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2025 FULL YEAR RESULTS – PRESENTERS' NOTES AND Q&A

SGH Ltd (ASX:SGH) attaches the presenters' notes and Q&A transcript for the FY25 Full Year Results Investor Presentation.

This announcement has been authorised for release to the ASX by the MD & CEO of SGH Ltd.

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SGH Ltd (ASX:SGH) is an Australian diversified operating company, with market leading businesses across industrial services, energy and media. SGH owns WesTrac, Boral and Coates. WesTrac is the sole authorised Caterpillar dealer in WA and NSW/ACT. Boral is Australia's leading integrated construction materials business. Coates is Australia's largest equipment hire business. SGH has a ~30% shareholding in Beach Energy, and wholly owns SGH Energy. SGH has a ~40% shareholding in Seven West Media.



**SGH FY25 Results Presentation
Presenters' Notes
12 August 2025**

**Slide 1 – Ryan Stokes
Opening Title Slide**

Good morning and welcome to the SGH results presentation for the full year ended 30 June 2025.

I'm Ryan Stokes, Managing Director and CEO of SGH, and joining me today is our CFO, Richard Richards.

**Slide 2 – Ryan Stokes
SGH Overview – Who We Are**

SGH is a leading Australian diversified operating business, focused on industrial services and energy.

Our model is centred on owning and operating leading businesses with scale and privileged assets, where we can drive results and support the delivery of outperformance.

Our performance is guided by the SGH Way, which brings together our disciplined operating model and capital allocation framework.

This approach emphasizes focus, execution, and accountability, with the end objective being TSR outperformance and sustainable value creation.

We target sectors with long duration demand tailwinds, with current exposures across mining production, infrastructure and construction, and energy, through WesTrac, Boral, Coates and Beach Energy.

This strategy, coupled with our disciplined execution, supported our 46 per cent TSR performance in FY25.

**Slide 3 – Ryan Stokes
SGH Overview – FY25 Result Highlights**

SGH delivered a strong FY25 result, with revenue and earnings growth in variable market conditions.

Revenue of \$10.7 billion was up 1 per cent on higher revenue at WesTrac.

EBIT of \$1.54 billion was up 8 per cent and in line with our guidance of high single-digit EBIT growth. The result was largely driven by a 6 per cent increase in our industrial services segment EBIT.

NPAT of \$924 million was up 9 per cent.

Operating cash flow of \$1.95 billion was up 49 per cent, with WesTrac, Boral and Coates all delivering EBITDA cash conversion above 90 per cent.

Slide 4 – Ryan Stokes

SGH Overview – Key outcomes

SGH's ongoing focus on operating leverage saw revenue growth amplified in earnings, with EBITDA and EBIT margins expanding to 19.1 per cent and 14.3 per cent, respectively.

The margin expansion was predominantly driven by increasing profit at Boral, and higher contribution from equity accounted earnings.

NPAT was up 9 per cent, while statutory NPAT was up 5 per cent, impacted by impairments of equity accounted interests.

Strong cash contribution from the industrial businesses drove a 27 per cent uplift in cash conversion to 95 per cent. This result supported a 10 per cent deleveraging of the business to under 2 times, and below our leverage objective.

The profit result supported payment of a 32 cents per share final dividend, bringing total FY25 dividends to 62 cents per share, fully franked, up 17 per cent year-on-year.

SGH also completed the acquisition of the remainder of Boral in early FY25, further cementing the business as a leading Australian diversified operating company.

Slide 5 – Ryan Stokes

SGH Overview – The SGH Way

This slide outlines the SGH Way, which is the articulation of SGH's disciplined and scalable operating model. It guides how we create long-term value and deliver TSR outperformance through consistent execution and accountability.

The model is built around four concentric layers:

- At the centre is the SGH star. Our logo represents our purpose, objective, and values;
- The first layer reflects our outcome-based objectives, focused on TSR outperformance and sustainable value creation;
- The second layer outlines how we deliver; through disciplined capital allocation and execution across our four performance pillars: People, Operations, Assets and Financials;
- The third layer defines our focused activities, with a domestic orientation, privileged assets, long-duration demand exposure, and a strong culture of performance and accountability; and
- The outer layer is the SGH Way operating model in action, with traits like pace, execution and growth, efficiency, continuous improvement, and frontline focus.

Our approach is supported by the SGH 4C Drivers:

- Cadence, which defines the operating oversight and performance accountability, with an emphasis on execution and results;
- Capital, with our disciplined capital allocation framework and newly defined opportunity criteria targeting the highest risk-adjusted returns;
- Culture, fostering accountability and an owner's mindset across SGH; and
- Capability, which builds technical depth, leadership strength, and a privileged asset base to support our competitive advantage.

Slide 6 – Ryan Stokes

SGH Overview – Safety & Sustainability

Safety remains a core priority across SGH.

We are deeply saddened by the two fatalities during the year; and we extend our condolences to their families, friends, and colleagues. These incidents have had a profound impact and reinforce our commitment to ensuring every team member and contractor returns home safely each day.

Operationally, we delivered safety improvements in FY25, with LTIFR down 38 per cent and TRIFR down 31 per cent.

We will continue to focus on injury prevention and early intervention programs, which reduce incident severity and promote shared accountability for safety outcomes across our businesses.

SGH also made progress on our sustainability ambitions over the year.

WesTrac commissioned a 1.7GW solar PV system at its Tomago facility, supporting lower emissions and energy costs.

Boral increased its use of alternative fuels to 45 per cent, up from 28 per cent, following the completion of the Berrima Chlorine Bypass.

Coates also reduced its reliance on grid electricity by 1.1GW through continued rollout of rooftop solar across its branch network.

Slide 7 – WesTrac

Slide 8 – Ryan Stokes Industrial Services – WesTrac Highlights

WesTrac delivered a solid result in FY25, with revenue up 4 per cent to \$6.1 billion.

Growth was led by strong capital sales, which increased 12 per cent to \$2.2 billion, reflecting significant fleet investment programs by major customers.

Services revenue was largely flat at \$3.9 billion, with underlying parts demand and growing rebuild activity offset by lower average parts pricing.

EBIT increased 2 per cent to \$639 million, with EBIT margins remaining strong at 10.5 per cent.

EBITDA cash conversion of 108 per cent was driven by improved inventory management. Working capital of \$1.6 billion was \$89 million lower, with working capital to sales improving by 3 per cent to 26 per cent.

Slide 9 – Ryan Stokes Industrial Services – WesTrac Highlights

The 12 per cent capital sales growth was supported by major fleet replacement and expansion programs across WA and NSW. This is expected to normalise in FY26 as large project deliveries moderate.

The stable services revenue was underpinned by continued demand from the growing and ageing installed base, with the average age of mining machines increasing 7 per cent to 12.4 years.

Market fundamentals remain supportive for WesTrac, with Australian commodity export volumes up 3 per cent in FY25. Iron ore exports are forecast to grow over the medium-term, and coal volumes are expected to remain resilient.

Construction activity also remains elevated, with a robust outlook expected to support customer demand into FY26.

Slide 10 – Boral

Slide 11 – Ryan Stokes Industrial Services – Boral Highlights

Boral delivered significant earnings growth in FY25.

Revenue of \$3.6 billion was up 1 per cent, with resilient demand from engineering and commercial sectors offsetting volatility in road and residential activity.

EBIT rose 26 per cent to \$468 million, with EBIT margin expanding from 10.5 to 13 per cent. The margin improvement reflects pricing discipline and continued progress on cost and operational efficiency elements of the Good to Great performance journey.

Cash performance was also strong. EBITDA cash conversion was steady at 100 per cent, and operating cash flow increased 11 per cent to \$690 million. The uplift was supported by a 1.6 per cent improvement in SG&A to sales to 6.7 per cent.

Capex for the year was \$326 million, representing 146 per cent of D&A. This included \$70 million of catch-up investment in heavy mobile equipment to strengthen the network and support reliability and production efficiency.

Slide 12 – Ryan Stokes Industrial Services - Boral Highlights

Concrete and cement sales volumes increased by 1 per cent and 3 per cent in FY25, supported by resilient demand from the commercial and engineering sectors.

Quarries volumes were lower, reflecting softer roading activity, particularly in regional areas, and the impact of a customer dispute.

Boral's ongoing sales effectiveness focus continued to deliver pricing traction, with uplift of 2 per cent to 5 per cent across the product suite.

Improved customer outcomes supported this traction, with Grade of Service up 5 per cent to 85 per cent and concrete Deliveries on Time improving 13 per cent to 86 per cent.

Looking ahead, residential activity is anticipated to recover from CY26, underpinned by government housing policy and interest rate expectations.

Major infrastructure projects on the East Coast are also expected to continue to provide a steady baseline of activity.

The cost efficiencies delivered in FY25 position Boral to drive operating leverage as volumes return in line with these market opportunities.

Slide 13 – Coates

Slide 14 – Ryan Stokes Industrial Services – Coates Highlights

Coates delivered a resilient result in FY25, with revenue of \$1 billion down 9 per cent in variable market conditions.

Performance was particularly impacted by lower customer activity in the South, where we experienced a 19 per cent revenue decline, and softer conditions in other regions as major projects are completed. Looking ahead, we expect key major projects and residential construction to drive activity.

EBIT of \$290 million was 9 per cent lower on a normalised basis, with margins remaining strong at 27.8 per cent.

EBITDA margin was slightly up at 46 per cent, reflecting continued cost discipline and operational efficiencies, including a reduction in R&M to sales to 17.5 per cent, supported by the ongoing roll-out of the hub and spoke model.

Coates also completed workforce and network refinement to better align with activity and optimise costs.

Slide 15 – Ryan Stokes Industrial Services – Coates Highlights

Time utilisation of 59.4 per cent was slightly below our high-performance target of 60 per cent and was supported by fleet relocation, leveraging Coates' national footprint and strong market share.

The year-end fleet value contracted slightly to \$1.85 billion on an original cost basis. Long-term fleet planning remains focused on maintaining financial and asset utilisation and market alignment.

EBITDA cash conversion of 94 per cent was a strong result in the context of working capital build and restructuring costs. Operating cash flow was \$458 million.

Coates launched its Grow30 strategy in July, targeting incremental share of the \$1.7 trillion infrastructure and construction pipeline.

The strategy focuses on building capability and presence in growth sectors, including renewables, utilities, defence, and residential building. This will be supported by improved sales execution, operating leverage, and enhanced use of technology and analytics.

Slide 16 – Energy

Slide 17 – Ryan Stokes Energy – Beach and SGH Energy

Beach delivered strong operational and financial results, underpinned by improved execution across the business.

Production increased by 9 per cent to 19.7 MMboe, driven by a 64 per cent uplift in the Otway Basin and a 91 per cent uplift in the Bass Basin.

Revenue rose by 13 per cent to \$2 billion, supported by higher production, stronger commodity pricing, and contribution from Waitsia LNG cargoes.

Net profit after tax was \$451 million, up 32 per cent on higher sales and an 18 per cent reduction in operating costs per boe.

Beach's result also includes a non-cash impairment, primarily related to lower oil prices and reserves revisions.

Beach declared a final FY25 dividend of 6cps, up 200 per cent on the PCP.

Operational improvements contributed to a lower free cash flow breakeven oil price, which is now below US\$30 per barrel.

The Moomba CCS project was also commissioned during the year, with over 1.0mt of CO₂ injected.

For FY26 Beach has provided guidance for production of 19.7 MMboe to 22.0 MMboe and capex of \$675 million to \$775 million.

Slide 18 – Ryan Stokes Energy – SGH Energy Highlights

SGH Energy continues to progress its two key gas projects, Crux and Longtom.

At Crux, SGH holds a 15.5 per cent interest in the Shell-operated LNG backfill project for Prelude.

Development is ongoing, and SGH's share of capex in FY25 was \$238 million.

First gas from the project is expected in CY27 and SGH intends to begin marketing our share of the LNG in CY26.

At Longtom, SGH holds 100 per cent interest in the field and existing infrastructure, located in the Gippsland Basin, offshore Victoria.

The resource was independently verified at ~87 PJ in 2024, and we are working with Amplitude Energy to progress pathways for the gas to the East Coast market.

Slide 19 – Media

Slide 20 – Ryan Stokes Media – Media Highlights

Seven West Media has maintained its position as the #1 total TV network in Australia now for a 5th consecutive year.

Revenue declined 4 per cent, reflecting a softer advertising market, partially offset by an increase in total television advertising share.

The business maintained a focus on costs, delivering a 3 per cent reduction in operating expenses.

Digital performance remains a highlight, with 7plus revenue up 26 per cent, active users up 27 per cent, and streaming minutes up 41 per cent.

For FY26, Seven West is targeting EBITDA to exceed current consensus expectations of \$161 million.

SGH's historic US\$100 million investment in the CMC funds has delivered US\$122 million in cumulative capital returns and realisations to June 2025.

In FY25, we received profit realisations of \$19 million, with further realisations expected in FY26. To date, Fund-1 has achieved a Gross IRR of 20.6 per cent and a MOIC of 2.46 times.

I will now hand over to Richard to take you through the FY25 financials.

Slide 21 – Richard Richards Title Page

Thank you, Ryan and good morning.

Slide 22 – Richard Richards Profit and Loss

SGH achieved a record financial result for the year, with revenue, margin, and earnings growth delivered in mixed market conditions.

Revenue of \$10.7 billion was up 1 per cent, or 2 per cent when adjusting for the sale of Coates Indonesia. This revenue growth was driven by 4 per cent at WesTrac and 1 per cent growth at Boral, partially offset by a 9 per cent contraction at Coates.

Expenses rose 1 per cent for the year, with higher machine COGS to support WesTrac's capital sales growth, offset by cost reductions at Boral, reflecting cost discipline, improved cost recovery, reduced subcontractor cartage and other operational efficiencies.

This relatively small uplift in expenses reflects the hyper focused attention to of SGH to drive operating leverage, promoted by the SGH operating model which supported significant EBIT margin expansion to 14.3 per cent.

SGH delivered 6 per cent higher EBITDA of \$2.1 billion, and 8 per cent higher EBIT of \$1.54 billion. The EBIT growth increases to 9 per cent when adjusting for the sale of Coates Indonesia.

Net finance cost of \$316 million was up 8 per cent, reflecting the higher debt level following completion of the Boral acquisition, partially offset by lower interest rates on floating debt and the benefits of an early refinancing of our SFA.

The underlying tax expense of \$293 million was up 39 per cent, primarily reflecting higher earnings contribution from our wholly owned businesses in the year, as well as lower utilisation of carry-forward losses at Boral.

Underlying NPAT attributable to SGH members rose 9 per cent to \$924 million, while statutory NPAT rose 13 per cent to \$523 million, primarily reflecting significant item losses from our equity-accounted investments.

Slide 23 – Richard Richards Significant Items

SGH's statutory result includes \$410m in pre-tax Significant Items, including a \$148 million share of Beach Energy's impairment of production assets and \$16 million relating to SGH's share of Seven West Media's Significant Items.

Mark-to-market adjustments on SGH's direct investments resulted in impairments of \$243 million for Beach and \$24 million for SWM, based on listed observed prices.

Other notable pre-tax items included \$12 million in restructuring costs at Coates and \$10 million relating to Boral Property.

Combined, these and other lesser items resulted in a \$401 million net reduction to after-tax statutory earnings for the year.

Slide 24 – Richard Richards Business Unit Earnings

This slide presents an EBIT bridge, with details of the absolute movement year-on-year for each component of the SGH result. It also includes a reconciliation to statutory EBIT.

WesTrac's EBIT increased by \$14 million, overcoming pricing related margin headwinds of in excess of \$60 million, highlighting the robust underlying customer demand for new machines and services.

Boral's EBIT grew by \$97 million, with a reduction in asphalt and quarries volumes more than offset by volume growth in cement and concrete, supported by cost efficiencies and pricing traction across its product suite.

Coates EBIT declined by \$37 million, or \$30 million adjusted for Coates Indonesia sale. The decline largely stems from the South, where softer customer activity led to a 19 per cent contraction in revenue.

Energy EBIT contribution increased by \$33 million, driven by a 32 per cent rise in Underlying NPAT at Beach, supported by 9 per cent production growth and an 18 per cent reduction in opex per barrel.

Media EBIT contribution grew by \$17 million, with lower earnings from SWM, more than offset by increased realised gains from our CMC investment.

In aggregate, these movements delivered a \$118 million increase in underlying EBIT to \$1.54 billion, or \$1.1 billion statutory EBIT after accounting for \$438 million of significant items.

Slide 25 – Richard Richards

Cash Flow

Operating cash flow increased by \$609 million to \$1.4 billion, reflecting a return to high cash conversion across SGH.

WesTrac operating cash flow improved significantly, as inventory levels normalised following investment in the prior year to support customer demand.

This drove SGH's cash conversion of 95 percent, up significantly year-on-year, though in line with historical averages.

Dividends from equity accounted investees totalled \$50 million, including contributions from Beach and distributions received by WesTrac and Boral.

Net finance costs were \$317 million, up \$62 million on the prior year, reflecting higher average debt levels post the Boral acquisition.

Income tax paid decreased by \$33 million to \$203 million, including Australian and US tax refunds received by Boral.

Net investing cash outflows increased by \$210 million to \$678 million, reflecting higher capex payments on Crux, and investment in Boral's quarry portfolio, moderated by reduced fleet reinvestment in Coates, reflecting our disciplined approach to capital allocation.

Net financing cash outflows rose to \$1.2 billion, largely driven by \$677 million in net debt repayments, \$182 million to acquire the remaining minority interest in Boral, and \$244 million in SGH dividend payments.

Closing net debt decreased by \$150 million to \$4.2 billion on net repayment of borrowings.

Slide 26 – Richard Richards

Balance Sheet

SGH's net assets increased by \$679 million to \$4.8 billion, driven by investment in oil and gas assets and PP&E, as well as \$150 million lower net debt.

Inventory decreased by \$90 million, primarily from lower new machine and parts stock at WesTrac, following targeted working capital initiatives.

Producing and development assets increased by \$255 million, reflecting continued investment to bring Crux into production.

Property, plant and equipment rose by \$125 million, largely reflecting Boral's quarry and plant acquisitions coupled with their investment in catch-up HME.

Equity-accounted investments decreased by \$300 million, following SGH's share of impairments at Beach and SWM and a marking-to-market of our carrying value in each based on their prevailing share prices.

Trade and other payables reduced by \$262 million, largely reflecting the finalisation of the Boral compulsory acquisition payments.

Slide 27 – Richard Richards Capital and Liquidity Management

Adjusting for \$99 million of positive mark-to-market on debt-related derivatives, SGH's adjusted net debt to EBITDA, or leverage, was slightly below 2 times at 30 June, down 10 per cent and in line with our deleveraging targets.

We remain committed to maintaining a strong and flexible balance sheet. Available liquidity was \$1.9 billion at year-end, including \$440 million of uncommitted facilities.

We have continued to take proactive steps to strengthen and extend our funding base. During the year, we refinanced key syndicated facility tranches with tenors of five and seven years. There are now no corporate bank facility maturities until FY29.

69 per cent of SGH's drawn debt is now fixed, up from 48 per cent in FY24. The weighted average interest rate on fixed debt is 5.2 per cent, with an average remaining tenor of 4.8 years.

SGH's effective all-in borrowing cost is 5.4 per cent, and the weighted average facility maturity is 4.3 years.

These actions reflect our disciplined approach to balance sheet management and position SGH well to support growth and capital allocation priorities into FY26.

I will now hand back to Ryan. Thank you.

Slide 28 – Ryan Stokes Priorities and Outlook

Slide 29 – Ryan Stokes SGH Closing and Outlook – FY26 Priorities

Thank you, Richard.

In FY26, SGH will focus on delivering operating execution through four key focus areas.

First is cadence. Through the SGH Way we will continue to push a structured operating rhythm that drives accountability, consistency and performance deep into our businesses.

Second is sales effectiveness. Driving stronger sales performance and results supported by data-driven market insights, stronger customer alignment, and sales discipline.

Third is operating leverage. Continuing the focus on costs and margins, applying our continuous improvement approach, supported by clearly defined performance metrics.

And fourth is innovation. Focused on how we can utilise technology to deliver operational enhancements and improved customer outcomes.

These priorities build on the strong foundations already in place and reflect the next phase of disciplined execution across SGH.

That discipline has underpinned our performance over the past decade, delivering a 10-year EBIT CAGR of 20 per cent, and top-decile TSR of over 1,000 per cent, compared to the S&P / ASX 100 at 135 per cent.

Slide 30 – Ryan Stokes **SGH Closing and Outlook – FY26 Guidance**

Looking to FY26, WesTrac is expected to continue delivering Services growth, supported by strong customer activity and an ageing fleet profile. We expect this will be partially offset by a normalisation of Capital Sales, as major fleet deliveries moderate from recent highs.

At Boral, operating momentum has continued into FY26. Growth is expected to be underpinned by an improving go-to-market strategy and ongoing cost and operational efficiencies.

Near-term market conditions remain mixed for Coates. However, the medium-term outlook is positive, supported by macro settings and execution of the Grow30 strategy.

At SGH, we remain committed to disciplined capital management to support our sustainable value creation and TSR outperformance objectives.

Finally, the margin expansion delivered in FY25, and outlook for our core sector exposures supports SGH earnings guidance of:

“Low to mid single-digit EBIT growth expected in FY26”.

Slide 31 – Ryan Stokes **The SGH Way**

Thank you for your interest and continued support. We will now open to questions.

TRANSCRIPT OF Q&A

- Operator: Thank you. If you would like to ask a question via the phone, press star key followed by the number one on your telephone keypad. Your first question comes from Niraj Shah from Goldman Sachs. Please go ahead.
- Niraj Shah: Morning Ryan and Richard. Just one on WesTrac and parts pricing in particular. I think over the last 12 months, mapping against currency has been tricky given the timing leads and lags, but is there any colour you could provide on the 1 July pricing dynamics?
- Ryan Stokes: Yes, we can. We see a 1 July increase of mid single-digit but we do expect that to reverse in the second half as we look at currency mix. It is very difficult to pick it on a currency peg, but our view is it will be a slight increase in first half and probably moderate to slight reduction in the second half. The net through FY26 should be a low single-digit positive. But that, again, is our forecast and expectation.
- Niraj Shah: Great and the second one on Coates. I saw time utilisation in the second half looks like it's sequentially at least improved. Could you just give us some colour on how that progressed through the half and the exit rates there if possible?
- Ryan Stokes: The exit rate is probably tracking closer to that continuation of improvement. So, it's been a gradual trace. We had honestly hoped to hit 60 per cent for an end result. But in South it was probably a bit more challenging. The movement of gear around the country has been a key factor in that. Where we sit in a July context is certainly at that 60 per cent, so we've seen that start to step up as we focus in on utilisation. The trend looks positive but it's slowly moving in that right direction. That's probably how we characterise it.
- Niraj Shah: Great. Thank you.
- Operator: Your next question comes from Peter Stein from Macquarie. Please go ahead.
- Peter Stein: Good morning, Ryan and Richard. Thank you very much for your time. Just to extend the questioning on WesTrac for a second, services revenue certainly looked like it was fairly soft in the second half. Now, appreciating that the price deflation that you saw would have impacted that, but it feels like volumes probably were pretty flat. Could you perhaps just comment on your service experience, and then what do you think, or how will FY26 unfold in the context of both price but also, more importantly, volume expectations?
- Ryan Stokes: I would say in a macro context, the demand, through what we're seeing in customer activity, remains strong. What we saw in the second half is probably this position which we spoke about in February around a

customer focus on costs and where that can play through is a rescheduling of work, deferment of work, and that's certainly a factor that played into the demand profile. So, I would say it's probably a factor of that price play through in the result but also just a bit of work deferment as that played into H2. It's probably playing a bit into FY26, but there is only so long you can defer the work before it has to be done. So that process, we expect to see play through, but overall net, we expect services growth into FY26 supported by overall customer activity.

Peter Stein: Thanks, Ryan. Then if I may sneak just a second one. In terms of Boral's outlook, it certainly seems like you've coloured in FY26 a lot around efficiencies. Just curious what your expectations are for volume, particularly as you see residential start recovering, you're commenting about that in the context of Coates, but less so in Boral?

Ryan Stokes: I would say if we look around the drivers of activity in FY25, nearly half the business relates to some form of residential in the context of multi-residential or alterations and additions within Boral, but we're seeing strong commercial and infrastructure activity. We expect that to continue to play through in FY26. We don't expect a recovery in the overall residential market in calendar year 2026, not in the first half, but we do expect to see that play through more in H2. But again, without seeing the indicators of that from construction activity, that is just more a feel perspective, than any form of forecast at this point, but overall, we're expecting volumes to be relatively consistent going through FY26, and if there is that step up in activity, that should support some volume growth in FY26. But without seeing the early indicators of that, our base assumption is a pretty steady volume outlook for FY26.

Peter Stein: Great. Thanks, Ryan. Appreciate the colour. I'll leave it there.

Operator: Thank you. Your next question comes from Ramoun Lazar from Jefferies. Please go ahead.

Ramoun Lazar: Good morning, Ryan and Richard. Just a continuation on the Coates discussion, just the second half, you called out the softening conditions in the southern regions. Just wondering, what are you seeing in the first six weeks of the year? Have there been any signs in those southern regions to suggest the macro has stabilised, or starting to stabilise there?

Ryan Stokes: If I add context, it certainly feels like it's stabilised, not deteriorated from where that runway was in the southern region. We're seeing overall mixed conditions around timing of projects in other markets, but overall, we're seeing a similar H2 dynamic play through in 1H. We anticipate that starting to recover more in H2 than in H1 from a Coates outlook perspective.

Ramoun Lazar: That's clear. And then just Boral, on the mid-teen margin target, it sounds like FY26, you're expecting relatively flat-ish volumes from your previous comments. Do you think with the self-help initiatives still there, that mid-teen target can be achieved on a flat sort of volume outcome next year or in FY26?

Ryan Stokes: Look, to be honest, the volume result from a '24-'25 perspective is relatively flat, so that itself shouldn't impact our ability to drive the performance improvement. The plan is to continue to optimise the business and drive efficiencies, improve customer service. That ultimately should aim to support that margin expansion, and we definitely see that playing through in that current volume outlook.

So, to the point earlier, if we're looking at a base assumption of a pretty consistent volume outlook for FY26, we do think we can drive that margin improvement through those initiatives. Again, price will be a factor, but a smaller factor as we look at closer to CPI type increases. But fundamentally our focus will be on holding that price that's been realised and then looking at what we can do to drive efficiency through the business and there are still a lot of initiatives underway that should get us towards that ambition.

Ramoun Lazar: Okay great, I'll leave it there if that's clear. Thank you.

Operator: Thank you. Your next question comes from Shaurya Visen from Bank of America. Please go ahead.

Shaurya Visen: Morning Ryan, morning Richard. Just a quick follow up on Boral. So, second half margins of around 11.7 per cent, you compare that to the first half of 14 per cent. Would that be just normal seasonality or anything else you would want to call out? And just as an extension, if that's normal seasonality would we expect first half margins to sort of trend back to the 1H FY25 margins? And I had another follow up post that.

Richard Richards: Good morning, Shaurya. I think the answer is yes, it is consistent with that seasonal adjustment. I think we highlighted at the half-year that the number of working days in the second half versus first half was certainly lower. I think we also called out the fact that you had Easter and Anzac Day effectively merging meant that there was a couple of weeks of effectively lost production right through the construction industry. So, in that context, it certainly reflects those externalities. We would expect effectively a strong 1H this year consistent with 1H last year.

Shaurya Visen: Thanks Richard. Ryan, quick one for you on Boral. Can you just give us an update on the CEO transition? Where are you in terms of the process right now?

Ryan Stokes: To be honest, we announced the changes occurring in the year, only on the first of July. So, I'd say it's pretty consistent with that prior announcement. We're working through that process. Vik's firmly in the chair driving the business today. The appointment of Matt McKenzie as COO certainly provides a bit of support in that process. But there's not really much more colour we would add at this point in time.

Shaurya Visen: Okay, thanks Ryan.

Operator: Thank you. Your next question comes from Brook Campbell-Crawford from Barrenjoey. Please go ahead.

Brook Campbell-Crawford: Good morning, thanks for taking my question. I had one on WesTrac parts. Just wanted to check, Ryan, you mentioned that overall for FY26 it could be a low single digit parts price increase. I guess in our calcs that should drive sort of low single-digit group EBIT growth alone, which gets you to the bottom end of the range. So just checking if that's the right way to think about it for this year?

Ryan Stokes: Kind of, it's a bit simplistic in looking at it as a single driver. Other factors play into it, but overall, that's the right viewpoint from a parts perspective and the notion of overall services growth. But again, the point on customer focus on cost is another factor that play into that. So, if there's a continuation of how they look at scheduling work, that does play into it.

But again, more timing related than anything else. But I wouldn't want to just take a simple parts price plug and then assume the SGH earnings as a result. Richard, you can add to that.

Richard Richards: I think also, as you highlighted, Ryan, first half we get a parts price increase, but we are actually, just based on currency movements, expecting a decrease in the second half, which will actually therefore ameliorate the impact of parts price increases in an absolute sense. So, I think that also needs to be factored into your thought process.

Brook Campbell-Crawford: Got it. Understood. And just maybe one on M&A, do you mind just providing the latest thoughts around M&A there, just your thinking, and if it's changed at all over the last, I guess, several months, there wasn't a huge amount of sort of commentary on that part of the strategy in the result material. So just checking your latest thinking there. Thanks.

Ryan Stokes: Firstly, want to just emphasise, the strength of the operating cash flow of the group to get our leverage below the 2 times objective. We had that as a target, we didn't set that as a specific target for FY25, but very pleased to do that within this financial year. It certainly gives us plenty of opportunities, but we'll be disciplined in that context.

I'd point you to the material we provided at the Investor Day, because we actually ran through that capital allocation framework in detail, plus the seven core criteria where we screen opportunities. That's extremely transparent as far as how we look at opportunities, and that's consistent today. I think that's the best way to try and frame that. At this point, we're focused on driving our businesses and deliver FY26, but we certainly have capacity for opportunities to emerge.

Brook Campbell-Crawford:

That's clear. Thanks.

Operator:

Thank you. Your next question comes from Lee Power from JP Morgan. Please go ahead.

Lee Power:

Good morning, Ryan, Richard.

Ryan, just on the quarry volumes, they were down again, price is up again, which seems to be consistent with the recent trends, I note that you've called out some moving past around a Deer Park dispute, and I'm assuming there's some weather in there. Should we, like, is there something that this trend is going to continue or is it some sort of active decision that you've made, I'm just trying to break out like quarry location versus the regional roading mix versus, you holding back on volumes to try and push price?

Ryan Stokes:

No, definitely not the latter. I'd say the dispute was a big factor into the volumes and it doesn't take a lot if you look at the total impact in a volume context, so that's the dispute aspect. Secondly the overall asphalt activity is another key factor. So that is quite a big pull through in the aggregate demand. They're the two key contributors to overall volume from a quarry perspective, but from a strategic perspective, we're continuing to try and optimise the assets. Our focus is how we get the quarry assets working more efficiently, more effectively, not about constraining volumes at all. It's really about how we drive that and how we keep that discipline on price but ultimately get our quarry assets working more effectively. We've invested quite a bit through the period in quarries, in both sand and aggregate quarries, both extending life and new assets, so we continue to invest to build out the portfolio and our team have done a lot of work on extending quarry life, to address the short life quarry issues that somewhat existed within Boral. So, we continue to drive the quarry opportunity, and we want to see that volume grow, and it should grow off the back of that dispute being resolved and also expectations that asphalt will start to see growth.

Lee Power:

Okay, excellent. And then just to follow up, going off of Brook, like obviously if you mentioned leverage down again, how do you think about the level of invested capital in things like Boral and just across the existing operating business, like you've called out a couple of things around

quarries that you've done, are there any kind of near-term opportunities that you think present themselves in the existing business or is it more just wait for something external?

Richard Richards: I think seminal to the capital allocation framework is that the first use of capital is actually making sure that all of our businesses have access to sufficient capital to grow organically their businesses. In that context we did identify 18 months ago an extra \$300 million in Boral to effectively improve their quarry position to deal to short life quarries, as well as HME. I don't think that has changed at all.

Are there other opportunities in the network? We will continue to look at markets where there are opportunities. I think there are some, but beyond that, I think we will continue to support Boral to grow organically through things like recycling. We're making investments there and we're continuing to effectively progress the development of some of their property portfolios. So, we certainly continue to see deployment in capital in Boral and in an organic context as being constructive for the group.

Ramoun Lazar: Excellent. Thanks for the colour.

Operator: Thank you. Your next question comes from Nathan Reilly from UBS. Please go ahead.

Nathan Reilly: Morning, gents. First one is in relation to Coates. Ryan, keen to get your thinking on the current outlook for the domestic infrastructure cycle.

I'm also keen to understand how that aligns with your thinking in terms of your Grow30 strategy in terms of what you're, I guess, chasing in terms of addressable market and also market share opportunities for Coates. And I guess finally, just how that all plays through in terms of current decisions around fleet, in terms of the composition of your fleet.

Ryan Stokes: From an overall opportunity context, and there are a number of different data sets that we look through to get a feel for what's happening across the market, and overall, the Macromonitors or whoever else you use, highlights that there's a dip in the acceleration of infrastructure activity, which is a little bit what it feels like and what we're kind of seeing.

A question mark from that is the outlook in Victoria is a little more complex to read because I don't think it quite has the same recovery expectation. But certainly in New South Wales, Queensland, WA and South Australia, all have a pretty positive outlook and we're starting to see elements of that, although you can point to deferment of project commencements, but overall, the pipeline of activity remains quite strong.

The Grow30 strategy for us is about how we look at those different opportunity sets, be it other segments we're not quite as strong in, that we need to be leaning into, couple that a much stronger focus on sales

execution and we want to grow that share. I would say, if I look through, it certainly hasn't been a highlight in the second half of FY25. We've been pushing but haven't seen that translation of that competitiveness in a sales context as much as we would like. Hence the focus is now on how we drive that. We still think we can grow share. We still think we've got fleet positioned in the right locations and the ability to move to where there is demand and ultimately have the right base of fleet and original cost basis.

All of which sets Coates up to play into that market activity. From a fleet profile perspective, I don't see there being a radical change. The unique nature of Coates is any capex on fleet is set to look at what that 10-year demand profile is for that gear. The fleet profile will evolve over time and we're very comfortable with how that's positioned. We still think we can go after opportunities in those other segments with the existing fleet profile we have, so that's not a massive change in that context.

For us it feels like it's about how we focus our resources from a capability perspective and ultimately that performance perspective. It will drive some of those sales opportunities. That is what we're expecting, and as a bit of organisational restructure, the appointment of a Chief Revenue Officer, to drive that accountability for sales has been one of the steps to help drive the performance of Coates into FY26.

Nathan Reilly: Thank you. And switching gears and just talking about Crux. Can you give us an update in terms of your plans for marketing those LNG cargoes? And if you can, maybe just an update in terms of your thinking on potential EBIT contribution into FY27 and FY28?

Ryan Stokes: I'll talk to the first part and then hand to Richard. We call that out, we've got time to market the gas. It's relatively simple. There are two key products coming out, LNG and liquids. The liquids we are likely to co-market with Shell, just given the volumes. We'll look to enter into an arrangement around the sale of our proportion of the LNG cargoes. So that is going to be a focus for us in FY26. It's not hugely dissimilar to the dynamic that Beach set up with its marketing of LNG cargoes from Waitsia. Our view is we have some understanding about that process, and we'll aim to pick the right timing to market the gas. Richard can talk to financials.

Richard Richards: In terms of, Nathan, if I talk to EBITDA, in a cash flow context, in full production, we expect Crux to throw off in the order of between A\$200 million and A\$250 million of cash. In terms of earnings, it'll throw off a little less in terms of EBIT, probably about A\$100 million of earnings. So, it certainly will be a significant earnings contributor in full production.

It's a unique asset to SGH, in the context of, you have a tier one operator, you have a reasonable reserve life, but in terms of capital reinvestment,

unlike an E&P company, we would literally be able to liquidate off the position via production, which makes it very attractive to SGH.

Nathan Reilly: Thank you.

Operator: Thank you. As there are no further questions at this time, that does conclude our conference for today. Thank you for participating. You may now disconnect. The Event has ended.

[END OF TRANSCRIPT]