Company Profile

SGH Limited (SGH.AX)

SGH Limited (SGH) is an Australian diversified operating company with businesses across equipment hire, construction materials, media, broadcasting and energy assets.

WesTrac: WesTrac is the authorized Caterpillar dealer in Western Australia, New South Wales, and the Australian Capital Territory. It provides heavy equipment sales and support. Allight designs, manufactures, assembles, distributes, and supports mobile lighting towers and distributes FG Wilson generators and Perkins engines.

Coates: Coates is an equipment hire company in Australia. It provides general and specialist equipment to markets such as engineering, building construction and maintenance, mining and resources, manufacturing, government, and events.

Boral: Boral is an integrated construction materials company in Australia. It produces and sells materials such as quarry products, cement, concrete, asphalt, and recycled materials. The company operates in all Australian states and territories.

Energy: Energy refers to SGH's wholly owned interest in SGH Energy Pty Limited and its equity investment in Beach Energy Limited.

Media investments: Media investments relate to investments in listed and unlisted media organisations, including Seven West Media Limited and private equity investments in China.

Snapshot

Last Price	$43.35
Market Cap.	$17,543 million
52 Week High/Low	$51.99 - $35.36
Shares on issue	404 million
GICS Industry	Trading Companies & Distributors

Key Dates

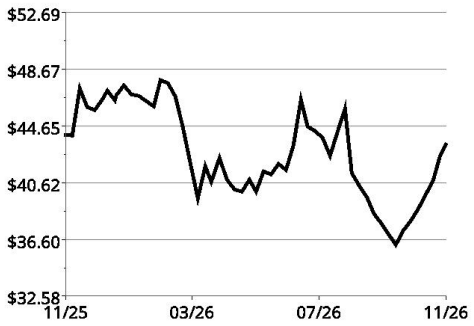
Accounts Close	30 June
AGM	17 Nov 2021
Listing Date	30 Apr 2010

Investment Fundamentals

		2026A	2027E	2028E	2029E
Sales Rev.	$m	10,589	11,110	11,834	12,500
Rep Profit	$m	689.2	936.7	1,051.3	1,124.1
Norm Profit	$m	920.1	936.7	1,051.3	1,124.1
Rep EPS	¢	168.8	232.7	268.8	295.1
Norm EPS	¢	225.4	232.7	268.8	295.1
Rep PE	x	20.7	18.9	16.4	14.9
Norm PE	x	19.5	18.9	16.4	14.9
DPS	¢	64.0	78.0	83.0	88.0
Yield	%	1.4	1.8	1.9	2.0
Franking	%	--	100	100	100
ROE	%	17.7	17.8	19.5	20.1

Source: Ord Minnett

Share Price Chart



Total Return on $10,000 Investment



This report is to be read in conjunction with the disclaimers on page three.

Ratios and Substantial Shareholders

		2022A	2023A	2024A	2025A	2026A
Profitability Ratios						
EBITDA Margin	%	18.24	17.77	18.13	19.14	19.60
EBIT Margin	%	12.32	12.45	13.37	14.45	14.68
Net Profit Margin	%	6.44	6.77	7.98	8.74	9.16
Return on Equity	%	14.54	16.67	20.73	19.65	18.65
Return on Assets	%	5.49	6.66	8.01	9.14	9.22
Debt/Safety Ratios						
Net Debt/Equity	%	125.41	108.36	129.25	107.96	92.17
Interest Cover	x	3.72	4.17	4.70	4.77	5.20

Top 5 Substantial Shareholders

KM Stokes and associates	50.9%
Australiansuper Pty Ltd	7.1%

Source: Morningstar

Principals & Directors

Principals

Company Secretary Mr Warren Walter Coatsworth

Directors

Mr John Charles Gillam (Non-Executive Director,Non-Executive Chairman)
Mr Ryan Kerry Stokes (Executive Director,Chief Executive Officer,Managing Director)
Mr David Ian McEvoy (Non-Executive Director)
Mr Christopher John Mackay (Non-Executive Director)
Hon Warwick Leslie Smith (Non-Executive Director)
Mr Mark Graham Johnson (Non-Executive Director)
Mr Vikas (Vik) Bansal (Executive Director)
Ms Katherine(Kate) Leigh Farrar (Non-Executive Director)
Ms Rachel Argaman (Herman) OAM (Non-Executive Director)

Source: Morningstar

Recent Operational History

11 August 2026 - SGH announced revenue of $10.6bn -2%, EBIT of $1.6bn up 1%, demonstrating earnings resilience. EBIT margin of 14.7% up 40bp, enabled by improvements at Boral and WesTrac. Industrial Services EBIT of $1.5bn, up 4%, led by Boral and supported by margin expansion at WesTrac. NPAT of $920m and EPS of 226cps flat; statutory NPAT of $655m up 35%

11 August 2026 - SGH announced that the company its results for the full year ended 30 June 2026, delivering earnings growth in line with guidance, continued margin expansion and further balance sheet strength. The result was driven by the company's relentless operating discipline, highlighted by margin expansion at Boral and WesTrac. Revenue of $10.6bn was broadly in line with the prior year, with underlying growth at Boral, offset by the previously announced normalisation of capital sales at WesTrac.

22 June 2026 - SGH announced that the Company has approved an on-market buy-back of its ordinary shares of up to $500m over the next 12 months. The buy-back reflects the Company's disciplined approach to capital management. Following a sustained period of robust operating cash flow and de-leveraging, the Company's leverage has reduced below its through-the-cycle target of 2 times (Adjusted Net Debt to EBITDA). The end of the blackout period will allow the Company to commence the buy-back on or about 11 August 2026.

Peer Analysis

Company Name	Code	Recommendation	Market Cap ($m)	Price ($)	PE (x) 2027	PE (x) 2028	EPS Growth % 2027	EPS Growth % 2028	Dividend Yield % 2027	Dividend Yield % 2028	Franking % 2027	Franking % 2028
SGH	**SGH**	**Buy**	**17,543**	**43.35**	**18.9**	**16.4**	**3.2**	**15.5**	**1.8**	**1.9**	**100**	**100**
Worley	WOR	Hold	4,960	10.25	14.8	12.1	9.0	22.4	4.9	4.9	--	--
Ventia Services Group	VNT	Buy	4,119	5.05	13.7	12.6	11.5	9.0	5.5	6.0	--	--
Monadelphous	MND	Accumulate	3,520	34.99	28.0	25.6	-1.3	9.2	3.1	3.4	100	100
NRW Holdings	NWH	Hold	3,188	6.91	16.2	14.5	12.3	11.7	4.1	4.5	100	100
SRG Global	SRG	Hold	2,242	3.54	24.8	22.4	20.8	10.3	2.4	2.8	100	100

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Guide to Ord Minnett recommendations

Our recommendations are based on the total return of a stock – nominal dividend yield plus capital appreciation – and have a 12-month time horizon.	
SPECULATIVE BUY	We expect the stock's total return (nominal yield plus capital appreciation) to exceed 20% over 12 months. The investment may have a strong capital appreciation but also has high degree of risk and there is a significant risk of capital loss.
BUY	The stock's total return (nominal dividend yield plus capital appreciation) is expected to exceed 15% over the next 12 months.
ACCUMULATE	We expect a total return of between 5% and 15%. Investors should consider adding to holdings or taking a position in the stock on share price weakness.
HOLD	We expect the stock to return between 0% and 5%, and believe the stock is fairly priced.
LIGHTEN	We expect the stock's return to be between 0% and negative 15%. Investors should consider decreasing their holdings.
SELL	We expect the total return to lose 15% or more.
RISK ASSESSMENT	Classified as Lower, Medium or Higher, the risk assessment denotes the relative assessment of an individual stock's risk based on an appraisal of its disclosed financial information, historical volatility of its share price, nature of its operations and other relevant quantitative and qualitative criteria. Risk is assessed by comparison with other Australian stocks, not across other asset classes such as Cash or Fixed Interest.

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