Bidder's Statement.

## Investment Risks

There are a number of risks that may have a material impact on the value of the Offer, the future performance of SGH and the value of SGH Shares. Some of these risks are described in Section 6 of this Bidder's Statement.

## Value of Bidder Shares

Given that you are being offered SGH Shares as part consideration for your Boral Shares, the implied value of the Offer will vary with the market price of SGH Shares.

Further information on the implied value of the Offer is contained in Section 5.1. Before accepting the Offer, Boral Shareholders should obtain current quotes for SGH Shares from their stockbroker or other financial adviser.

In addition, all references to the implied value of the Offer are subject to the effects of rounding.

## Foreign jurisdictions

The distribution of this Bidder's Statement and the making of the Offer may be restricted by the laws of jurisdictions outside of Australia, and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities law. The Bidder's Statement does not constitute an offer, and Offer is not being made, directly or indirectly, in or into and will not be capable of acceptance from within any jurisdiction, if to do so would not be in compliance with the laws of that jurisdiction. No action has been taken to register or qualify SGH or to otherwise permit a public offering of SGH Shares outside Australia. SGH Shares have not been, and will not be, registered under the United States Securities Act of 1933 (**Securities Act**) and may not be offered or sold in the United States or to, or for the account or benefit of, a U.S. person (as defined in Regulation S under the Securities Act), except in a transaction exempt from the registration requirements of the Securities Act and applicable United States state securities laws.

## Warning statement for Boral Shareholders in New Zealand

This Bidder's Statement is not a New Zealand product disclosure statement or other similar offering or disclosure document under New Zealand law and has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the Financial Markets Conduct Act 2013 or any other relevant New Zealand law. The offer of SGH Shares under the Offer is being made to existing Boral Shareholders with registered addresses in New Zealand in reliance upon the Financial Markets Conduct (Incidental Offers) Exemption Notice 2021, and, accordingly, this Bidder's Statement may not contain all the information that a product disclosure statement under New Zealand law is required to contain.

## Estimates and Assumptions

Unless otherwise indicated, all references to estimates, assumptions and derivations of the same in this Bidder's Statement are references to estimates, assumptions and derivations of the same by SGH's management. Management estimates reflect and are based on views as at the date of this Bidder's Statement, and actual facts or outcomes may materially differ from those estimates or assumptions.

## Diagrams

Any diagrams appearing in this Bidder's Statement are illustrative only. Unless stated otherwise, all data contained in charts, graphs and tables is based on information available at the date of this Bidder's Statement.

## Effect of rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Bidder's Statement are subject to the effect of rounding. The actual calculation of these figures, amounts, percentages, prices, estimates, calculations of value and fractions may differ from those set out in this Bidder's Statement. Any discrepancies between totals in tables or financial statements or in calculations graphs or charts are due to rounding.

## Privacy

SGH Bidder and its Related Entities have collected your information from the register of members of Boral for the purposes of making the Offer and, if accepted, administering acceptances over your shareholding in Boral. The Corporations Act requires the name and address of shareholders to be held in a public register. SGH Bidder and its share registry may disclose your personal information to their related bodies corporate (and, in the case of SGH Bidder, its Related Entities) and external service providers and may be required to

disclose such information to regulators, such as ASIC. If you would like details of information about you held by SGH Bidder, please contact SGH at the address set out in the Corporate Directory.

## Websites

References in this Bidder's Statement to the website of SGH (<https://www.sevengroup.com.au>) and to Boral's website (<https://www.boral.com.au>) are for your reference only. Information contained in or otherwise accessible from those websites is not part of this Bidder's Statement.

## Defined terms

A number of defined terms are used in this Bidder's Statement. These terms are explained in section 10 along with certain rules of interpretation which apply to this Bidder's Statement.

## Enquiries and SGH Offer Information Line

If you have any questions in relation to the Offer, please call the SGH Offer Information Line on the following numbers:

Within Australia: 1300 373 947 (toll-free)  
Outside Australia: +61 2 8023 5462

Please note that all calls to these numbers may be recorded.

## Chairman's Letter

4 March 2024

Dear Fellow Boral Shareholder

### Merger of Seven Group and Boral

On behalf of Seven Group Holdings Limited (“**SGH**”), I am pleased to enclose an offer to merge SGH with Boral (“**Merger Offer**” or “**Offer**”). Under the Merger Offer, SGH Bidder, a wholly owned subsidiary of SGH, would acquire all of your Boral Shares for 0.1116 SGH Shares for each Boral Share and \$1.50 cash (the “**Minimum Consideration**”).

The Minimum Consideration has an aggregate value of \$6.05 per Boral Share as at the Announcement Date.<sup>1</sup> The Offer Consideration will be increased by \$0.10 per Boral Share in cash if one or both of the following occur, SGH Bidder reaches an aggregate interest of 80% or more, or if the Boral Board unanimously recommends that Boral Shareholders accept. The Merger Offer Consideration will increase by a further \$0.10 in cash if SGH Bidder reaches compulsory acquisition by achieving voting power of 90.6% or more. If both of these increases occur, SGH Bidder would acquire all of your Boral Shares for 0.1116 SGH Shares for each Boral Share and \$1.70 cash (the “**Maximum Consideration**”).

The aggregate values of the Minimum Consideration and Maximum Consideration are \$6.05 and \$6.25 per Boral Share, respectively, based on the closing price of SGH Shares on 16 February 2024.<sup>2</sup>

We believe the Offer is compelling to Boral shareholders as we are offering shareholders a premium to last close, notwithstanding control has already passed to SGH. The Minimum Consideration<sup>1</sup> is 27% higher than SGH’s previous 2021 offer (from which control of Boral passed to SGH) and is higher than any closing price at which Boral has traded since 2007.<sup>3</sup> At the Minimum Consideration, we are valuing Boral at EV / LTM Dec-23 EBITDA and LTM Dec-23 P / E multiples of 12.1x and 29.9x respectively, which are high in comparison to the trading values of local and global peers, as well as comparable transactions in the sector.

In addition, we are offering Boral shareholders an opportunity to exchange Boral Shares for SGH Shares, which trade at a lower valuation multiple than Boral and provide exposure to a larger, more diversified group with a track record for generating above-market returns for shareholders.

### Key reasons to accept the Merger Offer

We are pleased to offer the ability for Boral shareholders to become SGH shareholders so that we can continue, in a more streamlined and efficient manner, to generate shareholder value. We believe that bringing together Boral and SGH provides a number of significant benefits to Boral shareholders, including:

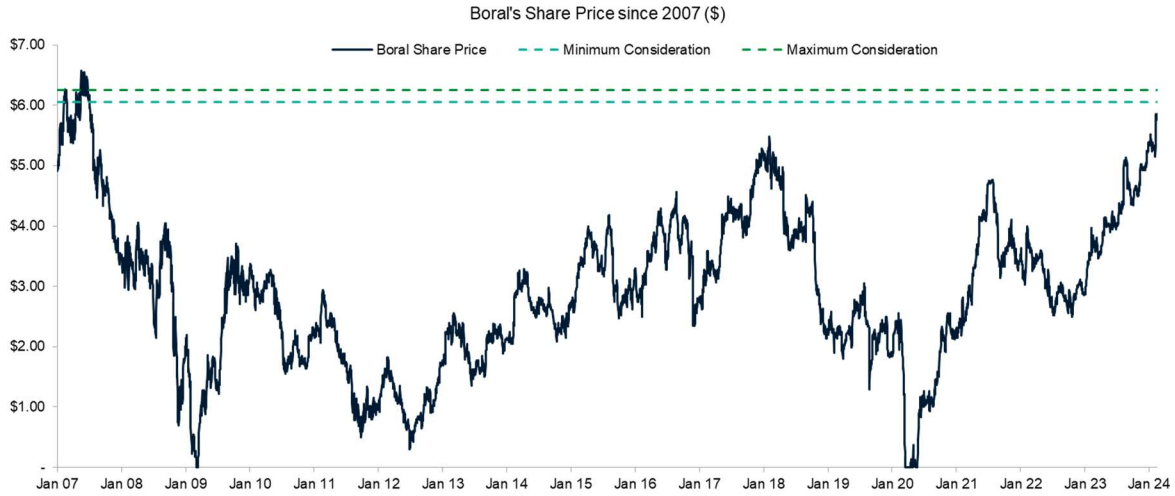
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<sup>1</sup> Based on the closing price of SGH Shares of \$40.77 at close of trading on 16 February 2024. The implied aggregate value of the Offer will vary depending on the market price of SGH Shares.

<sup>2</sup> As at the Announcement Date. Based on the closing price of SGH Shares of \$40.77 at close of trading on 16 February 2024. The implied aggregate value of the Offer will vary depending on the market price of SGH Shares.

<sup>3</sup> Adjusted for the \$2.65 capital return paid to Boral Shareholders on 14 February 2022.

**1. The Offer Consideration is higher than any closing price at which Boral has traded since 2007 (after adjusting for the \$2.65 capital return)<sup>4</sup>**

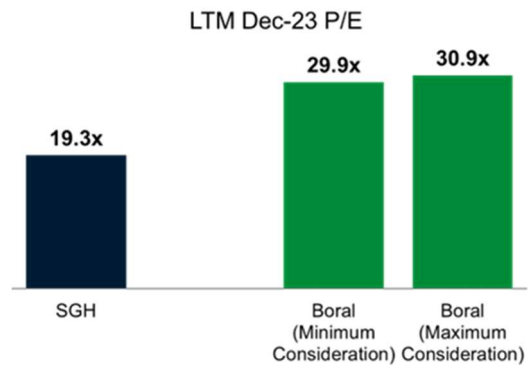


**2. The Offer Consideration is 27-32% higher than SGH's previous offer for Boral, despite the fact that control has already passed**



**3. Boral Shareholders have the opportunity to exchange Boral Shares for SGH Shares, which we believe is attractive for the following reasons**

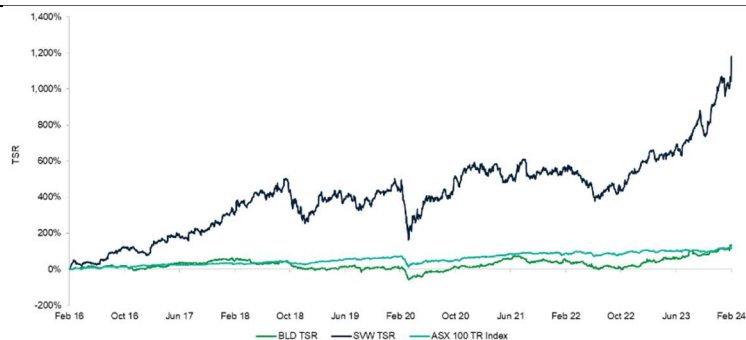
a. *SGH is trading at a valuation discount to the Offer Consideration for Boral, potentially improving upside for shareholders<sup>5</sup>*



<sup>4</sup> Market data sourced from IRESS (as at 16 February 2024).

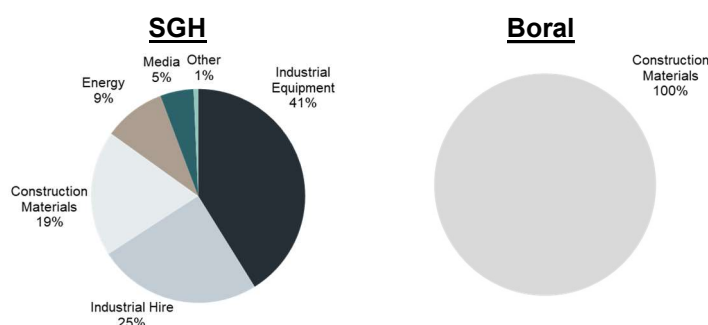
<sup>5</sup> Sourced from company disclosures and market data sourced from IRESS as at 16 February 2024.

b. SGH has a superior track record of delivering shareholder returns<sup>6</sup>



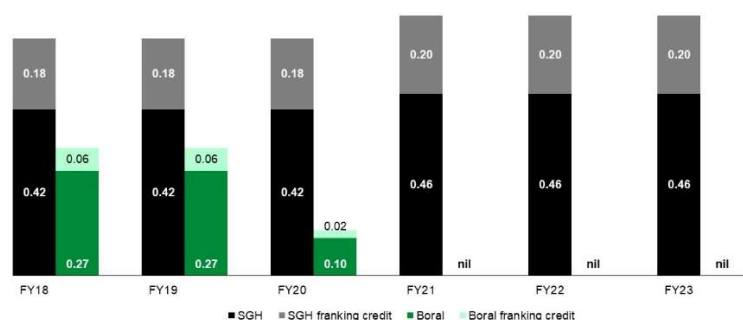
c. SGH provides ongoing exposure to Boral, but is more diversified and exposed to numerous Australian end markets

FY23 EBIT mix (%)



d. SGH has paid significantly greater, and fully franked dividends over recent years

Ordinary DPS since FY18 (\$ / share)



4. The Offer represents an attractive valuation of your Boral shares, based on Boral's historical trading multiples, the trading multiples of comparable companies, and transaction multiples in the sector
5. The Offer is Best and Final and will not be increased, with a competing bid highly unlikely
6. SGH will not acquire Boral shares for an amount above \$6.25 for at least 12 months following the close of the Offer
7. There are a number of considerations to remaining a Boral shareholder
  - a. potential reductions in Boral's trading liquidity and index-weighting;
  - b. your Boral Shares may fall in value if you do not accept the Offer;
  - c. Boral has not paid a dividend for two years<sup>7</sup> and through a combination of limited franking credits and a significant investment program, is unlikely to pay dividends for some time; and
  - d. SGH has a prolonged history of paying fully franked dividends whereas Boral's dividends since October 2017 have only been 50% franked.

<sup>6</sup> Market data sourced from Bloomberg (as at 16 February 2024).

<sup>7</sup> Excluding 7 cps unfranked special dividend paid on 14 February 2022 to enable to \$3 billion capital return.



## **Conditions**

The Offer Consideration is SGH's Best and Final price and will not be increased. SGH will not acquire Boral Shares for more than \$6.25 for at least 12 months following close of the Offer.

The Offer is not subject to any minimum acceptance condition. The Offer is only conditional upon the customary condition of no prescribed occurrences in relation to Boral.

The full terms and conditions of the Offer are set out in section 9 of this Bidder's Statement.

## **SGH's Intentions**

SGH considers it to be in the best interests of Boral to focus on long term growth and managing cost. This is reflected in SGH's intentions relating to the Offer as set out in section 4 including, but not limited to:

- appointing a majority of SGH nominees to the Boral Board commensurate with SGH's interest in Boral;
- reinvesting free cash flow from Boral's operations to support the business' long-term growth, with a near term focus on upgrading its mobile asset fleet and replacing short life quarries. In this context, SGH does not expect dividends would be payable for the foreseeable future; and
- seeking to delist Boral when legally permissible and consistent with ASX guidance.

If SGH achieves compulsory acquisition under the Offer and subsequent delisting of Boral, it is proposed that:

- up to two SGH Board seats be offered to the Independent Directors of Boral, for the purpose of continuing to represent the former minority Boral Shareholders' interests on the SGH Board post completion of this Offer; and
- SGH will transition the remuneration incentives of Boral's management, including those of Mr Bansal, Boral's Managing Director and CEO, from Boral Shares to SGH Shares.

## **Information on SGH and SGH Bidder**

SGH Bidder is an investment holding company that is well capitalised through its parent entity, SGH. SGH is a leading Australian diversified operating and investment group with market leading businesses and investments in industrial services, media and energy.

Please refer to Section 1 for more information on SGH and SGH Bidder.

## **Proposed acceptance facility**

SGH proposes to establish an acceptance facility which would give Boral Shareholders the alternative of, effectively, accepting the offer on a conditional basis. The condition would be that the First Consideration Increase occurs, meaning the cash component would be \$1.60 per share rather than \$1.50. If the First Consideration Increase did not occur and the cash component remained at \$1.50, the acceptance would not take effect. The details of this acceptance facility will be provided in a supplementary bidder's statement.

## **Next Steps**

I encourage you to read this Bidder's Statement in full for further details about the Offer.

The Offer is open for your acceptance until 7.00 pm (Sydney time) on 4 April 2024, unless extended. If you wish to accept the Offer, please follow the instructions in the Bidder's Statement and the enclosed Acceptance Form.

If you have any questions about the Offer, please call the SGH Offer Information Line on 1300 373 947 (toll-free within Australia) or +61 2 8023 5462 (from outside Australia) or contact your legal, financial or other professional adviser.

Yours faithfully



Terry Davis  
**Chairman**  
**Seven Group Holdings Limited**

**SGH** | Industrial Services, Media,  
Energy and Investments

## How to Accept the Offer

You may accept the Offer in respect of all or any of your Boral Shares. Acceptances must be received before the end of the Offer Period (subject to the terms of the Offer).

### For Issuer Sponsored Holdings of Boral Shares (Securityholder Reference Number beginning with 'I')

To accept the Offer, you may:

- **Online acceptance:** To accept the Offer online, log in to [www.sevengroupoffer.com.au](http://www.sevengroupoffer.com.au), follow the instructions, select the "Accept" option before the Offer closes.
- **Acceptance Form:** To accept the Offer using a physical Acceptance Form, you must complete and sign the Acceptance Form enclosed with this Bidder's Statement in accordance with the instructions on it and return it to the address indicated on the Acceptance Form before the Offer closes.

### For CHES Holdings of Boral Shares (Holder Identification Number beginning with 'X')

To accept the Offer, you may:

- **Online acceptance:** To accept the Offer online, you must log in to [www.sevengroupoffer.com.au](http://www.sevengroupoffer.com.au), follow the instructions, select the "Accept" option and submit your acceptance of the Offer before the Offer closes.
- **Contact your Controlling Participant:** Alternatively, you can accept the Offer by instructing your Controlling Participant (usually your broker) to accept the Offer on your behalf before the Offer closes.
- **Acceptance Form:** To accept the Offer using a physical Acceptance Form, you must complete and sign the Acceptance Form enclosed with this Bidder's Statement in accordance with the instructions on it and return it to the address indicated on the Acceptance Form before the Offer closes.

### Controlling Participants

If you are a Controlling Participant, acceptance of this Offer must be initiated in accordance with Rule 14.14 of the ASX Settlement Rules before the Offer closes.

Full details on how to accept the offer are set out in section 9.3 of this Bidder's Statement.

## Summary of the Offer and Other Important Information

The following is a summary only of the Offer and certain other important information and is qualified by the detailed information contained in the rest of this Bidder's Statement. You should read this Bidder's Statement in full before deciding how to deal with your Boral Shares.

The terms of the Offer are contained in section 9.

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<b>What is the Offer?</b>	SGH Bidder is offering to acquire all or any of your Boral Shares, on the terms and conditions set out in section 9.
<b>Who is making the Offer?</b>	The Offer is being made by SGH Bidder, a wholly owned subsidiary of SGH.
<b>Why is the Offer being made?</b>	As at the date of this Bidder's Statement, SGH has a relevant interest in 62.4% of Boral's Shares as well as a further interest in 9.2% under a physically settled equity swap, being an aggregate interest of 71.6% <sup>8</sup> . See section 2.8(a) for more details. Given that SGH's Relevant Interest exceeds 20% and the intention is to acquire more than 3%, SGH Bidder is making a takeover offer to all Boral Shareholders.
<b>What is the Offer Consideration?</b>	SGH Bidder is offering to acquire all or any of your Boral Shares for consideration, which as at the Announcement Date had an aggregate value of \$6.05 <sup>9</sup> comprising 0.1116 SGH Shares and \$1.50 cash per Boral Share, on the terms and conditions set out in section 9. The aggregate value of the Offer described above is calculated based on the last closing price of SGH and Boral Shares on ASX at the close of trading on the date before the Announcement Date. The implied aggregate value of the Offer will vary depending on the market price of SGH Shares.

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### Conditional increases in Offer Consideration

The Offer Consideration will be increased if one or both of the following occur:

1. **First Consideration Increase:** the cash component of the Offer Consideration will be increased by \$0.10 per Boral Share if one or both of the following occur:
  - (a) SGH Bidder receives acceptances under the Offer sufficient to increase its aggregate interest in Boral Shares<sup>10</sup> to 80% or more prior to close of the Offer; or
  - (b) the Boral Board, excluding Mr Stokes and Mr Richards, unanimously recommend that Boral Shareholders accept the Offer.

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<sup>8</sup> Comprised of a 62.4% holding of Boral Shares and a further interest in 9.2% of Boral under a physically settled equity swap, in each case based on Boral's most recent ASX disclosure (Appendix 4D) Note 10 dated 9 February 2024. See SGH's Form 604 disclosure dated 1 September 2023.

<sup>9</sup> Based on the closing price of SGH Shares of \$40.77 at close of trading on 16 February 2024. The implied aggregate value of the Offer will vary depending on the market price of SGH Shares.

<sup>10</sup> Aggregate interest includes SGH's swap position in Boral Shares.

<b>What is the Offer Consideration? (cont.)</b>	<p>2. <b>Second Consideration Increase:</b> the cash component of the Offer Consideration will be increased by a further \$0.10 per Boral Share if:</p> <p>(a) SGH Bidder receives acceptances under the Offer sufficient to increase its voting power in Boral Shares to 90.6% or more prior to close of the Offer, being the point at which SGH Bidder may proceed to compulsorily acquire the Boral Shares not accepted under the Offer under Part 6A.1 of the Corporations Act (see section 4.5(a) for further detail).</p> <p>If the First Consideration Increase and the Second Consideration Increase occur, Boral shareholders would receive 0.1116 SGH Shares and \$1.70 cash per Boral Share.</p> <p>The exchange ratio of 0.1116 SGH Shares per Boral Share is fixed in all cases.</p>
<b>What is the implied aggregate value of the Offer?</b>	<p>The Minimum Consideration and Maximum Consideration as at the date of this Bidder's Statement are valued at \$6.05 and \$6.25 per Boral Share respectively, based on the closing price of SGH Shares immediately prior to the Announcement Date (being \$40.77).</p> <p>The implied value of the Offer will vary with the market price of SGH Shares.</p>
<b>What happens if the Offer Consideration is increased?</b>	<p>If you have already accepted the Offer in respect of some or all of your Boral Shares and received your consideration, and the Offer consideration is subsequently increased you will still be entitled to receive the increased consideration.</p>
<b>Value of SGH Shares</b>	<p>As you are being offered SGH Shares as part consideration for your Boral Shares, the implied value of the Offer will vary with the market price of SGH Shares. Further information on the implied value of the Offer is contained in the 'Why you should accept SGH's Offer' section, particularly Item 1 (<i>The Offer represents an attractive premium to recent trading and relevant valuation metrics despite no change in control</i>), of this Bidder's Statement.</p>
<b>When does the Offer close?</b>	<p>The Offer is scheduled to close at 7.00pm (Sydney time) on 4 April 2024. You should note that the Offer Period can be extended in accordance with the Corporations Act.</p>
<b>What are the conditions of the Offer?</b>	<p>The Offer is not subject to any minimum acceptance condition. The Offer is only conditional upon the customary condition of no prescribed occurrences in relation to Boral. See section 9.6 for further information.</p>
<b>What interest does SGH and SGH Bidder have in Boral?</b>	<p>As at the date of this Bidder's Statement, SGH Bidder and SGH have an interest in 71.6% of Boral Shares, via:</p> <ul style="list-style-type: none"> <li>• SGH Bidder and wholly owned subsidiaries of SGH being the registered holders and beneficial owners of 688,716,265 or 62.4% of Boral Shares; and</li> <li>• a physically settled equity swap transaction with respect to 101,034,431 or 9.2% of Boral Shares.</li> </ul> <p>As at the Announcement Date, SGH's Relevant Interest in Boral was approximately 62.4%, based on Boral's most recent ASX disclosure Appendix 4D Note 10 dated 9 February 2024. See SGH's Form 604 disclosure dated 1 September 2023.</p>

<b>How do I accept the Offer?</b>	See section 9.3 of this Bidder's Statement, as well as the instructions on the enclosed Acceptance Form.
<b>If I accept the Offer, when will I receive the Offer Compensation?</b>	<p>If you accept the Offer in accordance with the instructions contained in the Offer and the Acceptance Form or online and the Offer becomes unconditional, you will be issued SGH Shares<sup>11</sup> and sent the cash element of the consideration on or before the later of:</p> <ul style="list-style-type: none"> <li>• 15 Business Days after the date that the Offer becomes unconditional; or</li> <li>• 10 Business Days after the date that you accept the Offer, but in any case, not later than 21 calendar days after the end of the Offer Period.</li> </ul>
<b>What are the tax implications of acceptance?</b>	You should consult your financial, tax or other professional adviser on the tax implications of acceptance. Section 7 contains a general summary of the major likely Australian tax consequences for Boral Shareholders who accept the Offer.
<b>Do I pay brokerage or stamp duty if I accept?</b>	<p>You will not pay stamp duty on the disposal of your Boral Shares if you accept the Offer.</p> <p>If your Boral Shares are registered in an Issuer Sponsored Holding in your name and you deliver them directly to SGH Bidder, you will not incur any brokerage in connection with your acceptance of the Offer.</p> <p>If your Boral Shares are registered in a CHESS Holding, or if you are a beneficial owner whose Boral Shares are registered in the name of a broker, bank, custodian or other nominee, you should ask your Controlling Participant (usually your broker) or that nominee whether it will charge any transaction fees or service charges in connection with acceptance of the Offer.</p>
<b>What happens if I do not accept?</b>	<p>You will remain a Boral Shareholder and will not receive the consideration offered by SGH Bidder.</p> <p>If SGH Bidder becomes entitled to compulsorily acquire your Boral Shares (refer to section 4.5), SGH Bidder intends to proceed with compulsory acquisition of the outstanding Boral Shares in accordance with the Corporations Act. If your Boral Shares are acquired compulsorily by SGH Bidder under Part 6A.1 of the Corporations Act, it will be on the same terms as the Offer. If they are compulsorily acquired under Part 6A.2 of the Corporations Act, SGH Bidder intends to offer cash in an amount which meets the statutory requirements at that time.</p>
<b>Can I accept the Offer in respect of some but not all of my Boral Shares?</b>	You may accept this Offer for all or some of your Boral Shares. If you accept this Offer for some of your Boral Shares, you may still accept the Offer for all or part of the balance of your Boral Shares at any time during the Offer Period, as if an offer in the form of this Offer had been made to you in respect of the balance of your Boral Shares.

<sup>11</sup> If you are a Foreign Shareholder, you will not be entitled to receive SGH Shares as the consideration for the Relevant Shares as a result of accepting this Offer. Refer to section 9.11(g) for further details.

<b>What if I require further information?</b>	<p>If you have any questions in relation to the Offer or how to accept it, or if you have lost your Acceptance Form and require a replacement, please call the SGH Offer Information Line on 1300 373 947 (toll-free within Australia) or +61 2 8023 5462 (from outside Australia).</p> <p>Please note that calls to these numbers may be recorded.</p>
<b>What arrangements will be put in place in respect of SGH's Nominee Directors on the Boral Board?</b>	<p>Mr Ryan Stokes AO, the Managing Director &amp; Chief Executive Officer of SGH and Boral Chairman and Richard Richards the Chief Financial Officer of SGH, are both directors of Boral.</p> <p>Under the information sharing and conflict of interest protocol in place between SGH and Boral originally signed October 2020 and subsequently updated August 2021, Mr Stokes and Mr Richards have advised Boral of their conflict of interest in respect of the Offer (being a Sensitive Matter pursuant to clause 5.1 of the Nominee Director Protocol), and in accordance with the conflict management procedures set out in the Protocol, both Nominee Directors will recuse themselves from all Boral board and committee discussion in relation to the Offer, other than those that all directors are required by law to attend to determine a particular matter, for the duration of the Offer.</p> <p>The SGH Nominee Directors will continue to Chair and be a director respectively, and participate in all board and committee meetings discussions unrelated to the Offer in the ordinary course. As the majority controlling shareholder in Boral SGH will continue to actively drive the performance of Boral and ensuring SGH Nominee Directors are actively engaged in the oversight of Boral, outside matters relating to this bid is believed to be in the interests of both SGH and Boral shareholders and is reflected in the improved performance of Boral since SGH control was achieved.</p>
<b>Can Boral launch a Boral Share buy-back?</b>	<p>As set out above, the Offer is subject to the customary condition relating to Prescribed Occurrences before the end of the Offer Period, including in relation to the occurrence of any buy-back of the Boral Shares. It would breach a condition of the Offer if Boral was to implement a Boral Share buy-back.</p>
<b>SGH's intention is to delist Boral when permitted</b>	<p>SGH intends to, as soon as possible after meeting the requirements of ASX, cause Boral to be removed from the official list of the ASX. See section 4.4(b) for more details.</p>
<b>SGH's intention is to proceed to compulsory acquisition</b>	<p>If SGH Bidder becomes entitled to compulsorily acquire your Boral Shares in accordance with either Part 6A.1 or Part 6A.2 of the Corporations Act, SGH Bidder intends to proceed with compulsory acquisition of the outstanding Boral Shares which are issued after the close of the Offer.</p> <p>Section 4.5 sets out in more detail SGH's intentions in relation to Boral if it becomes entitled to proceed to compulsory acquisition of any outstanding Boral Shares.</p>

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**SGH's intention in relation to ongoing Boral Board Composition independent of Bid outcome**

In July 2021 SGH stated its intention at that time to maintain a majority of independent directors on the Boral board. SGH now intends that the Boral board composition be commensurate with its increased ownership interest in Boral. SGH therefore now proposes to appoint a majority of SGH nominees and only retain sufficient independent directors to satisfy ASX listing rule requirements from time to time.

If SGH achieves compulsory acquisition under the Offer it is proposed that two SGH Board seats be offered to the Independent Directors of Boral, for the purpose of continuing to represent the former minority Boral Shareholders interests on the SGH Board post completion of this Offer.

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**Equity linked remuneration of the Boral CEO and KMP**

The Boral MD & CEO, Mr Bansal's current employment contract<sup>12</sup> vests certain unvested equity if Boral is delisted and he no longer reports to the Board of Boral.

If Boral is delisted or becomes increasingly illiquid, this may lessen the effectiveness of equity incentives relating to Boral Shares to incentivise Boral Key Management Personnel and other management. SGH would evaluate alternatives involving incentives relating to SGH equity in that event, subject to appropriate conflict management and cost allocation measures.

SGH and SGH Bidder have assumed that a pro rata (to time) portion of Boral Performance Rights and LTI rights would vest if the compulsory acquisition thresholds are met, and that executives will be kept whole with respect to the unvested portion through comparable replacement SGH incentives.

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**Ongoing Capital Management of Boral**

SGH intends that Boral's future capital management will focus on reinvesting free cash flow from operations to enable the long-term growth of Boral, with a near term focus on upgrading its mobile asset fleet to support the current performance journey of Boral, and investing to replace short life quarries to protect Boral's future market position. See section 4.3(a) for more information regarding SGH's intentions with respect to, relevantly, Boral's capital management.

SGH expects Boral will remain under levered, with limited capacity to pay distributions until it has sufficient franking credits to support maintainable fully franked dividends, having previously distributed all available capital back to shareholders. In this context SGH does not expect dividends would be payable for the foreseeable future.

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**SGH Offer is Best and Final**

The Maximum Consideration under this Offer is SGH's Best and Final price and will not be increased.

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**SGH undertakes to not acquire any further shares for an amount in excess of \$6.25 for at least 12 months following this Offer**

SGH will not acquire Boral Shares for more than \$6.25 for at least 12 months following the close of the Offer.

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<sup>12</sup> Refer Boral ASX Release 8 June 2022 which outlines MD&CEO's key employment terms.



## Why You Should Accept the Offer

<b>1</b>	<b>The Offer represents an attractive valuation for your Boral shares, based on historical trading and relevant valuation metrics, notwithstanding control has already passed</b>
<b>2</b>	<b>Boral shareholders will receive additional value should certain conditions be satisfied</b>
<b>3</b>	<b>The Offer allows you to exchange Boral Shares for SGH Shares, which has an attractive valuation, a strong history of shareholder returns and a diverse portfolio of leading businesses</b>
<b>4</b>	<b>Accepting the Offer removes your exposure to the risks associated with remaining a minority shareholder in Boral</b>
<b>5</b>	<b>The Merger Offer is Best and Final and will not be increased, with a competing bid highly unlikely</b>
<b>6</b>	<b>The Offer is not subject to any minimum acceptance condition</b>
<b>7</b>	<b>Partial CGT roll-over relief may be available</b>
<b>8</b>	<b>No stamp duty or brokerage fees in accepting the Offer</b>

**1. The Offer represents an attractive valuation for your Boral shares, based on historical trading and relevant valuation metrics, notwithstanding control has already passed**

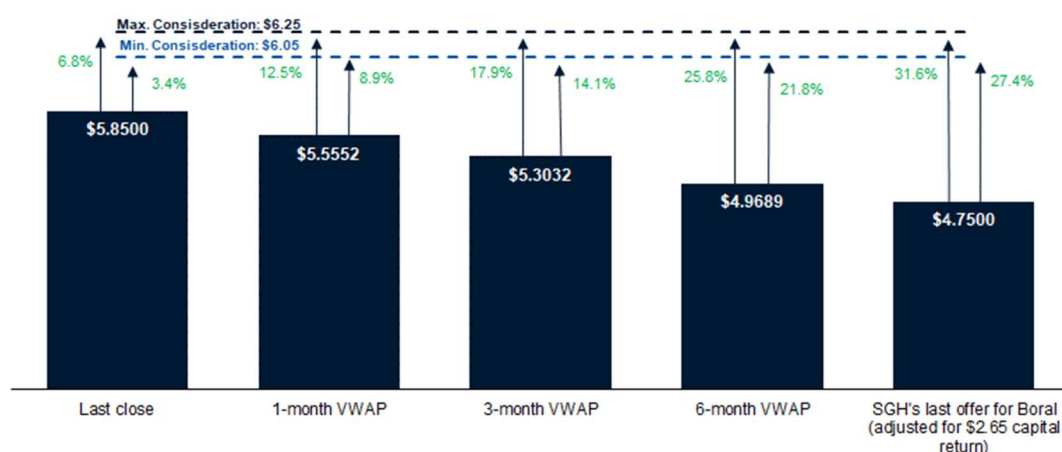
Premium to historical trading

SGH's Offer represents a premium to the historical trading prices of Boral Shares, despite SGH already having gained control of Boral under its 2021 takeover bid, which included a full control premium to encourage Boral Shareholders to accept that offer.

The aggregate value of the Minimum and Maximum Consideration of \$6.05 and \$6.25 per Boral Share respectively<sup>13</sup>, represent a premium of:

	Value	Minimum Consideration of \$6.05	Maximum Consideration of \$6.25 if it applies
Boral's last closing price on 16 February 2024 (the day prior to the Announcement Date) <sup>14</sup>	\$5.8500	3.4%	6.8%
Boral's one-month VWAP as at 16 February 2024 <sup>14</sup>	\$5.5552	8.9%	12.5%
Boral's three-month VWAP as at 16 February 2024 <sup>14</sup>	\$5.3032	14.1%	17.9%
Boral's six-month VWAP as at 16 February 2024 <sup>14</sup>	\$4.9689	21.8%	25.8%
SGH's last offer for Boral, adjusted for the \$2.65 capital return	\$4.7500	27.4%	31.6%

**Figure 1: Offer Consideration in comparison to Boral's historical trading**

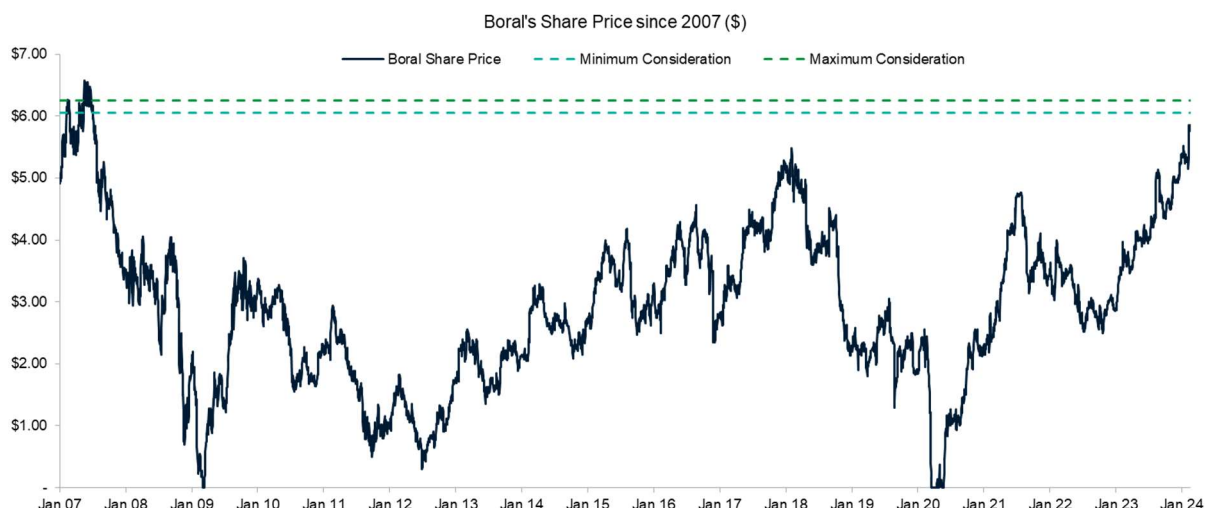


After adjusting for the \$2.65 capital return paid to Boral Shareholders on 14 February 2022 and based on the closing price of SGH Shares as at the Announcement Date, the Maximum Consideration is higher than any closing price at which Boral has traded since 2007.

<sup>13</sup> As at the Announcement Date. Based on the closing price of SGH Shares of \$40.77 at close of trading on 16 February 2024. The implied aggregate value of the Offer will vary depending on the market price of SGH Shares.

<sup>14</sup> Market data sourced from IRESS as at 16 February 2024.

**Figure 2: Offer Consideration compared to Boral's historical closing share price<sup>15</sup>**



Premium to relevant trading and transaction comparatives

The Offer Range implies a significantly higher EV / LTM Jun-23 EBITDA multiple than Boral's local and global peers' trading multiples (see Figure 3 below).

**Figure 3: Peer trading multiples (LTM Jun-23)<sup>16</sup>**

Company	EV / EBITDA	EV / EBIT	P / E
<b>Boral (Minimum Consideration)</b>	<b>15.0x</b>	<b>29.5x</b>	<b>47.0x</b>
<b>Boral (Maximum Consideration)</b>	<b>15.5x</b>	<b>30.5x</b>	<b>48.6x</b>
<b>SGH</b>	<b>12.0x</b>	<b>17.1x</b>	<b>22.7x</b>
<b>Australia construction materials</b>			
Adbri	8.7x	14.5x	16.4x
Wagners	7.9x	18.1x	51.4x
<b>Average</b>	<b>8.3x</b>	<b>16.3x</b>	<b>33.9x</b>
<b>Median</b>	<b>8.3x</b>	<b>16.3x</b>	<b>33.9x</b>
<b>International construction materials</b>			
Cemex	6.4x	10.6x	13.4x
CRH	10.1x	14.5x	18.3x
Eagle Materials	11.7x	14.1x	17.8x
Heidelberg	5.9x	8.6x	9.0x
Holcim	8.2x	11.1x	16.7x
Martin Marietta	19.7x	26.9x	34.7x
Titan Cement	6.3x	9.8x	11.2x
Vulcan Materials	20.3x	32.5x	46.7x
<b>Average</b>	<b>11.1x</b>	<b>16.0x</b>	<b>21.0x</b>
<b>Median</b>	<b>9.1x</b>	<b>12.6x</b>	<b>17.2x</b>

<sup>15</sup> Adjusted for the \$2.65 capital return paid to Boral Shareholders on 14 February 2022.

<sup>16</sup> Based on market data as at 16 February 2024 sourced from IRESS. Multiples based on earnings for the trailing 12-month period to June 2023. EV for non-U.S. domiciled companies include IFRS 16 related operating lease liabilities in net debt (on the basis that operating leases are no longer reflected as an operating expense). EV for U.S. domiciled companies excludes operating lease liabilities in net debt (on the basis that operating leases continue to be reflected as an operating expense under US GAAP).

The Offer Range implies a historical transaction EV / LTM Dec-23 EBITDA<sup>17</sup> multiple of between 12.1x and 12.5x, which is also high in comparison to the precedent construction materials transaction multiples contained within the 2021 Independent Expert Report commissioned by Boral, which has a median EV / historical EBITDA multiple of 10.2x and average multiple of 11.1x.

The Offer Range also implies a higher transaction EV / LTM Dec-23 EBITDA multiple compared to CRH's proposal to acquire Adbri (9.2x historical EBITDA)<sup>18</sup>, announced on 17 December 2023.

## **2. Boral Shareholders will receive additional value should certain conditions be satisfied**

The cash component of the Offer Consideration will be increased if:

- **First Consideration Increase: the cash component of the Offer Consideration will be increased by \$0.10 per Boral Share if one or both of the following occur:**
  - SGH Bidder receives acceptances under the Offer sufficient to increase its aggregate interest in Boral Shares (including SGH's Swap Position) to 80% or more prior to close of the Offer; or
  - the Boral Board, excluding Mr Stokes and Mr Richards, unanimously recommend that Boral Shareholders accept the Offer.
  
- **Second Consideration Increase:** the cash component of the Offer Consideration will be increased by a further \$0.10 per Boral Share if:
  - SGH Bidder receives acceptances under the Offer sufficient to increase its voting power in Boral Shares to 90.6% or more prior to close of the Offer, being the point at which SGH Bidder may proceed to compulsorily acquire the Boral Shares not accepted under the Offer under Part 6A.1 of the Corporations Act (see section 4.5(a) for further detail).

## **3. The Offer allows you to exchange Boral Shares for SGH Shares, which has an attractive valuation, a strong history of shareholder returns and a diverse portfolio of leading businesses**

Under the Offer, you will receive 0.1116 SGH Shares per one Boral Share in addition to the cash component.

The SGH Share component of the Offer Consideration allows existing Boral Shareholders to continue to participate in Boral's ongoing performance journey through a shareholding in SGH, a leading S&P / ASX 100 industrials business, which has higher trading liquidity than Boral.

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<sup>17</sup> Boral's LTM EBITDA of \$562 million, representing the last twelve months to 31 December 2023.

<sup>18</sup> Adbri's LTM Dec-23 EBITDA of \$312.5 million based on the mid-point of guidance. Presented on a post-AASB 16 basis.

Ownership in SGH provides beneficial exposure to:

- leading businesses such as WesTrac, Coates and Beach Energy;
- attractive thematics including mining production, government spending and energy;
- a strong balance sheet with pro forma leverage less than 2.2x<sup>19</sup> (see Figure 4 below);
- further upside to the SGH share price;
- a higher free float and index weighting in SGH; and
- a company with a strong track record of delivering returns for shareholders, with TSR<sup>20</sup> for the past 1, 3, 5 and 10 years being in top quartile amongst S&P ASX 100 peers (excluding financials) (see Figure 5 below).

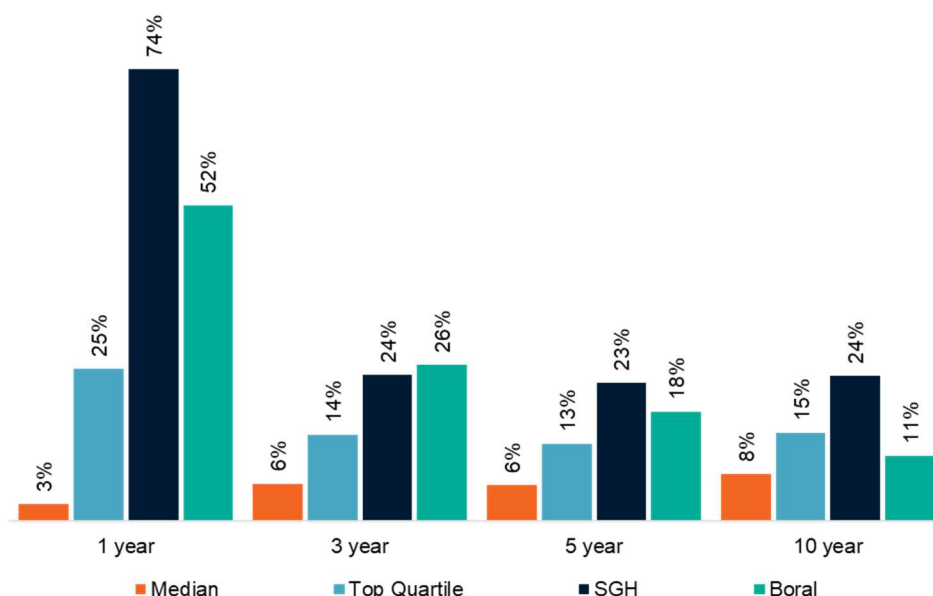
SGH shares are currently trading at a 10.9x EV / LTM Dec-23 EBITDA<sup>21</sup> multiple, a discount to:

- the Offer Consideration for Boral Shares which implies an EV / LTM Dec-23 EBITDA<sup>17</sup> multiple range of 12.1x to 12.5x; and
- the EV / LTM EBITDA multiple for the S&P / ASX 100 industrials index of 12.6x.

**Figure 4: SGH's pro forma leverage pre and post transaction**

	Pre-transaction <sup>22</sup>	Post-transaction (Maximum Consideration) <sup>23</sup>
Adjusted Net Debt / LTM Dec-23 EBITDA	1.9x	2.2x

**Figure 5: SGH's TSR vs. S&P / ASX 100 (excluding financials)**



<sup>19</sup> Post transaction assuming Maximum Consideration.

<sup>20</sup> Total Shareholder Returns data sourced from Bloomberg with the ASX 100 constituents being determined at the opening of the measurement period.

<sup>21</sup> SGH's LTM EBITDA of \$1,864 million, representing the last twelve months to 31 December 2023.

<sup>22</sup> Adjusted net debt of \$3,709 million (SGH consolidated net debt) less \$35 million (Derivative MtM) less \$66 million (Equity swap cash).

<sup>23</sup> Post transaction net debt includes \$536 million additional debt.

#### **4. Accepting the Offer removes your exposure to the risks associated with remaining a minority shareholder in Boral**

Accepting the Offer removes exposure to the risks associated with remaining a minority Boral Shareholder, including, but not limited to:

- you may not have another opportunity to sell your Boral Shares for the implied value of \$6.05 under the Offer as at 19 February 2024,<sup>24</sup> plus a further \$0.20 cash per Boral Share in the event that the conditions for SGH to increase the offer are satisfied;
- potential reductions in Boral's trading liquidity and index weighting, which may make it difficult for you to sell your Boral Shares outside the Offer;
- SGH's intentions for Boral, including with respect to governance and capital management, which are based on what SGH considers to be in the best interests of Boral but may not align with your investment objectives and investment profile; and
- remaining a minority shareholder in an unlisted public company, if and when Boral is delisted from the ASX.

#### **5. The Merger Offer is Best and Final and will not be increased, with a competing bid highly unlikely**

Offer Consideration is 'Best and Final'

SGH's Offer is SGH's Best and Final price and will not be increased.

SGH will not acquire Boral Shares for an amount in excess of \$6.25 for at least 12 months following the close of the Offer.

Prospect of a competing offer eventuating is a remote possibility

SGH already has a 71.6%<sup>25</sup> controlling interest in Boral as at 19 February 2024, and it has no intention of handing over control. Given SGH's controlling interest, no other party would be able to secure control of Boral. Accordingly, SGH believes it is highly unlikely a competing bid or control proposal will emerge.

#### **6. Limited conditionality**

The Offer is not subject to any minimum acceptance condition. The Offer is only conditional upon the customary condition of no prescribed occurrences in relation to Boral.

If you accept the Offer in accordance with the instructions contained in the Offer and the Offer becomes unconditional, you will be issued SGH Shares and sent cash payment by the later of:

- 15 Business Days after the date that the Offer becomes unconditional; or
- 10 Business Days after the date that you accept the Offer,

but in any case, not later than 21 calendar days after the end of the Offer Period.

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<sup>24</sup> Based on the closing price of SGH Shares of \$40.77 at close of trading on 16 February 2024. The implied aggregate value of the Offer will vary depending on the market price of SGH Shares.

<sup>25</sup> Comprised of a 62.4% holding of Boral Shares and a further interest in 9.2% of Boral under a physically settled equity swap, in each case based on Boral's most recent ASX disclosure (Appendix 4D) Note 10 dated 9 February 2024. See SGH's Form 604 disclosure dated 1 September 2023.

## **7. Partial CGT roll-over relief may be available**

This is a possible benefit, but is not certain in that it depends on the level of acceptances being sufficient for SGH to reach 80% as described below.

You may benefit from CGT roll-over relief on the Scrip Consideration if you accept the Offer. However, this benefit will only be available if SGH acquires 80% or more of the Boral Shares on issue under the Offer (including any existing Boral Shares held by SGH prior to the Offer).

In this case, Boral Shareholders who would otherwise have a capital gain on their Boral Shares can choose to apply a CGT roll-over to the portion of their gain representing the Boral Share Scrip Consideration. The roll-over operates to defer a portion of capital gain that would otherwise arise for a Boral Shareholder pursuant to the Offer.

No CGT roll-over is available for the Cash Consideration component.

Information in relation to CGT roll-over relief and general Australian taxation implications of accepting the Offer are set out in section 7. The Australian tax guide does not take account of your individual circumstances and does not constitute tax advice. You should consult your own independent professional tax advisor for tax advice, taking into account your individual circumstances. Boral Shareholders should not rely on the summary contained in section 7 in substitution for specific advice on their own affairs from a registered tax agent.

## **8. No stamp duty or brokerage fees in accepting the Offer**

You will not be obliged to pay stamp duty if you accept the Offer.

If your Boral Shares are registered in an Issuer Sponsored Holding in your name and you deliver them directly to SGH Bidder, you will not incur any brokerage in connection with your acceptance of the Offer.

If your Boral Shares are registered in a CHESS Holding, or if you are a beneficial owner whose Boral Shares are registered in the name of a broker, bank, custodian or other nominee, you should ask your Controlling Participant (usually your broker) or that nominee whether it will charge any transaction fees or service charges in connection with acceptance of the Offer.

# 1 Profile of SGH Bidder and SGH

## 1.1 Overview of SGH

### (a) Principal activities of SGH

SGH is a leading S&P / ASX 100 Australian diversified operating and investment group with market leading businesses and investments in industrial services, media and energy. SGH is focused on Australian based businesses with scale and leadership in their respective markets, with privileged assets, and defensible economic moats.

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 owns Coates, Australia's largest nationwide industrial and general equipment hire business. SGH also currently has an interest in 71.6%<sup>26</sup> of Boral Shares, an Australian building products and construction materials group and the subject of the Offer.

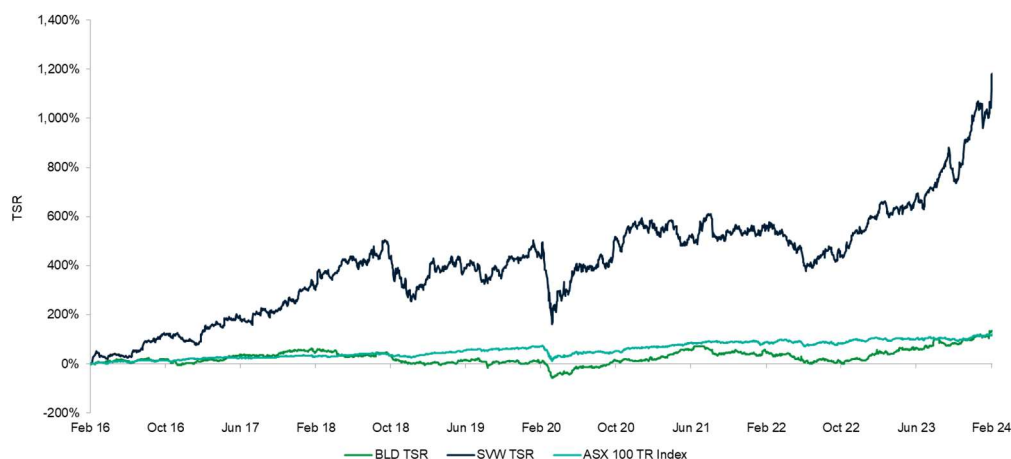
In energy, SGH has a 30.0% shareholding in Beach Energy listed on the ASX and has interests in oil and gas projects in Australia and the United States.

In media, SGH has a 40.2% shareholding in Seven West Media which is also listed on the ASX, and is one of Australia's largest multiple platform media companies, comprising the Seven Television Network and The West Australian Newspaper.

SGH's portfolio has evolved over time, with disciplined capital allocation to enhance our exposure to three core sector drivers: mining production, infrastructure and construction, and transitional energy. These three sectors continue to present a compelling opportunity for SGH and have supported our significant growth.

The disciplined execution of our Group strategy has seen SGH outperform the S&P / ASX 100 by more than ~490% over the past eight years.

**Figure 6: Total shareholder return (%) (SGH vs BLD vs S&P ASX 100 TR Index)**



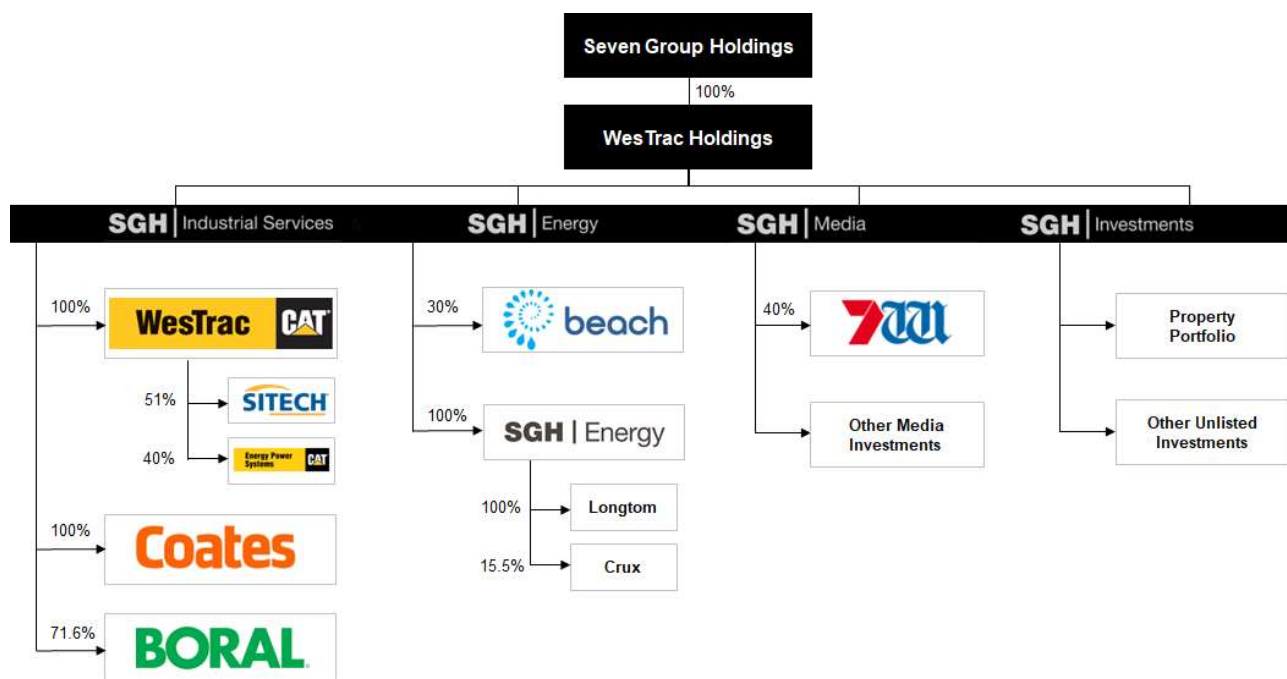
<sup>26</sup> Comprised of a 62.4% holding of Boral Shares and a further interest in 9.2% of Boral under a physically settled equity swap, in each case based on Boral's most recent ASX disclosure (Appendix 4D) Note 10 dated 9 February 2024. See SGH's Form 604 disclosure dated 1 September 2023.



As a result of this consistent performance, the Group achieved formal entry into the S&P / ASX 100 index in March 2023, enhancing our access to capital to support value accretive growth. The Group's relative outperformance has also recently resulted in the Group being entered into the MSCI All Country World Index (ACWI) with effect 1 March 2024.

The following table sets out the structure of the Group as at 31 December 2023.

**Figure 7: SGH Group Structure as at 31 December 2023**



SGH is listed on the ASX under the ticker code “SVW”, had a market capitalisation at 16 February 2024 of approximately A\$14.8 billion and employs approximately 15,000 people.

SGH is a “disclosing entity” for the purposes of the Corporations Act and subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. See section 1.4 for more detail.

**Figure 8: SGH Businesses, Markets, Sites and Employees**

Industrials	Industrials	Industrials	Energy	Media
<b>WesTrac</b> <b>CAT</b>	<b>Coates</b>	<b>BORAL</b>	<b>beach</b> <b>SGH   Energy</b>	<b>7uu</b>
100%	100%	72%	Beach 30% SGHE 100%	40%
WesTrac is one of the largest CAT® dealers globally (by sales) operating the WA and NSW/ACT territories	Coates is Australia's largest industrial and general equipment hire company providing end-to-end solutions	Boral is Australia's largest construction materials and building products supplier with operations in all states & territories	Beach Energy is a leading mid-cap E&P business and a key supplier to a growing East Coast gas market	Seven WestMedia is a leading diversified media company in Australia
28 sites	150 sites	360 sites	five end-markets	Market leading in TV, publishing and digital
Focus on customers in direct mining, mining contractors, construction and infrastructure	Focus on large tier-one customers, mid-tier and trade, engineering and industrial solutions	Focus on infrastructure, non-residential and residential construction	Operated and non-operated interests including Crux LNG Project (15.5%)	Australia's #1 TV network and #1 BVOD service in 2022
~4,600 Employees	~2,100 Employees	~4,600 Employees	~750 (Beach) Employees	~2,400 Employees
Operating in Australia since 1923	Operating in Australia since 1885	Operating in Australia since 1946	Operating in Australia since 1960	Operating in Australia since 1956

(b) **SGH Group Strategy**

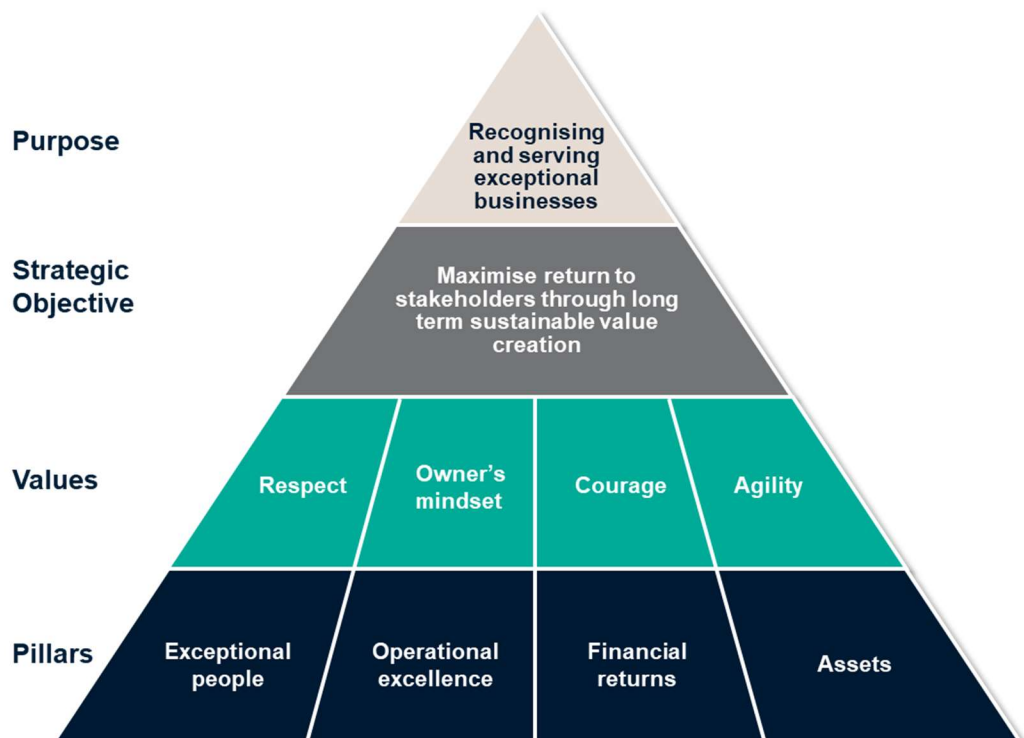
SGH's (**Group**) objective is to deliver long-term sustainable returns to stakeholders by exercising financial discipline and decisive management of a diversified portfolio of operating businesses. Our operating approach combines disciplined execution and a strict focus on capital allocation to support our exceptional businesses and people.

Firstly, we look to strengthen our existing business through operating discipline and satisfying customer needs. By doing this we have the financial strength to pursue long-term value accretive growth opportunities. We are consistently reviewing and refining our portfolio of operating businesses and value-adding by our use of innovative capital markets solutions to support growth.

Integration of our Purpose, Objectives and Values into the SGH operating model promotes accountability, disciplined execution and ultimately, delivery of outcomes. The accountability focus also supports scalability of the model and is promoted through clear Group and business unit (**BU**) delineation and a front-line focused, performance driven workforce.

Our purpose is to recognise and serve exceptional businesses, while meeting our objective of maximising return to stakeholders through long-term sustainable value creation. We support this objective with our four values of Respect, Owner's Mindset, Courage, and Agility.

**Figure 9: SGH Strategic Purpose, Objectives and Values**



An Owner's mindset is particularly important in the Group context. The focus on accountability and execution that it promotes is heavily represented in the SGH operating model. The operating model has four core characteristics:

- Each of our businesses have fully functioning Board structures, holding them accountable to deliver. This reinforces a clear delineation between the Group and BUs, promoting P&L accountability and ownership of results.
- Decision-making is pushed towards the front-line where possible, promoting a lean, empowered workforce with accountability across all levels of the organisation.
- We incorporate the Owner's Mindset into our operating cadence, emphasising execution and results, and prioritising outcomes over excessive process.
- The focus on lean operating structures and accountability makes the Group inherently scalable. This was reinforced with the Group able to control Boral without a change to the size of our corporate office.

Deliberate capital allocation is fundamental to achieve SGH's primary objective of maximising long-term shareholder value. We allocate our resources to sectors and businesses that align with our views on long-term demand trends, and our core competencies in industrial services. While fundamentally simple, this strategy is powerful, supporting growth and cyclical resilience, while leveraging our technical expertise to deliver operational excellence.

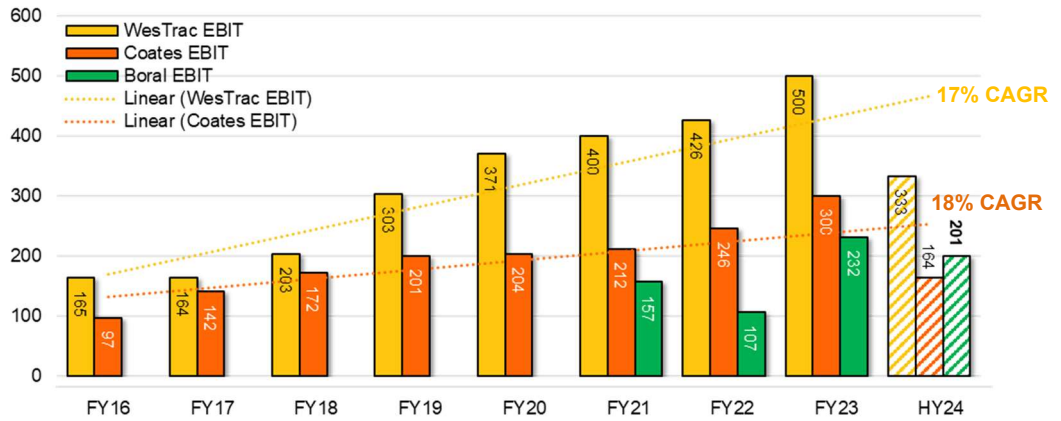
Maintaining the ability to adapt to changing market conditions and capture opportunities is a key determinant in our capital allocation process. This agility requires financial flexibility to support the efficient conversion of strategy into actions. The Group's financial flexibility has been developed through years of prudent balance sheet management, supported by our highly cash-generative businesses, like WesTrac and Coates, that have delivered long-term EBITDA cash conversion ratios over 100%.

The effectiveness of the execution of this operating model is best evidenced by the growth in underlying earnings of the Group's key industrial services businesses. The Group has delivered a compound annual earnings growth rate of 22% since FY16.

SGH has delivered this growth through setting ambitious operational targets, and delivering on them in a way that embeds the improvement in the businesses to drive long-term performance.

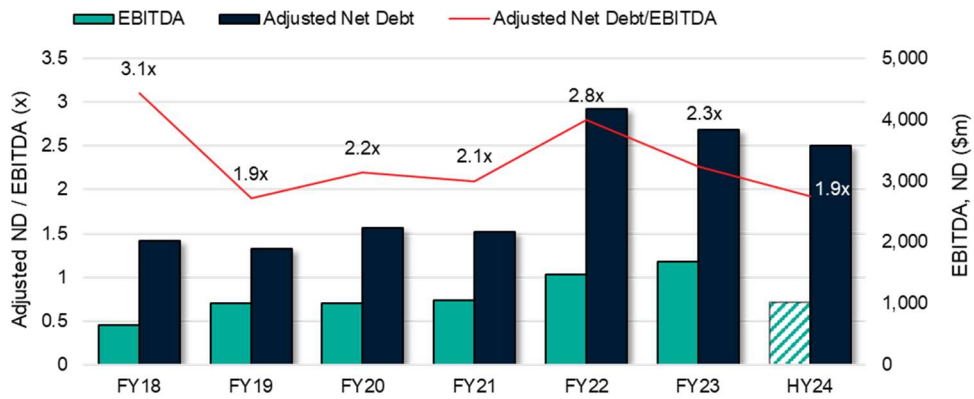
WesTrac and Coates' CAGRs of 17% and 18% since FY16 highlight how effective the SGH model is, as does the rapid improvement in Boral's margins since SGH acquired control in FY22.

**Figure 10: SGH EBIT Margin History by Business Unit**



The focus on growing underlying earnings, coupled with a disciplined approach to free cash generation, has both supported the ability of the Group to take on leverage to enable value accretive acquisitions, such as the acquisition of 50% on Coates in 2017 or the acquisition of 71.6% of Boral and subsequently repay the acquisition debt enabling future growth.

**Figure 11: SGH's EBITDA, Adjusted Net Debt and Leverage History**



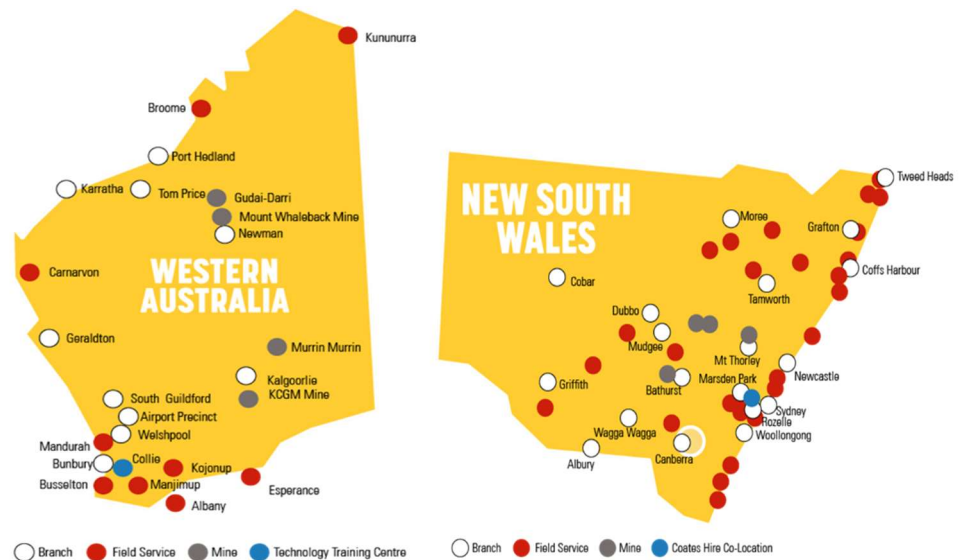
The Group's consistent growth and outperformance has delivered our shareholders over 580% total returns since FY16. This performance translates to top decile TSR across 1, 5 and 10-year horizons.

(c) Key Businesses

(i) **WesTrac**

WesTrac specialises in the supply and maintenance of Caterpillar mining and industrial equipment employing approximately 4,600 employees. It services the mining, construction and transport industries of Western Australia (“WA”), New South Wales (“NSW”) and Australian Capital Territory (“ACT”), where it has operated as the authorised Caterpillar dealer since 1989 (WA) and 2003 (NSW/ACT).

**Figure 12: WesTrac’s Key Operational Sites by State**



Its dealership territories in WA and NSW have different end markets. In WA, mining support is predominantly related to iron ore, with increasing customers in gold, nickel and lithium, whereas in NSW the focus is on thermal coal. NSW also has a greater exposure to infrastructure and construction markets.

Caterpillar is the world’s largest construction equipment manufacturer and a leading heavy construction and mining equipment provider. It manufactures its products from 125 primary facilities across the globe with 150 primary locations in 25 countries. A key competitive advantage of Caterpillar is its strong dealer network, with 156 independently owned Caterpillar dealers servicing 192 countries, with over 172,000 trained personnel and over 2,800 branches. Caterpillar’s dealer network is its means of product distribution and a key platform of its strategy. In WesTrac’s experience, Caterpillar strongly supports dealers to ensure that its leading market position is maintained.

Caterpillar has been committed to the WA territory since 1925 when it first entered as a supplier of agricultural equipment and granted a dealership to a predecessor of WesTrac. Caterpillar has been selling equipment in NSW/ACT since 1925. WesTrac operates its dealerships under several sales and service agreements with Caterpillar. These agreements permit WesTrac to sell new Caterpillar equipment and parts throughout its dealership service territories (WA and NSW/ACT), and designate WesTrac as Caterpillar’s sole authorized parts and service provider in these dealership territories.

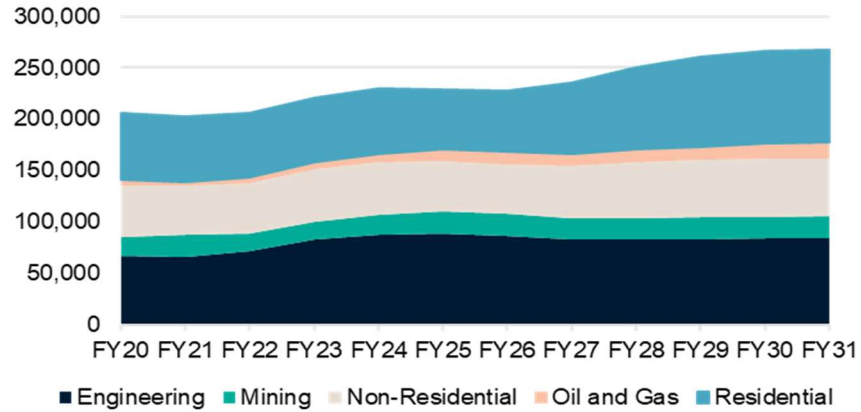
WesTrac Group is regularly one of the top listed Caterpillar equipment dealers globally (by sales). WesTrac is a premier dealer based on both market share and operational excellence.



Equipment solutions are provided across 20 product categories: Access Equipment; Air & Air Accessories; Compaction; Concrete & Masonry; Earthmoving; Floor and Cleaning Equipment; Generators and Power Distribution; Ground Equipment; Industrial Tools & Equipment; Ladders & Scaffold; Landscaping; Lift, Shift & Propping; Lighting; Materials Handling; Pumps & Fluid Management; Site Accommodation; Tools & Equipment; Traffic Management; Trucks, Vehicles & Trailers; and Welding.

Coates is oriented towards domestic infrastructure and construction investment, exposed to the \$1.7 trillion infrastructure and construction pipeline forecast over the next seven years. It is also well positioned to capitalise on the domestic renewables build-out.

**Figure 15: Australian Infrastructure and Construction Spend**



Source: Oxford Economics, Haver Analytics

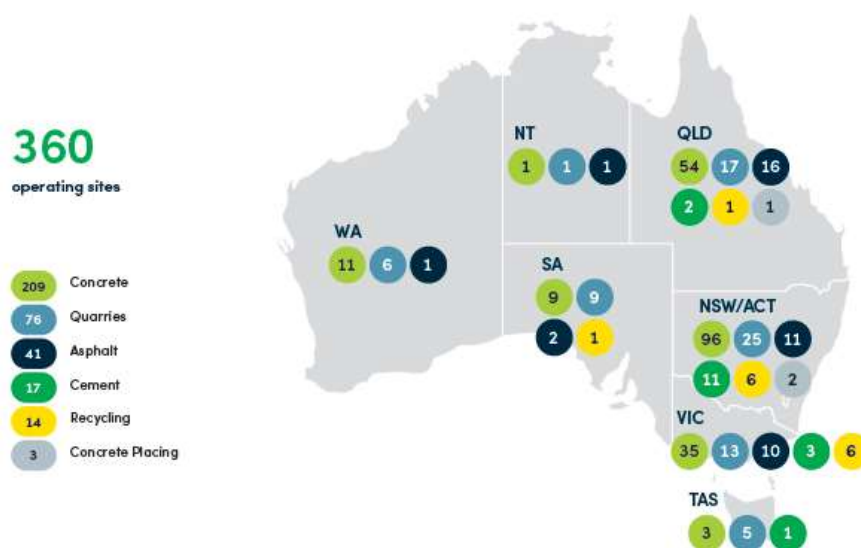
Coates is positioned to capture this pipeline, with a leading and growing 28% market share of Tier-1 infrastructure customers.

(iii) **Boral**

SGH has a 71.6%<sup>27</sup> interest in Boral as at 19 February 2024.

Boral is the largest integrated construction materials company in Australia, producing and selling a broad range of construction materials, including quarry products, cement, concrete, asphalt and recycled materials. Boral provide construction material products and solutions to customers to build homes, high-rise commercial and civic buildings, and infrastructure, including roads and highways in every state and territory across Australia.

**Figure 16: Boral's Number of Operational Sites by State**



Boral released its financial report for the year ended 30 June 2023 on 10 August 2023.

Additional information on Boral is included at section 2.

(iv) **Beach Energy**

As at the date of this Bidder's Statement, SGH has a 30.0% interest in Beach Energy, an oil and gas exploration and production company listed on the ASX (ticker code: "BPT") with a market capitalisation of A\$4.1 billion as at close of trading on 16 February 2024 and has two SGH representatives on its Board of Directors, with Mr Ryan Stokes being its interim Chairman.

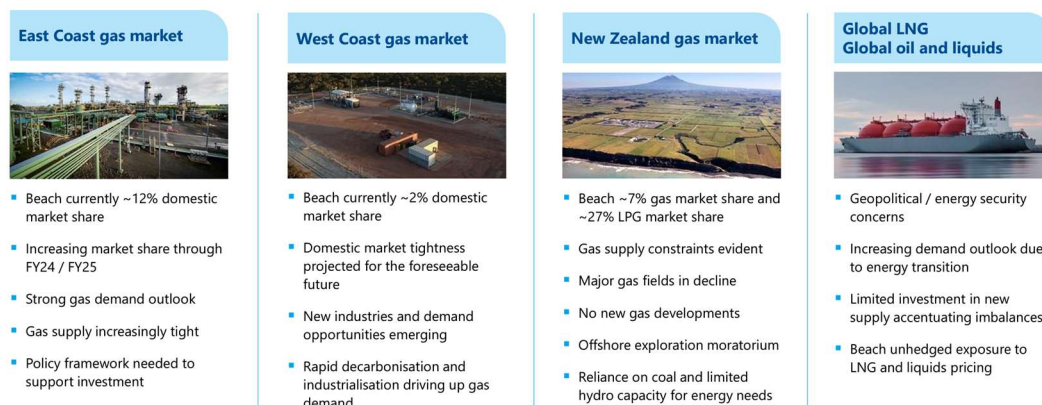
Beach Energy's core operations are in South Australia's Cooper Basin, with an operated oil business on the Western Flank of the Cooper Basin and an active operated drilling program focused on key Western Flank play fairways. Beach Energy also has a major gas business comprising operated and non-operated assets. In addition to the Cooper Basin, Beach Energy has permits in other basins in Australia and New Zealand and continues to pursue growth opportunities within Australia and internationally. Beach Energy released its full-year financial report for the year ended 30 June 2023 on 14 August 2023.

Beach Energy acquired the assets of Lattice Energy Limited in a ~A\$1.5 billion transaction (after adjustments) which significantly changed its scale and profile from a single basin producer to a multi-basin on shore and offshore producer with a significant presence across Australia and New Zealand.

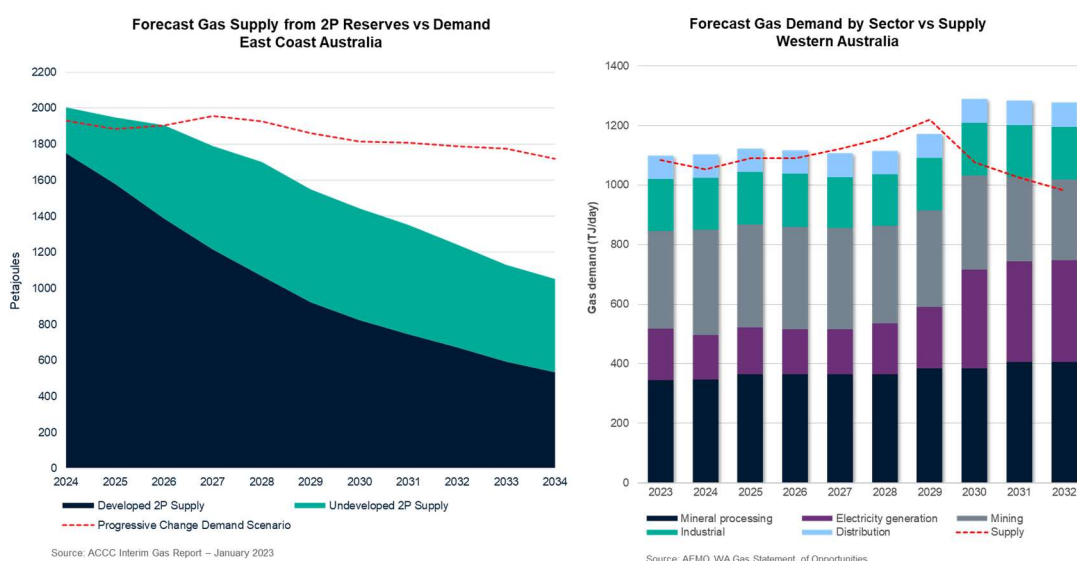
<sup>27</sup> Comprised of a 62.4% holding of Boral Shares and a further interest in 9.2% of Boral under a physically settled equity swap, in each case based on Boral's most recent ASX disclosure (Appendix 4D) Note 10 dated 9 February 2024. See SGH's Form 604 disclosure dated 1 September 2023.



**Figure 17: Beach Energy’s Key Gas Market Exposures**



**Figure 18: Beach Energy’s Key Gas Market Demand Outlooks**



Beach Energy focuses on gas and its role as a transitional energy source. SGH expects supply constraints in key gas markets on the East and West Coasts, as well as Global LNG by 2026, due to the increasing demand for gas to firm up renewables generation through the energy transition.

Beach Energy is a “disclosing entity” for the purposes of the Corporations Act and subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. Copies of documents regarding Beach Energy lodged with ASIC or ASX, respectively, may be obtained from, or inspected at, any ASIC office or the ASX, respectively.

(v) **Seven West Media**

The Group holds a 40.2% interest in Seven West Media, a multiplatform media company in television, content production, digital, magazine and newspaper publishing listed on the ASX (ticker code: “SWM”). Seven West Media had a market capitalisation of A\$0.4 billion at close of trading on 16 February 2024. Seven West Media is Australia’s #1 commercial broadcast company. It is home to the country’s largest and #1 total television network, #1 broadcast video on demand service and the fastest-growing news, print and digital brands in the country. It’s media business include the Seven Network and its affiliate channels 7two, 7mate, 7flix; broadcast video on demand platform 7plus; 7NEWS.com.au.

The West Australian; thewest.com.au; The Sunday Times; PerthNow Local, with 10 titles across Perth; Perthnow.com.au and 19 regional newspaper publications in WA.

**Figure 19: SWM Audience Reach**



**Figure 20: SWM Key FY24 Strategic Priorities**



Seven West Media is a “disclosing entity” for the purposes of the Corporations Act and subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. Copies of documents regarding Seven West Media lodged with ASIC or ASX, respectively, may be obtained from, or inspected at, any ASIC office or the ASX, respectively.

(d) **Key financial information**

The Group has delivered Underlying earnings before interest and taxation (Underlying EBIT) from continuing operations of \$1,186.5 million for the year ended 30 June 2023, up 20.2% on the prior year. Revenue from continuing operations also increased to \$9,626.5 million, up 20.1%. The strong growth is attributable to the Industrial Services businesses, supported by improved performance of Boral with 117.4% increase in Underlying EBIT, as well as WesTrac and Coates up 17.5% and 22.0% respectively. Contributions from equity accounted investments, Beach Energy and Seven West Media, were down on the prior year.

All commentary below relates to the Group's continuing operations unless otherwise stated. Discontinued operations relate to the finalisation of the disposals of Boral's North American and Australian businesses, which were sold during the prior year.

SGH exceeded FY23 Group Guidance of low-to-mid teen Group Underlying EBIT, with Underlying EBIT up 20.2% on the prior year.

WesTrac's EBIT in FY23 increased by 17.5% to \$500.1 million. Revenue growth in both product sales and product support reflected strong customer demand. EBIT margin deteriorated slightly given a change in the mix of products sold and cost inflation. In FY24, WesTrac is expected to benefit from strong customer activity, with continued product support growth as the fleet age increases and miners continue to expand production.

Product sales will also benefit from delivery of existing customer orders, including large number of machines in transit, and from addressable market expansion from WesTrac exposure to customers new developments in future facing minerals.

Coates' EBIT of \$300.2 million was 22.0% higher than the prior year, with significant revenue growth of 13.3% arising from higher activity levels across all geographic regions and its expanded solutions offerings. Coates revenue growth combined with improved utilisation and operating efficiency, more than offset higher costs, improving EBIT margins by 1.9%. Coates' FY24 outlook remains robust given the \$1.2 trillion infrastructure and construction pipeline, supported by further operational enhancements from Project Equipped.

Boral's Underlying EBIT of \$231.5 million was up 117.4% on the prior year, reflecting improved margins over a restructured cost base. Revenue benefited from higher volumes and price across all product lines. EBIT margin was up 2.9%, with improved pricing more than offsetting the impact of inflation on costs and benefitting from the lower overhead cost base arising from Boral's restructuring. Boral's FY24 outlook sees some variability in customer demand but barring any major shift in market or price expects to continue growth in Underlying EBIT.

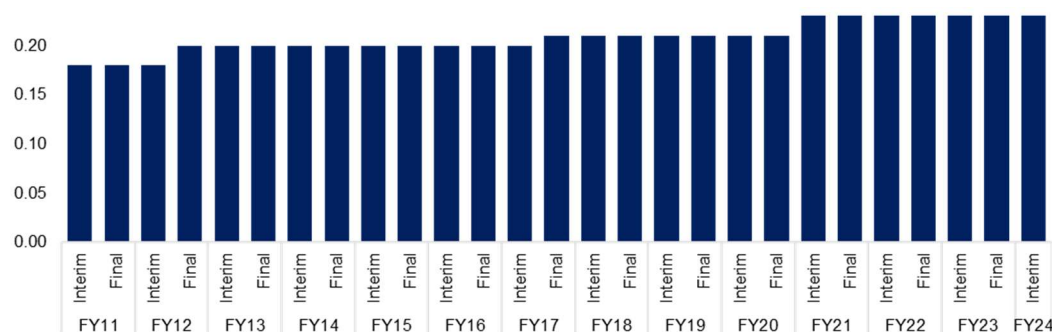
The Group's share of results from equity accounted investees on an underlying basis is down 22.9% to \$195.0 million. Beach Energy's contribution was impacted by lower production and higher depreciation, resulting in a 24.7% decline in Underlying NPAT. Seven West Media's contribution was also down by 24.5%, reflecting the shorter advertising market and content cost inflation. Beach Energy has a stable earnings outlook, with FY24 production guidance of 17 to 21 mmmboe. Seven West Media has optimised its content schedule to maximise Total TV audience, and is targeting +40% total TV revenue share in FY24.

Statutory net profit after tax from continuing operations for the year of \$656.4 million is up 48.1%. Statutory net loss after tax from Boral discontinued operations for the year is \$9.9 million reflecting the finalisation of the sale of their North American and Australian businesses divested in the prior year.

(e) **Dividend history**

Whilst the Group does not disclose a formal dividend policy, decisions regarding future dividend payout ratios and franking levels are made with reference to the Group's medium-term underlying profitability, Australian tax payable position, total number of ordinary shares on issue and alternative investment opportunities available. Within these constraints, the Group aims to maintain the payment of fully-franked dividends per share through the cycle with a view to increasing the dividend over the long-term. The Group's FY23 interim dividend was 23.0 cps during the year and 23.0 cps for the FY23 final dividend. The Group announced an interim FY24 dividend of 23.0 cps on 14 February 2024.

**Figure 21: SGH Ordinary Dividends per Share**



(f) **Structure, ownership and governance**

SGH is listed on ASX with a market capitalisation of approximately A\$14.8 billion as at the close of trading on 16 February 2024. SGH's largest shareholders are related parties of Australian Capital Equity Pty Ltd (**ACE**), which own 57.02% of SGH as at 19 February 2024. ACE is a private investment company chaired by Mr. Kerry Stokes AC, one of Australia's most prominent businessmen and Board Adviser to SGH.

As at the date of this Bidder's Statement, the directors of SGH are:

(i) Mr Terry Davis, Independent Chairman

Chairman of SGH since 17 November 2021. Director of SGH since 1 June 2010.

Member of the Independent & Related Party Committee and member of the Remuneration & Nomination Committee. Group Managing Director, Coca-Cola Amatil Limited from November 2001 to March 2014. Director of St. George Bank Limited from December 2004 to December 2008. Over fifteen years' experience in the global wine industry including Managing Director of Beringer Blass (the wine division of Foster's Group Limited) and Managing Director of Cellarmaster Wines Group between 1987 and 1997. Council Member of the University of New South Wales Council from June 2006 to June 2014.

(ii) Mr Ryan Stokes AO, Managing Director and Chief Executive Officer

Mr Ryan Stokes AO is Managing Director & Chief Executive Officer of Seven Group Holdings and has been an Executive Director of the Company since February 2010. He was previously Chief Operating Officer of SGH from August 2012 until June 2015.

Mr Stokes is Chairman of WesTrac and Chairman of Coates. Mr Stokes is Chairman of Boral and a Director since September 2020. Mr Stokes has been a Director of Seven West Media since August 2012. He was appointed a Director of Beach Energy in July 2016 and became Interim Chair on 14 November 2023.

Mr Stokes is Chief Executive Officer of Australian Capital Equity Pty Limited (ACE), a private company with its primary investment being an interest in SGH.

Mr Stokes was appointed Chairman of the National Gallery of Australia in July 2018. Mr Stokes was Chairman of the National Library of Australia from 2012 to 2018. He was a member of the Prime Ministerial Advisory Council on Veterans' Mental Health established and was a member of the IOC Olympic Education Commission.

Mr Stokes holds a BCom from Curtin University and is a Fellow of the Australian Institute of Management. Mr Stokes was appointed an Officer in the General Division of the Order of Australia in the Queen's Birthday honours announced on 8 June 2020.

(iii) Ms Rachel Argaman (Herman) OAM, Independent Non-Executive Director

Director of SGH since 7 February 2022.

Member of the Remuneration & Nomination Committee and member of the Independent & Related Party Committee. Ms Argaman brings a wealth of operational experience and proven leadership skills and capability across a number of sectors. Ms Argaman has been the Chief Executive Officer of Opal HealthCare, Australia's largest private residential aged care provider, since August 2018. Prior to this she held executive roles at TFE Hotels, as Chief Executive Officer for 11 years, Charter Training Group and Imperial Car Rental.

As the Chief Executive Officer of Opal Healthcare, Ms Argaman has worked to create a customer and purpose led organisational culture that focuses on the delivery of strong social and commercial outcomes to enable the provision of the infrastructure to support Australia's aging population live well. She has also led the business through its response to the COVID-19 pandemic and the Royal Commission into Aged Care, Quality and Safety. Ms Argaman holds a Bachelor of Arts (Hons) and MBA in Services Industries Management from the University of the Witwatersrand.

(iv) Ms Annabelle Chaplain AM, Independent Non-Executive Director

Director of SGH since 24 November 2015.

Chair of the Audit & Risk Committee; member of the Remuneration & Nomination Committee and member of the Independent & Related Party Committee. Ms Chaplain brings to Seven Group Holdings extensive experience in financial services and mining, engineering and infrastructure services.

Ms Chaplain is the Chairman of MFF Capital Investments Ltd and a Non-Executive Director of Super Retail Group Ltd. Previously she was Chairman of Queensland Airports Ltd and a Non-Executive Director of a number of companies including Downer Group, Coal and Allied Industries and Credible Labs Inc. In the public sector she has previously served as a member of the Board of Taxation and as a Director of EFIC. She is a Director of the Australian Ballet and the Society of the Sacred Advent Schools Pty Ltd.

Ms Chaplain holds an MBA from the University of Melbourne, a BA majoring in Economics and Mandarin from Griffith University and a diploma from the SIA. A fellow of the AICD, she holds an honorary doctorate from Griffith University in recognition of her service to banking, finance and the community. Ms Chaplain was appointed a Member in the General Division of the Order of Australia in the Australia Day honours on 26 January 2020.

(v) Ms Katherine Farrar, Independent Non-Executive Director

Director of SGH since 18 February 2019.

Chair of the Remuneration & Nomination Committee, member of the Audit & Risk Committee and member of the Independent & Related Party Committee. Ms Farrar was appointed as Brighter Super's Chief Executive Officer in April 2018. Ms Farrar led the growth of Brighter Super's predecessor fund from \$10 billion to now over \$30 billion, through the merger of LGIASuper and Energy Super and the acquisition of Suncorp Super for the financial year ended 30 June 2021. Ms Farrar remains responsible for delivering exceptional experiences and outcomes to all of Brighter Super's members, through change and transformation that builds on Brighter Super's proud heritage.

Ms Farrar has 35 years' experience in leadership roles across the finance and energy sectors. Her previous roles include Managing Director of QEnergy, Chief Operating Officer at Ergon Energy Retail, and senior positions at Morgans Stockbroking, Barclays de Zoete Wedd, and Suncorp Investment Management. Prior to joining LGIASuper, she was a Junior Partner (equivalent) at McKinsey & Company. Ms Farrar has a Bachelor of Music (Honours) Degree and a Masters degree in Econometrics and Finance. She is also a graduate of INSEAD's AMP.

(vi) Mr Christopher Mackay, Independent Non-Executive Director

Director of SGH since 1 June 2010.

Member of the Audit & Risk Committee and member of the Independent & Related Party Committee. Managing Director of MFF Capital Investments Limited since 1 October 2013. Former Chairman of Magellan Financial Group Limited. Mr Mackay co-founded Magellan after retiring as Chairman of the investment bank UBS Australasia in 2006, having previously been its Chief Executive Officer.

Considerable experience in business management, capital allocation, risk management and investment. A former investment banker and corporate and banking lawyer, with broad experience in the financial and corporate sectors over many years. A Director of Consolidated Media Holdings Limited from March 2006 until November 2012, when the company was taken over by News Corporation. Mr Mackay was a member of the Federal Treasurer's Financial Sector Advisory Council and the Business Council of Australia, and a Director of the International Banks & Securities Association.

(vii) Mr David McEvoy, Independent Non-Executive Director

Director of SGH since 27 May 2015.

Member of the Audit & Risk Committee and member of the Independent & Related Party Committee. Mr McEvoy has been engaged in the upstream oil and gas industry for over 40 years, in a variety of technical, senior executive and non-executive director roles. He was employed for almost 34 years with ExxonMobil including his executive career as Vice President, Business Development, ExxonMobil. Mr McEvoy graduated from the University of NSW with a degree in Science and a graduate diploma in Applied Geophysics. Mr McEvoy is a former Non-Executive Director of AWE Limited (2006 – 2018), Woodside Petroleum Limited (2005 – 2017), Acer Energy (formerly Innamincka Petroleum Limited) and Po Valley Energy Ltd.

(viii) The Hon. Warwick Smith AO, Non-Executive Director

Director of SGH since 12 September 2014.

Member of the Audit & Risk Committee and member of the Remuneration & Nomination Committee. Mr Smith has been Chairman of Advisory Board Australian Capital Equity since November 2006. Mr Smith also holds the position of Chairman at Ord Minnett; Director of Estia Health Limited between 2017 – 2022. He is Executive Chairman of AL Capital and Aqualand Australia.

He has served as Chairman of the Australia-China Council for over eight years and was the Founding Chair of the National Foundation of Australia-China Relations. He is Chairman of the Global Engagement Committee of the Business Council of Australia of which he is a member. Mr Smith is a former Senior Managing Director of the Australia New Zealand Banking Group Limited (ANZ), of which he was also Chairman of New South Wales & Australia Capital Territory, Chairman ANZ Thailand and Chairman and Director, ANZ Greater China. Formerly Executive Director with Macquarie Bank, Chairman of E\*TRADE Ltd and the Australian Sports Commission. He was a Federal Government Minister with a parliamentary career spanning 15 years. He was also Australia's first Telecommunications Ombudsman. Mr Smith has also received a Centenary Medal and was twice awarded the Order of Australia.

(ix) Mr Richard Uechtritz, Independent Non-Executive Director

Director of SGH since 1 June 2010.

Member of the Remuneration & Nomination Committee and Chairman of the Independent & Related Party Committee. Chief Executive Officer and Director of JB Hi-Fi Limited from June 2000 to May 2010. Mr Uechtritz has been a Director of JB Hi-Fi since May 2011. He has over thirty years' experience in retailing. Co-founder of Rabbit Photo and Smith's Kodak Express. Director of Kodak (Australasia) Proprietary Limited from July 1998 to July 2000.

As at the date of this Bidder's Statement, the key management personnel of SGH are:

(i) Mr Ryan Stokes AO, Managing Director and Chief Executive Officer

Please refer to bio outlined above.

(ii) Mr Richard Richards, Chief Financial Officer

B.Com/Law (Hons), LLM (Hons), MAAppFin (Hons), CA and Admitted Solicitor

Mr Richard Richards has been Chief Financial Officer of SGH since October 2013. He is a Director of SGH Energy and is a Director and Chair of the Audit and Risk Committee of WesTrac and Coates. He is a Director of Boral and is a member of their Audit and Risk and Safety Committees, he is also a Director of Beach and is a member of their Audit and Risk, Safety and Remuneration Committees and he is also a Director of Flagship Property Holdings.

Mr Richards joined SGH from the diverse industrial group, Downer EDI, where he was DCFO responsible for group finance across the company for three years. Prior to joining Downer, Mr Richards was CFO for the Family Operations of LFG, the private investment and philanthropic vehicle of the Lowy Family for two years. Prior to that, Mr Richards held senior finance roles at Qantas for over 10 years. Mr Richards is a former Director and the Chair of the ARC of Kindergarten Union one of the most respected childcare providers in Australia. He was also a member of the Marcia Burgess Foundation.

(iii) Ms Gitanjali Bhalla, Chief People Officer

BA, LL.B. (Hons), MIB, MAICD

Ms Gitanjali Bhalla joined SGH in 2017 and is Chief People Officer responsible for the People, Culture and Safety functions across the Group. Ms Bhalla is also a Director of WesTrac and Coates. Ms Bhalla has more than 22 years' experience in professional services and corporate roles, delivering people strategy and business transformational change across a number of sectors and countries. Ms Bhalla partners with business leaders to deliver innovative and commercially focused solutions, to increase leadership capability, capacity and employee performance, thereby elevating the standards of excellence and operational discipline across the Group's diverse businesses.

Prior to joining SGH, Ms Bhalla spent a number of years in professional services Firms, including Ernst & Young, consulting to private equity and ASX listed companies in Australia and overseas, before holding global senior human resources, corporate services and business transformation roles at UGL and Cushman & Wakefield. Ms Bhalla is an Ambassador for Good Return, a not for profit organisation committed to empowering women through microfinance. Ms Bhalla is also a Board member of Carriageworks, a leading contemporary multi arts organisation.



(iv) Mr James Goth, Chief Operating Officer

B.Econ (Hons), LL.B (Hons), MBA

Mr James Goth joined SGH in March 2020 as Chief Operating Officer for the Group, working across the portfolio of businesses within SGH. He is a Director of WesTrac, Coates, and SGH Energy. As COO of SGH, Mr Goth's focus is on driving the operational and financial performance of the businesses across the SGH portfolio, driving the development and delivery of key strategic initiatives and sustainability, as well as supporting Group-level relationships with key partners and customers.

Mr Goth joined SGH from Woolworths Group, where he was CEO of Woolworths Petrol. At Woolworths Mr Goth also held the positions of Chief Strategy Officer and Director of Corporate Development with a remit across strategic partnerships and mergers and acquisitions. Prior to that, Mr Goth was a Partner and MD at the Boston Consulting Group, where he led the Sydney office and consulted to public and private corporations across a range of industries including transport, retail and financial services. Mr Goth has also held Board positions at Quantum and ActionAid Australia.

(v) Mr Jarvas Croome, Chief Executive Officer – WesTrac

B.Eng. (Mechanical) (Hons), B.Comm. (Management), CPEng

Mr Jarvas Croome has been Chief Executive Officer of WesTrac since March 2014. Mr Croome is a Director of WesTrac and Allight. Mr Croome joined WesTrac from Woodside Energy (USA) where he was the President of the U.S. organisation based in Houston TX. Prior to that time, he had held various executive management roles at Woodside Energy in Australia including Vice President Australian Business Unit and Vice President for Technical Services. Prior to Woodside, he had worked as a global Product and Sales manager for Shell Australia and a subsea engineer with Kvaerner RJ Brown.

(vi) Mr Adrian Howard – Chief Executive of WesTrac (NSW/ACT)

B.Comm, CA, GAICD

Mr Adrian Howard was appointed Chief Executive of WesTrac in NSW and the ACT in July 2021 following six years working with the company. Over that time, Mr Howard's areas of responsibility included strategic growth, and customer and operational excellence. He worked in a range of executive positions including Chief Operating Officer.

Prior to joining WesTrac, Mr Howard worked in senior management roles across various sectors including manufacturing, distribution, logistics, construction and mining. His previous experience included time with Patrick and OneSteel Limited (now InfraBuild), with roles in general management, strategy, business development and finance.

(vii) Mr Murray Vitlich, Chief Executive Officer – Coates

B.Bus. (Econ & Fin)

Mr Murray Vitlich joined SGH in June 2017 as Chief Operating Officer for the Group, working across the portfolio of industrial businesses within SGH. In July 2019, Mr Vitlich was appointed Acting Chief Executive Officer, Coates and was formally awarded the role of Chief Executive Officer, Coates. He is a Director of Coates and was formerly a Director of SGH Energy and AllightSykes. Prior to joining SGH, Mr Vitlich previously held senior operational roles at Asciano, UGL and Wesfarmers.

(viii) Mr Vik Bansal, Managing Director and Chief Executive Officer – Boral

B.Eng. (Mechanical) and MBA and AMP (INSEAD)

Mr Vik Bansal has 30 years' experience in senior leadership roles at complex, industrial organisations. He has a proven track record of leading businesses through significant growth, transition and improvement initiatives to transform performance and boost innovation. Immediately prior to joining Boral, he was CEO of InfraBuild and from 2015 to 2021 he was CEO of ASX-listed waste management business Cleanaway. Mr Bansal is currently Chairman of LGI Pty Ltd and has volunteered as a director for organisations including the National Waste & Recycling Industry Council, Waste Management & Resource Recovery and Disability Services Australia. Mr Bansal is a Fellow of both the Institute of Engineers Australia and the AICD. He is an Electrical Engineer, has an MBA and has completed the AIM from INSEAD. He has also completed a Master of Laws in Enterprise Governance.

(ix) Mr Warren Coatsworth, Company Secretary and Legal Counsel

BA, LLB (Hons), LLM, FCSA

Mr Warren Coatsworth has been Company Secretary & Legal Counsel of Seven Group Holdings since April 2010. Mr Coatsworth is a solicitor holding a practising certificate. He is a qualified Chartered Company Secretary and a Fellow and member of the Governance Institute of Australia.

He has extensive experience as Legal Counsel at the SWM advising across the company; and was formerly a solicitor at Clayton Utz. Mr Coatsworth has held the role of Company Secretary of Seven West Media since April 2013 and Seven Network since 2005.

Further information about SGH is available on its website, [www.sevengroup.com.au](http://www.sevengroup.com.au).

## 1.2 Overview of SGH Bidder

SGH Bidder is a wholly owned subsidiary of SGH.

SGH Bidder was incorporated in Australia on 7 May 1997. The principal activities of SGH Bidder are those of a diversified investment entity, with equity interests in the industrial services, media and energy sectors. The directors of SGH Bidder are Ryan Stokes (Managing Director and Chief Executive Officer at SGH) and Richard Richards (Chief Financial Officer at SGH).

SGH Bidder holds all the listed investments and property interests of the SGH Group including our interest in Boral, Beach Energy and SWM. It has total assets of in excess of \$2.1 billion.<sup>28</sup> SGH Bidder is primarily an investment vehicle with the Group's principal operations of WesTrac and Coates sitting above the bidder in the Group Structure.

## 1.3 Financial information on SGH Group

### (a) Basis of presentation of historical financial information

The historical financial information below relates to SGH Group on a stand-alone basis and accordingly does not reflect any impact of the Offer. It is a summary only and the full financial accounts for SGH Group for the financial periods described below, which include the notes to the accounts, can be found in SGH's annual reports for those periods.

### (b) Basis of presentation of forecast financial information

The forecast financial information below relates to SGH Group on a stand-alone basis and accordingly does not reflect any impact of the Offer. The impact of the Merger Offer has been considered in Section 3.

The forecast financial information and other forward-looking statements involve known and unknown risks, uncertainties and other important factors which may materially impact on actual outcomes, many of which are outside the control of SGH Group. These factors may cause the actual results, performance or achievements of the SGH Group to differ, perhaps materially, from the results, performance or achievements expressed or implied by those forecasts or forward-looking statements. Such risks, uncertainties and other important factors include, among other things, those matters set out in clause 6.

The forecast financial information and other forward-looking statements do not constitute a representation that future profits (or any other matter) will be achieved in the amounts or by the dates indicated and are presented as a guide to assist Boral Shareholders in assessing the Offer.

The forecast financial information and other forward-looking statements are based on information available to SGH Bidder at the date of this Bidder's Statement and should be read in conjunction with the assumptions underlying their preparation as set out in clause 1.3(e).

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<sup>28</sup> Based on market value for investments in listed entities as at 16 February 2024.

(c) **Historical and forecast financial information of the SGH Bidder Group**

(i) **Summarised Statements of financial position**

The summarised historical consolidated statement of financial position of the SGH Group as at 30 June 2021, 30 June 2022, 30 June 2023 and 31 December 2023 set out below has been extracted from the audited/reviewed consolidated statements of financial position of the SGH Group.

Consolidated Statements of Financial Position	Reported	Reported	Reported	Reviewed
\$m	FY21	FY22	FY23	1HFY24
Property, plant and equipment	967.2	3,424.7	3,497.9	3,526.1
Intangible assets	1,627.4	2,229.0	2,222.2	2,220.4
Producing and development assets	351.2	365.7	476.5	537.8
Investments	2,787.4	1,628.6	1,701.3	1,512.9
Right of use assets	595.0	706.9	711.8	711.8
Other assets	436.5	390.6	261.1	205.9
<b>Non-current assets</b>	<b>6,764.7</b>	<b>8,745.5</b>	<b>8,870.8</b>	<b>8,714.9</b>
Cash and cash equivalents	160.9	1,254.6	876.5	1,066.5
Trade and other receivables and current assets	876.9	1,682.1	1,847.8	1,676.7
Inventories	804.2	1,692.8	1,846.7	2,063.2
Deferred income	(159.9)	(259.7)	(555.1)	(499.4)
Trade and other payables	(586.1)	(1,007.9)	(1,126.6)	(1,040.7)
<b>Cash and working capital</b>	<b>1,096.0</b>	<b>3,361.9</b>	<b>2,889.3</b>	<b>3,266.3</b>
Lease liabilities	(835.1)	(964.3)	(984.5)	(988.9)
Provisions (including Current and Deferred tax)	(610.4)	(1,349.3)	(1,386.2)	(1,445.6)
<b>Other liabilities</b>	<b>(1,445.5)</b>	<b>(2,313.6)</b>	<b>(2,370.7)</b>	<b>(2,434.5)</b>
Interest bearing loans and borrowings	(2,432.4)	(5,662.6)	(4,893.2)	(4,775.2)
Derivative financial instruments	82.8	152.5	119.1	29.0
<b>Borrowings</b>	<b>(2,349.6)</b>	<b>(5,510.1)</b>	<b>(4,774.1)</b>	<b>(4,746.2)</b>
<b>Net Assets</b>	<b>4,065.6</b>	<b>4,283.7</b>	<b>4,615.3</b>	<b>4,800.5</b>
Contributed equity	3,405.2	3,410.5	3,375.3	3,393.8
Reserves	(599.8)	(1,495.8)	(1,526.6)	(1,526.8)
Retained earnings	1,243.5	1,634.8	2,061.6	2,166.9
Non Controlling Interest	16.7	734.2	705.0	766.6
<b>Equity</b>	<b>4,065.6</b>	<b>4,283.7</b>	<b>4,615.3</b>	<b>4,800.5</b>

(ii) **Summarised Statements of financial performance**

The summarised historical consolidated statements of financial performance of the SGH Group for the periods ended 30 June 2021, 30 June 2022, 30 June 2023 and 31 December 2023 shown below have been extracted from the audited/reviewed consolidated statements of financial performance for the periods ended 30 June 2021, 30 June 2022, 30 June 2023 and 31 December 2023.

Consolidated Statements of Financial Performance	Reported	Reported	Reported	Reviewed
\$m	FY21	FY22	FY23	1HFY24
Revenue	4,838.7	8,013.4	9,626.5	5,385.8
Other income	47.0	59.3	39.1	22.1
Share of results from equity accounted investees	195.4	252.9	195.0	85.5
<b>Revenue and other income</b>	<b>5,081.1</b>	<b>8,325.6</b>	<b>9,860.6</b>	<b>5,493.4</b>
Expenses (excl depreciation, amortisation, interest & tax)	(4,028.7)	(6,860.6)	(8,172.1)	(4,476.5)
<b>Underlying EBITDA</b>	<b>1,052.4</b>	<b>1,465.0</b>	<b>1,688.5</b>	<b>1,016.9</b>
Depreciation and amortisation	(260.3)	(477.9)	(502.0)	(253.2)
<b>Underlying EBIT</b>	<b>792.1</b>	<b>987.1</b>	<b>1,186.5</b>	<b>763.7</b>
Net finance costs	(157.9)	(253.6)	(283.4)	(142.3)
<b>Underlying net profit before tax</b>	<b>634.2</b>	<b>733.5</b>	<b>903.1</b>	<b>621.4</b>
Underlying tax expense	(129.6)	(156.2)	(200.2)	(147.1)
<b>Underlying NPAT (continuing ops)</b>	<b>504.6</b>	<b>577.3</b>	<b>702.9</b>	<b>474.3</b>
Profit for the year from discontinued operations	-	108.8	(9.9)	-
<b>Underlying NPAT (incl. discontinued ops)</b>	<b>504.6</b>	<b>686.1</b>	<b>693.0</b>	<b>474.3</b>
Significant items (including tax impact)	130.0	(78.7)	(46.5)	(249.8)
<b>Statutory NPAT</b>	<b>634.6</b>	<b>607.4</b>	<b>646.5</b>	<b>224.5</b>
Non-controlling interest	(3.2)	(49.0)	(49.9)	(35.6)
<b>Statutory NPAT for Equity Holders of the Company</b>	<b>631.4</b>	<b>558.4</b>	<b>596.6</b>	<b>188.9</b>

The summarised forecast statement of financial performance of the SGH Group for the year ending 30 June 2024 shown below has been compiled on the basis of the Directors' best estimate assumptions described in as set out in clause 1.3(e) below and reflect the results of operations for the six months ended 31 December 2023 and the Second Quarter Reforecast for the remaining six months of FY24.

Consolidated Statements of Financial Performance	Reported	Reported	Reported	Unaudited
\$m	FY21	FY22	FY23	Q2F FY24
Revenue	4,838.7	8,013.4	9,626.5	10,426.0
Other income	47.0	59.3	39.1	30.7
Share of results from equity accounted investees	195.4	252.9	195.0	155.6
<b>Revenue and other income</b>	<b>5,081.1</b>	<b>8,325.6</b>	<b>9,860.6</b>	<b>10,612.2</b>
Expenses (excl depreciation, amortisation, interest & tax)	(4,028.7)	(6,860.6)	(8,172.1)	(8,697.4)
<b>Underlying EBITDA</b>	<b>1,052.4</b>	<b>1,465.0</b>	<b>1,688.5</b>	<b>1,914.8</b>
Depreciation and amortisation	(260.3)	(477.9)	(502.0)	(514.8)
<b>Underlying EBIT</b>	<b>792.1</b>	<b>987.1</b>	<b>1,186.5</b>	<b>1,400.0</b>
Net finance costs	(157.9)	(253.6)	(283.4)	(291.9)
<b>Underlying net profit before tax</b>	<b>634.2</b>	<b>733.5</b>	<b>903.1</b>	<b>1,108.1</b>
Underlying tax expense	(129.6)	(156.2)	(200.2)	(284.8)
<b>Underlying NPAT (continuing ops)</b>	<b>504.6</b>	<b>577.3</b>	<b>702.9</b>	<b>823.2</b>
Profit for the year from discontinued operations	-	108.8	(9.9)	-
<b>Underlying NPAT (incl. discontinued ops)</b>	<b>504.6</b>	<b>686.1</b>	<b>693.0</b>	<b>823.2</b>
Significant items (including tax impact)	130.0	(78.7)	(46.5)	(249.8)
<b>Statutory NPAT</b>	<b>634.6</b>	<b>607.4</b>	<b>646.5</b>	<b>573.4</b>
Non-controlling interest	(3.2)	(49.0)	(49.9)	(72.1)
<b>Statutory NPAT for Equity Holders of the Company</b>	<b>631.4</b>	<b>558.4</b>	<b>596.6</b>	<b>501.3</b>

(iii) **Statements of cash flow**

Consolidated Statements of Cash Flows	Reported	Reported	Reported	Reviewed	Unaudited
\$m	FY21	FY22	FY23	1HFY24	Q2F FY24
<b>CASH FLOWS RELATED TO OPERATING ACTIVITIES</b>					
EBITDA	1,052.4	1,465.0	1,688.5	1,016.9	1,914.8
Less share of results from equity accounted investees	(195.4)	(252.9)	(195.0)	(85.5)	(111.3)
Movement in net working capital	(3.5)	(227.6)	28.1	(239.0)	(340.2)
Dividends Received	24.1	25.7	48.8	22.7	14.9
Net interest paid	(143.5)	(250.7)	(258.1)	(128.2)	(255.4)
Income taxes paid	(111.7)	(196.2)	(84.0)	(65.3)	(101.1)
Restructure and transaction costs paid	-	(50.9)	(34.7)	-	-
<b>Net operating cash flows</b>	<b>622.4</b>	<b>512.4</b>	<b>1,193.6</b>	<b>521.6</b>	<b>1,121.8</b>
<b>CASH FLOWS RELATED TO INVESTING ACTIVITIES</b>					
Capital expenditure	(202.1)	(642.7)	(603.8)	(298.4)	(692.5)
Proceeds from sale of PPE	29.4	28.3	37.7	17.6	43.1
Payments for other investments	(6.7)	(1.8)	(0.5)	-	-
Net Investment Proceeds	11.1	4,119.9	68.9	143.9	155.4
Return of capital	-	-	13.9	-	-
Acquisition of controlled entities (Inv)	(0.8)	552.7	-	(6.6)	-
Acquisition of equity accounted investees	(422.1)	(1,218.3)	(45.1)	-	-
<b>Net investing cash flows</b>	<b>(591.2)</b>	<b>2,838.1</b>	<b>(528.9)</b>	<b>(143.5)</b>	<b>(494.0)</b>
<b>CASH FLOWS RELATED TO FINANCING ACTIVITIES</b>					
Dividends paid	(150.0)	(192.0)	(170.3)	(84.1)	(167.2)
Acquisition of non-controlling interests (Fin)	-	(2,159.9)	-	-	-
Proceeds from issue of shares	524.1	-	-	-	-
Capital return by controlled entity	-	(1,068.7)	-	-	-
Net Debt Proceeds	1,820.0	5,248.1	1,439.7	927.6	(232.9)
Net Debt Repayments	(2,116.9)	(3,991.2)	(2,387.9)	(970.5)	-
Proceeds from exchangeable bond	-	-	135.7	-	-
Repayment of lease liabilities	(56.3)	(115.2)	(85.1)	(43.3)	(85.4)
Purchase of Boral shares under equity plans	-	-	-	(13.0)	-
Purchase of treasury shares	(8.7)	(1.4)	(11.1)	(0.7)	(12.7)
<b>Net financing cash flows</b>	<b>12.2</b>	<b>(2,280.3)</b>	<b>(1,079.0)</b>	<b>(184.0)</b>	<b>(498.3)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>43.4</b>	<b>1,070.2</b>	<b>(414.3)</b>	<b>194.1</b>	<b>129.5</b>
Cash and cash equivalents at beginning of the period	119.8	160.9	1,254.6	876.5	876.5
Effect of exchange rate changes on cash and cash equivalents	(2.3)	23.5	36.2	(4.1)	-
<b>Cash and cash equivalents at end of the period</b>	<b>160.9</b>	<b>1,254.6</b>	<b>876.5</b>	<b>1,066.5</b>	<b>1,006.0</b>

(d) **Management commentary on historical and forecast results**

The Group's FY24 Underlying EBIT reforecast of \$1,400 million, is \$193 million or 18% above the FY23 underlying result. The increase on the prior year is driven by Industrial Services delivering \$261 million or 25.3% growth, reflecting strong customer demand in WesTrac and Coates the significant improvement in Boral on a weaker prior year comparative.

WesTrac reforecast includes an earlier step change in parts demand in Q1FY24 and a positive impact of a low single digit CAT parts price increase in July and further increase of low single digit per cent in January and cost control initiatives targeting overhead costs.

WesTrac management's formulation of their 2HFY24 forecast is predicated on YTD capital sales outperformance being more subdued in the 2HFY24 with significant contracted machine deliveries scheduled for May and June 2024 being at risk should WesTrac experience any shipping or port delays. Continued strong parts performance may be offset by parts exchange revenue being down in 2H due to a combination of emerging constraints on key engine parts, with continuing labour constraints expected to impact parts exchange and service revenue. Capital sales are expected to carry current momentum in machines and parts into 2H with a minor benefit from the January parts price increase.

Coates' East and South business units will continue to face challenges with Engineering Project delays between completion of major project and commencement of replacement projects due to availability of skills project managers. Favourable volumes are expected in the West and the general market environment remains strong, however, Industrial Solutions revenue carries timing risk due to potential project delays with major LNG shuts.

Savings will continue to be driven in R&M through headcount management and lower maintenance activity due to the softer market. Coates continues to target greater operational efficiencies across the network through improvement in labour resourcing, improved productivity across the transport network, review of marketing and other discretionary spend, and management of cost leakage across maintenance activities.

As stated in its results announcement dated 9 February 2024, Boral updated their EBIT market guidance. Boral Management noted that Boral's earnings have historically been weighted towards the first half. FY23 was a recent exception to this trend with the introduction of a new operating model and strategy in 1HFY23.

Accordingly, it was expected that Boral's typical seasonality (i.e. 1H weighting) will resume in FY24. Boral Management indicated that volume trends are expected to remain unchanged in 2HFY2024 and that Boral management will maintain a strong discipline on price and cost. Boral Management qualified their guidance highlighting that it assumed no significant shift in market demand or price environment.

Boral market guidance was that management expect to deliver underlying EBIT in the range of \$330-\$350 million<sup>29</sup> in FY24.

Beach's FY24 guidance was announced on 25 January 2024. An uplift in production is assumed against the 1HFY24 due to higher Origin lifting from the Otway and contracting of Enterprise volumes following settlement of the Otway price review.

SGH Energy costs will be slightly higher than FY23 due to Longtom offshore campaign costs, with Bivins being down due to natural field decline.

SWM's reforecast reflects a lower contribution to the Group earnings with the advertising market continuing to be challenging, requiring a renewed focus on the cost out program until consumer sentiment starts to recover. No CMC contribution to media segment is assumed for the 2HFY24.

Corporate costs are broadly in line with the prior year.

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<sup>29</sup> Boral's 1H2024 Financial Results and FY2024 Guidance Upgrade ASX Press Release dated 9 February 2024.

(e) **Forecast assumptions**

The material and best estimate assumptions made by the directors in preparing the SGH standalone forecast statements of financial performance and statements of cash flow for FY24 are as follows:

- No material movements in the A\$:US\$ exchange rate;
- East and West Coast gas prices and demand profile remain stable;
- Average number of wet weather days in the 2HFY24 reflecting historical averages;
- No major disruption in coal fired generation in New South Wales resulting in material electricity price spikes;
- No significant shipping delays out of US or Asia impacting WesTrac forecast machine deliveries; and
- Significant items represent items identified and disclosed in the results for the 6 months ending 31 December 2023. No additional significant items have been included in the FY24 forecast statutory net profit after tax attributable to Equity Holders, as SGH is unable to forecast items of this nature in 2HFY24.

#### **1.4 Publicly available information about SGH**

SGH Bidder is a wholly owned subsidiary of SGH, which is a listed disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a listed company, SGH is subject to the listing rules of ASX which require continuous disclosure of any information SGH has that a reasonable person would expect to have a material effect on the price or value of SGH securities.

ASX maintains files containing publicly disclosed information about all listed companies. SGH's file is available for inspection at ASX during normal business hours.

In addition, SGH is also required to lodge various documents with ASIC. Copies of documents lodged with ASIC by SGH may be obtained from, or inspected at, an ASIC office.

On request to SGH Bidder and free of charge, Boral Shareholders may obtain a copy of:

- the annual financial report of SGH's for the year ended 30 June 2023 (being the annual financial report most recently lodged with ASIC before lodgement of this Bidder's Statement with ASIC);
- any half-year financial report lodged with ASIC by SGH after the lodgement of the annual financial report referred to above and before lodgement of this Bidder's Statement with ASIC; and
- any continuous disclosure notice given to ASX by SGH since the lodgement with ASIC of the FY23 annual report for SGH referred to above and before lodgement of this Bidder's Statement with ASIC.

A list of announcements made by SGH to ASX since 17 August 2023 is contained in Attachment 1 of this Bidder's Statement.

A substantial amount of information about SGH is available in electronic form from: <https://sevengroup.com.au/investor-centre/introduction/>.



**1.5 SGH and SGH Bidder issued securities**

As at the date of this Bidder’s Statement:

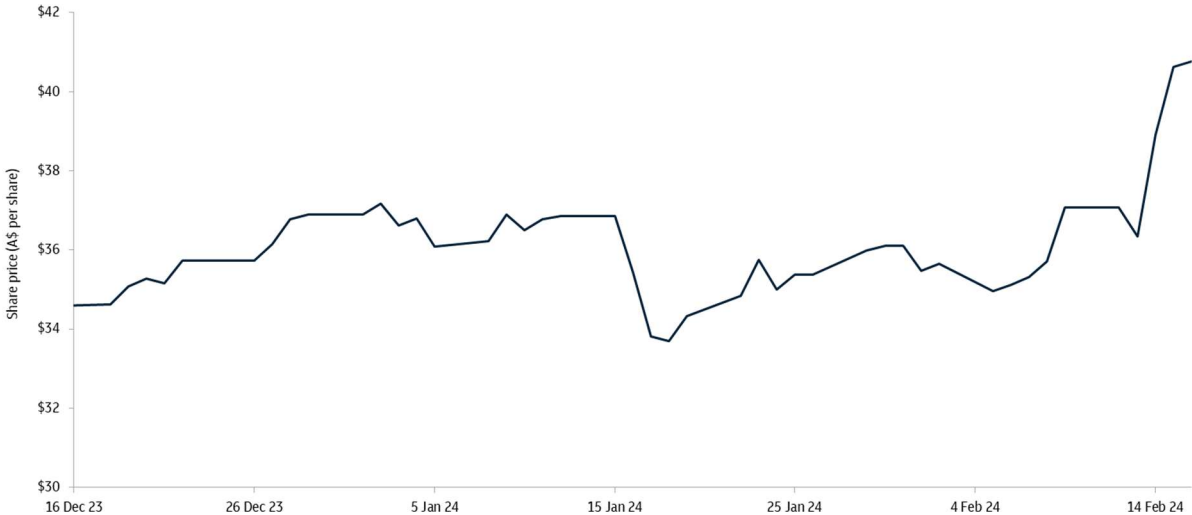
- (a) SGH Bidder’s issued securities consisted of 3,000,002 fully paid ordinary shares.
- (b) SGH’s issued securities consisted of:
  - (i) 363,585,587 fully paid ordinary shares;
  - (ii) 386 convertible notes;
  - (iii) \$250 million of exchangeable bonds; and
  - (iv) 1,816,598 share rights.

**1.6 Recent trading of SGH Shares**

- The latest recorded sale price of SGH Shares on ASX before the Announcement Date was \$40.77 as at close of trading on ASX on 16 February 2024.
- The latest recorded sale price of SGH Shares on ASX before the date on which this Bidder’s Statement was lodged with ASIC was \$40.77.
- The highest recorded sale price of SGH Shares on ASX in the last 4 months before this Bidder’s Statement was lodged with ASIC was \$41.26.
- The lowest recorded sale price of SGH Shares on ASX in the last 4 months before this Bidder’s Statement was lodged with ASIC was \$26.20.

The following chart shows the last sale price of SGH Shares on ASX in the 2 months prior to the Announcement Date.

**Figure 22: SGH Shares on ASX since December 2023**



## 1.7 Rights and liabilities attaching to SGH Shares

The rights and liabilities attaching to the SGH Shares which will be issued as the consideration under the Offer are set out in SGH's constitution and are subject to the Corporations Act and the ASX Listing Rules.

The main rights and liabilities attaching to the SGH Shares are summarised below. This summary does not purport to be exhaustive and must be read subject to the full text of SGH's constitution, an electronic copy of which will be made available to Boral shareholders at request.

(a) **Issue of further shares**

The SGH Directors may, from time to time, issue further shares.

(b) **Transfer of shares**

SGH Shares are generally freely transferrable.

(c) **Meeting of shareholders and voting rights**

At a general meeting of SGH, each holder of an SGH Share present in person or by proxy or attorney, or being a corporation, present by its representative, has one vote on a show of hands and, on a poll, one vote for each SGH Share held.

Except where a resolution requires a special majority, the resolution is passed if more votes are cast by SGH shareholders entitled to vote in favour on the resolution than against it. In the case of an equality of votes on a resolution at a meeting of SGH shareholders, the chairperson of that meeting does not have a casting vote on that resolution.

(d) **Dividends**

Holders of SGH Shares are entitled to receive dividends which SGH directors may from time to time determine are payable.

(e) **Winding up**

If SGH is wound up, a liquidator may (with the sanction of a special resolution) distribute the assets of SGH among members in any way the liquidator thinks fit.

## 1.8 Details of SGH share plan

As at the date of this Bidder's Statement, SGH has the following share plans in operation.

### **STI Plan**

Executive key management personnel participate in the SGH Group's STI plan under which annual incentives are provided subject to performance conditions being satisfied.

Under the STI plan, 50% of any STI award is deferred into equity with a one year holding lock and the balance paid in cash after the financial year end.

The share rights granted under the STI plan do not have any further performance hurdles and vest subject to continuous employment over the relevant vesting period. The share rights do not carry dividend or voting rights.

If the participant ceases employment with the Company due to termination for cause or gross misconduct, or other reasons determined by the Board all unvested share rights will lapse. If the participant ceases employment other than for the reasons outlined above the share rights will not lapse, unless the Board determines otherwise.

### **LTI Plan**

The LTI plan grants performance rights, with each right entitling participants to one ordinary SGH Share. The performance rights vest after three years, subject to the achievement of the performance hurdles.

Upon vesting of the rights, the Board has discretion to either issue new shares or acquire shares on market. Any performance rights that do not vest following testing of performance hurdles will lapse. There is no retesting. Performance rights do not carry dividend or voting rights.

The LTI will only deliver benefits to participants if shareholder returns are achieved and the executive remains employed by SGH over the three-year performance period. If the participant ceases employment with SGH due to termination for cause or gross misconduct, or other reasons determined by the Board all unvested performance rights will lapse.

If the participant ceases employment other than for the reasons outlined above, the performance rights will not lapse, unless the Board determines otherwise.

### **1.9 Substantial holders in SGH Shares**

As at the date of this Bidder's Statement, so far as known to Bidder based on publicly available information, there are no substantial holders of SGH Shares, except as set out below:

<b>Substantial holder</b>	<b>Number of SGH shares held</b>	<b>Voting power</b>
Australian Capital Equity Pty Ltd, Wroxby Pty Ltd, North Aston Pty Ltd, Ashblue Holdings Pty Ltd, Tiberius (Seven Investments) Pty Ltd, Redlake Enterprises Pty Ltd, Tiberius Pty Ltd, Mr Kerry Stokes AC, Clabon Pty Ltd and Kemast Investments Pty Ltd and their respective associates	207,304,349	57.02%
AustralianSuper Pty Ltd	19,186,237	5.28%

**2 Profile of Boral Group**

**2.1 Disclaimer**

The information in this section 2 (other than section 2.8) concerning the Boral Group has been prepared based on a review of publicly available information (which has not been independently verified). SGH Bidder does not make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

The information on the Boral Group in this Bidder's Statement should not be considered comprehensive.

Further information relating to the Boral Group's businesses or Boral's securities may be included in Boral's target's statement in relation to the Offer, which will be sent to you directly by Boral.

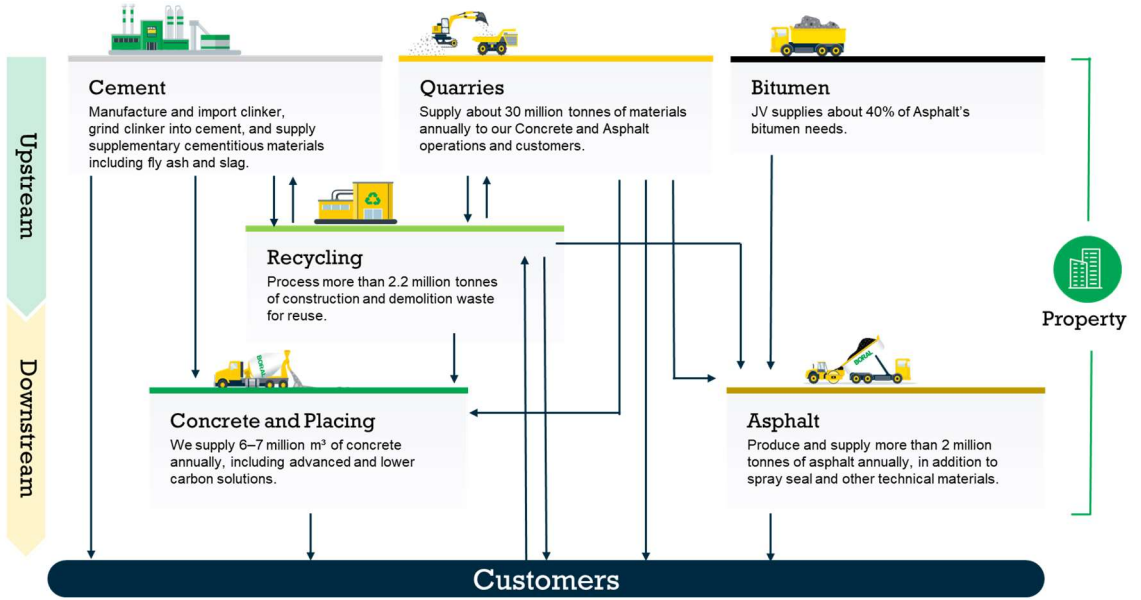
**2.2 Overview of Boral and its principal activities**

Boral is an Australian public company listed on the ASX. It has been operating since 1946 and its head office is in North Ryde, NSW. Boral has a market capitalisation of A\$6.5 billion, as at the close of trade on 16 February 2024.

Post the sale of the majority of its US operations, Boral is a domestic building products and construction materials group, employing more than 7,500 employees and contractors with over 360 operating sites nationally. Its vertically integrated network of quarries, cement, recycling and bitumen infrastructure, along with asphalt and concrete batching plants supplies a comprehensive range of products to build infrastructure, residential construction and commercial buildings.

Following the sale of the Construction Materials and Building Products businesses of Boral USA and its fly ash processing and distribution business, Boral North America comprises legacy property assets, leases and remediation obligations.

**Figure 23: Upstream and downstream operations**



**Cement**

Boral's cement operations manufacture and import clinker, grind clinker into cement, and supply supplementary cementitious materials. Boral's 1.5 million-tonne clinker manufacturing plant is at Berrima, NSW.

### *Quarries (including Recycling)*

Boral's hard rock and sand quarries supply about 30 million tonnes of materials annually to its Concrete and Asphalt operations and customers. Boral's Recycling operations process more than 2.2 million tonnes of construction and demolition waste for reuse, helping supplement quarries' materials supply and supporting circular construction annually.

### *Bitumen*

Boral's 50% - owned Bitumen Importers Australia joint venture supplies about 40% of Asphalt's operations bitumen needs.

### *Concrete and Placing*

Boral supplies 6–7 million m<sup>3</sup> of concrete annually, including advanced and lower carbon solutions, and are one of the largest concrete placing and pumping companies in NSW.

### *Asphalt*

Boral produce and supply more than 2 million tonnes of asphalt annually, and spray seal and technical materials for the surfacing and maintenance of infrastructure networks.

### *Property*

Boral also has a property segment that aims to maximise the long-term value of the portfolio of surplus property and operating footprint. Boral has ~30 surplus property assets, totalling ~3,800 hectares.

### Financial Performance

Boral delivered a 17% revenue growth in FY23. Under SGH's control and direction, a renewed focus on cost saw EBIT margin expansion of 309bp, to 6.7%, resulting in EBIT growth of 117% to \$232 million.

Boral recognised Statutory NPAT of \$148 million. This was a decrease of \$813 million on the prior year's \$961 million, which included \$863 million of post-tax significant items referable to restructuring and income from discontinued operations primarily relating to the profit recognised on the sale of the North American Building Products business.

During the year, Boral's Discontinued Operations recognised a loss after income tax of \$9.9 million arising from completion settlement and other divestment related matters from the finalisation of divestments made in prior periods.

The Boral Board resolved not to pay a dividend for FY23, given the lack of franking credits.

Further information about Boral is available on its website, [www.boral.com.au](http://www.boral.com.au).

## **2.3 Publicly available information**

Boral has been a listed disclosing entity on the ASX for the purposes of the Corporations Act since 2000 (having been demerged from Origin Energy) and as such is subject to regular reporting and disclosure requirements. Specifically, as a listed company, Boral is subject to the ASX listing rules which require continuous disclosure of any information Boral has concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

A substantial amount of information concerning Boral has previously been notified to ASX.

There have been no key ASX announcements made in relation to Boral since 9 February 2024 (being the date of Boral's 1H FY24 Results Presentation) and the date of this Bidder's Statement. A copy of prior periods announcements can be obtained from ASX or from Boral's website, [www.boral.com.au](http://www.boral.com.au). Copies of documents regarding Boral lodged with ASIC or ASX, respectively, may be obtained from, or inspected at, any ASIC office or the ASX, respectively.

## 2.4 Boral directors

The following persons are directors of Boral as at the date of this Bidder's Statement:

- (a) Mr Ryan Stokes AO (SGH Nominee), Chairman

Non-executive Director from September 2020, Chairman from July 2021.

Mr Ryan Stokes is the Managing Director and Chief Executive Officer of SGH. He has been an executive director of SGH since February 2010 and CEO since 2015. Mr Stokes is Chairman of Coates Hire and an alternate Director of WesTrac, Beach Energy and Seven West Media. Mr Stokes is Chair of the National Gallery of Australia and an Officer of the Order of Australia. Mr Stokes is also a member of the International Olympic Committee Education Commission. Mr Stokes' previous roles include Chairman of the National Library of Australia, member of the Prime Ministerial Advisory Council on Veterans' Mental Health, and Founding Chair of Headspace. Mr Stokes holds a commerce degree from Curtin University and is a Fellow of the Australian Institute of Management.

- (b) Mr Vik Bansal, Chief Executive Officer and Managing Director

Mr Vik Bansal has 30 years' experience in senior leadership roles at complex, industrial organisations. He has a proven track record of leading businesses through significant growth, transition and improvement initiatives to transform performance and boost innovation. He was CEO of InfraBuild from 2021 to 2022, and from 2015 to 2021 he was CEO of ASX-listed waste management business Cleanaway. Mr Bansal is currently Chairman of LGI Pty Ltd and has volunteered as a director for organisations including the National Waste & Recycling Industry Council, Waste Management & Resource Recovery and Disability Services Australia. Mr Bansal is a Fellow of both the Institute of Engineers Australia and the AICD. He is an Electrical Engineer, has an MBA and has completed the AIM program at INSEAD. He has also completed a Master of Laws in Enterprise Governance.

- (c) Mr Rob Sindel, Independent Non-executive Director and Lead Independent Director

Lead Independent Director from September 2020

Mr Rob Sindel is Chairman of Orora Ltd, and a Director of Mirvac Group. Mr Sindel was formerly the Managing Director and Chief Executive Officer of CSR Ltd for eight years from 2011 until 2019. Mr Sindel brings to the Board extensive experience obtained from executive management and leadership positions, principally from his 30-year career in construction materials and building products, both in Australia and the United Kingdom. Mr Sindel has insights in manufacturing, sales and marketing in B2B environments, and strategic management. Mr Sindel also has a deep understanding of how to successfully navigate through market cycles. Mr Sindel holds an engineering degree and a Master of Business Administration. He is a graduate of the AICD, and a Fellow of the Institution of Engineers Australia.

- (d) Ms Jacqueline Chow, Independent Non-executive Director

Independent non-executive Director from March 2022.

Ms Jacqueline Chow is a non-executive Director of Coles Group Ltd, Charter Hall Ltd and nib Holdings Ltd. Ms Chow previously consulted to McKinsey as a Senior Advisor in their Transformation Group. Ms Chow has more than 20 years' corporate experience in executive and non-executive positions in general management, strategy, marketing and technology across a range of sectors, including industrial, retail, telecommunications and financial services.

Ms Chow previously held senior positions at Fonterra, where she was Chief Operating Officer, Global Consumer and Food Service, and prior to that at Accenture,

the Kellogg Company, and Campbell's. Through these roles, Ms Chow has significant experience in innovation, digital platforms and technology, and driving transformation and cultural change. Ms Chow holds a Master of Business Administration (Dean's Distinguished Service Award) from the Kellogg School of Management at Northwestern University and a Bachelor of Science (Hons) from the UNSW.

(e) Mr Mark Johnson, Independent Non-executive Director

Independent non-executive Director from December 2021.

Mr Mark Johnson is an experienced non-executive Director and serves as Chairman of the Hospitals Contribution Fund of Australia Ltd and is an independent Director of Goodman Group and Metcash Limited. Mr Johnson is also a Councillor at UNSW Sydney and a Director of a number of private companies. Mr Johnson was previously Chairman and a Director of G8 Education Ltd and an independent Director of Coca-Cola Amatil Ltd and Westfield Corporation Ltd.

Mr Johnson previously held several senior leadership roles during his more than 20 years as a senior partner at PricewaterhouseCoopers (PwC), including as CEO of PwC Australia from 2008 to 2012, Deputy Chairman PwC Asia and a member of PwC's Global Strategy Council. Mr Johnson is a Fellow of Chartered Accountants Australia and New Zealand and the AICD, and is a Certified Practising Accountant Australia. Mr Johnson holds a Bachelor of Commerce from UNSW.

(f) Mr Richard Richards (SGH Nominee), Non-Executive Director

Non-executive Director from July 2021.

Mr Richard Richards is the CFO of SGH and is responsible for finance across the diversified conglomerate (including equipment manufacture, sales and service, equipment hire, investments, property, media, and oil and gas). Mr Richards is a Director of WesTrac, Allight, SGH Energy, Coates Hire, where he is Chair of the Audit & Risk Committee, and Beach Energy, where he is a member of the Audit & Risk Committee. Mr Richards joined SGH from the diverse industrial group, Downer EDI, where he was Deputy CFO responsible for group finance across the company for three years.

Prior to joining Downer EDI, Mr Richards was CFO for the Family Operations of LFG, the private investment and philanthropic vehicle of the Lowy family for two years. Prior to that, Mr Richards held senior finance roles at Qantas for more than 10 years. Mr Richards has a Bachelor of Commerce/Laws (Hons) from Bond University, a Master of Laws from the University of Sydney and a Master of Applied Finance from Macquarie University. Mr Richards is a Chartered Accountant and admitted as a solicitor in NSW.

Under the information sharing and conflict of interest protocol in place between SGH and Boral, Mr Ryan Stokes and Mr Richard Richards have advised Boral of their conflict of interest in respect of the Offer, and offered to recuse themselves from all Boral board and committee meetings considering this Offer, other than those that all directors are required by law to attend to determine a particular matter, for the duration of the Offer.

Mr Ryan Stokes will continue to act in his role as Boral Chairman and Mr Richard Richards as a director on all Boral board and committee meetings not specifically considering the Offer.

The Offer will be considered by the independent Boral board members with this independent related party committee chaired by Mr Rob Sindel.

## 2.5 Financial information on Boral Group

The summarised consolidated statement of financial performance of Boral Group for the periods 30 June 2021, 30 June 2022 and 30 June 2023 and 31 December 2023 shown below have been extracted from the audited or reviewed consolidated statement of financial performance for the periods ending 30 June 2021, 30 June 2022, 30 June 2023 and 31 December 2023.

<b>Boral Statements of Financial Performance</b>	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>	<b>Reviewed</b>
<b>\$m</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>1HFY24</b>
Continuing operations				
Revenue	2,924.1	2,955.9	3,460.6	1,839.9
Cost of sales	(2,166.8)	(2,251.4)	(2,539.9)	(1,306.7)
Selling and distribution expenses	(404.5)	(411.1)	(475.4)	(258.7)
Administrative expenses	(217.6)	(216.6)	(237.0)	(85.0)
Results of equity accounted investments	19.1	19.9	18.9	7.0
Other income	26.9	15.5	4.3	4.5
<b>Profit before net interest expense and income tax</b>	<b>181.2</b>	<b>112.2</b>	<b>231.5</b>	<b>201.0</b>
Interest income	1.5	5.3	19.9	17.2
Interest expense	(124.4)	(83.8)	(55.6)	(26.9)
Net interest expense	(122.9)	(78.5)	(35.7)	(9.7)
<b>Profit/(loss) before income tax</b>	<b>58.3</b>	<b>33.7</b>	<b>195.8</b>	<b>191.3</b>
Income tax (expense)/ benefit	(10.4)	1.6	(53.1)	(52.7)
<b>Profit/(loss) from continuing operations</b>	<b>47.9</b>	<b>35.3</b>	<b>142.7</b>	<b>138.6</b>
<b>Discontinued operations</b>				
Profit/(Loss) from discontinued operations (net of income tax)	620.8	977.6	(9.9)	-
<b>Underlying NPAT (incl. discontinued ops)</b>	<b>668.7</b>	<b>1,012.9</b>	<b>132.8</b>	<b>138.6</b>
Significant items (Net of tax)	(28.8)	(52.3)	15.3	(16.6)
<b>Net profit</b>	<b>639.9</b>	<b>960.6</b>	<b>148.1</b>	<b>122.0</b>



<b>Boral Statements of Financial Position</b>	<b>Restated</b>	<b>Audited</b>	<b>Audited</b>	<b>Reviewed</b>
<b>\$m</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>1HFY24</b>
<b>Current assets</b>				
Cash and cash equivalents	903.8	1,107.1	658.1	888.7
Receivables	472.7	501.3	549.3	452.5
Inventories	213.5	222.5	257.5	254.2
Financial assets	11.6	32.8	3.0	2.8
Current tax assets	13.4	40.4	25.6	15.1
Other assets	28.6	36.3	20.3	31.0
Assets classified as held for sale	3,626.1	-	-	-
<b>Total current assets</b>	<b>5,269.7</b>	<b>1,940.4</b>	<b>1,513.8</b>	<b>1,644.3</b>
<b>Non-current assets</b>				
Receivables	24.2	35.7	20.0	3.6
Inventories	4.8	12.9	13.4	13.7
Investments accounted for using the equity method	15.0	31.2	36.1	37.3
Financial assets	8.3	-	21.9	2.5
Property, plant and equipment	2,044.1	2,117.8	2,118.5	2,110.2
Intangible assets	72.4	71.5	71.2	71.2
Deferred tax assets	145.6	166.6	107.7	72.1
Other assets	25.2	24.8	36.1	35.8
<b>Total non-current assets</b>	<b>2,339.6</b>	<b>2,460.5</b>	<b>2,424.9</b>	<b>2,346.4</b>
<b>Total assets</b>	<b>7,609.3</b>	<b>4,400.9</b>	<b>3,938.7</b>	<b>3,990.7</b>
<b>Current liabilities</b>				
Trade creditors	(484.1)	(497.2)	(497.1)	(430.5)
Interest bearing liabilities	(33.2)	(639.7)	(23.2)	(24.0)
Financial liabilities	(22.1)	(1.4)	(10.3)	(15.7)
Current tax liabilities	(5.0)	(0.6)	(0.6)	(15.8)
Employee benefit liabilities	(93.2)	(103.6)	(107.4)	(100.1)
Provisions	(32.5)	(65.0)	(55.9)	(75.0)
Liabilities classified as held for sale	(610.3)	-	-	-
<b>Total current liabilities</b>	<b>(1,280.4)</b>	<b>(1,307.5)</b>	<b>(694.5)</b>	<b>(661.1)</b>
<b>Non-current liabilities</b>				
Interest bearing liabilities	(1,769.7)	(943.8)	(973.1)	(949.2)
Financial liabilities	(19.4)	(9.8)	(10.4)	(15.5)
Deferred tax liabilities	(39.9)	(35.1)	(36.6)	(35.5)
Employee benefit liabilities	(10.1)	(7.2)	(7.1)	(7.1)
Provisions	(154.7)	(200.0)	(191.2)	(187.6)
Other liabilities	(0.3)	-	-	-
<b>Total non-current liabilities</b>	<b>(1,994.1)</b>	<b>(1,195.9)</b>	<b>(1,218.4)</b>	<b>(1,194.9)</b>
<b>Total liabilities</b>	<b>(3,274.5)</b>	<b>(2,503.4)</b>	<b>(1,912.9)</b>	<b>(1,856.0)</b>
<b>Net assets</b>	<b>4,334.8</b>	<b>1,897.5</b>	<b>2,025.8</b>	<b>2,134.7</b>
<b>Equity</b>				
Contributed equity	3,839.5	593.7	593.7	593.7
Reserves	122.8	47.9	28.1	15.0
Retained earnings	372.5	1,255.9	1,404.0	1,526.0
<b>Total equity attributable to equity holders of the Company</b>	<b>4,334.8</b>	<b>1,897.5</b>	<b>2,025.8</b>	<b>2,134.7</b>

<b>Boral Statements of Cash Flows</b>	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>	<b>Reviewed</b>
<b>\$m</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>1HFY24</b>
<b>CASH FLOWS RELATED TO OPERATING ACTIVITIES</b>				
Receipts from customers	5,672.1	4,214.1	3,743.8	2,125.0
Payments to suppliers and employees	(4,900.9)	(3,746.9)	(3,355.0)	(1,785.3)
Dividends received	84.0	6.6	14.5	5.8
Interest received	3.5	5.0	19.3	17.4
Borrowing costs paid	(137.4)	(89.8)	(52.5)	(24.3)
Income taxes received/ (paid)	(7.0)	(77.3)	23.3	10.0
Restructure and transaction costs paid	(60.6)	(50.9)	(34.7)	-
<b>Net operating cash flows</b>	<b>653.7</b>	<b>260.8</b>	<b>358.7</b>	<b>348.6</b>
<b>CASH FLOWS RELATED TO INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment	(257.7)	(342.1)	(209.1)	(91.5)
Capital contribution in equity accounted investment	-	(2.8)	-	-
Repayment of loans by associates	(0.3)	-	-	-
Proceeds on disposal of non-current assets	40.2	17.0	4.9	2.5
Proceeds on disposal of controlled entities and associates	1,409.4	3,980.5	14.5	-
<b>Net investing cash flows</b>	<b>1,191.6</b>	<b>3,652.6</b>	<b>(189.7)</b>	<b>(89.0)</b>
<b>CASH FLOWS RELATED TO FINANCING ACTIVITIES</b>				
On-market share buy-back	(506.6)	(352.9)	-	(13.0)
Capital return paid	-	(2,923.2)	-	-
Dividends paid	-	(77.2)	-	-
Repayment of lease principal	(88.0)	(57.0)	(25.9)	(13.4)
Settlement of financial instruments	(37.3)	-	-	-
Proceeds from borrowings	105.9	-	-	-
Repayment of borrowings	(1,256.3)	(320.1)	(628.7)	-
<b>Net financing cash flows</b>	<b>(1,782.3)</b>	<b>(3,730.4)</b>	<b>(654.6)</b>	<b>(26.4)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>63.0</b>	<b>183.0</b>	<b>(485.6)</b>	<b>233.2</b>
Cash and cash equivalents at beginning of the period	904.4	903.8	1,107.1	658.1
Effect of exchange rate changes on cash and cash equivalents	(63.6)	20.3	36.6	(2.6)
<b>Cash and cash equivalents at end of the period</b>	<b>903.8</b>	<b>1,107.1</b>	<b>658.1</b>	<b>888.7</b>
<b>Cash flows from discontinued operations</b>				
Net cash provided by operating activities	397.1	44.1	-	-
Net cash provided by investing activities	1,314.2	3,940.9	14.5	-
Net cash used in financing activities	(55.6)	(25.1)	-	-
<b>Net cash provided by discontinued operations</b>	<b>1,655.7</b>	<b>3,959.9</b>	<b>14.5</b>	<b>-</b>

## 2.6 Boral securities on issue

According to documents lodged by Boral with ASX, as at the close of trading on the Last Practicable Date, Boral had 1,103,088,419 Boral Shares on issue<sup>30</sup> and 6,506,536 Boral Performance Rights on issue<sup>31</sup>.

<sup>30</sup> Based on the Appendix 4D released by Boral on the ASX Market Announcements Platform on 9 February 2024.

<sup>31</sup> Based on the Appendix 4D released by Boral on the ASX Market Announcements Platform on 9 February 2024.

## 2.7 Boral Performance Rights

Boral currently has in place an employee long-term incentive plan for senior executives of the company (**Boral Equity Incentive Plan**).

As mentioned above, according to documents provided by Boral to ASX, as at the Last Practicable Date, Boral had 6,506,536 Boral Performance Rights on issue, as granted under the Boral Equity Incentive Plan.

Each Boral Performance Right issued under the Boral Equity Incentive Plan confers on its holder the right to acquire a fully paid Boral Share or receive the cash equivalent value.

Mr Bansal was awarded 1,074,491 performance rights as part of his employment with Boral on 10 October 2022 and a further 565,582 deferred performance awards have been issued relating to the FY23 performance period.

The Board has absolute discretion to determine that some or all of the unvested Long Term Incentive Rights (**LTI Rights**) will vest if there is a takeover or other event likely to result in a change in control of Boral.

In the event Boral ceases to be listed on a recognised stock exchange and he ceases to report to the Board of Boral, a pro rata portion of Mr Bansal's LTI Rights will vest.

SGH and SGH Bidder have assumed that a pro rata (to time) portion of Boral Performance Rights and LTI rights would vest if the compulsory acquisition thresholds are met, and that executives will be kept whole with respect to the unvested portion through comparable replacement SGH incentives.

The Offer does not extend to Boral Performance Rights or Boral Shares that are issued during the period from the Register Date to the end of the Offer Period in accordance with the terms of, or otherwise in connection with the vesting of, Boral Performance Rights.

## 2.8 Interests in Boral securities

### (a) **SGH Bidder's Relevant Interest in Boral securities and Voting Power in Boral**

As at the date of this Bidder's Statement, SGH Bidder and SGH hold voting power in Boral of approximately 62.4%<sup>32</sup> of Boral Shares (being 688,716,265 Boral Shares). SGH Bidder and wholly owned subsidiaries of SGH have a beneficial interest in those Boral Shares.

SGH also has an interest under a physically settled equity swap transaction relating to 101,034,431 Boral Shares. While this is a disclosable interest under section 671B of the Act and SGH's total disclosed interest is therefore up to 789,750,696 Boral Shares, SGH does not have a Relevant Interest or voting power in the Boral Shares to which the swap relates by virtue of section 609(6) of the Corporations Act. Therefore, SGH's and its owned subsidiaries including the SGH Bidder's Voting Power in Boral as at the date of this Bidder's Statement is 62.4%.

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<sup>32</sup> SGH's total interest is comprised of a 62.4% holding of Boral Shares and a further interest in up to 9.2% of Boral under a physically settled equity swap, in each case based on Boral's most recent ASX disclosure (Appendix 4D) Note 10 dated 9 February 2024. See SGH's Form 604 disclosure dated 1 September 2023.

(b) **Acquisitions of Boral Shares by SGH Bidder or associates**

Except as referred to below, neither SGH Bidder nor any of its associates has provided (or agreed to provide) consideration for a Boral Share under a purchase or agreement to purchase during the four months before the date of this Bidder's Statement or in the period between the date of this Bidder's Statement and the date of the Offer.

**2.9 Dealings in Boral Shares**

(a) **Previous four months**

During the four months before the date of this Bidder's Statement, neither SGH Bidder nor any of its associates gave, or offered to give, or agreed to give a benefit to another person which was likely to induce the other person, or an associate of the other person to accept the Offer or dispose of Boral Shares and which is not offered to all holders of Boral Shares under the Offer.

(b) **Period before Offer**

Neither SGH Bidder nor any associate of SGH Bidder has provided or agreed to provide consideration for Boral Shares under any purchase or agreement during the period starting on the date of this Bidder's Statement and ending on the date immediately before the date of the Offer.

**2.10 No escalation agreements**

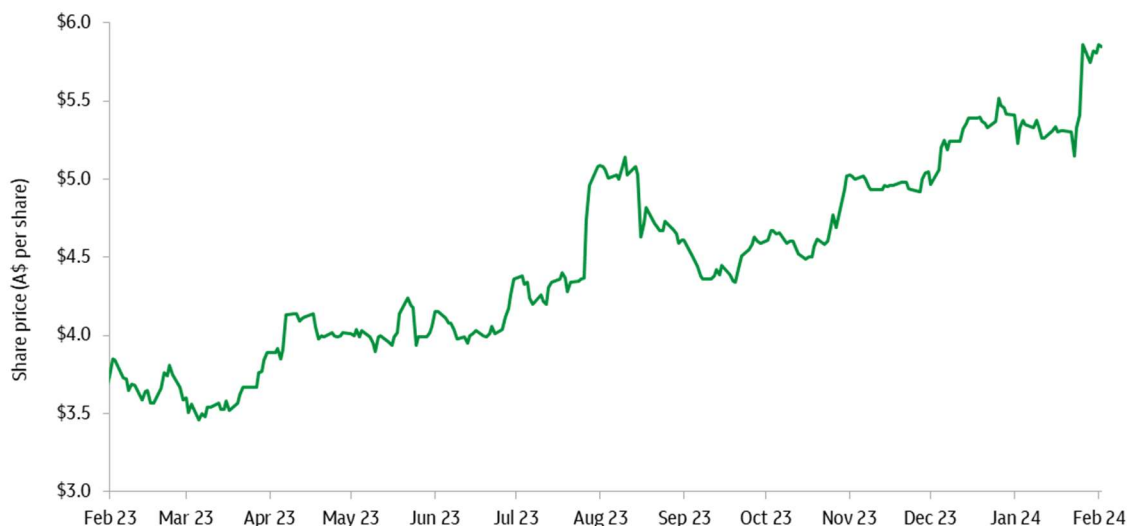
Neither SGH Bidder nor any associate of SGH Bidder has entered into any escalation agreement that is prohibited by section 622 of the Corporations Act.

**2.11 Recent and historical trading of Boral Shares**

The last recorded sale price of Boral Shares on the ASX on 16 February 2024 was \$5.85.

In the 12 months preceding 16 February 2024, approximately 501.3 million Boral Shares representing approximately 45% of the Boral Shares currently on issue were traded on the ASX at a VWAP of \$4.4668, with a price range of approximately \$3.45 to \$6.10.

**Figure 24: The last recorded sale price of Boral Shares on the ASX**



### 3 Merged Group

#### 3.1 Effect of the Offer on SGH and the profile of the Merged Group

The pro forma financial statements as of 30 June 2023 have been prepared for illustrative purposes to reflect the impact of the transaction as if it had occurred on 1 July 2022. The adjustments have been made to the SGH FY23 Statutory Results which were prepared in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards.

The Pro Forma has been prepared by SGH to illustrate the impact of the following:

- ***SGH selling 1% (11.1m shares) of Boral shares which occurred on 30 August 2023.***

The 1% sell down of Boral shares which increases the cash balance by approximately \$54.3 million and increases the non-controlling interest (“NCI”) by \$30.2 million in the summarised statement of financial position.

- ***Early redemption of the exchangeable bonds which are exchanged into Boral shares and acquired by SGH as part of the Merger Offer.***

The fair value of the liability for the exchangeable bonds of \$221.4 million as of 30 June 2023 has been assumed to be fully extinguished and removed from SGH’s summarised statement of financial position. The exchangeable bond will be converted into approximately 80 million Boral shares<sup>33</sup> increasing the NCI in the summarised statement of financial position by \$215.2 million. The redemption of exchangeable bonds is expected to reduce annual interest expense by approximately \$11.6 million as annual cash coupons (4.625%<sup>34</sup> on \$250 million face value) will cease once the exchangeable bonds are redeemed.

The early redemption of the exchangeable bonds will require SGH to expense the referable unamortised capitalised borrowing costs.

The shares will be issued to exchangeable bond holders at a higher market value than the face value of the outstanding liability, giving rise to a revenue loss. This revenue loss will be partially offset by the capital gain on sale of the Boral shares based off anticipated tax treatment. The net impact is expected to generate a tax asset of approximately \$39.3 million.

- ***Acquisition of remaining interest in Boral on 1 July 2022 as per the Merger Offer terms.***

Under the Merger Offer Terms, an acquisition of shares in Boral that increases the relevant interest to 100% will increase the offer price to the maximum consideration of \$3,131.9 million. The cash consideration of \$851.9 million is assumed to be funded by existing and new debt facilities. The accounting entries for the acquisition of all the non-controlling interest in Boral are as follows.

- Net increase in borrowings by approximately \$680.1 million to fund the cash consideration of the Merger Offer and increase in share capital by approximately \$1,820.3 million due to the issue of new SGH shares based on the closing market price at 16 February 2024.
- Removal of non-controlling interest (“NCI”) relating to Boral from SGH’s summarised statement of financial position.

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<sup>33</sup> Assuming the effective date of redemption being 60 days from the date of this Announcement.

<sup>34</sup> Pro Forma adjustment in P&L assumes cash interest, not the interest expense calculated on the effective interest method.

The transaction is expected to provide synergy through various corporate costs that will be no longer be incurred by Boral. These costs include annual listing fees, director's fees, share registry costs, AGM and investor relations costs, and Directors and Officers insurance. These costs are estimated to be \$3 million annually.

The debt facilities utilised to fund the cash consideration of the Merger Offer, establishment costs and transaction costs are assumed to be maintained over the financial year. Interest expense associated with those debt facilities is calculated at an effective rate of 5.8%. This rate is consistent with existing facility agreements and current market rates.

An increase in the relevant interest in Boral to 100% will result in Boral joining the SGH tax consolidated group and a consequent tax cost base reset for Boral under the Allocable Cost Amount methodology. The impact of this on the associated deferred and current tax balances has not been contemplated in the pro forma adjustments.

- **Cost of Transaction**

The estimated transaction costs of \$77.4 million (including financial and legal advisory fees and stamp duty) has been accounted for as a deduction from equity as relates to a transaction with equity holders. The costs<sup>35</sup> to establish the new debt facilities have been expensed.

(i) **Pro Forma summarised statements of financial position**

Consolidated Statements of Financial Position	Reported		Pro-Forma Adjustments			Pro-forma
	FY23	1% Sell-down	Exchangeable Bonds	Impact of Takeover	Cost of Transaction	
<b>\$m</b>						
Property, plant and equipment	3,497.9	-	-	-	-	3,497.9
Intangible assets	2,222.2	-	-	-	-	2,222.2
Producing and development assets	476.5	-	-	-	-	476.5
Investments	1,701.3	-	-	-	-	1,701.3
Right of use assets	711.8	-	-	-	-	711.8
Other assets	261.1	-	-	-	-	261.1
<b>Non-current assets</b>	<b>8,870.8</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,870.8</b>
Cash and cash equivalents	876.5	54.3	11.6	(41.8)	-	900.6
Trade and other receivables and current assets	1,847.8	-	-	-	-	1,847.8
Inventories	1,846.7	-	-	-	-	1,846.7
Deferred income	(555.1)	-	-	-	-	(555.1)
Trade and other payables	(1,126.6)	-	-	-	-	(1,126.6)
<b>Cash and working capital</b>	<b>2,889.3</b>	<b>54.3</b>	<b>11.6</b>	<b>(41.8)</b>	<b>-</b>	<b>2,913.4</b>
Lease liabilities	(984.5)	-	-	-	-	(984.5)
Provisions (including Current and Deferred tax)	(1,386.2)	-	36.9	12.5	0.8	(1,335.9)
<b>Other liabilities</b>	<b>(2,370.7)</b>	<b>-</b>	<b>36.9</b>	<b>12.5</b>	<b>0.8</b>	<b>(2,320.4)</b>
Interest bearing loans and borrowings	(4,893.2)	-	217.9	(680.1)	(80.2)	(5,435.6)
Derivative financial instruments	119.1	-	-	-	-	119.1
<b>Borrowings</b>	<b>(4,774.1)</b>	<b>-</b>	<b>217.9</b>	<b>(680.1)</b>	<b>(80.2)</b>	<b>(5,316.5)</b>
<b>Net Assets</b>	<b>4,615.3</b>	<b>54.3</b>	<b>266.4</b>	<b>(709.4)</b>	<b>(79.3)</b>	<b>4,147.2</b>
Contributed equity	3,375.3	-	-	1,820.3	-	5,195.6
Reserves	(1,526.6)	24.1	6.2	(1,570.0)	(77.4)	(3,143.7)
Retained earnings	2,061.6	-	39.1	20.1	(2.0)	2,118.8
Non Controlling Interest	705.0	30.2	221.0	(979.7)	-	(23.5)
<b>Equity</b>	<b>4,615.3</b>	<b>54.3</b>	<b>266.4</b>	<b>(709.4)</b>	<b>(79.3)</b>	<b>4,147.2</b>

<sup>35</sup> Assumes 60 day ticking fee.

(ii) Pro Forma summarised Statements of financial performance

Consolidated Statements of Financial Performance	Reported		Pro-Forma Adjustments			Pro-forma
	FY23	1% Selldown	Exchangeable Bonds	Impact of Takever	Cost of Transaction	
<b>\$m</b>	<b>FY23</b>	<b>1% Selldown</b>	<b>Exchangeable Bonds</b>	<b>Impact of Takever</b>	<b>Cost of Transaction</b>	<b>FY23</b>
Revenue	9,626.5	-	-	-	-	9,626.5
Other income	39.1	-	-	-	-	39.1
Share of results from equity accounted investees	195.0	-	-	-	-	195.0
<b>Revenue and other income</b>	<b>9,860.6</b>	-	-	-	-	<b>9,860.6</b>
Expenses (excl depreciation, amortisation, interest & tax)	(8,172.1)	-	-	3.0	-	(8,169.1)
<b>Underlying EBITDA</b>	<b>1,688.5</b>	-	-	<b>3.0</b>	-	<b>1,691.5</b>
Depreciation and amortisation	(502.0)	-	-	-	-	(502.0)
<b>Underlying EBIT</b>	<b>1,186.5</b>	-	-	<b>3.0</b>	-	<b>1,189.5</b>
Net finance costs	(283.4)	-	11.6	(44.8)	(2.8)	(319.5)
<b>Underlying net profit before tax</b>	<b>903.1</b>	-	<b>11.6</b>	<b>(41.8)</b>	<b>(2.8)</b>	<b>870.0</b>
Underlying tax expense	(200.2)	-	(3.5)	12.5	0.8	(190.3)
<b>Underlying NPAT (continuing ops)</b>	<b>702.9</b>	-	<b>8.1</b>	<b>(29.3)</b>	<b>(2.0)</b>	<b>679.8</b>
Profit for the year from discontinued operations	(9.9)	-	-	-	-	(9.9)
<b>Underlying NPAT (incl. discontinued ops)</b>	<b>693.0</b>	-	<b>8.1</b>	<b>(29.3)</b>	<b>(2.0)</b>	<b>669.9</b>
Significant items (including tax impact)	(46.5)	-	36.9	-	-	(9.6)
<b>Statutory NPAT</b>	<b>646.5</b>	-	<b>45.0</b>	<b>(29.3)</b>	<b>(2.0)</b>	<b>660.2</b>
Non-controlling interest	(49.9)	-	(5.8)	49.3	-	(6.4)
<b>Statutory NPAT for Equity Holders of the Company</b>	<b>596.6</b>	-	<b>39.1</b>	<b>20.1</b>	<b>(2.0)</b>	<b>653.8</b>

(iii) Pro Forma Statements of cash flows

Consolidated Statements of Cash Flows	Reported		Pro-Forma Adjustments			Pro-forma
	FY23	1% Selldown	Exchangeable Bonds	Impact of Takever	Cost of Transaction	
<b>\$m</b>	<b>FY23</b>	<b>1% Selldown</b>	<b>Exchangeable Bonds</b>	<b>Impact of Takever</b>	<b>Cost of Transaction</b>	<b>FY23</b>
<b>CASH FLOWS RELATED TO OPERATING ACTIVITIES</b>						
EBITDA	1,688.5	-	-	-	-	1,688.5
Less share of results from equity accounted investees	(195.0)	-	-	-	-	(195.0)
Movement in net working capital	28.1	-	-	3.0	-	31.1
Dividends Received	48.8	-	-	-	-	48.8
Net interest paid	(258.1)	-	11.6	(44.8)	-	(291.3)
Income taxes paid	(84.0)	-	-	-	-	(84.0)
Restructure and transaction costs paid	(34.7)	-	-	-	-	(34.7)
<b>Net operating cash flows</b>	<b>1,193.6</b>	-	<b>11.6</b>	<b>(41.8)</b>	-	<b>1,163.4</b>
<b>CASH FLOWS RELATED TO INVESTING ACTIVITIES</b>						
Capital expenditure	(603.8)	-	-	-	-	(603.8)
Proceeds from sale of PPE	37.7	-	-	-	-	37.7
Payments for other investments	(0.5)	-	-	-	-	(0.5)
Net Investment Proceeds	68.9	54.3	-	-	-	123.2
Return of capital	13.9	-	-	-	-	13.9
Acquisition of equity accounted investees	(45.1)	-	-	-	-	(45.1)
<b>Net investing cash flows</b>	<b>(528.9)</b>	<b>54.3</b>	-	-	-	<b>(474.6)</b>
<b>CASH FLOWS RELATED TO FINANCING ACTIVITIES</b>						
Dividends paid	(170.3)	-	-	-	-	(170.3)
Acquisition of non-controlling interests (Fin)	-	-	-	(680.1)	(77.4)	(757.5)
Net Debt Proceeds	1,439.7	-	-	851.9	80.2	2,371.8
Net Debt Repayments	(2,387.9)	-	-	(171.8)	(2.8)	(2,562.5)
Proceeds from exchangeable bond	135.7	-	-	-	-	135.7
Repayment of lease liabilities	(85.1)	-	-	-	-	(85.1)
Purchase of treasury shares	(11.1)	-	-	-	-	(11.1)
<b>Net financing cash flows</b>	<b>(1,079.0)</b>	-	-	-	-	<b>(1,079.0)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(414.3)</b>	<b>54.3</b>	<b>11.6</b>	<b>(41.8)</b>	-	<b>(390.2)</b>
Cash and cash equivalents at beginning of the period	1,254.6	-	-	-	-	1,254.6
Effect of exchange rate changes on cash and cash equivalents	36.2	-	-	-	-	36.2
<b>Cash and cash equivalents at end of the period</b>	<b>876.5</b>	<b>54.3</b>	<b>11.6</b>	<b>(41.8)</b>	-	<b>900.6</b>

## 4 SGH's Intentions

### 4.1 Introduction

This section 4 sets out the rationale for the Offer and SGH's intentions in relation to:

- (a) the continuation of the business of Boral;
- (b) any major changes to the business of Boral and any redeployment of the fixed assets of Boral; and
- (c) the future employment of the present employees of Boral.

Where applicable, final decisions regarding these matters will only be made by SGH in light of material information and circumstances at the relevant time. Accordingly, the statements set out in this section 4 are statements of current intention only, which may change as new information becomes available to SGH or as circumstances change.

SGH Bidder's intentions concerning the businesses, assets and employees of, and securities in, Boral are the same as the intentions of SGH set out in this section 4.

### 4.2 Rationale for the Offer

As described above, at the date of this Bidder's Statement, as noted above, SGH has an interest in 71.6%<sup>36</sup> of Boral's Shares.

Given that its interest exceeds 20% and SGH proposes to acquire more than its "creep" capacity, SGH Bidder is making a takeover offer to all Boral Shareholders.

### 4.3 Intentions of SGH with respect to Boral

This section 4.3 sets out the current intentions of SGH with respect to Boral.

#### (a) **General strategic, operational and capital management matters**

SGH notes that Boral, having completed a comprehensive portfolio review, which resulted in the sale of its North American businesses, the sale of Boral's 50% share in USG Boral to Knauf, distributed \$3 billion back to shareholders substantially tax free. The change in operating focus resulted in the CEO and CFO exiting the business with SGH driving the appointment of Mr Vik Bansal in October 2022 as the new CEO & MD and Mr Stefan Camphausen in January 2024 as the new CFO for Boral. The new management team has refocused on Boral's operating model.

As part of embedding its new operating model, Boral management launched a new framework to help standardise and simplify their business. The new framework focuses on five pillars: People, Environment, Markets, Assets and Financials (PEMAF). For each of these areas, Boral have identified the most material topics to shape our priorities and drive accountability and results.

SGH, having effectively driven the rationalisation of the portfolio, the resulting return of capital for all shareholders and the new executive appointments, is supportive of the revised operating model outcomes and proposed strategy.

SGH therefore intends that, following Completion of the Offer, it will continue to support the current publicly disclosed strategy of Boral.

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<sup>36</sup> Comprised of a 62.4% holding of Boral Shares and a further interest in 9.2% of Boral under a physically settled equity swap, in each case based on Boral's most recent ASX disclosure (Appendix 4D) Note 10 dated 9 February 2024. See SGH's Form 604 disclosure dated 1 September 2023.



Accordingly, neither SGH nor SGH Bidder have formed any current intentions that are inconsistent with the strategy proposed by the Boral board. Consistent with this and the current strategy of the Boral board, there is not currently intended to be any major changes to the business of Boral or any redeployment of Boral's fixed assets.

SGH intends that Boral's future capital management will focus on reinvesting free cash flow from operations to enable the long-term growth of Boral, with a near term focus on upgrading its mobile asset fleet to support the current performance journey of Boral, and investing to replace short life quarries to protect Boral's future market position.

SGH expects Boral will have limited capacity to pay tax effective distributions until it has sufficient franking credits to support maintainable fully franked dividends, having previously distributed all available capital back to shareholders. In this context SGH does not expect dividends would be payable for the foreseeable future.

(b) **Employees**

Having recently renewed key members of the Boral management team, SGH intends to continue to support the current publicly disclosed strategy of Boral and its key management. If Boral is delisted or becomes increasingly illiquid, this may lessen the effectiveness of equity incentives relating to Boral Shares to incentivise Boral Key Management Personnel and other management. SGH would evaluate alternatives involving incentives relating to SGH equity in that event, subject to appropriate conflict management and cost allocations measures.

As SGH's operating model does not utilise shared service functions across SGH operating businesses, there would be no substantial change in the current employment or provision of back-office functions within Boral. SGH would however seek oversight of taxation, treasury and legal functions subject to appropriate conflict management protocols to ensure they align with SGH risk management frameworks.

(c) **Governance and Board representation**

As SGH obtained control of Boral as part of its 2021 takeover bid, SGH does not require additional shareholder support to pass or block ordinary resolutions and has the ability to block special resolutions and, depending on voter turnout, may also have the ability to approve certain special resolutions (in respect of which it is entitled to vote) held at future Boral Shareholder meetings without the need for support from other Boral Shareholders and is in a position to control the composition of the Boral Board.

SGH now intends that the Boral board composition be commensurate with its increased ownership interest in Boral. SGH therefore now proposes to appoint a majority of SGH nominees and only retain sufficient independent directors to satisfy ASX Listing Rule requirements.

Boral Shareholders who do not accept the Offer will remain as minority shareholders and may be subject to a number of additional risks, including:

- reduced liquidity, meaning that you may have greater difficulty in realising value for your Boral shares;
- future capital management of Boral being determined by SGH based on its views as to what is in the best interests of Boral;
- a potential fall in the price of Boral Shares below the implied aggregate value of the Offer as at 16 February 2024; and
- the potential for Boral to undertake further equity raisings to fund its future investment which may be dilutive to non-participating shareholders.

#### **4.4 Intentions upon acquisition of less than 90.6% of the Boral Shares**

(a) **Ability to pass and block resolutions**

If SGH Bidder were to acquire a Relevant Interest in 75% or more of the Boral Shares on issue, it may be in a position to cast the votes required to determine the outcome of a “special resolution” at a meeting of Boral Shareholders. This would (where SGH Bidder is permitted to vote on such resolutions) enable it to pass resolutions, for example, to amend the Boral constitution. SGH’s swap position does not confer a relevant interest or entitle SGH to vote any Boral Shares to which the swap relates.

(b) **Intention to delist Boral**

SGH Bidder intends to have Boral removed from the official list of the ASX as soon as it is able to do so (subject to the level of acceptances, compliance with requirements of the ASX Listing Rules and legal, tax and other considerations at the relevant time, including in accordance with the terms of the Exchangeable Notes).

After a period of 12 months following completion of the Offer, SGH Bidder would seek to delist Boral by convening a shareholder vote and passing a special resolution to delist the business.

#### **4.5 Intentions upon acquisition of 90.6% or more of the Boral Shares**

SGH Bidder currently has a Relevant Interest of 62.4% in Boral Shares and a further interest in 9.2% of Boral Shares, under a physically settled equity swap. In accordance with section 609(6) of the Corporations Act, SGH Bidder’s interest in 9.2% of Boral under the physically settled equity swap does not give rise to a Relevant Interest for the purposes of Chapter 6A of the Corporations Act.

If SGH Bidder were to acquire a Relevant Interest in approximately 90.6% or more (in the case of Part 6A.1), or 90% or more (in the case of Part 6A.2), of Boral Shares on issue, it is intended that SGH Bidder would, in addition to those intentions described in section 4.3, seek to compulsorily acquire the outstanding Boral Shares in accordance with Part 6A.1 or Part 6A.2 of the Corporations Act and seek to delist Boral from the official list of ASX as soon as possible.

(a) **Compulsory acquisition under Part 6A.1 of the Corporations Act**

If SGH Bidder, during or at the end of the Offer Period, acquires a Relevant Interest in at least 90% of Boral Shares and at least 75% (by number) of the Boral Shares that SGH Bidder offered to acquire under the Offer, SGH Bidder will be entitled to and will seek to compulsorily acquire any remaining Boral Shares not accepted into the Offer.

SGH Bidder currently has a Relevant Interest in 62.4% of Boral Shares on issue, and therefore must acquire a Relevant Interest in approximately 90.6% or more of Boral Shares in order to rely on the procedure for compulsory acquisition under Part 6A.1 of the Corporations Act.

If these two conditions to compulsory acquisition are satisfied, SGH Bidder will give a notice of compulsory acquisition to the minority holders of the remaining Boral Shares, even if the Boral Shares to which those notices relate are issued:

- (i) after the Offer closes but before the notices are given (pursuant to section 661A(4)(b) of the Corporations Act); or
- (ii) on conversion or exercise of rights attaching to securities convertible into Boral Shares, up to six weeks after the notices are given (pursuant to section 661A(4)(c) of the Corporations Act).

Compulsory acquisition under this regime would result in remaining Boral Shareholders receiving the same consideration for their Boral Shares as the Offer Consideration to be paid under the Offer (being the Scrip Consideration and Cash Consideration). However, payment of that consideration would likely occur later than if the Offer had been accepted by the Boral Shareholder.

If SGH Bidder successfully completes this compulsory acquisition, it will seek to delist Boral as soon as possible.

(b) **Compulsory acquisition under Part 6A.2 of the Corporations Act**

Even if SGH Bidder is not entitled to proceed to compulsory acquisition of minority holdings under Part 6A.1 of the Corporations Act after the end of the Offer Period, SGH Bidder may subsequently become entitled to exercise rights of general compulsory acquisition under Part 6A.2 of the Corporations Act either because:

- (i) while SGH Bidder did not acquire 75% of Boral Shares offered under the Offer, it along with SGH, holds full beneficial interests in 90% or more of all Boral Shares (**90% Holder**); or
- (ii) SGH Bidder acquired additional Boral Shares in reliance on the 3% creep exception in item 9 of section 611 of the Corporations Act.

As described above, if SGH Bidder becomes entitled to exercise the general compulsory acquisition rights pursuant to Part 6A.2 of the Corporations Act, it currently intends to exercise those rights.

The procedure for general compulsory acquisition under these provisions differ from those under Part 6A.1 of the Corporations Act.

Under these provisions, SGH Bidder will be entitled to give notices to compulsorily acquire remaining Boral Shares within 6 months of becoming a 90% Holder of Boral Shares.

Under these provisions, SGH Bidder may only acquire Boral Shares for a cash sum. In accordance with Part 6A.2 of the Corporations Act, SGH Bidder intends to offer a cash sum in an amount which meets the statutory requirements at that time.

If SGH Bidder successfully completes this compulsory acquisition, it will also seek to delist Boral as soon as possible.

Should SGH Bidder reach the compulsory acquisition threshold as a result of this Offer, it is proposed that up to two SGH Board seats be offered to the Independent Directors of Boral, for the purpose of continuing to represent the former minority Boral Shareholders interests on the SGH Board post completion of the Offer.

#### **4.6 Limitations on intentions**

The intentions and statements of future conduct set out in this section 4.6 must be read as being subject to:

- (a) the law (including the Corporations Act) and the ASX Listing Rules, including in particular the requirements of the Corporations Act and the ASX Listing Rules in relation to conflicts of interest and 'related party' transactions given that, if SGH Bidder obtains control of Boral but does not acquire all of the Boral Shares, it and SGH will be treated as related parties of Boral for these purposes; and
- (b) the legal obligation of the directors of Boral at the time, including any nominees of SGH Bidder or SGH, to act in good faith in the best interests of Boral and for proper purposes and to have regard to the interests of all Boral Shareholders.

## 5 Sources of Consideration

### 5.1 Consideration under the Offer

The consideration for the acquisition of the Boral Shares to which the Offer relates will be satisfied by:

- the issue of SGH Shares, being 0.1116 SGH Shares for each Boral Share (**Scrip Consideration**); and
- the payment of cash, being \$1.50 for each Boral Share (**Cash Consideration** and together with the Scrip Consideration, **Offer Consideration**).

The cash component of the Offer Consideration will be increased by \$0.10 per Boral Share in cash if one or both of the following occur, SGH Bidder reaches an aggregate interest of 80% or more or the Boral Board unanimously recommends that Boral Shareholders accept (**First Consideration Increase**). SGH will increase the Offer Consideration by a further \$0.10 per Boral Share if SGH Bidder receives acceptances under the Offer sufficient to increase its voting power in Boral Shares to 90.6% or more prior to close of the Offer, being the point at which SGH Bidder may proceed to compulsorily acquire the Boral Shares not accepted under the Offer under Part 6A.1 of the Corporations Act (see section 4.5(a) for further detail) (**Second Consideration Increase**).

The Offer Consideration of 0.1116 SGH Shares and \$1.50 cash is the minimum consideration that you will receive if you accept the Offer and it becomes unconditional (**Minimum Consideration**). If the First Consideration Increase and the Second Consideration Increase occur, the Offer Consideration would become 0.1116 SGH Shares and \$1.70 cash (**Maximum Consideration**). If you have already accepted the Offer and received your Offer Consideration before any such increase you will still receive the additional amount.

### 5.2 Scrip Consideration

As at the close of trading on the Last Practicable Date, according to documents provided by Boral to the ASX, Boral had 1,103,088,419 Boral Shares on issue. Based on this and proposed Scrip Consideration, the maximum number of SGH Shares that would be issued under the Offer if acceptances are received in respect of all Boral Shares on issue as at the Last Practicable Trading Date is approximately 55,197,940.

In addition:

- if all Boral Share Rights vest and Boral Shares are issued in respect of such Boral Shares Rights on a one-for-one basis during the Offer Period; and
- if all Boral Performance Rights vest and Boral Shares are issued in respect of such Boral Shares Rights on a one-for-one basis during the Offer Period,

then approximately 726,140 additional SGH Shares would be issued under the Offer if acceptances are received in respect of all such Boral Shares issued pursuant to the conversion of the aforementioned Boral Shares Rights and Boral Performance Rights. If these additional SGH Shares are issued, the total number of SGH Shares which would be issued under the Offer would be approximately 55,924,080.

SGH has the capacity to issue the maximum number of SGH Shares which it may be required to issue under the Offer.

### 5.3 Cash Consideration

In the event that acceptances are received for all Boral Shares on issue as at the date of this Bidder's Statement (other than those Boral Shares which SGH Bidder already has a relevant interest in):

- The minimum aggregate amount of cash consideration that SGH Bidder would be required to pay would be \$751,656,515 (the **Minimum Cash Offer Amount**) plus all associated transaction costs<sup>37</sup>.
- However, if the conditions for the First Consideration Increase and the Second Consideration Increase are satisfied and SGH amends the Offer to increase the Cash Consideration by an aggregate amount of \$0.20 per Boral Share, the aggregate amount of cash consideration that SGH Bidder would be required to pay would be \$851,877,383 (the **Maximum Cash Offer Amount**) plus all associated transaction costs<sup>38</sup>.

The Minimum Cash Offer Amount and the Maximum Cash Offer Amount are together the **Cash Offer Amount**.

### 5.4 Proposed acceptance facility

SGH proposes to establish an acceptance facility which would give Boral Shareholders the alternative of, effectively, accepting the offer on a conditional basis. The condition would be one of either:

- SGH Bidder reaching an aggregate interest in Boral Shares of 80% or more; or
- the Boral Board (excluding SGH's Nominee Directors) unanimously recommending that Boral Shareholders accept the Offer,

which would result in the First Consideration Increase occurring, meaning the cash component would be \$1.60 per share rather than \$1.50. If the First Consideration Increase did not occur and the cash component remained at \$1.50, the acceptance would not take effect. The details of this acceptance facility will be provided in a supplementary bidder's statement.

### 5.5 Overview of SGH Bidder's funding arrangements

SGH Bidder and SGH have entered into a takeover funding deed (**Funding Deed**) under which SGH has undertaken to:

- (a) provide, or procure the provision (supported by it) of, such amounts to SGH Bidder which in aggregate are equal to the Cash Offer Amount and all costs associated with the Offer; and
- (b) issue to Boral Shareholders on behalf of SGH Bidder, the SGH Shares necessary to satisfy the Scrip Consideration.

Under the terms of the Funding Deed, SGH has provided an undertaking in favour of SGH Bidder:

- (c) to use its reasonable endeavours to satisfy the relevant conditions to a drawdown of funds under the SGH Corporate Loan Facility and the Transaction Facility as necessary to meet its obligations under the Funding Deed; and
- (d) not to do, or omit to do, anything which will, or is likely to, result in the prevention of a drawdown of funds under the SGH Corporate Loan Facility or the Transaction Facility.

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<sup>37</sup> The Minimum Cash Offer Amount has been calculated with reference to the interests in Shares held by SGH under a physically settled equity swap arrangement disclosed to ASX.

<sup>38</sup> The Maximum Cash Offer Amount has been calculated with reference to the interests in Shares held by SGH under a physically settled equity swap arrangement disclosed to ASX.

SGH Bidder's right to receive payments and to have SGH issue the SGH Shares under the Funding Deed is not subject to any conditions precedent and no demand for repayment of funds provided to SGH Bidder may be made during the period in which SGH Bidder has an outstanding obligation to make payment or issue shares under the Offer.

Funds may be provided to SGH Bidder through any combination of cash contribution, equity subscription, loan arrangement or other debt financial arrangements as SGH and SGH Bidder see fit.

## 5.6 Overview of SGH's funding arrangements

SGH already has sufficient committed funding to make available to SGH Bidder to pay the Maximum Cash Offer Amount (and costs associated with the Offer) from a combination of:

- (a) SGH Group's existing cash reserves (SGH has allocated cash of \$121 million out of its existing cash reserves for the purpose of partially funding the consideration under the Offer);
- (b) committed and undrawn facilities under the SGH Corporate Loan Facility of \$765 million;
- (c) \$240 million undrawn OEM facilities available to fund machines and rental equipment which are otherwise currently funded via the SGH Corporate Loan Facility;
- (d) \$350 million undrawn master script loan agreements with three lenders of which \$200 million is currently permitted under the SGH Corporate Loan Facility with over \$1 billion of listed securities within the Group available to provide as security.

Notwithstanding the available funding sources, SGH intends to enter into a transaction facility as described in section 5.10 below (**Transaction Facility**). SGH has received \$3 billion of "highly confident" commitments from domestic banks which are party to SGH's current syndicated facility agreement, based on which it intends to enter into a new unsecured syndicated term loan bridge facility for up to \$400 million, to be provided to a related entity of SGH by a group of existing lenders to Corporate Loan Facility (**Transaction Facility Lenders**).

## 5.7 SGH Corporate Loan Facility

Funds are available for drawdown under the SGH Corporate Loan Facility for, among other matters, general corporate purposes.

As at the date of this Bidder's Statement, an aggregate of at least \$538 million is available for drawdown under the SGH Corporate Loan Facility which is intended to be utilised to partially fund the Cash Offer Amount. None of those funds have been determined for use for any purpose other than in relation to the Offer.

The ability to drawdown under the SGH Corporate Loan Facility is subject to certain conditions precedent (which SGH considers to be standard for facilities of this nature and capable of being satisfied), including, without limitation:

- (a) delivery of a compliant funding notice; and
- (b) no default by the SGH Corporate Loan Facility Borrower subsisting at the time of drawdown.

## 5.8 OEM Facilities

Caterpillar Finance Australia Ltd has granted a A\$240 million facility to WesTrac on an uncommitted basis for the purpose of acquiring new and used machines and rental equipment. Amounts drawn under the facility are secured by way of charges over the assets financed. The facility term has been extended to November 2025. This facility is currently undrawn.

WesTrac currently draws on the SGH Corporate Loan Facility to fund machines working capital in excess of \$150 million per month. These amounts could be funded via the OEM facilities providing additional capacity under the SGH Corporate Loan Facility to fund the Offer.

## 5.9 Master AMSLA

\$350 million undrawn master scrip loan agreements with three lenders of which \$200 million is currently available as a permitted indebtedness under the SGH Corporate Loan Facility with over \$1 billion of listed securities within the Group available to provide as relevant security.

## 5.10 Transaction Facility

For the purposes of the Transaction Facility, SGH, through a related entity (**SGH Borrower**), intends to enter into a binding debt commitment letter with highly confident letters (**Debt Commitment Letter**) with existing SGH lenders.

For the purposes of the Transaction Facility, SGH Borrower intends to enter into a binding debt with highly confident letters (**Debt Commitment Letter**) with existing SGH Lenders. Under the Debt Commitment Letter, the existing SGH Lenders have agreed to provide the additional funding to partially fund the Offer (which may be syndicated to other lenders as agreed between SGH Borrower and the Transaction Facility Lenders). As SGH will remain within all covenants of its existing SGH Corporate Loan Facility no consent is required.

As of the date of this Bidder's Statement, SGH is not aware of:

- (a) any circumstance which would prevent the satisfaction of the conditions precedent to drawing the Transaction Facility, and is confident that they will be satisfied in time to allow, if necessary, payment in full of the remainder of the debt funded component of the Cash Offer Amount after drawdown under the SGH Corporate Loan Facility as and when due under the terms of the Offer; or
- (b) any circumstance which would make it unlawful for the Transaction Facility Lenders to provide the Transaction Facility.

At the time funds are required by SGH Bidder, SGH may elect to source all or a portion of those funds from its own cash reserves or the cash reserves of other SGH Group members, in lieu of drawing under the SGH Corporate Loan Facility or the Transaction Facility. These cash reserves may themselves include funds sourced from other loan facilities available to the SGH Group.

## 5.11 Provision of consideration

On the basis of the arrangements described in this section 5, SGH Bidder and SGH believe that they have reasonable grounds for holding the view, and hold the view, that SGH Bidder will be able to provide the consideration offered under the Offer, as well as meet the associated transaction costs.

## 6 Risk factors

There are numerous widespread risks associated with investing in any form of business and with investing in shares and the share market generally. There are also a range of specific risks associated with the Group's business and an investment in the SGH Shares should be considered speculative. Many of these risk factors are largely beyond the control of the SGH Bidder and its Directors because of the nature and location of the existing and proposed business activities of SGH.

Investors should carefully consider the risks described below before making a decision to accept the Offer. The risks described below do not necessarily comprise all those faced by SGH, are not intended to be presented in any assumed order of priority and do not take into account the individual circumstances of Boral Shareholders.

The investment referred to in this Bidder's Statement may not be suitable for all of its recipients. Investors are advised to examine the contents of this Bidder's Statement and to consult their professional advisers before making a decision to accept the Offer.



## **6.1 General investment risks**

### **(a) Global economic developments and market conditions**

The Group's operational results may be adversely impacted by factors including significant changes in general economic conditions such as interest rates, inflation, deflation, currency fluctuations and general market levels. A number of factors affect the performance of stock markets, which could affect the price at which the SGH Shares trade on the ASX and the price at which the SGH's listed investment portfolio trades. Among other things, movements on international and domestic stock markets, interest rates, inflation and inflationary expectations, deflation and deflationary expectations, currency fluctuations, general economic outlook and overall economic conditions and investor sentiment, as well as government taxation and other policy changes may affect the demand for, and price of, the SGH Shares. Volatility in the Australian or international financial markets may influence the trading price of the Ordinary Shares on the ASX.

### **(b) Global security environment and political risks**

An outbreak or a material escalation of hostilities including a declaration of war in major countries of the world or acts of terrorism may affect the global economic and commercial environment and in turn directly or indirectly affect the Group's future revenues, operating costs and share price.

## **6.2 Risks relating to the business of the SGH Group**

### **(a) Mining production**

Parts of the Group's business, especially WesTrac (and to a lesser extent Coates), have an exposure to the Australian major miners who export significant quantities of iron ore and coal and who represent a large portion of WesTrac's annual revenue. The medium to long-term future of both iron ore and coal exports may be negatively impacted by changes in the Asian markets that are the traditional importers of the products, as they potentially adjust their consumption and preferred suppliers over time. In addition to changes in economic growth and development in China, the possible changes to environmental policy and the impact on thermal coal imports may negatively impact coal prices, which could adversely affect the Group's financial performance. Any increased political tensions between Australia and other foreign governments could negatively impact export volumes and therefore SGH's financial performance.

### **(b) Contract risk**

The Group is subject to the risk that material contracts with suppliers, customers and others are terminated, expire, are not renewed or are renegotiated on less favourable terms to the Group. This may have an adverse impact on the Group's financial performance and position. The Group is party to agreements with service providers for a number of ongoing services, which if terminated might have significant financial and operational implications for the Group's businesses. The Group is also exposed to the risk that it does not manage, or that third party service providers do not manage, obligations in line with contractual or operational standards, which could result in financial losses as well as reputational damage to the Group. Such a risk is heightened by the difficulties caused by COVID-19.

### **(c) Customer default**

There is a risk that customers may default due to bankruptcy or other reasons, including general economic downturn. Such risks have been manifested across the building and construction sector due to the adverse impacts of inflation impacting builders who have taken on fixed price construction risk. A customer's termination of, or default under, a contract could result in a loss of expected revenues and additional expenses. Accordingly, the termination of, or default under, a contract by any of the Group's customers could have an adverse effect on the Group's business, financial condition and results of operations.

(d) Project activity

Australian infrastructure policy has long been the foundation for economic growth through the development and ultimately investments of large-scale projects, e.g., Snowy Mountains Hydro Scheme. The current forecast for infrastructure across Australia, specifically the East Coast, is forecast to provide a significant stimulus to the economy over the next decade. WesTrac, Coates and Boral are exposed to the infrastructure activity and have factored the increases in activity into their strategic outlooks, any material change in this outlook could have an adverse effect on the Group's, financial performance.

(e) Commodity price risk

The Group has an operating interest in oil and gas assets located in Australia and the United States of America. These investments expose the Group to commodity price risk from fluctuations in the prices of oil, natural gas and other condensates and natural gas liquids. The Group does not hedge its direct exposure to oil and gas commodity price risk as at the date of this Bidder's Statement.

(f) WesTrac's dependence on Caterpillar

WesTrac's predecessor companies have been associated with Caterpillar since 1925 and WesTrac's association with Caterpillar has been since 1990. As is customary in dealer agreements with Caterpillar, the WesTrac dealer agreements with Caterpillar can be terminated by either party upon 90-day notice at any time. The dealer agreements also contain provisions for automatic or accelerated termination in certain circumstances, including but not limited to material breach, insolvency events, and changes in control without Caterpillar's consent and are not exclusive. The Caterpillar dealer agreements are not, however, subject to periodic renewal requirements and are perpetual in nature (subject to the termination right noted above).

In the event Caterpillar terminates or appoints another dealer or deals directly in the territories in which WesTrac operates, it would have a material adverse effect on WesTrac's business, financial condition and results of operations as well as trigger accelerated prepayments across the SGH's key funding arrangements. In the event Caterpillar changes the scope of current or future activities which may be provided by WesTrac under the dealer agreements, it may have an adverse effect on WesTrac's business, financial condition and results of operations.

WesTrac is dependent on Caterpillar for timely supply of equipment and parts from their global manufacturing factories and distribution warehouses. During periods of intense demand or in the event of disruption to Caterpillar's business there may be delays in the supply of equipment and parts to WesTrac. In the event that Caterpillar is unable to supply its products in the quantities and timeframes required by WesTrac's customers, it may have a material adverse effect on WesTrac's business, financial condition and results of operations.

WesTrac is also dependent on Caterpillar to maintain product development and innovation to ensure that it has a quality product offering for its customers.

(g) Global pandemic

The Group's operating businesses are exposed both directly and indirectly to the risks associated with pandemics such as COVID-19 which has impacted certain underlying markets, customers, supply chain, and negatively impacted macroeconomic conditions and commodity prices.

Key operational risks to the Group include the potential closure of locations such as branches and workshops, disruption to field services, disruption to the supply chain, closure of customer locations, and government mandated lockdown, as seen in the construction industry in Sydney and Melbourne during the first half of FY22. These risks may impact customer demand and the ability of WesTrac, Coates and Boral to schedule and complete the work required to provide equipment, services and products to customers on a timely basis. The ability of customers to pay for equipment, product and services within agreed terms may also be impacted, as may the solvency of a limited number of customers.

Both Australian and international economies have experienced, and continue to experience, challenging economic conditions as a result of the COVID-19 pandemic, including high inflation. Continued uncertainties related to the magnitude, duration and persistent effects of the COVID-19 pandemic may adversely affect the Group's businesses.

(h) Management and personnel

Loss of key management and other personnel, including board directors, may have a negative impact on the Group's businesses and the Group faces the risk that it cannot promptly or adequately replace key directors, management or personnel that leave the Group. Difficulties attracting and retaining skilled employees may also impair the Group's ability to conduct its business. A local or global shortage of suitably qualified and experienced technicians and operational staff could impact the ability of WesTrac, Coates and Boral to achieve their operational objectives and also result in an increase in operational costs through higher salaries required to attract and retain staff.

Many of the Group's businesses' employees, including permanent and casual employees, are covered by awards, enterprise bargaining agreements and other workplace agreements. These arrangements are complex and require interpretation, including in determining payments and accrual of employee benefits, are subject to change in interpretation, government regulation and periodically require renegotiation and renewal. These arrangements could result in issues which may lead to disruptions to operations and an increase in direct and in-direct labour costs, which may have negative impacts on the Group and the Group's financial performance.

(i) Weather, environment and climate change

Extreme weather is a risk for mining, quarry, oil and gas, construction and construction materials industries. Periods of extreme weather can interrupt the Group's production, operations, and ability to supply products to the market and limit customer's production and operations postponing demand. Prolonged periods of wet weather can impact Boral's performance through lower productivity and loss of fixed cost recovery.

The Group operates in industries that may have a negative impact on the environment, including in respect of land, air, and water pollution and greenhouse gas emissions.

Boral's pathway to net zero is dependent on further development and commercial viability of new and emerging technologies. There are risks that new technologies are not developed or are not viable and these strategies increase the Group's cost structure (including the cost of carbon offsets) or the Group is unable to satisfy the future regulatory requirements relating to these matters impacting the Group's social licence to operate. There is a risk that the Group incurs liability under applicable environmental regulations that could adversely impact the Group's financial and business performance. Customers are increasingly looking to lower their greenhouse gas emissions, which may result in increased electrification or use of alternative fuels (such as hydrogen) of mining fleet, reducing future demand for support (parts and service) of traditional diesel combustion engines or use of alternative construction materials, reducing future demand for aggregates, cement and concrete.

(j) Manufacturing operations

Boral's manufacturing operations and related services depend on critical plant. Any unanticipated failures, outages or force majeure events could lead to failure to meet financial performance.

Boral's performance is exposed to inflationary impacts from rising input costs, including energy. Disruption in the supply of raw materials or other critical inputs for manufacturing as a result of force majeure type events could impact Boral's ability to manufacture products and meet market demand. Specific business interruption risks for Boral include plant and systems failure, weather, access to future reserves and resource supply constraints.

(k) Infrastructure access

The Group's energy assets and investments rely on access to infrastructure on commercially acceptable terms in order to supply oil and gas production to customers. Failure to secure and maintain access to infrastructure on such terms, or events that result in a significant disruption to access, could result in the loss of revenue, loss of investment income or require additional costs to restore or find alternative access.

(l) Remediation and restoration costs

The Group holds provisions for the future remediation and restoration costs of quarries and removal costs of offshore and oil and gas production facilities and pipelines at different stages of the development, construction and end of their economic lives. Most of these restoration and decommissioning events are many years in the future and the precise requirements that will have to be met when the restoration event occurs are uncertain. Decommissioning technologies and costs are constantly changing, as are political, environmental, safety and public expectations. The timing and amounts of future obligations are subject to significant uncertainty and estimation is required in determining the amounts of provisions to be recognised. The Group maintains a provision for remediation and restoration obligations representing the Group's best estimate based on current industry practice, current regulations, technology, price levels and expected plans for end-of-life remediation. Changes to current industry practice could result in increased costs, which may have negative impacts on the Group and the Group's financial performance.

(m) Crime, technology and cyber security

The Group is subject to risk of misappropriation of assets and information by both individuals and organisations.

The Group's rental activities necessitate the loss of physical control of assets increasing the risk of misappropriation.

The Group also relies upon information technology systems and networks in connection with a variety of business activities. Information technology security threats ranging from user error to cyber security attacks designed to gain unauthorised access to the Group's systems, networks and data, are increasing in frequency and sophistication.

The Group has experienced cyber security threats and vulnerabilities in the Group's systems and those of the Group's third-party providers, and the Group has experienced viruses and attacks targeting the Group's information technology systems and networks. Such prior events, to date, have not had a material impact on the Group's financial condition, results of operations or liquidity. However, the potential consequences of a future material cyber security attack include reputational damage, litigation with third parties, government enforcement actions, penalties, disruption to systems, unauthorised release of confidential or otherwise protected information, corruption of data and increased cyber security protection and remediation costs, which in turn could adversely affect the Group's competitiveness, results of operations and financial condition.

Due to the evolving nature of such security threats, the potential impact of any future incident cannot be predicted. Further, the amount of insurance coverage the Group maintains may be inadequate to cover claims or liabilities relating to a cyber security attack. In addition, data the Group collects, stores and processes are subject to a variety of laws and regulations which may carry significant potential penalties for non-compliance.

There are risks of loss to the Group's businesses arising from failed, corrupted, breached or inadequate information technology systems, including loss of confidentiality, integrity and availability of sensitive or critical data as well as business disruptions. Cyber security issues, including cyber-attacks, could result in financial loss, loss of information integrity, or breaches of the Group's obligations under applicable laws.

(n) Reserve, exploration and production risk

Quarry, oil and gas reserves and resources are estimated using subjective judgements and modelling based on available geological, technical, contractual, licence, permit and economic information. Estimates can change over time due to new information from drilling or production, changes in economic factors such as quarry product, oil and gas prices, regulation or other events.

Quarry, oil and gas reserves and resources are finite and are depleted on an ongoing basis through production, with replacement only possible through the discovery of new resources through successful exploration or the acquisition of resources. Exploration for quarry products and hydrocarbons is inherently risky and subject to geological interpretations and technological uncertainties. Failure to secure access to licenses and permits and sub-economic exploration results could lead to declining reserves and resources impacting long term growth.

Any quarry, oil or gas project may be exposed to production decline or stoppage, which may be the result of facility shut-downs, mechanical or technical failure, climate-related events and other unforeseeable events. A significant failure to maintain production could result in lower production forecasts, loss of revenue and additional operational costs to restore production.

(o) Workplace safety and security

Employee safety is a fundamental principle in all the Group's activities. However, the nature of the Group's operations involves a variety of risks which could result in accidents or environmental incidents, causing injuries or loss of life for its workforce, including staff and contractors, and the public, and could result in regulatory action, legal liability and damage to the Group's reputation.

Chain of responsibility legislation also extends the Group's obligations beyond existing operations to contractors and potentially their sub-contractors, over whom the Group has less control.

(p) Government policy

Changes in government, policies, taxation and other laws can have a significant influence on the outlook for the Group. In this regard, the Group has a strong exposure to both infrastructure and natural resources policy. In Australia, natural resources are regulated by State and Federal Governments in relation to exploration, development, production, exports, taxes and royalties, labour standards, occupational health, waste disposal, protection and rehabilitation of the environment, mine safety, toxic and radioactive substances, native title and a range of other matters. The Group faces the potential changes to permitted activity under pandemic related industry or geographic restrictions on activity.

In relation to the infrastructure industry, the Group is exposed to a variety of factors that may adversely affect its businesses or operations, regulation by various governmental authorities, service interruption due to environmental, operational or other mishaps; the imposition of special tariffs and changes in tax laws, regulatory policies and accounting standards; and general changes in market sentiment towards infrastructure assets.

(q) Litigation

The Group is subject to extensive laws, regulatory requirements and obligations, policy, industry codes and business and ethical standards. If the Group is found to have breached its compliance and legal obligations, it may be subject to regulatory action, including fines, penalties and requirements to pay compensation for damages as well as reputational damage. Any further changes to laws and regulation can adversely affect the Group's financial position and performance, including through increasing or imposing additional costs.

The Group is also exposed to the risk of legal proceedings, investigations and disputes in the ordinary course of its business. The Group may be involved in investigations, inquiries or disputes, debt recoveries, contractual claims with respect to its activities (including with suppliers, customers and joint venturers), employee claims, environmental claims, occupational health and safety claims, native title claims, pre-emptive right disputes, and land tenure and access disputes. The media industry in which Seven West Media operates involves particular risks associated with defamation litigation and litigation to protect media and intellectual property rights. There is a risk that the Group is required to pay amounts under such proceedings that are not covered by insurance or that provisions in financial statements for potential claims are ultimately inadequate. If this occurs, there may be an adverse effect on the Group's financial position.

(r) Insurance

Not all risks are insured or insurable and the Group's current insurance coverage could ultimately not be adequate for potential losses and liabilities. The Group may not be able to obtain adequate insurance in the future on commercially reasonable terms. The Group may be required to self-insure or to pay large fees or large deductibles in order to obtain insurance. These risks could have an adverse effect on the Group's financial performance.

### **6.3 Risks in relation to investment in SGH**

(a) Investment opportunities

The financial performance of the Group will be affected by the recognition and availability of suitable investment opportunities in the future coupled with the operating performance of the existing businesses to support this growth. There is no guarantee that the Group will be able to identify and successfully implement future investment opportunities. Investment opportunities, and the Group's ability to divest its existing investment are subject to market conditions and other factors outside of the control of the Group. With the Group's ongoing focus on growth and diversification, the next opportunity to significantly add to the current businesses controlled by SGH will carry additional risk due to the size and potentially the nature of those businesses. Given the complexity of any transaction undertaken, the Group faces risks in undertaking sufficient due diligence and reaching a level of assurance as to the merits of acquiring the potential target. Due diligence may not reveal all material issues, which could impact on the returns from the investment. If the Group does undertake further investments in the future, there are risks associated with the integration of any business into the Group, including potential delays and costs in implementing necessary changes and integrating various operations, and failure to achieve potential synergy benefits.

(b) Minority investments

The Group holds investments in a number of ASX-listed, and unlisted, companies that it does not control, including Seven West Media and Beach Energy. Where the Group holds an investment and is limited in its ability to exert control over the investee entity, it may become subject to the operational control of others and the financial performance this may entail. Additionally, the Group will be exposed to the price, liquidity and other risks inherent in minority shareholdings, including the risk that distributions paid to security holders will be reduced, adversely impacting the yield of the broader portfolio. The Group may also not be able to achieve an easy or profitable exit from its investments. This could lead to a reduction in the financial performance of the Group. Listed equity markets fluctuate with time, and the price of shares in the Group's portfolio may rise or fall due to numerous factors, which may affect the market performance of the Group. These include changes in Australian and international stock markets and investor sentiment, domestic and world economic conditions and outlook, inflation rates, interest rates, employment, taxation and changes to government policy, legislation or regulation. This could impact the financial performance of the Group.

(c) Media investments

The Group's investment in Seven West Media exposes it to the various risks facing the media industry. Viewer fragmentation in television and reduction in newspaper readership results in declines in advertising markets across key platforms. This could negatively impact the future level of profitability of the media sector and their free cash flow generation. Media reform, and potential for media consolidation transactions, may also impact on the Group's media investments.

(d) Energy assets

A sustained or long-term weakness in oil or gas prices may negatively impact the carrying value of the Group's oil and gas operations. In addition, the development timetable of the Group's energy assets is subject to the decision making of controlling and operating partners in relation to factors such as access to processing infrastructure, approval of drilling programs and finalisation of development concepts. If differences arise in the economic motivations of SGH Energy and its partners, the development timetables for each asset could be deferred, impacting the recoverable value of the Group's energy assets.

## **6.4 Funding, shareholding structure and accounting related risks of SGH**

(a) Funding, access to capital markets and liquidity risk

The Group relies in part on debt and debt-like instruments to fund its business operations. SGH and its subsidiaries will need to refinance debt and derivative facilities as they mature over time. The Group is exposed to adverse changes in global equity or credit market conditions. There is a risk that the Group could have difficulty obtaining financing on commercially reasonable terms if there was a material deterioration in the cash generation of the business operations, which may negatively impact the Group's ability to implement strategy or undertake investments, as well as potentially increasing the cost of funding.

The ability to refinance can be impacted by many factors outside of the Group's control, including global supply of credit, level of economic activity and credit defaults, perceptions of carbon intensity and credit providers' assessment of aggregated credit risk to the Group and its investments.

Liquidity risk arises from the possibility that the Group may not be able to settle or meet its obligations as they fall due. Failure to meet applicable covenants or undertakings in its financing arrangements could adversely impact the Group by accelerating payment obligations or requiring the renegotiation of existing financing.

(b) Free float

SGH is controlled by a majority shareholder and, as a result, has a limited free float which means that SGH's share price can be more volatile given comparatively lower average daily trading volumes.

(c) Equity market risk

The Group's listed and unlisted investments are subject to price, liquidity and other risks associated with any investment in such assets, including the risk that distributions paid to shareholders will be reduced.

The Group's financial performance may be impacted by fluctuations in the value of its listed and unlisted investments due to numerous factors. These include changes in Australian and international stock markets and investor sentiment, domestic and world economic conditions and outlook, consumer and business sentiments, occupancy rates, inflation rates, interest rates, employment and taxation legislation and other changes to government policy, legislation or regulation.

(d) Interest rate risk

The Group is exposed to the risk of an increase in net interest costs through the impact of adverse changes in market interest rates on the cost of debt.

(e) Risks relating to accounting policies

The Group, its subsidiaries and the companies in which it holds minority investments make judgments and estimates, in accordance with applicable accounting standards, that affect amounts reported in their financial statements or otherwise announced to the market.

In determining and applying accounting policies, judgement is often required in respect of items where the choice of a specific policy, accounting estimate or assumption to be followed could have a material impact.

There is a risk that these judgements and estimates may be incorrect or that over time the valuations of the assets and liabilities develop differently to the judgements or estimates, which could result in SGH having to write down the carrying value of its assets or otherwise adversely affect SGH's financial position. Accounting standards in the jurisdictions in which SGH operates may also change. This may affect the reported earnings of SGH and its financial position from time to time, potentially adversely.

(f) Foreign exchange risk

The Group is exposed to movements in foreign exchange rates. WesTrac, and to a lesser extent Coates and Boral, are exposed to foreign exchange risk through the purchase of plant and equipment, inventory and products denominated in foreign currency, principally U.S. Dollars. As part of its pricing of equipment globally, Caterpillar periodically resets pricing for mining equipment and parts which are denominated in U.S. Dollars reflecting exchange rate movements and underlying inflation.

Movements in the pricing of equipment impacts WesTrac's cost of machines and may also affect the overall profit earned on the sale of equipment to customers which may be denominated in either Australian Dollars, U.S. Dollars or both.

Boral is exposed to foreign exchange risk through Boral's remaining international subsidiaries, and through imported products and acquisition of plant and equipment. Boral also hold US-denominated debt.

Fluctuations in foreign exchange rates, including the AUD/USD exchange rate could have an adverse impact on the Group's business, financial condition and results of operations which are reported in Australian Dollars.



The revenue generated from the Group's energy assets is partly denominated in U.S. Dollars resulting in the risk of lower earnings for the Group upon conversion to Australian Dollars if there has been an adverse movement in the exchange rate. Furthermore, the capital development costs of these projects are substantially denominated in U.S. Dollars and unhedged, with SGH Energy relying on the natural hedge of the expected revenue flows also being U.S. Dollars denominated.

The Group may from time to time hold cash and investments, including investments in overseas equity funds, denominated in U.S. Dollars, exposing the Group to foreign exchange risk.

(g) Tax

The Group may be subject to reviews by taxation authorities from time to time in the ordinary course of business. These reviews may result in the taxation authorities taking a different view on the tax treatment of particular transactions from that of the Group, which could lead to additional tax liabilities.

## **6.5 Risks relating to the Merged Group**

(a) Issue of SGH shares

Boral Shareholders are being offered consideration under the Offer that consists of a specified number of SGH Shares, rather than a number of SGH Shares with a specified market value. As a result, the value of the consideration will fluctuate depending upon the market value of the Shares.

Furthermore, under the Offer, SGH will issue a significant number of SGH Shares. Some Boral Shareholders may not intend to continue to hold their SGH Shares and may wish to sell them on ASX. There is a risk that if a significant number of Boral Shareholders seek to sell their SGH Shares, this may adversely impact the price of SGH Shares.

(b) Change in risk and investment profile

Boral Shareholders who accept the Offer will be exposed to risk factors relating to SGH, and to certain additional risks relating to the Merged Group and the integration of the two companies. These include risks relating to the operation of a broader suite of assets (both in nature and scale) than Boral owns and the change in product quality profiles.

(c) Risks of minority stakes

There are some risks associated with the Offer for Boral Shareholders who do not accept the Offer and remain Boral Shareholders. If SGH does not become entitled to compulsorily acquire, SGH will still hold a controlling interest in Boral. The interests of remaining Boral Shareholders may not align with what SGH considers to be in the best interests of Boral. They could also encounter a lower level of liquidity in Boral Shares than exists today, which could result in a lower price for those Boral Shares should they wish to sell them in future.

(d) Loss of key personnel

The Offer involves the further combination of the businesses of SGH and Boral. There is a risk that as a result of the Offer that the Merged Group experiences unexpected losses of key personnel of Boral. Loss of key Boral management and other personnel as a result of the Offer or otherwise may have a negative impact on Boral and the Merged Group's business and the Group faces the risk that it cannot promptly or adequately replace key personnel that leave.

## 7 Australian Tax Considerations

### 7.1 Introduction

The following is a general description of the Australian income tax, GST and stamp duty consequences for Boral Shareholders who accept the Offer. It does not constitute tax advice and should not be relied upon as such. The comments set out below are relevant only to those Boral Shareholders who hold their Boral Shares on capital account.

This description is based upon the Australian law and administrative practice in effect at the date of this Bidder's Statement, but is general in nature and is not intended to be an authoritative or complete statement of the laws applicable to the particular circumstances of a Boral Shareholder. Boral Shareholders should seek independent professional advice in relation to their own particular circumstances.

This description does not address the Australian tax consequences for Boral Shareholders who:

- (a) hold their Boral Shares for the purposes of speculation or a business of dealing in securities (e.g. as trading stock);
- (b) acquired their Boral Shares pursuant to an employee share, option or rights plan; or
- (c) are subject to the taxation of financial arrangements rules in Division 230 of the *Income Tax Assessment Act 1997* (Cth) in relation to gains and losses on their Boral Shares, or special taxation rules (for example, insurance companies and tax exempt organisations).

Boral Shareholders who are tax residents of a country other than Australia (whether they are also residents, or are temporary residents of Australia for tax purposes) should take into account the tax consequences of the Offer under the laws of their country of residence, as well as under Australian law.

This summary also does not address Boral Shareholders that may be subject to special tax rules, such as partnerships, or trusts or personas that are partners of such partnerships or beneficiaries of such trusts, tax exempt organisations, entities subject to the investment manager regime under subdivision 842-I of the ITAA 1997 in relation to their Shares, insurance companies, dealers in securities or shareholders who change their tax residency while holding their Shares.

### 7.2 Australian resident Boral Shareholders

This section is limited to Boral Shareholders who accept the Offer, are residents of Australia for Australian income tax purposes and hold their Boral Shares on capital account.

#### (a) Capital gains tax (CGT)

By accepting the Offer, Boral Shareholders will dispose of their Boral Shares to SGH Bidder in exchange for the Offer Consideration. This disposal will constitute a CGT event A1 for Australian CGT purposes for Boral Shareholders.

The time of the CGT event will be the later of:

- the date the Boral Shareholder accepts the Offer; and
- the date the Offer becomes unconditional.

If a Boral Shareholder does not accept the Offer and their Boral Shares are compulsorily acquired, the time of the CGT event will be when they cease to be the owner of the Boral Shares.

If a Boral Shareholder does not ultimately sell their Boral Shares, then no CGT event should happen to their Boral Shares.

(b) **Calculation of capital gain or capital loss**

Boral Shareholders may make a capital gain on the disposal of their Boral Shares to the extent that the capital proceeds from the disposal of the Boral Shares are more than the cost base of those Boral Shares. Conversely, a Boral Shareholder will make a 'capital loss' to the extent that the capital proceeds are less than the reduced cost base of those Boral Shares.

(i) **Capital proceeds**

The capital proceeds received in respect of the disposal of each Boral Share should be the cash consideration (\$1.50 per Boral Share) plus the value of the SGH Share consideration (0.1116 SGH Shares per Boral Share).

(ii) **Cost base**

The cost base of the Boral Shares generally includes their cost of acquisition and certain non-deductible incidental costs of their acquisition or disposal. The reduced cost base of the Boral Shares is usually determined in a similar, but not identical manner.

(iii) **Other issues**

Individual, complying superannuation entities or trustees that have held Boral Shares for at least 12 months may be entitled to discount the amount of the capital gain (after application of capital losses) from the disposal of Boral Shares by 50% in the case of individuals and trustees or by 33⅓% for complying superannuation entities. For trustees, the ultimate availability of the discount for beneficiaries of the trust will depend on the particular circumstances of the beneficiaries.

Capital gains (prior to any CGT discount) and capital losses of a taxpayer in an income year are aggregated to determine whether there is a net capital gain. Any net capital gain is included in assessable income and is subject to income tax. Capital losses may not be deducted against other income for income tax purposes, but may be carried forward to offset against future capital gains (subject to satisfaction of loss recoupment tests for certain taxpayers).

### 7.3 **Partial scrip-for-scrip rollover relief**

Where the Offer results in SGH Bidder holding 80% or more of the Boral Shares, Boral Shareholders who accept the Offer may be eligible to choose partial scrip-for-scrip CGT rollover relief under Subdivision 124-M of the *Income Tax Assessment Act 1997* (Cth) in respect of the disposal of their Boral Shares. Where partial rollover relief is available and chosen, Boral Shareholders will defer any capital gains arising on the disposal of their Boral Shares to the extent they receive SGH Shares as consideration for the disposal of their Boral Shares.

Rollover relief will not be available in respect of any cash consideration received by Boral Shareholders for the disposal of their Boral Shares.

Broadly, the consequences of a Boral Shareholder choosing partial rollover relief would be that:

- the capital gain that they would otherwise make on the disposal of their Boral Shares will be deferred to the extent that the capital proceeds received are SGH Shares;
- the first element of the tax cost base and reduced tax cost base of the SGH Shares received by the Boral Shareholder should be equal to the cost base and reduced cost base (respectively) of the Boral Share for which it was exchanged, reduced by so much of the cost base or reduced base of that Boral Share as is attributable to cash consideration received by the Boral Shareholder; and

- the Boral Shareholder will be deemed (for CGT discount purposes only) to have acquired the SGH Shares at the time that they originally acquired, or are deemed to have acquired, their Boral Shares. This may be relevant for CGT discount purposes in respect of future disposals.

Boral Shareholders who do not choose partial rollover relief should include in their net capital gain calculation for the year in which the CGT event for the disposal of their Boral Shares occurs, the entire capital gain realised by them on the disposal of their Boral Shares.

If a Boral Shareholder would realise a capital loss as a result of disposing of their Boral Shares, partial rollover relief will not be available, and the capital loss will be realised.

The benefit of choosing partial Roll-Over Relief will depend on the individual circumstances of each Boral Shareholder and therefore Boral Shareholders should seek professional tax advice.

#### **7.4 Non-Australian resident Boral Shareholders**

For a Boral Shareholder who:

- holds their Boral Shares on capital account;
- is not a resident of Australia for taxation purposes; and
- does not hold their Boral Shares in carrying on a business through a permanent establishment in Australia,

the disposal of Boral Shares will generally only result in Australian CGT implications if:

- that Boral Shareholder, together with its associates, held 10% or more of Boral Shares at the time of the CGT event or for any continuous 12-month period within the two years preceding the CGT event (referred to as a 'non-portfolio interest'); and
- more than 50% of Boral's value is attributable to direct or indirect interests in 'taxable Australian real property' (as defined in the income tax legislation).

If you are a non-resident who holds a 'non-portfolio interest' in Boral, you should obtain independent advice as to the tax implications of sale, and whether any protection will be available under a relevant double tax treaty.

A non-resident who has previously been a resident of Australia and chose to disregard a capital gain or loss on ceasing to be a resident will be subject to Australian CGT consequence on disposal of the Boral Shares as set out in section 7.2

#### **7.5 CGT non-resident withholding tax**

The CGT non-resident withholding tax regime (CGT NRWHT) applies to off-market transactions entered into on or after 1 July 2016. Under this regime, buyers of securities in certain companies and trusts must withhold 12.5% of the capital proceeds for the acquisition of an asset that is an 'indirect Australian real property interest' (i.e. the asset is 'taxable Australian property') from a 'relevant foreign resident'.

For the purposes of these rules, a 'relevant foreign resident' is any registered Boral Shareholder, at the time the Offer is accepted, that is:

- known or reasonably believed by SGH Bidder to be a foreign resident;
- not reasonably believed by SGH Bidder to be an Australian resident, and either has an address outside Australia or has authorised Bidder to provide a financial benefit to a place outside Australia; or
- has a connection outside Australia of a kind specified in the regulations.

The CGT NRWHT rules operate essentially as a pre-payment of the seller's tax liability and the seller gets a credit against its Australian tax liability for the amount withheld and paid to the ATO.

Where SGH Bidder considers that the CGT NRWHT rules may be enlivened in relation to a particular Boral Shareholder, SGH Bidder will use reasonable endeavours to contact that Boral Shareholder so that the Boral Shareholder can provide a notice to Boral that:

- (d) it is a resident of Australia; or
- (e) its Boral Shares are not 'taxable Australian property'.

## **7.6 GST**

Boral Shareholders should not be liable to GST in respect of a disposal of those Boral Shares.

Boral Shareholders may be charged GST on costs (such as advisor fees relating to their participation in the Offer) that relate to the Offer. Boral Shareholders may be entitled to input tax credits or reduced input tax credits for such costs, but should seek independent advice in relation to their individual circumstances.

## **7.7 Stamp duty**

No Australian duty should be payable by Boral Shareholders on the acquisition of their Boral Shares by SGH Bidder under the Offer, or on the receipt of SGH Shares as consideration for acceptance of the Offer.

## **8 Other Material Information**

### **8.1 ASIC modifications and exemptions**

ASIC has published various legislative instruments (including class orders) providing for modifications and exemptions that apply generally to all persons, including SGH Bidder, in relation to the operation of Chapter 6 of the Corporations Act.

Amongst others, SGH Bidder has relied on the modification to section 636(3) of the Corporations Act as set out in paragraph 6(e) of ASIC Corporations (Takeover Bids) Instrument 2023/683 to include references to certain statements by Boral in this Bidder's Statement without obtaining the consent of Boral. The relevant statements were respectively taken from announcements released to the ASX by Boral and from the Boral Group's website: [www.boral.com.au](http://www.boral.com.au). As required by ASIC Corporations (Takeover Bids) Instrument 2023/683, SGH Bidder will make available a copy of these documents (or relevant extracts of these documents), free of charge, to Boral Shareholders who request them during the Offer Period. To obtain a copy of these documents (or the relevant extracts), Boral Shareholders may contact the SGH Offer Information Line on 1300 373 947 (toll-free within Australia) or +61 2 8023 5462 (from outside Australia).

### **8.2 ASIC waiver in respect of 2022 Exchangeable Notes**

Under the terms of the \$250 million of exchangeable notes (**Exchangeable Notes**) which SGH issued in October 2022, it is possible that noteholders may exercise their right to exchange their notes for Boral Shares during the bid period. If that occurred, a subsidiary of SGH and SGH Bidder will need to deliver Boral Share to satisfy those exchange rights. Since this would involve SGH Bidder disposing of bid class shares during the bid period, SGH Bidder required relief from section 654A(1) of the Act.

ASIC has granted relief under section 655A(1)(a) of the Corporations Act under which SGH Bidder will be exempted from complying with section 654A(1) of the Act to the extent required to permit SGH and its subsidiaries to satisfy the terms of the Exchangeable Notes (as defined below) (**ASIC Relief**).

## Conditions to ASIC Relief

The ASIC Relief contains certain conditions and requires certain information to be included in this Bidder's Statement. This has been set out below.

### (a) Need for and effect of ASIC Relief

As previously announced, in October 2022 SGH issued \$250 million of Exchangeable Notes under which holders of the Exchangeable Notes (**Noteholders**) can elect to exchange the Exchangeable Notes for Boral Shares (which will be satisfied by a transfer of Boral Shares held by wholly owned SGH subsidiary, Industrial Investment Holdings Pty Ltd (ACN 166 596 710) (**IIH**)).

A bidder is prohibited under section 654A of the Corporations Act from disposing of bid class shares (ie Boral Shares) during the term of the Offer (ie the Offer Period). Since a subsidiary of SGH Bidder holds the Boral Shares the subject of the Exchangeable Notes, SGH Bidder has a relevant interest in those Boral Shares and would be taken to dispose of any Boral Shares delivered on exchange. Accordingly, SGH applied for and has been granted the relevant relief under section 655A(1) of the Corporations Act.

If you would like a copy of the ASIC instrument granting this exemption please contact the SGH Offer Information Line on 1300 373 947 (toll-free) or +61 2 8023 5462 from outside Australia and a copy will be provided to you free of charge.

Any Boral Shares which are transferred from IIH to Noteholders during the Offer Period in accordance with the terms of the Exchangeable Notes will be capable of being accepted into the Offer on the terms and conditions set out in this Bidder's Statement.

Section 8.2(b) below sets out a summary of the key terms of the Exchangeable Notes. The full terms and conditions of the Exchangeable Notes were set out in the offering circular publicly released on the Singapore Stock Exchange (**SGX**) on 7 October 2022 (**Circular**). A summary of the terms of the Exchangeable Notes was also previously disclosed on ASX by SGH on 6 October 2022.

### (b) Summary of terms of Exchangeable Notes

Noteholders can elect to exchange the Exchangeable Notes for Boral Shares at any time until 7 days before their maturity on 18 October 2027 and at any time in certain circumstances. The exchange will be satisfied by a transfer of Boral Shares from IIH.

- **Exchangeable Notes:** The Exchangeable Notes are listed on the SGX and issued in denominations of \$200,000, and increasing in increments of \$100,000 above that, and bear interest at a rate of 4.625% per annum paid quarterly by reference to the principal amount.
- **Price:** The Exchangeable Notes are exchangeable into Boral Shares at an initial price of \$3.77 per Boral Share (Exchange Price), calculated by dividing the aggregate principal amount of the Exchangeable Note by the Exchange Price.
- **Adjustment to Exchange Price:** the Exchange Price is adjusted for certain circumstances, such as where:
  - Boral pays a dividend or there are certain changes to Boral's capital structure; and
  - a **Free Float Event** occurs – which will occur where SGH's voting power in Boral increases more than 85%, the Exchange Price will be reduced in accordance with the terms of the Exchangeable Notes for a period of 30 days. The adjustment to the Exchange Price in the event of a Free Float Event is based on a formula which depends on the proportion of the term

of the Exchangeable Notes which remains before the maturity date. This formula is set out at clause 7(b)(x) of the Circular.

The launch of this Offer is not an event which triggers an adjustment. However, a Free Float Event could occur if acceptances under the Offer are sufficient to take SGH's voting power in Boral above 85%.

- **Early redemption by SGH:** If exchange rights have been exercised or redemptions effected in respect of 85% or more of the number of Exchangeable Notes issued, SGH may redeem all remaining outstanding Exchangeable Notes on 30 days' notice.
- **Redemption for a Free Float Event:** If a Free Float Event occurs (as described above), Exchangeable Noteholders will have the option to require SGH to redeem all or some of their Exchangeable Notes, if notice is provided within 60 days of the Free Flow Event.

(c) **SGH's relevant interest in Boral and the Aggregate Disposed Shares**

The ASIC Relief also requires SGH Bidder to set out in this Bidder Statement:

- the total maximum number of Boral Shares that IIH may be required to dispose of under the terms of the Exchangeable Notes (**Aggregate Disposed Shares**); and
- the total maximum number of Boral Shares that SGH Bidder will hold in Boral after the Aggregate Disposed Shares are subtracted, immediately before the date of this Bidder's Statement.

The number of Boral Shares required to be disposed of under the Exchangeable Bonds depends upon the timing of any such exchange.

As at 3 March 2024, the total number of Boral Shares which would be delivered to Exchangeable Noteholders upon exchange of the Exchangeable Notes is 66,312,997. This represents 8.4% of SGH's current substantial holding in Boral (including the physically settled swap position) and 6.0% of the total Boral Shares on issue as at the date of this Bidder's Statement.

As set out above and in the terms of the Circular:

- Any future corporate actions such as the payment of dividends by Boral would result in an adjustment to the exchange ratio and therefore the number of Boral Shares to be delivered on exchange.
- If a Free Float Event occurred, such as SGH reaching voting power of 85% or more in Boral, this could trigger an adjustment to the exchange ratio in favour of Noteholders and result in a higher number of Boral Shares being delivered by IIH.
- The total number of Boral Shares which would be delivered to Noteholders upon exchange of the Exchangeable Notes calculated as if such an event theoretically occurred 3 March 2024 would be 80,737,708.
- This represents 10.2% of SGH's current substantial holding in Boral (including the physically settled swap position) and 7.3% of the total Boral Shares on issue as at the date of this Bidder's Statement.

As noted previously in this Bidder's Statement, SGH Bidder's voting power in Boral (which excludes its Swap Position) is 62.4%. Accordingly, if the Aggregate Disposed Shares were disposed of immediately prior to the date of this Bidder's Statement, SGH Bidder would have a relevant interest in 607,978,557 of Boral Shares or 55.1% of Boral Shares, as well as SGH's Swap Position of 9.2%.

### **8.3 Potential for waiver of Conditions**

The Offer is subject to the Conditions set out in section 9.6. Under the terms of the Offer and the Corporations Act, any or all of those Conditions may be waived by SGH Bidder.

If an event occurs which results (or would result) in the non-fulfilment of a Condition, SGH Bidder might not make a decision as to whether it will either rely on that occurrence, or instead waive the Condition in respect of that occurrence, until the date for giving notice as to the status of the conditions of the Offer under section 630(3) of the Corporations Act. If SGH Bidder decides that it will waive a Condition it will announce that decision to ASX in accordance with section 650F of the Corporations Act.

### **8.4 Status of Conditions**

The Offer is subject to the Conditions set out in section 9.6. SGH Bidder will provide updates on any material developments relating to the status of these Conditions through announcements to the ASX.

As at the date of this Bidder's Statement, SGH Bidder is not aware of any events or circumstances which would result in the non-fulfilment of any of the Conditions.

If any of the Conditions are not fulfilled, and SGH Bidder decides to rely on that non-fulfilment, then any contract resulting from acceptance of the Offer will become void shortly after the end of the Offer Period, and the relevant Boral Shares will be returned to the holder.

### **8.5 Social security and superannuation implications of the Offer**

Acceptance of the Offer may have implications under your superannuation or pension arrangements or on your social security entitlements. If in any doubt, Boral Shareholders should seek specialist advice before accepting the Offer.

### **8.6 Approvals for payment of consideration**

SGH Bidder is not aware of any Boral Shareholders who require any approval referred to in section 9.11(f) in order to be entitled to receive any consideration under the Offer.

### **8.7 Withholding of consideration**

SGH Bidder is not currently aware of any amounts that are or would be treated as withholding amounts under section 9.11(h). However, it is possible that SGH Bidder may become aware of an obligation in this regard after the date of this Bidder's Statement.

For example, under section 255 of the *Income Tax Assessment Act 1936* (Cth), the Australian Taxation Office may notify SGH Bidder that all or part of the consideration otherwise payable under the Offer to Boral Shareholders who are non-residents of Australia is to be retained by SGH Bidder, or paid to the Australian Taxation Office, instead of being paid to the relevant Boral Shareholders. Similarly, under section 260-5 of Schedule 1 to the *Taxation Administration Act 1953* (Cth), the Australian Taxation Office may require SGH Bidder to pay to the Australian Taxation Office all or part of the consideration otherwise payable under the Offer to Boral Shareholders who owe tax-related debts to the Australian Government. Furthermore, under Subdivision 14-D of Schedule 1 to the *Taxation Administration Act 1953* (Cth), the Australian Tax Office may require SGH Bidder to pay to the Australian Tax Office an amount in respect of the disposal of your Boral Shares on account of foreign resident CGT withholding tax.



**8.8 Broker commission**

SGH Bidder may offer to pay a commission to brokers who solicit acceptances of the Offer from their clients.

Any commission payments will be paid only in respect of parcels of Boral Shares held by retail Boral Shareholders who accept the Offer.

Any commission payments will not exceed 0.75% of the value of the consideration payable for parcels of Boral Shares held by retail Boral Shareholders who accept the Offer, and will be subject to minimum payments (not exceeding \$50) and maximum payments (not exceeding \$750) for each acceptance.

Any commission offered will be payable to brokers only and subject to the condition that no part of the fee will be able to be passed on, or paid, to Boral Shareholders.

It is SGH Bidder's intention that, if and when an offer of commission has been made to any broker by SGH Bidder, the commission arrangement will remain in place for the balance of the Offer Period and the amount of the commission offered will not be increased during the Offer Period.

**8.9 No collateral benefits**

Neither SGH Bidder nor any of its associates has in the four months before the date of this Bidder's Statement, or in the period between the date of this Bidder's Statement and the date of the Offer, given, offered to give or agreed to give a benefit which is not offered to all Boral Shareholders under the Offer to another person which was likely to induce the other person (or an associate) to accept the Offer or dispose of Boral Shares.

**8.10 Date for determining holders of Boral Shares**

For the purposes of section 633 of the Corporations Act, the date for determining the people to whom information is to be sent under items 6 and 12 of section 633(1) for each Offer is the Register Date.

**8.11 Consents**

The following firms and companies have given, and have not at the date of this Bidder's Statement withdrawn, their written consent to being named in this Bidder's Statement:

<b>Name of person</b>	<b>Named as</b>
HSF	Australian Legal Adviser
Barrenjoey Advisory Pty Limited	Financial Adviser
Macquarie Capital (Australia) Limited	Financial Adviser
Boardroom Pty Limited	Registry Provider

None of these firms and companies have caused or authorised the issue of this Bidder's Statement or have in any way been involved in the making of the Offer. The Offer is made by SGH Bidder.

Each of the above firms and companies:

- (a) does not make, or purport to make, any statement in this Bidder's Statement, or any statement on which a statement in this Bidder's Statement is based, other than a reference to its name; and
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this document, other than a reference to its name.

In addition, this Bidder's Statement includes statements which are made in, or based on statements made in, documents lodged with ASIC or given to ASX. Under the terms of ASIC Corporations (Takeover Bids) Instrument 2023/683, the persons making those statements are not required to consent to, and have not consented to, the inclusion of those statements, or of statements based on those statements, in this Bidder's Statement. If you would like to receive a copy of any of those documents, or the relevant parts of the documents containing the statements, (free of charge), during the bid period, please contact SGH Offer Information Line on 1300 373 947 (toll-free within Australia) or +61 2 8023 5462 (from outside Australia).

As permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72 (**Corporations Instrument 2016/72**), this Bidder's Statement may include or be accompanied by certain statements:

- which fairly represent what purports to be a statement by an official person; or
- which are a correct and fair copy of, or extract from, what purports to be a public official document; or
- which are a correct and fair copy of, or extract from, a statement which has already been published in a book, journal or comparable publication.

In addition, as permitted by Corporations Instrument 2016/72, this Bidder's Statement contains trading data sourced from Capital IQ, Bloomberg and IRESS provided without their consent.

## 8.12 Disclosure of interests of certain persons

Other than as set out below or elsewhere in this Bidder's Statement no:

- director or proposed director of SGH Bidder;
- person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Bidder's Statement;
- promoter of SGH Bidder or
- underwriter to the issue of SGH Shares or financial services licensee named in this Bidder's Statement as being involved in the issue of SGH Shares,

(together, the **Interested Persons**) holds at the date of this Bidder's Statement or held at any time during the last two years, any interest in:

- the formation or promotion of SGH Bidder
- property acquired or proposed to be acquired by SGH Bidder in connection with its formation or promotion, or the offer of SGH Shares under the Offer; or
- the offer of SGH Shares under the Offer.

## 8.13 Disclosure of fees and benefits received by certain persons

Other than as set out below or elsewhere in this Bidder's Statement, no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given:

- to a director or proposed director of SGH Bidder to induce them to become, or to qualify as, a director of SGH Bidder; or
- for services provided by an Interested Person in connection with the formation or promotion of SGH Bidder or the offer of SGH Shares under the Offer.

The persons named in this Bidder's Statement as performing a function in a professional or advisory capacity in connection with the Offer and the preparation of the Bidder's Statement on behalf of SGH Bidder are Barrenjoey and Macquarie Capital as financial advisers and Herbert Smith Freehills as legal adviser.

The fee for professional services paid or payable to Barrenjoey as financial adviser to SGH Bidder is up to \$3.5 million. The fee for professional services paid or payable to Macquarie Capital as financial adviser to SGH Bidder is up to \$3.5 million. The fee for professional services paid or payable to Herbert Smith Freehills as legal adviser to date is approximately \$450,000.

## 8.14 Disclosure of interests of directors

### (a) Interests in SGH Shares

As at the date of this Bidder's Statement, the directors of SGH had the following relevant interests in SGH Shares:

Director	Class of security	Number	Percentage
Terry James Davis	Ordinary Shares	104,000	0.0286%
Ryan Kerry Stokes AO	Ordinary Shares Rights	574,656 102,079	0.1581% 0.0281%
Rachel Helen Argaman (Herman) OAM	Ordinary Shares	12,500	0.0034%
Sally Annabelle Chaplain AM	Ordinary Shares	35,860	0.0099%
Katherine Leigh Farrar	Ordinary Shares	17,587	0.0048%
Christopher John Mackay	Ordinary Shares	11,521	0.0032%
David Ian McEvoy	Ordinary Shares	32,860	0.0090%
The Hon. Warwick Leslie Smith AO	Ordinary Shares	52,180	0.0144%
Richard Anders Uechtritz	Ordinary Shares	335,063	0.0922%

(b) **Interests in Boral Shares**

As at the date of this Bidder's Statement, the directors of SGH had the following relevant interests in Boral Shares:

<b>Director</b>	<b>Class of security</b>	<b>Number</b>	<b>Percentage</b>
Terry James Davis	Ordinary Shares	Nil	-
Ryan Kerry Stokes AO	Ordinary Shares	1,000	0.0001%
Rachel Helen Argaman (Herman) OAM	Ordinary Shares	Nil	-
Sally Annabelle Chaplain AM	Ordinary Shares	Nil	-
Katherine Leigh Farrar	Ordinary Shares	Nil	-
Christopher John Mackay	Ordinary Shares	Nil	-
David Ian McEvoy	Ordinary Shares	Nil	-
The Hon. Warwick Leslie Smith AO	Ordinary Shares	26,250	0.0024%
Richard Anders Uechtritz	Ordinary Shares	Nil	-

**8.15 Foreign selling restrictions**

This Bidder's Statement is not a New Zealand product disclosure statement or other similar offering or disclosure document under New Zealand law and has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the Financial Markets Conduct Act 2013 or any other relevant New Zealand law. The offer of SGH Shares under the Offer is being made to existing Boral Shareholders with registered addresses in New Zealand in reliance upon the Financial Markets Conduct (Incidental Offers) Exemption Notice 2021, and, accordingly, this Bidder's Statement may not contain all the information that an investment statement, prospectus or product disclosure statement under New Zealand law is required to contain.

**8.16 Other material information**

Except as disclosed in this Bidder's Statement, there is no other information that:

- is material to the making of the decision by a Boral Shareholder whether or not to accept the Offer; and
- is known to SGH Bidder,

which has not previously been disclosed to Boral Shareholders.

## 9 Offer Terms

### 9.1 Offer

- (a) SGH Bidder offers to acquire all or any of your Boral Shares on the terms and subject to the Conditions set out in this section 9.
- (b) You may accept this Offer for all or some of your Boral Shares. If you accept this Offer for some of your Boral Shares by specifying that number on your Acceptance Form or online acceptance (the **Relevant Shares**), you may still accept the Offer for all or part of the balance of your Boral Shares at any time during the Offer Period, as if an offer in the form of this Offer had been made to you in respect of the balance of your Boral Shares.
- (c) The consideration offered for each of your Boral Shares is 0.1116 SGH Shares and \$1.50 in cash for every one of your Boral Shares. If this calculation results in an entitlement to a fraction of an SGH Share, that fraction will be rounded down to the next whole number of SGH Shares.
- (d) If, at the time this Offer is made to you, you are a Foreign Shareholder, you will not receive SGH Shares. Instead, you will be offered and will receive a cash amount determined in accordance with section 9.11(g) of this Bidder's Statement.
- (e) The SGH Shares to be issued are ordinary shares in SGH and will be credited as fully paid and have the rights summarised in clause 1.8 of this Bidder's Statement.
- (f) By accepting this Offer, you undertake to transfer SGH Bidder not only your Boral Shares to which this Offer relates, but also all Rights attached to those Boral Shares (see sections 9.5(h) and 0 of this Bidder's Statement).
- (g) If, at the time the Offer is made to you, or at any time during the Offer Period, another person is, or is entitled to be, registered as the holder of some or all of your Boral Shares, then:
  - (i) a corresponding offer on the same terms and conditions as this Offer will be deemed to have been made to that other person in respect of those Boral Shares; and
  - (ii) a corresponding offer on the same terms and conditions as this Offer will be deemed to have been made to you in respect of any other Boral Shares you hold to which the Offer relates; and
  - (iii) this Offer will be deemed to have been withdrawn immediately at that time.
- (h) If, at any time during the Offer Period, you are registered or entitled to be registered as the holder of one or more parcels of Boral Shares as trustee or nominee for, or otherwise on account of, another person, you may accept as if a separate and distinct offer on the same terms and conditions as this Offer had been made in relation to each of those distinct parcels and any distinct parcel you hold in your own right. To validly accept the Offer for each parcel, you must comply with the procedure in section 653B(3) of the Corporations Act. If, for the purposes of complying with that procedure, you require additional copies of this Bidder's Statement or the Acceptance Form, please call SGH Offer Information Line on 1300 373 947 (toll-free within Australia) or +61 2 8023 5462 (from outside Australia) to request those additional copies.
- (i) If the Relevant Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee you should contact that nominee for assistance in accepting the Offer.

- (j) If at any time during the Offer Period some of your Boral Shares are subject to transfer restrictions imposed by Boral (for example, because you hold some of your Boral Shares under an employee incentive plan), then you may accept as if a separate offer in the form of this Offer had been made in relation to the balance of your Boral Shares. Acceptance for the balance of your Boral Shares is ineffective unless you give SGH Bidder notice stating the number of your Boral Shares that are subject to a transfer restriction and explaining the nature of the restriction, and your acceptance specifies the balance of your Boral Shares.
- (k) This Offer is dated 4 March 2024.

## 9.2 Offer Period

- (a) Unless withdrawn, this Offer will remain open for acceptance during the period that commences on the date of this Offer and ends at 7.00pm (Sydney time) on the later of:
  - (i) 4 April 2024; or
  - (ii) any date to which the Offer Period is extended in accordance with the Corporations Act.
- (b) SGH Bidder reserves the right, exercisable in its sole discretion, to extend the Offer Period in accordance with the Corporations Act.
- (c) If, within the last 7 days of the Offer Period, either (i) the Offer is varied to improve the consideration offered or (ii) SGH Bidder's voting power in Boral increases to more than 50% (noting this will not occur since SGH Bidder already has more than 50% voting power in Boral), then the Offer Period will be automatically extended so that it ends 14 days after the occurrence of the relevant event in accordance with section 624(2) of the Corporations Act.

## 9.3 How to accept this Offer

- (a) **General**
  - (i) Subject to clauses 9.1(g) and 9.1(h), you may accept this Offer for all or part of your Boral Shares.
  - (ii) You may accept this Offer at any time during the Offer Period.
- (b) **Issuer Sponsored Holdings**

If your Boral Shares are held in an Issuer Sponsored Holding (in which case your Securityholder Reference Number will commence with 'I'), you may accept this Offer in respect of all or some of those Boral Shares online or by using a physical Acceptance Form.

### Online acceptance

- (i) To accept this Offer online, you must:
  - (A) Log in to [www.sevengrouppoffer.com.au](http://www.sevengrouppoffer.com.au) ;
  - (B) Follow the instructions and select the "Accept" option, and submit your acceptance of the Offer. You will receive on-screen confirmation of submission of your acceptance of the Offer, and a further confirmation via email to the email address you provided after you logged in.
- (ii) Where your Boral Shares are held in more than one name, a holder must have the authority of all other joint holders to act on their behalf in order to submit an online acceptance of the Offer in respect of all or any of the jointly held Shares.

- (iii) If you do not receive a confirmation message after attempting to accept this Offer online, please contact the SGH Offer Information Line on 1300 373 947 (toll-free within Australia) or +61 2 8023 5462 (from outside Australia).
- (iv) Your online acceptance of this Offer must be made before the end of the Offer Period.

#### **Physical Acceptance Form**

To accept this Offer using a physical Acceptance Form, you must:

- (v) **complete** and **sign** the enclosed Acceptance Form in accordance with the terms of its Offer and the instructions on the Acceptance Form; and
- (vi) **return** the Acceptance Form (using the enclosed reply paid envelope if you wish), together with all other documents required by the instructions on it by post to one of the addresses indicated on the Acceptance Form so that they are received before the end of the Offer Period.

#### (c) **CHESS Holdings**

If your Boral Shares are held in a CHESS Holding (in which case your Holder Identification Number will commence with 'X'), you may accept this Offer in respect of all or some of those Boral Shares online, by using a physical Acceptance form or by instructing your Controlling Participant:

- (i) **Online:** To accept the Offer online:
  - (ii) If your Boral Shares are held in your name in a CHESS Holding (in which case your Holder Identification Number will commence with 'X') and you are not a Participant, to accept this Offer online, you must:
    - (A) Log in to [www.sevengrouppoffer.com.au](http://www.sevengrouppoffer.com.au)
    - (B) Follow the instructions and select the "Accept" option, and submit your acceptance of the Offer. You will receive on-screen confirmation of submission of your acceptance of the Offer, and a further confirmation via email to the email address you provided after you logged in.
  - (iii) Where your Boral Shares are held in more than one name, a holder must have the authority of all other joint holders to act on their behalf in order to submit an online acceptance of the Offer in respect of all or any of the jointly held Shares.
  - (iv) If you do not receive a confirmation message after attempting to accept this Offer online, please contact the SGH Offer Information Line on 1300 373 947 (toll-free within Australia) or +61 2 8023 5462 (from outside Australia).
  - (v) If you are a CHESS Holder, SGH Bidder strongly recommends that you submit your online acceptance of this Offer a reasonable period before the end of the Offer Period. This is because the SGH Registry will need to confirm with your Controlling participant any online submission of your acceptance of this Offer before it can be taken as validly submitted. There may not be sufficient time to do so for any online acceptance submitted by CHESS holders too close to the end of the Offer Period.
- (vi) **Controlling Participant:** You may **instruct** your Controlling Participant (for Boral Shareholders who are not institutions, this is normally the stockbroker either through whom you bought your Boral Shares or through whom you ordinarily



acquire shares on the ASX), to initiate acceptance of this Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Rules, so as to be effective before the end of the Offer Period (if you do this and your Controlling Participant follows those instructions, you do not need to complete and return the Acceptance Form). Neither SGH Bidder nor the SGH Registry will be responsible if your Controlling Participant does not acknowledge and confirm your online acceptance in sufficient time; or

- (vii) **Physical Acceptance Form:** To accept the Offer using the physical Acceptance Form, please **complete, sign** and **return** the enclosed Acceptance Form (using the enclosed reply paid envelope if you wish) in accordance with the instructions on the Acceptance Form, together with all other documents required by those instructions by post, so that they are received before the end of the Offer Period one of the addresses indicated on the Acceptance Form. This will authorise SGH Bidder to initiate, or alternatively to instruct your Controlling Participant to initiate, acceptance of this Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Rules before the end of the Offer Period. You must ensure that the Acceptance Form (and the other required documents) are received in sufficient time for SGH Bidder to give instructions to your Controlling Participant, and for your Controlling Participant to carry out those instructions, before the end of the Offer Period.

However, if you are the Controlling Participant in respect of your Boral Shares, to accept this Offer you must yourself initiate acceptance of this Offer in accordance with Rule 14.14 of the ASX Settlement Rules before the end of the Offer Period.

(d) **Unregistered purchaser**

- (i) To accept this Offer for Boral Shares which are not held in your name, but of which you are entitled to be registered as holder, to accept the Offer you must:
  - (A) complete and sign the enclosed Acceptance Form in accordance with the instructions on it; and
  - (B) return the enclosed Acceptance Form, together with a copy of the purchase contract note relating to your Boral Shares and all other documents required by the instructions on it, so that they are **received** before the end of the Offer Period at one of the addresses given on the Acceptance Form.
- (ii) Acceptance will be deemed to have been effected when, subject to this section 9, the duly completed Acceptance Form and all required documents has been received at one of the addresses given on the Acceptance Form.
- (iii) If the Offer becomes unconditional, then notwithstanding anything else in this Bidder's Statement, SGH Bidder's obligation to provide Offer consideration in respect of your Boral Shares as described in this section 9.3(d) will be subject to you becoming the registered holder of your Boral Shares.

(e) **Level of acceptance**

As noted above, you have the option of accepting this Offer for all or some of your Boral Shares, as chosen by you. Those of your Boral Shares that are subject to your acceptance will constitute the **Accepted Shares**, and will comprise:

- (i) if you specify all of your Boral Shares as being subject to acceptance – all of your Boral Shares at the date your acceptance is processed (even if the number of Boral Shares specified on the Acceptance Form or online acceptance differs from the number of your Boral Shares);
- (ii) if you specify a number of Boral Shares that is less than the number of your Boral Shares at the date your acceptance is processed – that number of Boral Shares;
- (iii) if you specify a number of Boral Shares that is greater than the number of your Boral Shares at the date your acceptance is processed – all of your Boral Shares at the date your acceptance is processed; or
- (iv) if you do not specify the number of your Boral Shares being subject to acceptance, or if you provide conflicting instructions on your Acceptance Form or online acceptance regarding the number of your Boral Shares being subject to acceptance – all of your Boral Shares at the date your acceptance is processed (even if the number of Boral Shares specified on the Acceptance Form or online acceptance differs from the number of your Boral Shares).

For this purpose, specification of the number of your Boral Shares being subject to acceptance must be in the Acceptance Form, online acceptance or in a valid originating message transmitted in accordance with Rule 14.14 of the ASX Settlement Rules.

#### **9.4 Status and effect of the acceptance**

(a) **Acceptance Form and other documents**

- (i) The Acceptance Form that accompanies this Bidder's Statement forms part of this Offer, and subject to this clause 9.4(a) the instructions on the Acceptance Form must be followed in using it to accept this Offer.
- (ii) SGH Bidder will determine, in its sole discretion, all questions as to the form of documents, eligibility to accept the Offer and time of receipt of an acceptance of the Offer. SGH Bidder is not required to communicate with you prior to or after making this determination. The determination of SGH Bidder will be final and binding on all parties.
- (iii) Notwithstanding sections 9.3(b), SGH Bidder may (except in relation to Boral Shares in a CHESS Holding) treat the receipt by it of a signed Acceptance Form either:
  - (A) before the end of the Offer Period; or
  - (B) after the end of the Offer Period but where the Acceptance Form is sent by post and the envelope in which it is posted is post-marked before the end of the Offer Period,

as valid even though it does not receive the other documents required by the instructions on the Acceptance Form or there is not compliance with any one or more of the other requirements for acceptance.

- (iv) If SGH Bidder does treat such an Acceptance Form as valid, subject to section 9.11, SGH Bidder will not be obliged to give the consideration to you until SGH Bidder receives all those documents and all of the requirements for acceptance referred to in section 9.3 and in the Acceptance Form have been met (other than the requirement of your Acceptance Form to be received before the end of the Offer Period).

When using the Acceptance Form to accept this Offer in respect of Boral Shares in a CHESS Holding, you must ensure that the Acceptance Form (and any documents required by the terms of this Offer and the instruction on the Acceptance Form) are received by SGH Bidder in time for SGH to instruct your Controlling Participant to initiate acceptance of this Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Rules before the end of the Offer Period.

(b) **Effect of acceptance**

By accepting the Offer (including by accepting online or signing and returning the Acceptance Form) in accordance with section 9.3, you irrevocably authorise SGH Bidder and its nominees:

- (i) to rectify any errors in, or omissions from, the Acceptance Form or online acceptance that are necessary to make it an effective acceptance of this Offer or to enable registration of the transfer of all of your Accepted Shares to SGH Bidder; and
- (ii) in respect of any of your Accepted Shares in a CHESS Holding, to:
  - (A) initiate, or alternatively instruct your Controlling Participant to initiate, acceptance of this Offer in respect of all such Accepted Shares in accordance with Rule 14.14 of the ASX Settlement Rules; and
  - (B) give any other instructions concerning those Accepted Shares to your Controlling Participant on your behalf under the sponsorship agreement between you and the Controlling Participant, as determined by SGH Bidder (or its nominee) acting in its own interests as a beneficial owner and intended registered holder of your Accepted Shares,

and acknowledge that:

- (C) with respect to sub-paragraph (A) above, SGH Bidder (or its agents or nominees) will merely forward your Acceptance Form or online acceptance to your Controlling Participant (being the only person who can accept this Offer on your behalf) and that it is your responsibility to allow sufficient time for your Controlling Participant to initiate acceptance of this Offer;
- (D) SGH Bidder (or its agents or nominees) is not responsible for any delays incurred by the process described in sub-paragraph (B) above or any losses whatsoever you incur by the fact that your acceptance is not processed before the end of the Offer Period; and
- (E) you must promptly give any further instructions or take any further actions necessary concerning your Accepted Shares to your Controlling Participant to initiate acceptance of this Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Rules prior to the end of the Offer Period.

(c) **Risk in acceptance**

- (i) **Acceptance Form:** The transmission by you of the Acceptance Form and any other documents in accordance with section 9.3 is at your own risk. No acknowledgement of receipt of any such documents will be given to you by or on behalf of SGH Bidder.
- (ii) **Online acceptance:** In respect of acceptance online:
  - (A) When using the online facility available at [www.sevengroupoffer.com.au](http://www.sevengroupoffer.com.au) to accept this Offer, for your acceptance to be valid you must ensure that your acceptance is submitted before the end of the Offer Period. Neither SGH Bidder nor the SGH Registry accepts any responsibility or liability for any website downtime, delays or access failure that may occur due to circumstances beyond its reasonable control, and which may delay or impede your ability to access [www.sevengroupoffer.com.au](http://www.sevengroupoffer.com.au) or submit an acceptance online.
  - (B) When using the online facility available at [www.sevengroupoffer.com.au](http://www.sevengroupoffer.com.au) to accept this Offer in respect of Shares in a CHES Holding, you must ensure that the acceptance is submitted in time for SGH Bidder to instruct your Controlling Participant to initiate acceptance of this Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Rules before the end of the Offer Period. There may not be sufficient time to do so for any online acceptances submitted by you if you accept too close to the end of the Offer Period.
  - (C) The use of [www.sevengroupoffer.com.au](http://www.sevengroupoffer.com.au) to accept this Offer is at your own risk.

(d) **Revocation of acceptance**

Once you have accepted this Offer, you will be unable to revoke or withdraw your acceptance of this Offer or otherwise dispose of your Accepted Shares, except as follows:

- (i) if a Condition, as set out in section 9.6, is not fulfilled or waived by the end of the third business day after the end of the Offer Period, then this Offer will automatically terminate and your Accepted Shares will be returned to you; or
- (ii) if the Offer Period is extended for more than one month and, at the time, this Offer is subject to one or more Conditions, as set out in section 9.6, then you may be able to withdraw your acceptance in accordance with section 650E of the Corporations Act. A notice will be sent to you at the time explaining your rights in this regard.

(e) **Power of attorney or deceased estate**

When accepting this Offer, you should forward for inspection:

- (i) if the Acceptance Form is executed by an attorney, a certified copy of the power of attorney; and
- (ii) if the Acceptance Form is executed by the executor of a will or the administrator of the estate of a deceased Boral Shareholder, the relevant grant of probate or letters of administration.

## 9.5 Agreement resulting from acceptance

By accepting this Offer in accordance with section 9.3, you will be deemed to have:

- (a) accepted this Offer (and any variation of it) in respect of all of your Accepted Shares at the date your acceptance is processed and agreed to the terms and conditions of this Offer;
- (b) subject to all of the Conditions being fulfilled or waived, transferred, and consented to the transfer in accordance with the ASX Settlement Rules of, all of your Accepted Shares to SGH Bidder in accordance with this Offer and subject to the conditions of the constitution of Boral on which they were held immediately before your acceptance of this Offer (and SGH Bidder agrees to take those Accepted Shares subject to those conditions);
- (c) represented and warranted to SGH Bidder, as a fundamental condition going to the root of the contract resulting from your acceptance, that at the time of your acceptance and at the time the transfer of your Accepted Shares to SGH Bidder is registered, that:
  - (i) all of your Accepted Shares are and will be fully paid;
  - (ii) you have full power and capacity to accept the Offer and to sell and transfer the legal and beneficial ownership of your Accepted Shares (including any Rights) to SGH Bidder;
  - (iii) SGH Bidder will acquire good title to them and full beneficial ownership of them free from all Encumbrances or any restriction on transfer of any nature; and
  - (iv) that you have paid to Boral all amounts which at the time of acceptance have fallen due for payment to Boral in respect of your Accepted Shares;
- (d) subject to all of the Conditions being fulfilled or waived, irrevocably appointed SGH Bidder and any director, secretary, nominee or agent of SGH Bidder severally as your attorney to exercise all powers and rights that you have as the registered holder of your Accepted Shares, including:
  - (i) attending any meeting of Boral, and voting in respect of your Accepted Shares, proposing or seconding any motion, and demanding a poll for any vote at, any such meeting;
  - (ii) requisitioning the convening of any general meeting of Boral and convening a general meeting pursuant to any such requisition; and
  - (iii) signing any form, notice, instrument or other document (including any proxy appointment) relating to your Accepted Shares.

Such appointment will terminate on the earlier of the withdrawal of your acceptance of this Offer (either in accordance with its terms or under section 650E of the Corporations Act) and the end of the Offer Period or, if all Conditions of the Offer have been fulfilled or waived, the registration of SGH Bidder as the holder of your Accepted Shares;

- (e) agreed to do all such acts, matters and things that SGH Bidder may require to give effect to the matters the subject of this clause 9.5 (including the execution of a written form of proxy to the same effect as this clause 9.5 which complies in all respects with the requirements of the constitution of Boral) if requested by SGH Bidder;
- (f) agreed that, in exercising the powers and rights conferred by the power of attorney in section 9.5(d), each attorney may act in the interests of SGH Bidder as the intended registered holder and beneficial owner of your Accepted Shares;

- (g) except as contemplated by section 9.5(d) and while the appointment in that section continues, agreed not to attend or vote in person or by proxy, attorney or corporate representative at any meeting of Boral, or to exercise or purport to exercise (in person or by proxy, attorney, or corporate representative or otherwise) any of the powers conferred by the power of attorney in section 9.5(d);
- (h) irrevocably authorised and directed Boral to pay to SGH Bidder, or to account to SGH Bidder for, all Rights in respect of your Accepted Shares (except to the extent that SGH Bidder elects to waive its entitlement to those Rights), subject, however, to any such Rights received by SGH Bidder being accounted for by SGH Bidder to you if any contract resulting from your acceptance of this Offer is rescinded or rendered void;
- (i) subject to all of the Conditions being fulfilled or waived, irrevocably authorised SGH Bidder and its nominees to do all things necessary, and agreed to execute all such documents, transfers and assurances and do all such acts, matters and things that SGH Bidder may consider necessary or desirable, to transfer your Accepted Shares to SGH Bidder (including to cause a message to be transmitted in accordance with ASX Settlement Rule 14.17.1 so as to transfer your Accepted Shares, if held in a CHES Holding, to the Takeover Transferee Holding), even if SGH Bidder has not at that time paid or provided the consideration due to you under this Offer;
- (j) agreed to indemnify SGH Bidder and each of its agents in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your Holder Identification Number or your Securityholder Reference Number or in consequence of the transfer of your Accepted Shares to SGH Bidder being registered by Boral without production of your Holder Identification Number or your Securityholder Reference Number; and
- (k) agreed to accept the SGH Shares to which you have become entitled by acceptance of this Offer subject to the constitution of SGH and have authorised SGH Bidder to place or procure the placing of your name on SGH's register of shareholders in respect of those SGH Shares.

The representations, warranties, authorities and indemnity referred to in this section 9.5 will (unless otherwise stated) remain in force after you receive the Offer consideration for your Accepted Shares and after SGH Bidder becomes the registered holder of them.

## 9.6 Conditions

Subject to section 9.7, this Offer and any contract resulting from your acceptance of this Offer are subject to the fulfilment of the following Conditions.

### (a) **No Prescribed Occurrences**

Between and including the Announcement Date and the end of the Offer Period, none of the following events occur (being the occurrences listed in section 652C of the Corporations Act, and each a **Prescribed Occurrence**):

- (i) Boral converts all or any of its Boral Shares into a larger or smaller number of Boral Shares (see section 254H of the Corporations Act);
- (ii) Boral or a Subsidiary resolves to reduce its share capital in any way;
- (iii) Boral or a Subsidiary:
  - (A) enters into a buy-back agreement including by way of execution of an on market buy-back; or
  - (B) resolves to approve the terms of a buy-back agreement under subsections 257C(1) or 257D(1) of the Corporations Act;

- (iv) Boral or a Subsidiary issues shares, or grants an option over its shares, or agrees to make such an issue or grant;
- (v) Boral or a Subsidiary issues, or agrees to issue, securities convertible into shares or debt securities;
- (vi) Boral or a Subsidiary disposes or agrees to dispose of the whole, or a substantial part, of its business or property;
- (vii) Boral or a Subsidiary grants, or agrees to grant, a Security Interest in the whole, or a substantial part, of its business or property;
- (viii) Boral or a Subsidiary resolves to be wound up;
- (ix) a liquidator or provisional liquidator of Boral or of a Subsidiary is appointed;
- (x) a court makes an order for the winding up of Boral or of a Subsidiary;
- (xi) an administrator of Boral, or of a Subsidiary, is appointed under section 436A, 436B or 436C of the Corporations Act;
- (xii) Boral or a Subsidiary executes a deed of company arrangement; or
- (xiii) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of Boral or of a Subsidiary.

## **9.7 Nature and operation of Conditions**

### **(a) Nature of Conditions**

Each Condition is a condition subsequent to the formation of a binding contract upon your acceptance of this Offer. None of those Conditions prevents a contract to sell your Accepted Shares resulting from your acceptance of this Offer, but:

- (i) non-fulfilment of any of those Conditions at the end of the third business day after the end of the Offer Period) will have the consequences set out in section 9.8(b); and
- (ii) breach of any of those Conditions entitles SGH Bidder to rescind that contract by written notice to you.

### **(b) Separate Conditions for benefit of SGH Bidder**

- (i) Each paragraph and each sub-paragraph of each other paragraph of section 9.6 constitutes, and is to be construed as, a separate, several and distinct Condition. No Condition will be taken to limit the meaning or effect of any other Condition.
- (ii) Subject to the Corporations Act and to section 9.7(a), SGH Bidder alone is entitled to the benefit of the Conditions and to rely on breach or non-fulfilment of, or to waive, any of those Conditions.

## **9.8 Freeing the Offer of Conditions**

### **(a) Waiver of Conditions**

SGH Bidder may free this Offer, and any contract resulting from its acceptance, from any or all of the Conditions in clause 9.6, either generally or by reference to a particular fact, matter, event, occurrence or circumstance (or class thereof), by giving a notice to Boral and to ASX declaring this Offer to be free from the relevant Condition or Conditions specified, in accordance with clause 650F of the Corporations Act. This notice may be given not later than 3 business days after the end of the Offer Period.

### **(b) Contract void if Conditions not fulfilled**

Your acceptance of this Offer, and any contract resulting from your acceptance of this Offer, will be automatically void if:

- (i) at the end of the third business day after the end of the Offer Period), any of the Conditions are not fulfilled; and
- (ii) SGH Bidder has not declared this Offer and any contract resulting from your acceptance of it free from that Condition in accordance with section 9.8(a).

## **9.9 Official quotation of SGH Shares**

- (a) SGH has been admitted to the official list of ASX. Shares of the same class as those to be issued as consideration have been granted official quotation.
- (b) An application will be made within 7 days after the date of this Bidder's Statement to ASX for granting of official quotation of SGH Shares to be issued in accordance with the Offer. However, official quotation is not granted automatically on application.
- (c) Pursuant to the Corporations Act, this Offer and any contract that results from your acceptance of it are subject to a condition that permission for admission to official quotation by ASX of the SGH Shares to be issued pursuant to the Offer being granted no later than 7 days after the end of the bid period. If this condition is not fulfilled, all contracts resulting from the acceptance of the Offers will be automatically void.

## **9.10 Notice on status of Conditions**

The date for giving the notice as to the status of the Conditions required by section 630(1) of the Corporations Act is 28 March 2024 (subject to extension in accordance with section 630(2) of the Corporations Act if the Offer Period is extended).



## 9.11 Consideration

### (a) When you will generally receive the consideration

Subject to this section 9.11 and the Corporations Act, if you accept this Offer and the Conditions are fulfilled or waived, SGH Bidder will pay you the consideration for your Accepted Shares under this Offer on or before the later of:

- (i) 15 Business Days after the date that the Offer becomes unconditional; or
- (ii) 10 Business Days after the date that you accept the Offer,

but in any case not later than 21 days after the end of the Offer Period.

### (b) Consideration where additional documents required

Where additional documents are required, either by the Acceptance Form or otherwise, to be given to SGH Bidder with your acceptance to enable SGH Bidder to become the holder of your Accepted Shares (such as a power of attorney) then, subject to sections 9.11(c) to 9.11(h) and the Corporations Act:

- (i) if those documents are given to SGH Bidder with your Acceptance Form, SGH Bidder will pay you the consideration for your Accepted Shares in accordance with section 9.11(a);
- (ii) if those documents are given to SGH Bidder after your acceptance and before the end of the Offer Period, while this Offer is subject to a Condition, SGH Bidder will pay you the consideration for your Accepted Shares on or before the earlier of:
  - (A) one month after the Offer becomes unconditional; and
  - (B) 21 calendar days after the end of the Offer Period, assuming the Offer has become unconditional;
- (iii) if those documents are given to SGH Bidder after your acceptance and before the end of the Offer Period, while this Offer is not subject to a Condition, SGH Bidder will pay you the consideration for your Accepted Shares in accordance with section 9.11(a); and
- (iv) if those documents are given to SGH Bidder after the end of the Offer Period and the Offer is not subject to any Conditions, SGH Bidder will pay you the consideration for your Accepted Shares within 10 Business Days after those documents are given. However, if at the time the document is given, the Offer is still subject to a Condition that relates only to the happening of an event or circumstance referred to in section 652C(1) or (2) of the Corporations Act, SGH Bidder will provide the consideration due to you within 21 days after the Offer becomes unconditional.

(c) **Payment of cash portion of consideration**

Payment of any cash amount to which you are entitled will be made in the following manner:

- (i) if you have previously nominated account details or nominate those details to Boral prior to accepting the Offer and these details are provided to SGH, payment will be made electronically to that account;
- (ii) if you have not previously nominated details to Boral and do not nominate account details on or before the date of acceptance, or these details are not provided to SGH, you will be paid by cheque drawn in Australian currency in your favour. The cheque will be sent to you, at your risk, by ordinary mail (or, in the case of Boral Shareholders with addresses outside Australia, by airmail) to your address shown on the Acceptance Form or as recorded in the register of Boral Shareholders of Boral on the Register Date. Payment will be deemed to have been made at the time the cheque is delivered to Australia Post for delivery or placed in an Australia Post postal box;
- (iii) if your Boral Shares are held in a joint name, any cheque issued will be in the name of the joint holders and forwarded to the address that appears in the register of Boral.

(d) **Scrip portion of consideration**

The obligation on SGH Bidder to issue and allot any SGH Shares to which you are entitled will be satisfied by SGH Bidder:

- (i) Entering, or procuring the entry of, your name on the register of members of SGH; and
- (ii) dispatching or procuring the dispatch to you by pre-paid post to your address recorded in Boral's register of members at 7.00pm (Sydney time) on the Register Date, an uncertificated holding statement in your name. If the Relevant Shares are held in a joint name, an uncertificated holding statement will be issued in the name of, and forwarded to, the holder whose name appears first in Boral's register of members at 7.00pm (Sydney time) on the Register Date.

(e) **Rights**

If SGH Bidder becomes entitled to any Rights as a result of your acceptance of this Offer, it may require you to give to SGH Bidder all documents necessary to vest title to those Rights in SGH Bidder, or otherwise to give SGH Bidder the benefit or value of those Rights. If you do not do so, or if you have received or are entitled to receive (or any previous holder of your Accepted Shares has received or is entitled to receive) the benefit of those Rights, SGH Bidder will be entitled to deduct the amount (or an amount equal to the value, as reasonably assessed by SGH Bidder) of those Rights from any consideration otherwise payable to you under this Offer. If SGH Bidder does not, or cannot, make such a deduction, you must pay that amount to SGH Bidder, except to the extent that SGH Bidder elects to waive its entitlement to those Rights.

(f) **Non-Australian residents**

If, at the time of acceptance of this Offer, any authority or clearance of a Public Authority is required for you to receive any consideration under this Offer or regulation under the Charter of the United Nations that would make it unlawful for SGH Bidder to provide consideration for your Accepted Shares applies then you will not be entitled to receive any consideration for your Accepted Shares unless and until all requisite authorities or clearances have been received by SGH Bidder.

(g) **Foreign Shareholders**

(i) If you are a Foreign Shareholder, you will not be entitled to receive SGH Shares as the consideration for the Relevant Shares as a result of accepting this Offer, and SGH Bidder will:

- (A) arrange for the issue to a nominee approved by ASIC (the **Nominee**) of the number of SGH Shares to which you and all other Foreign Shareholders would have been entitled but for clause 9.1(d) and the equivalent provision in each other offer under the Offer;
- (B) cause the SGH Shares so issued to be offered for sale by the Nominee on ASX as soon as practicable and otherwise in the manner, at the price and on such other terms and conditions as are determined by the Nominee; and
- (C) cause the Nominee to pay to you the amount ascertained in accordance with the formula:

$$\frac{N \times YS}{TS}$$

where:

'N' is the amount which is received by the Nominee upon the sale of all SGH Shares under this clause 9.11(g) less brokerage and sale expenses;

'YS' is the number of SGH Shares which would, but for clause 9.1(d), otherwise have been allotted to you; and

'TS' is the total number of SGH Shares allotted to the Nominee under this clause 9.11(g).

- (ii) You will receive your share of the proceeds of the sale of SGH Shares by the Nominee in Australian currency.
- (iii) Payment will be made by cheque posted to you at your risk by ordinary mail (or in the case of overseas shareholders, by airmail) at the address provided on your Acceptance Form within the period required by the Corporations Act.
- (iv) Under no circumstances will interest be paid on your share of the proceeds of the sale of SGH Shares by the Nominee, regardless of any delay in remitting these proceeds to you.

(h) **Withholding of consideration by SGH Bidder**

If any amount (the *withholding amount*) is required, under any Australian law or by any Public Authority, to be:

- (i) withheld from any consideration otherwise payable to you under this Offer and paid to a Public Authority; or
- (ii) retained by SGH Bidder out of any consideration otherwise payable to you under this Offer,

the payment or retention by SGH Bidder of the withholding amount (as applicable) will constitute full discharge of SGH Bidder's obligation to pay the consideration to you to the extent of the withholding amount.

**9.12 Additional copies of Offer documents**

If, for the purpose of accepting the Offer, you require additional copies of this Bidder's Statement and the Acceptance Form, please call the SGH Offer Information Line on 1300 373 947 (toll-free within Australia) or +61 2 8023 5462 (from outside Australia) to request those additional copies. Calls to this number may be recorded.

**9.13 Variation and withdrawal of Offer**

(a) **Variation**

SGH Bidder may vary this Offer in accordance with the Corporations Act.

(b) **Withdrawal**

- (i) This Offer may be withdrawn with the written consent of ASIC, which consent may be subject to conditions. If ASIC gives such consent, SGH Bidder will give notice of the withdrawal to ASX and to Boral and will comply with any other conditions imposed by ASIC.
- (ii) If, at the time this Offer is withdrawn, all the Conditions in clause 9.6 have been freed, all contracts arising from acceptance of the Offer before it was withdrawn will remain enforceable.
- (iii) If, at the time this Offer is withdrawn, the Offer remains subject to one or more of the Conditions in clause 9.6, all contracts arising from its acceptance will become void (whether or not the events referred to in the relevant Conditions have occurred).
- (iv) A withdrawal pursuant to clause 9.13(b) will be deemed to take effect:
  - (A) if the withdrawal is not subject to conditions imposed by ASIC, on the date after the date on which that consent in writing is given by ASIC; or
  - (B) if the withdrawal is subject to conditions imposed by ASIC, on the date after the date on which those conditions are satisfied.

**9.14 Costs and stamp duty**

SGH Bidder will pay all costs and expenses of the preparation and circulation of this Offer and any Australian stamp duty payable on the transfer of any Boral Shares to SGH Bidder under this Offer.

**9.15 Governing law and jurisdiction**

This Offer and any contract resulting from your acceptance of this Offer are governed by the laws of New South Wales. In relation to them and related non-contractual matters each party irrevocably submits to the non-exclusive jurisdiction of courts with jurisdiction there, and waives any right to object to the venue on any ground.

## 10 Definitions and Interpretation

### 10.1 Definitions

In this Bidder's Statement and in the Acceptance Form, unless the context requires otherwise:

**Acceptance Form** means the acceptance form enclosed with this Bidder's Statement or, as the context requires, any replacement or substitute acceptance form provided by or on behalf of SGH Bidder.

**Accepted Shares** has the meaning given in section 9.3(e).

**Announcement Date** means 19 February 2024.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ABN 98 008 624 691) or, as the context requires, the financial market operated by it.

**ASX Listing Rules** means the Listing Rules of ASX.

**ASX Settlement** means ASX Settlement Pty Limited (ABN 49 008 504 532).

**ASX Settlement Rules** means the operating rules of the settlement facility provided by ASX Settlement, such rules being known as the 'ASX Settlement Operating Rules' as at the date of this Bidder's Statement.

**Bidder's Statement** means this document, being the replacement statement of SGH Bidder under Part 6.5 of the Corporations Act (as modified by ASIC Corporations (Replacement Bidder's and Target's Statements) Instrument 2023/688) relating to the Offer. See "Important information" section above regarding references in the disclosure in this Bidder's Statement to the date of the Bidder's Statement.

**Boral** means Boral Limited ACN 008 421 761). (ASX: BLD).

**Boral Equity Incentive Plan** has the meaning given in section 2.7.

**Boral Group** means Boral and its Related Entities as at the date of this Bidder's Statement.

**Boral Performance Rights** means the unlisted long-term incentive rights granted to senior executives of Boral in accordance with the Boral Equity Incentive Plan.

**Boral Shareholder** means a person registered in the register of members of Boral as a holder of Boral Shares.

**Boral Shares** means fully paid ordinary shares in Boral.

**Business Day** means any day that is each of the following:

- (a) a 'Trading Day' within the meaning given in the ASX Listing Rules; and
- (b) a day that is not a Saturday, Sunday or a public holiday or bank holiday in Sydney, New South Wales.

**Cash Consideration** has the meaning given in section 5.1.

**CGT** means Australian capital gains tax.

**CHESS** means the Clearing House Electronic Subregister System, which provides for the electronic transfer, settlement and registration of securities in Australia.

**CHESS Holding** means a holding of Shares on the CHESS Subregister of Boral.

**CHESS Subregister** has the meaning given in the ASX Settlement Rules.

**Conditions** means each and all of the conditions to the Offer which are set out in section 9.6.

**Controlling Participant** has the meaning given in the ASX Settlement Rules. Usually your Controlling Participant is a person, such as a broker, with whom you have a sponsorship agreement

(within the meaning of the ASX Settlement Rules).

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Encumbrance** means an interest or power:

- (a) reserved in or over any interest in any asset including any retention of title; or
- (b) created or otherwise arising in or over any interest in any asset under a bill of sale, mortgage, charge, lien, pledge, trust or power,

by way of security for the payment of debt or any other monetary obligation or the performance of any other obligation and includes any agreement to grant or create any of the above.

**Facility Agent** means Australia and New Zealand Banking Group Limited in its capacity as agent under the SGH Corporate Loan Facility.

**Foreign Shareholder** means a Boral Shareholder whose address as shown in the register of members of Boral is in a jurisdiction other than Australia or its external territories or New Zealand, unless SGH Bidder otherwise determines (in its absolute discretion) after being satisfied that it is not unlawful, not unduly onerous and not unduly impracticable to make the Offer to a Boral Shareholder in the relevant jurisdiction and to issue SGH Shares to such a Boral Shareholder on acceptance of the Offer, and that it is not unlawful for such a Boral Shareholder to accept the Offer in such circumstances in the relevant jurisdiction.

**GST** means the goods and services tax imposed under the *A New Tax System (Goods and Services Tax) Act 1999* (Cth) and the related imposition acts of the Commonwealth of Australia.

**Holder Identification Number** means the number used to identify a Boral Shareholder on the CHESS Subregister of Boral.

**Issuer Sponsored Holding** means a holding of Boral Shares on the Issuer Sponsored Subregister of Boral.

**Issuer Sponsored Subregister** has the meaning given in the ASX Settlement Rules.

**Last Practicable Date** means 16 February 2024.

**LTM** means last twelve months.

**Maximum Consideration** has the meaning given to it in section 5.1.

**Merged Group** means the SGH Group and the Boral Group.

**Minimum Consideration** has the meaning given to it in section 5.1.

**Offer** means, as the context requires, the offer for Boral Shares contained in section 9, or the off-market takeover bid constituted by that offer and each other offer by SGH Bidder for Boral Shares in the form of that offer, including in each case as varied in accordance with the Corporations Act.

**Offer Consideration** has the meaning given in section 5.1.

**Offer Period** means the period during which the Offer will remain open for acceptance in accordance with section 9.2.

**Offer Range** means the implied valuation range between the Minimum Consideration and Maximum Consideration at the Announcement Date, based on the closing price of SGH Shares of \$40.77 at close of trading on 16 February 2024. The implied aggregate value of the Offer will vary depending on the market price of SGH Shares.

**Participant** means an entity admitted to participate in the Clearing House Electronic Sub-register System under Rule 4.3.1 and 4.4.1 of the ASX Settlement Rules.

**Prescribed Occurrences** has the meaning given in section 9.6(a)9.6(a).

**Public Authority** means any government or representative of a government or any governmental, semi-governmental, administrative, fiscal, regulatory or judicial body, department, commission, authority, tribunal, agency, competition authority or entity and includes any minister, ASIC, ASX,

the Takeovers Panel and any regulatory organisation established under statute or any stock exchange.

**Register Date** means 7.00pm (Sydney time) on 21 February 2024, being the date set by SGH Bidder under section 633(2) of the Corporations Act.

**Related Entity** means, in relation to a person, any entity that is related to that person within the meaning of section 50 of the Corporations Act or that is in an economic entity (as defined in any approved Australian accounting standard) that is controlled by that person.

**Relevant Interest** has the meaning given to that term in sections 608 and 609 of the Corporations Act.

**Rights** means all accretions, rights and benefits of whatever kind attaching to or arising from the Boral Shares directly or indirectly at or after the date of this Bidder's Statement (including all dividends and all rights to receive them and rights to receive or subscribe for shares, notes, bonds, options or other securities or entitlements declared, paid or issued by Boral or any Subsidiary of Boral).

**Scrip Consideration** has the meaning given in section 5.1.

**Securityholder Reference Number** means the number allocated by Boral to identify a Boral Shareholder on the Issuer Sponsored Subregister of Boral.

**Security Interest** has the meaning given in section 9 of the Corporations Act.

**SGH** means Seven Group Holdings Limited (ACN 142 003 469). (ASX: SVW).

**SGH Bidder** means Network Investment Holdings Pty Limited (ACN 078 448 512), a wholly owned Subsidiary of SGH.

**SGH Borrower** has the meaning given in section 5.10.

**SGH Corporate Loan Facility** means the unsecured syndicated loan facility provided to SGH Corporate Loan Facility Borrower on the terms of the syndicated facility agreement originally dated 28 September 2011 and most recently amended and restated on 8 December 2023 between, among others, SGH Corporate Loan Facility Borrower, the Facility Agent and the lenders listed therein.

**SGH Corporate Loan Facility Borrower** means the Subsidiary of SGH that is the borrower under the SGH Corporate Loan Facility.

**SGH Group** or **Group** means SGH and its Subsidiaries.

**SGH Shares** means fully paid ordinary shares in SGH.

**Subsidiary** has the meaning given to that term in the Corporations Act.

**Swap Position** means SGH's interest in 101,034,431 or 9.2% of Boral Shares under a physically settled equity swap transaction.

**Takeover Transferee Holding** has the meaning given in the ASX Settlement Rules, being the CHESS Holding to which Boral Shares are to be transferred pursuant to acceptances of the Offer.

**Transaction Facility** has the meaning given in section 5.6.

**Voting Power** has the meaning given in section 610 of the Corporations Act.

**VWAP** means volume weighted average trading price on ASX.

**your Boral Shares** means, subject to section 9.3(d), the Boral Shares in respect of which you are registered or entitled to be registered as a holder in the register of members of Boral at the Register Date, and in respect of which no other person becomes registered or entitled to be registered as a holder before you accept the Offer.

## 10.2 Interpretation

- (a) In this Bidder's Statement and in the Acceptance Form, headings are for convenience only and do not affect interpretation.
- (b) Mentioning anything after includes, including, for example, or similar expressions, does not limit what else might be included.
- (c) The following rules apply unless the context requires otherwise.
  - (i) The singular includes the plural, and the converse also applies.
  - (ii) A gender includes all genders.
  - (iii) If a word or phrase is defined, its other grammatical forms have a corresponding meaning.
  - (iv) A reference to a person includes a corporation, trust, partnership, unincorporated body or other entity, whether or not it comprises a separate legal entity.
  - (v) A reference to a section or Annexure is a reference to a section of, or Annexure to, this Bidder's Statement.
  - (vi) A reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns.
  - (vii) A reference to legislation or to a provision of legislation includes a modification or re-enactment of it, any legislative provision substituted for it and a regulation or statutory instrument issued under it.
  - (viii) A reference to any instrument or document includes any variation or replacement of it.
  - (ix) A term not specifically defined in this Bidder's Statement has the meaning given to it in the Corporations Act (being, if any special meaning is given for the purposes of Chapter 6 or 6A of the Corporations Act or a provision of those chapters, that special meaning).
  - (x) A reference to time is to Sydney time.
  - (xi) A reference to *A dollars* or \$ is to Australian currency.
  - (xii) A reference to you is to a person to whom the Offer under section 9 is (or is deemed to be) made.

## 11 Approval of Bidder's Statement

This Bidder's Statement has been approved by a resolution of the directors of Network Investment Holdings Pty Limited.

Dated 4 March 2024.

Signed on behalf of Network Investment Holdings Pty Limited:



**Richard Richards**

Director



## Corporate Directory

### SGH

Seven Group Holdings Limited  
Level 30, 175 Liverpool Street  
Sydney NSW 2000

### SGH Bidder

Network Investment Holdings Pty Limited  
Level 30, 175 Liverpool Street  
Sydney NSW 2000

### SGH Offer Information Line

If you have any questions in relation to the Offer or how to accept it, or if you have lost your Acceptance Form and require a replacement, please call the SGH Offer Information Line on the following numbers:

Within Australia: 1300 373 947 (toll free)

Outside Australia: +61 2 8023 5462

Please note that calls to these numbers may be recorded.

### Registry for the Offer

You can contact the share registrar of SGH (Boardroom Pty Limited) at the addresses set out below:

#### (For Deliveries)

Boardroom Pty Limited  
Boral Takeover Offer  
Level 8  
210 George Street  
Sydney NSW 2000  
Australia

#### (For Post)

Boardroom Pty Limited  
Boral Takeover Offer  
GPO Box 3993  
Sydney NSW 2001  
Australia

### Registry Email

[corporateactions@boardroomlimited.com.au](mailto:corporateactions@boardroomlimited.com.au)

## Attachment 1

<b>Date</b>	<b>Announcement</b>
18 August 2023	Appendix 3Y Change of Director's Interest Notice for each of Mr Ryan Stokes AO and The Hon. Warwick Smith AO relating to shares in Boral Limited
25 August 2023	Lapse of 46,842 conditional right to SVW securities because the conditions have not been satisfied
25 August 2023	Exercise of 322,225 conditional right to SVW securities
30 August 2023	SGH Sells 1% (11.1m shares) of Boral via Aftermarket Block Trade
30 August 2023	Notification under section 708A(5)(e) of the Corporations Act 2001 (Cth)
1 September 2023	Form 604 Notice of change of interests of substantial holder of Boral
12 September 2023	Notice of conversion of 14 Convertible Notes into 58,333 SVW shares
11 October 2023	Notice of conversion of 3 Convertible Notes into 12,500 SVW shares
13 October 2023	2023 Notice of Annual General Meeting and Proxy Form
3 November 2023	Notice of issue of 534,921 employee share rights
13 November 2023	Reference material for the 2023 UBS Australasia Conference
15 November 2023	Form 603 Notice of initial holder of SWM in ARN Media Limited
16 November 2023	2023 AGM Presentation and Guidance Update
16 November 2023	Results of Annual General Meeting
1 December 2023	Notice of issue of 42,930 employee share rights to MD&CEO post AGM
1 December 2023	Appendix 3Y Change of Director's Interest Notice for the MD&CEO
19 December 2023	Form 604 Notice of change of interests of substantial holder in SWM
25 January 2024	Half Year Results Announcement Date
9 February 2024	Form 604 Notice of change in interest in substantial holding for BCI
14 February 2024	Appendix 4D and Half-Year Financial Report
14 February 2024	Interim Results Announcement
14 February 2024	Presentation of Half-Year Results
14 February 2024	Dividend/Distribution - SVW
14 February 2024	Half-Year Results Presenters Notes and Q & A