ASX Release

11 August 2026

Company Announcements Office
ASX Limited
Level 27, 39 Martin Place
Sydney NSW 2000

2026 FULL YEAR RESULTS – PRESENTERS' NOTES AND Q & A

SGH Ltd (ASX: SGH) attaches the presenters' notes and Q & A transcript for the FY26 Full Year Results Investor Presentation.

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

For investor information, please contact:
Daniel Levy – Head of IR and Communications
+61 28777 7106 | investorrelations@sghl.com.au

For media enquiries, please contact:
Robert Skeffington – FTI Consulting | +61 427 023 810
Robert.skeffington@fticonsulting.com; or

Shane Murphy – FTI Consulting | +61 420 945 291
Shane.murphy@fticonsulting.com

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 ~20% shareholding in Southern Cross Media Group.

SGH FY26 Results Presentation
Speaker Notes
11 August 2026

Slide 1 – Ryan Stokes
Opening Title Slide

Good morning and welcome to the SGH results presentation for the year ended 30 June 2026.

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

Slide 2 – Ryan Stokes
SGH – Who We Are

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

Our strategy is centred on owning and operating market-leading businesses with privileged assets and scale.

We are Australian-focused, with exposure to long-duration demand thematics, including the $1.7 trillion five-year infrastructure and construction pipeline, the National Housing Accord, a strong mining production outlook, and growing demand for domestic gas and LNG.

Our approach is guided by the SGH Way operating model, which brings together disciplined capital allocation, execution, and accountability, enabled by an owner's mindset.

We are frontline focused, and relentless operators in driving incremental gains, which compound to support our long-term performance.

Slide 3 – Ryan Stokes
SGH – FY26 Result Highlights

SGH delivered earnings growth in line with guidance in FY26, along with margin expansion, strong cash generation, and further reduction of leverage.

Revenue of $10.6 billion was broadly flat, while EBITDA of $2.1 billion increased 2%, and EBIT of $1.6 billion was up 1%.

The result was driven by our Industrial Services businesses, which grew EBIT by 4% to $1.5 billion.

The Industrial Services growth was led by 14% EBIT growth at Boral and 1% growth at WesTrac.

Coates maintained its margins in a variable construction market, while lower contributions from Energy and Media reflected a lower share of equity accounted earnings.

Operating cash flow of $2.1 billion increased 6%, reflecting the quality of earnings across the business.

Slide 4 – Ryan Stokes
The SGH Way: Our Operating Model in Action

The SGH Way defines how we operate, measure performance, and hold ourselves accountable. Our strategy sets the direction, our operating cadence drives disciplined execution, and that execution delivers operational excellence.

Performance is measured through the Balanced Scorecard. Each metric is quantified, tracked and owned by an accountable leader, at every level of the business.

Delivering on these metrics supports profit, return on capital, and TSR, and drives the flywheel to support our long-term ambitions.

Slide 5 – Ryan Stokes
Section – People

Title Slide

Slide 6 – Ryan Stokes
SGH – People and Safety

Safety is a key priority for SGH. In FY26, LTIFR improved 38% to 0.5, and TRIFR improved 29% to 2.2. Every business improved, reflecting targeted programs across critical risk controls and consequence management.

Approximately 85% of SGH's 15,000-strong workforce are in frontline roles, directly creating customer value.

In FY26 275,000 hours of training were delivered, largely directed to these frontline roles, building technical, operational and commercial capability.

Female representation increased 100 basis points over the year to 20%.

Slide 7 – Ryan Stokes
SGH – Sustainability

Boral lifted alternative fuel usage at the Berrima cement plant to 48% in FY26, reducing emissions while delivering commercial benefits.

WesTrac also continues to play a key role in the circular economy, remanufacturing more than 10,000 components and rebuilding over 200 machines during the year.

Our approach to sustainability focuses on initiatives that deliver outcomes across the three dimensions of social, environmental, and commercial aspects.

Slide 8 – Ryan Stokes
Section – Operations

Title Slide

Slide 9 – Ryan Stokes
Operations – SGH FY26 Results

Revenue of $10.6 billion was largely flat, while EBIT of $1.6 billion grew 1%, with margin expanding 40 basis points to 14.7%.

NPAT of $920 million and earnings per share of $2.26 were both flat, while Statutory NPAT of $655 million increased 35%.

Operating cash flow of $2.1 billion at 99% EBITDA cash conversion drove net debt lower, with leverage down 12% to 1.8 times, below our target range.

That strength supported a 3% increase in total dividends to 64 cents per share, fully franked. It also funds the on-market buy-back of up to $500 million commencing following these results, while retaining our capacity and focus on value-accretive M&A.

Slide 10 – Ryan Stokes
Operations – WesTrac

WesTrac delivered earnings growth, driven by strength in product support activity.

Revenue of $5.8 billion contracted 6%, reflecting the previously flagged normalisation of capital sales. EBIT of $647 million was up 1%, with services growth and disciplined cost control more than offsetting the capital sales movement.

EBIT margin expanded to 11.2% on the higher services mix and improved productivity.

Return on capital employed expanded to 24.6%.

Services revenue of $4.1 billion grew 6% on parts volume growth, service rate gains and increased Parts Exchange activity.

Rebuild activity was at record levels, with multi-year run-life extension programs for tier-one miners delivered on schedule.

The installed machine base continues to age, underpinning long-term parts, service and rebuild demand.

While capital sales normalised to $1.6 billion, the medium-term opportunity pipeline remains strong.

Slide 11 – Ryan Stokes
Operations – Boral

Boral delivered earnings growth and margin expansion in FY26.

Revenue of $3.8 billion was up 5% on volume growth and value-led pricing.

EBIT of $535 million increased 14%, with EBIT margin expanding 113 basis points to 14.1%.

Operating cash flow of $779 million was up 13% at an EBITDA cash conversion of 100%.

Volumes grew across every product, led by 7% growth in concrete.

Growing volume and price together reflects a strengthening customer value proposition, highlighted by 3% higher deliveries on time at 88%, and 5% higher grade of service at 90%.

Work to variabilise costs across labour and transport continues to support margin expansion.

Slide 12 – Ryan Stokes
Operations – Coates

The Coates earnings result was below our expectations. The actions taken to hold margins demonstrate the discipline and resilience of the business.

Revenue of $1.0 billion was 3% lower. EBIT of $270 million at a margin of 26.7% was maintained through disciplined cost and efficiency actions.

Time utilisation rose 160 basis points to 61%, driven by sales execution, the hub-and-spoke branch model and fleet management.

The fleet grew 2% to $1.89 billion on an original cost basis, demonstrating our confidence in the business.

The infrastructure pipeline is expected to mobilise into FY27, including works ahead of the Brisbane Olympics. Coates is well positioned to drive operating leverage as market activity grows.

Slide 13 – Ryan Stokes
Operations – Beach Energy

Beach's FY26 production of 19.4 Mmboe was 2% lower, with revenue of $1.8 billion, EBIT of $559 million, and NPAT of $355 million, providing SGH with $107 million of equity accounted EBIT.

Beach commenced production operations at the Waitsia Gas Plant during the year, which reached nameplate capacity of 250 terajoules per day in April.

The business also optimised its portfolio, with the divestment of Artisan enabling the redirection of growth capital.

Beach was also awarded new onshore acreage during the year, including in the Taroom Trough, giving Beach access to a new basin.

On policy, the proposed domestic gas reservation framework as drafted is a fundamental threat to the domestic gas industry. It puts thousands of jobs, billions of dollars of tax, and Australia's long-term energy security at risk. We are engaging directly with government to advocate for practical changes to ensure the domestic gas sector can deliver reliable and affordable gas for Australian manufacturers.

Slide 14 – Ryan Stokes
Section – Assets

Title Slide

Slide 15 – Ryan Stokes
Assets – SGH

SGH's privileged assets are actively managed to maximise return on capital.

Our focus on returns and long-term performance anchors every asset decision. The Capital Allocation framework prioritises disciplined investment to drive returns and preserve balance sheet capacity for the next leg of growth.

At Boral, network investment across concrete, quarries and bitumen extends the integrated asset advantage. The Marulan quarry upgrade is about to commence, and we continue to actively progress network opportunities.

At Coates, capital is being deployed across the fleet, with investment directed to categories that are supported by the strongest demand, customer pipeline and utilisation.

Slide 16 – Ryan Stokes
Assets – Crux LNG Backfill Project

Crux is a large LNG resource on a lower-risk backfill development pathway, approaching first gas in the second half of calendar 2027.

The gross resource is approximately 1.6 tcfe, with an expected production life of 12 years.

SGH's 15.5% interest is expected to deliver a net plateau of 400,000 tonnes of LNG per year, or circa five to six cargoes.

Construction advanced in FY26, with the platform topsides installed and hook-up and commissioning underway. SGH's investment in FY26 was $194 million.

Offtake marketing commenced during the year, with strong interest reflecting the growing demand environment. We expect to contract offtake as production approaches.

Slide 17 – Ryan Stokes
Assets – Property

SGH holds a substantial surplus property portfolio of approximately 3,700 hectares, where we are pursuing the highest and best use.

Ravenhall is the current development focus, with close to 630 hectares of land, 20 kilometres from the Melbourne CBD in a key logistics corridor.

Once developed, the precinct is planned to provide approximately 2.5 million square metres of net lettable area.

Boral has a 50/50 joint venture with Dexus to develop Ravenhall. Boral contributes the land and Dexus brings capital and execution capability.

Work is progressing on the rezoning, and development will then proceed through staged superlots to unlock value progressively.

Slide 18 – Ryan Stokes
Assets – Surplus Property Portfolio

Beyond Ravenhall, we are progressing property opportunities at Bombo, Waurn Ponds and Penrith Lakes.

Bombo is a former quarry near Kiama in NSW, with Master planning underway for a future mixed-use precinct.

Waurn Ponds is a former cement site near Geelong, covering 1,000 hectares. Planning is underway to support future industrial and commercial use, including data centres.

Penrith Lakes is a rehabilitated quarry precinct in Western Sydney. Boral owns 40% and 330 hectares have been identified for potential development through a state-led rezoning process.

Slide 19 – Ryan Stokes
The Next Leg of Growth

SGH has a strong medium-term growth pipeline expected to deliver additional earnings and cash flow.

Crux is on track to deliver first gas in FY28, adding a new, long-life earnings profile.

In Property, Ravenhall is being monetised through the Dexus joint venture.

At Boral, network reinvestment across concrete, quarries, bitumen and recycling drives competitive advantage, supporting continued growth.

At WesTrac, investment in technology and facilities is lifting capacity to support long-term demand growth.

At Coates, the opportunity is to invest in network and fleet to meet demand and drive returns; And the outlook for energy also remains supportive.

Inorganic activity is a key pillar of our growth ambition. In FY26 we pursued BlueScope. We identified the opportunity, brought in a partner and put the acquisition financing in place to deliver it. That is what SGH is capable of executing at scale. We continue to maintain our discipline on price and value.

We will also continue to actively pursue adjacencies and inorganic growth, utilising SGH's strong balance sheet.

I will now hand you to Richard to run through the financials.

Slide 20 – Richard Richards
Title Page

Thank you, Ryan and good morning.

Slide 21 – Richard Richards
Capital Allocation Model

SGH's capital allocation model is designed to maximise long-term sustainable value creation, compounding disciplined investment into earnings growth and TSR outperformance.

We manage our capital structure to balance agility and resilience, while using leverage where appropriate to enhance return on equity.

Capital is allocated against clear criteria that cover industry, scope, scale, market position, and risk-adjusted return hurdles.

Our businesses should deliver CPI-plus growth over the medium-term, with operating leverage driving earnings growth above that level. At the SGH level, disciplined capital allocation and inorganic growth focus provide further upside towards our growth ambitions.

We have a strong preference for highly cash-generative businesses that produce consistent free cash flow to reduce debt as needed, enhance returns on equity, fund stable and growing dividends, and invest to support future growth.

FY26 reflected the capital allocation model working as intended, delivering 99% cash conversion, reducing net debt by $515 million, deleveraging to 1.76 times, increasing the fully franked dividend, and enabling an on-market buy-back of up to $500 million commencing with these results.

Slide 22 – Richard Richards
Profit and Loss

SGH delivered a resilient result for the year, achieving earnings growth in line with guidance, margin expansion, and 99% EBITDA cash conversion.

Revenue of $10.6 billion was 2% lower, with 5% growth at Boral and 6% growth in Services at WesTrac, offset by the normalisation of capital sales at WesTrac and 3% lower revenue at Coates.

We delivered a 3% reduction in expenses, reflecting SGH's characteristic disciplined cost management. Coupled with an improved sales mix, EBIT and EBITDA margins expanded, delivering 2% higher EBITDA of $2.1 billion and 1% higher EBIT of $1.6 billion.

SGH's share of results from equity accounted investees declined $39 million, on lower contributions from Beach and Southern Cross Media.

Depreciation and amortisation rose 4%, largely referable to the network investment program that began in FY25.

Despite an increasing rate environment, net finance expenses of $299 million were down 6%, reflecting a reduction in average net debt for the year supported by a high percentage of fixed rate debt.

The underlying tax expense of $332 million was up 13%, driven by higher taxable earnings from controlled entities.

Underlying NPAT of $920 million was broadly flat on the prior year, while statutory NPAT rose 32% to $689 million, reflecting substantially lower significant items. On a continuing operations basis, statutory NPAT of $655 million was up 35%.

Slide 23 – Richard Richards
Significant Items

SGH's statutory result includes $315 million of pre-tax significant item losses, primarily driven by the $273 million mark-to-market impairment of our investments in Beach and Southern Cross Media, based on their closing share prices at 30 June.

Other notable pre-tax significant items include:

- SGH's $29 million share of significant items recognised by Beach and Southern Cross Media;
- $16 million of transformation and restructuring costs; partially offset by
- $5 million of fair value adjustments largely arising from the acquisition of Boral.

The tax benefit relating to significant items was $84 million.

This includes a $34 million benefit on discontinued operations, reflecting the release of a tax provision following the resolution of historical tax positions relating to Boral's divested North American businesses.

Combined, these significant items reduce after tax statutory earnings by $231 million, compared to a $401 million reduction in the prior year.

Slide 24 – Richard Richards
Cash Flow

Underlying operating cash flows for the year increased by $121 million to $2.1 billion, with 99% EBITDA cash conversion, up from 95% in the prior year and in line with our historical average.

WesTrac's underlying operating cash flow of $831 million converted at 116% of EBITDA, driven by the realisation of the working capital investment. New machine inventory reduced as major customer deliveries were fulfilled, with parts inventory reduced through optimisation and improved turn times.

Boral delivered operating cash flow of $779 million, largely driven by earnings growth, which converted fully to cash on broadly stable working capital. Coates generated $427 million of operating cash, maintaining a strong 91% conversion on the lower earnings base.

Net interest and other finance costs paid decreased by $36 million to $281 million, reflecting the reduction in net debt delivered during the year.

Net income tax paid rose by $89 million to $292 million, primarily reflecting the higher taxable earnings from controlled entities, with the prior year also benefiting from foreign tax refunds received by Boral.

Net investing cash outflows of $706 million were up $28 million, reflecting ongoing development capex for Crux, quarry acquisitions by Boral and increased fleet investment at Coates.

Net financing cash outflows of $725 million included $436 million in net repayment of borrowings and lease principal, and $261 million in ordinary dividends paid, reflecting the higher total dividends of 64 cents per share.

Closing net debt reduced by $515 million to $3.7 billion.

Slide 25 – Richard Richards
Balance Sheet

SGH's net assets increased by $426 million to $5.2 billion at 30 June, largely referable to increases in oil and gas assets and property, plant and equipment, partially offset by decreases in inventories and equity accounted investments.

Oil and gas assets increased by $228 million, reflecting the ongoing development of Crux, with the platform substructure and topsides installed during the year.

Property, plant and equipment increased by $156 million, driven by quarry, batch plant and land acquisitions by Boral and continued investment in heavy mobile equipment to support improved operating efficiency.

The $326 million decrease in inventories was predominantly driven by WesTrac, where new machine inventory reduced as large customer deliveries were fulfilled and parts inventory was optimised, with inventory turns improving in both dealerships.

The $272 million decrease in investments largely reflects the mark-to-market impairments of Beach and Southern Cross Media recognised as significant items, together with distributions and returns of capital received from the China Media Fund.

Deferred income reduced by $125 million, reflecting the level of new machine deliveries completed by WesTrac during the year.

The combined impact of these items, along with other lesser balance sheet movements, resulted in net debt of $3.7 billion excluding leases, representing a 12% decrease on June 2025 levels.

Slide 26 – Richard Richards
Capital Management

Adjusting for the mark-to-market on debt-related derivatives, SGH's adjusted net debt to EBITDA, or leverage, was 1.76x at 30 June, a 12% reduction on the prior year. Adjusted net debt of $3.7 billion was down 10%.

During the year, SGH repaid the maturing USPP tranches in Boral and WesTrac and extended SFA facility tranches, leaving no material corporate facility maturities until FY30.

These initiatives diversify our funding base and extended duration, and the level of support from new and existing lenders reflects our strong balance sheet, earnings profile and credit metrics.

At 30 June, 68% of SGH’s drawn debt was fixed at an average rate of 5.0%. SGH’s effective borrowing cost was 5.6%, with a weighted average facility maturity of 4.1 years.

Available liquidity of approximately $2 billion, including $575 million uncommitted, plus approximately $7.8 billion in letters of support across five lenders, provides funding capacity for growth.

This balance sheet strength and disciplined capital allocation supports the on-market buy-back of up to $500 million announced in July, commencing with this result.

I will now hand you back to Ryan.

Thank you.

Slide 27 – Ryan Stokes
Section – Closing

Thank you, Richard.

Slide 28 – Ryan Stokes
Closing – Key Messages, Priorities and Guidance

FY26 was a year of consistent delivery, with earnings growth in line with guidance.

Our strong operating cash flow reduced leverage to 1.8 times, enabling investment for growth.

Our FY27 priorities are centred on relentless operating, building on the disciplines that delivered this result.

In sales execution, we are focused on higher participation and conversion across every business, while maintaining pricing discipline.

We are driving operational execution, with a focus on operating leverage, and scaling AI for value, and we will continue to allocate capital with discipline to support our businesses and drive the next leg of growth.

For FY27, we expect to deliver flat to low single-digit EBIT growth.

Thank you for joining us this morning. We will now take questions.

TRANSCRIPT OF Q&A

Operator: Your first question today comes from Ramoun Lazar from Jefferies. Please go ahead.

Ramoun Lazar: Good morning, Ryan. Good morning, Richard. Just a couple from me. Maybe if we start with WesTrac. You pointed to a further moderation in capital sales in '27. Maybe can you provide us with a range like you did this time last year? And then maybe also how do you see the phasing of those capital sales beyond '27?

Ryan Stokes: So, I think we've spoken for a period of time around the notion of what's through-the-cycle capital sales volume and it's probably where, I think we said $1.6 to $1.8 billion, and where we are now is pretty consistent with that. We think that's broadly consistent for '27.

The longer-term outlook, I think from our perspective, if we're looking out, we do get a bit of visibility to customer investment over that medium-term process. It's a reasonably robust pipeline and certainly stronger than we've seen the last few years. So, we are more confident in that opportunity set going into '28, '29 and beyond.

So, I think that's where we're seeing expansion projects, reinvestment and fleet renewal starting to flow-through in that context. So, I think that's where we expect a bit of a stronger dynamic from the capital sales, certainly in the opportunity set.

Ramoun Lazar: Okay, great. And just one other one on WesTrac, just around the pricing and how I guess we should be thinking about what that pricing change looks like into the first half for parts?

Ryan Stokes: Yeah, that's probably a relevant factor playing in, and clearly that currency movement in the prior half and certainly through the period that was calculated has played into that result. I'd say that kind of a mid-single-digit negative movement into the half and we are comping against that and that's probably a factor when you look at the FY27 guidance.

In our view, the underlying demand from customers is there. The demand from parts volume and PEX is there. It’s that pricing factor which plays through and that's essentially a currency translation in the first half.

Ramoun Lazar: Okay, great. And just one other one, final one, sorry, Ryan, from me, just on capital allocation, just your comments, I guess this morning around the discipline, any updates on thinking sectors, Investor Day you pointed to potentially looking at offshore opportunities. I mean, how has that evolved? Are you finding any potential targets? It would be great to get a bit of a bit of an update on that.

Ryan Stokes We are a little more transparent than many others as far as outlining what we look at and why. I think it's fair to say our criteria is consistent with what we said at the Investor Day. Yes, we may look overseas, but we are still of the view that risk equation hasn't changed from what we had an Australian sole focus, if you like. We think that our capital allocation risk here is slightly elevated with policy stance, et cetera.

So I think that's bit of framing as to why we're broadening a little bit. But our predisposition is investing in Australia. We're very conscious of our operating model playing well here and the ability to take an industrial business, if you like, and put that alongside what we have and fit within that SGH operating model.

So I'd say, when we outlined that at the Investor Day, we said it was industrials and to a degree energy, but predominantly industrials, where we see strong sectorial demand and that value and performance opportunity set. We need to believe that we can add value. We also need to believe there is value to create.

I think that's a real key. For us, delivering our medium-term ambition is that combination of organic performance with M&A. And we think that's a unique attribute of the SGH model and we have demonstrated that performance with Boral and we certainly see if we're maintaining that same level of discipline around the opportunity set and we are focused on driving a return on capital, with 10% to 15% objective, that will drive return for shareholders.

That's something we are constantly evaluating and don't expect us to pivot from that discipline. We'll just continue to explore opportunities that are out there. It's just going to be a function of where we see that opportunity to create value and drive performance growth in a situation.

Ramoun Lazar: Okay, got it. Thank you. We'll leave it there.

Operator: Thank you. Your next question comes from Nick Daish with RBC. Please go-ahead.

Nick Daish: Thank you very much. Thanks, Ryan and Richard for your time. I think just my first question is just around Coates. I did notice the utilisation did tick-up to 61% in '26, 59% in the year prior, yet earnings were down about 6.6% growth, which just suggests to me a mix -- a mix of this benefit during the period. Could you just flesh that out a little bit further for us, please?

Ryan Stokes: Yes. It's a good pickup. Utilisation, there's two key measures for us that drive ultimate returns. Time utilisation is an important one because it shows just how active the fleet are. That's a good look through. The key one, though, in driving returns, is the financial utilisation. If you look at, for us, the financial utilisation stepped down, which, to be frank, you could argue mix, but in reality, is probably more a function of a more competitive market and price. That has been one of the elements we spoke about in the half year results. We are very conscious of trying to sustain and drive price, but it's a function of balancing a number of factors in a more competitive market. That's the short answer to that result.

The pleasing factor is that the utilisation is there. Our fleet is growing. We see opportunities going forward, and we believe there's more we need to do to drive that sales execution to capture price and ultimately continue to drive margin and the performance of the business.

So, I'd say part of that’s market, but I wouldn't, frankly, say that's all market. We’ve got a lot to do in how we execute that performance within Coates. It is a quality business, and we are a market leader, but there’s factors we need to execute more effectively, and that's a big focus for us in '27.

Nic Daish: Got it. And just separately, just on the guidance. Obviously, my sense is that there's a little bit of noise in there with foreign exchange influence. Is there a view towards possibly in the future providing guidance on a constant currency basis just so that we can get a better sense for the underlying business? Or is the business' preference to continue to provide guidance on the basis that you've done so historically?

Ryan Stokes: Well, I mean, to be honest, we do on a constant currency basis because it is translated back into Aussie dollars, but it's difficult to unpick that element. I understand the core of the question. We try and provide some visibility to the overall WesTrac parts volume, and it's a frustration for us and particularly the team, because what’s a unit of parts, if you sell a bolt versus a large item. You get a lot of variance play through in this whole unitisation of parts volume.

So, it isn't as easy to get that pure currency translation. We can provide some context to the currency dollar impact, which I think is probably more relevant to you in that context. And Richard can add more on that.

Richard Richards: So, if you think about roughly $800 million of parts in WesTrac and you're talking about effectively a 5% to 6% price decrease, the retranslation of those parts and components delivers roughly a $40-odd million hit effectively day 1, so on 1 July. Then on top of that, if you think about the part sales during the year, other than the revaluation, effectively, the 5% to 6% decrease in revenue translates through to another approximately $40 million drop, assuming effectively parts demand ceteris paribus. So, where we get to is that just the pure currency impact flowing through WesTrac's result effectively in '27 will be approximately $80 million.

Nic Daish: That’s very helpful. Thank you very much for taking my questions.

Operator: Thank you. Your next question comes from Nathan Reilly with UBS.

Nathan Reilly: Thank you. So, while we're on the topic of that FX headwinds, those prices are set every six months. So, have you assumed flat or consistent FX into the second half?

Ryan Stokes: We've learned a long time ago to try not to budget that or forecast that too well because a lot plays through. The difficult part is if you look at where we start at July 1, and you have to calculate then, you wouldn't have had that currency change through. So it's a difficult element to forecast, but our assumption is that its effectively a zero outcome in H2.

So, for context, that's the way we think about that, it's a difficult dynamic to have to assume or try to forecast what that might be. So short answer, we try and avoid that and just assume it's consistent. So there will be a movement in H2, but where that is, that will be a function of currency through the period.

The other factor, which we again don't forecast is, the usual movements in a price reval or the underlying movement in price usually occurs on a calendar year. So that's the other factor that may play through in that second half, which we just don't have visibility of as we sit today.

Nathan Reilly: Okay. Thank you. Can I also just ask about Coates? Can you give bit of an update just in terms of regional performance just around the states just in terms of utilisation trends but also if you could just comment on how you're seeing competition in those states and potentially also just around asset classes as well?

Ryan Stokes: Yes. New South Wales has been a pretty consistent and robust market. We've seen some projects roll off, delays of others, but that's been broadly consistent through the year. WA is probably slightly up, but not materially. I think there's a bit of activity across that resource side we play into. But from our perspective, we're needing to grow into that South West WA market, and that's something we're focused on, but WA has been a decent market for us in the West region.

North has been more challenging. I think there's a lot of gear that's left other environments, particularly South and ended up in that Queensland region, and that's, I think, yet to see a big step up in activity. We do expect that to come through and the pipeline is starting to look a bit better there.

The interesting thing in South for us is the Victorian market actually has been pretty consistent. But that's off a market that's come down quite a bit, so that still hasn't stepped up, but it's consistent. We're seeing a bit more activity in SA and Tasmania.

Utilisation for us is strongest in West and East and there's opportunity for us to grow in Queensland and South. That's pretty consistent across the mix of fleet.

Nathan Reilly: Got it. And just in terms of that more competitive environment that you sort of flagged earlier. Just -- is that specific to regions or is it -- you're seeing that more in particular asset classes?

Ryan Stokes: It's more pronounced in regions. It’s definitely more pronounced in some areas. We're seeing the harder market for us, the more challenging environment, has been in North, in Queensland, where it just feels like there's excess gear waiting for projects that have been delayed, and that's playing through. So we're working hard to hold that.

Similarly South is consistent, but it's still soft. But overall, the price dynamic is playing through in other markets, but it's just the nature of just being more competitive.

We've worked hard to drive utilisation and try to sustain that price and very focused on how we actually push price as a key lever of performance in '27. It's without doubt, the biggest opportunity we have, is to drive that price and get that to play through in margin, and we're very focused on that.

But I think at the same time, the business has demonstrated that resilience and ability to continue to optimise that cost structure and sustain what we think is a strong EBIT margin, but we're definitely focused on how we can actually improve that operating leverage and returns.

Nathan Reilly: Okay. Thank you.

Operator: Thank you. Your next question comes from Keith Chau with MST Marquee. Please go ahead. Pardon me, Keith, your line may be on mute.

Keith Chau: Hi there. Hi Ryan. Hi Richard. Good morning. Thanks for taking my questions. The first one -- actually, just a few follow-ups on some of the answers. The first one with respect to the level of WesTrac capital sales or revenues for FY27. I think Ryan, in response to Ramoun's question, you talked about $1.6 billion to $1.8 billion being the range that's sufficient for FY27. Just noting that in FY26, revenue was $1.65 billion. So I just want to understand…

Ryan Stokes: Sorry, just to be clear. The $1.6 billion to $1.8 billion is what we've referred to in prior conversations around what's it in a through-the-cycle lens. Your comment around that $1.65 billion is right there and kind of tried to think, just to be clear, as a guide to '27 being more consistent with '26, but no. That's at that $1.6 billion level, to be precise.

Keith Chau: Okay. Thank you. And maybe, Richard, just as a follow-on from that, when you look at deferred income on the balance sheet, at least for us, and please tell me if I'm incorrect here, but if the deferred income for WesTrac is settling at a trough level, should that be a reasonable indicator that WesTrac sales could be finding a bottom in the near term? Sorry, WesTrac capital sales, I beg your pardon.

Richard Richards: The deferred income is predominantly, effectively deposits on new mining machines, but it's not solely. We also run effectively some MARC contracts. Those contracts are effectively power-by-the-hour, where you bill per hour, you defer the revenue, and then you recognise it when it goes through effectively major service events. Which we have done in the last 18 months. So in that context, it is predominantly referable to machine sales, but the MARC contracts also play a part.

Keith Chau: Okay. And are you able to give us a very broad split of that deferred revenue balance? Or is that something that varies over time?

Richard Richards: Look, it does vary over time. I think if you have a look at the financial statements, you'll see that, effectively, the movement in deferred income was about $125 million decrease.

Keith Chau: Okay. Thank you. And then just going back to Coates' price competition. I think in prior forums, the target at least was to be able to maintain pricing, certainly seems as though real pricing has fallen for Coates. One of the comments made in the presentation was that the exit run rate out of FY26 was prices improving. Is that on a real or a nominal basis? So, i.e., can the price increases observed at the end of FY26, is that enough to recover costs?

Ryan Stokes: As far as the outlook for '27 on price, we're focused on how we can continue to drive that price north. That is a major focus for us. It's a constant balancing act that we have to manage as far as winning activity, balancing duration and project and opportunity.

But the real focus for us is how we get that price realisation up and obviously have that play through in returns. It is a major driver for us, that operating leverage in the business.

So if you look at where we are from a time utilisation perspective, there is room to grow that. But financial utilisation is the key lever for us to drive that return level up. There's a couple of hundred basis point opportunity there that we think we need to execute through '27 at least.

Keith Chau: So Ryan, would the goal be to get your price increase above cost inflation then just putting it simply?

Ryan Stokes: Yes, absolutely. Yes, that is a focus. But I just want to be cautious because I don't think that's necessarily the right way to think about the business. In that our ability to manage costs isn't purely around price. The price realisation will drive the financial return on the fleet. We can still drive cost measures to actually ensure that we've got that same margin through that.

So I’m just conscious of, that isn't the only lever around those controls to deal to cost inflation. We have other levers, and we'll continue to pursue that. But that price level will drive that financial return and ultimately should play through in operating leverage.

Keith Chau: Yes, thanks Ryan. I certainly appreciate that one, there's several more moving parts of the business and just pricing bucket of costs. The last one and the one that struck me actually outside of the operating businesses is PLDC. It's a development that we've been following for far too long and longer than we probably care to admit. But it's been a tricky project in the past.

In the presentation, you talked about 20% of the area has been granted some fill approval. So presumably, you're not going to go ahead or the JV partners aren't going to go ahead and fill that area without developing it in the future. So is that fill approval a good lead indicator of councils perhaps getting ready to grant some development approvals for that site?

Ryan Stokes: Yes. If you’ve followed Boral and been following that journey, it has been a long time. But if you roll back, for a lot of that period, that PLDC focus was on a rezoning for residential. Our view is that the employment opportunities, the infrastructure opportunities, and others through industrial, are the opportunity set that state government is keen to see.

We'll get behind that rezoning. There’s work to be done around some of that process and go through all the required steps to get the development approvals in place. But if you think about the concerns you've got around flooding, etcetera, our view is the best application there is going to be elements on industrial applications, data centres, etcetera, could be well positioned there.

And just for clarity, the area isn't prone to flooding. There's no concern there. It's how that increase in activity would play into the broader region. But for us, the PLDC opportunity is something we want to pursue. We've got other companies approaching us proactively, and the joint venture, around the potential for activity on there. We think it is really well positioned just given proximity to core infrastructure and the fact of the large lake. That is pretty good for data centres.

We think there’s interesting opportunities there, as there are with Waurn Ponds. I guess what we're trying to signal here is, as we think about the property, we want to actively drive value through that. And some of these processes may take a period of time. But looking at what's the high and best use as an owner in that asset and conscious of where we deploy our capital. So I think that they're worthy to think through in that medium-term opportunity set.

Keith Chau: Okay, that's great. Thanks, Ryan. Thanks, Richard. Appreciate your time.

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

Brook Campbell-Crawford: Yeah, good morning. Thanks for the question. First, just on WesTrac, in the annual report on the outlook it notes that market share growth for WesTrac's is a focus at the moment. Do you mind providing some numbers on where you think your market share is, and do you have a target on where you hope that to get to over the next couple of years?

Ryan Stokes: It's a pretty transparent sector, if you like, from a market share perspective. The industry has a lot of data as to what sales you're going to score in territory. We've had some great success in New South Wales in relation to the resource sector and our share market is, I think, kind of in the 60% to 70% range, which is a big step-up for us over time. That's been a good outcome.

In WA, we're very focused on driving that share and continue to be above 50%. Then you get into the construction equipment space, and that depends on the size of equipment, etcetera, where in the 30s is where we've traditionally been.

I think the better way to think through that the opportunity is really around the big project deliveries and getting that haulage gear in and winning that tender process. That's really a focus for us. We look more at it from an opportunity set to opportunity set, and how do we actually maximise our chance of winning every available major deal that's out there.

That's something we spend more time focused on because if you win the deal, it will be a period of time before that will then flow through in your market share. But when you're seeing the market share, it's a long time after that activity is secured or lost. So that's going to be our focal point.

But the core of your question is how do we increase our share and leverage the product offering and value offering that we have. That absolutely is the focus.

Brook Campbell-Crawford: Okay. Great. And maybe just a follow-up on M&A. You've been clear on your plans. But I guess just doing larger transformational deals like BlueScope can be tricky and there's not a huge amount of options out there that I would have thought match your criteria and are large, not saying there aren't some onshore there are, but just not a lot of options.

So just keen to understand, would you consider getting more active on sort of a range of smaller bolt-on deals like within your existing segments or adjacencies to drive growth that way because there might be much more options out there, you can get active and help sort of augment what's lower growth, I guess, organic business? Thanks.

Ryan Stokes: Brook, it's a good question because fundamentally, that's exactly what we do. A lot of time and focus for us is spent talking about the inorganic actions which is the bigger bolt-ons, if you like, the companies that would sit alongside the companies that we own. So what are those material acquisitions? We definitely have a focus on those opportunities.

At the same time and concurrent, we are looking at the ability of supporting our businesses to make investments and enhance their network, as well as grow into segments. So we've put a lot of capital into Boral and continue to support those opportunities from a network investment where it's going to drive incremental returns and investing in that network is a really logical opportunity set for us. Growing into the right quarry asset, the right corporate assets, or in different segments in asphalt or recycling, that is definitely an area of focus. So we are concurrently doing that.

Similarly with Coates, we need to be a bit more assertive in looking at opportunities that we can leverage our operating position and to build scale through fleet and network. But you're right, we need to do both, and we're actually looking through that. But to deliver that broad ambition of that 10% EBIT growth over the medium-term, that is going to require a combination of the organic and the inorganic M&A.

Brook Campbell-Crawford: All right. Thank you.

Operator: Thank you. Your next question comes from Peter Steyn with Macquarie. Please go ahead.

Peter Steyn: Morning, Ryan and Richard. Thank you very much for the opportunity. Perhaps just -- sorry, I want to elaborate a little on your medium-term pipeline in capital sales and just get your perspective on commodity exposure where you're seeing in broad terms, some of the evolution of opportunity from a commodity perspective, both in WA and in New South Wales?

Ryan Stokes: Look, to be honest, it's really the three core commodities we face into today – iron ore, coal and gold. I think it's looking at some of those investment opportunities that will flow through. I mean there's other commodity opportunities that might play through in copper. But I'd say the bulk of the activity is across those three commodity classes. That's what we see the biggest continuation of the opportunity and relatively in that order.

Peter Steyn: Perfect. Thanks, Ryan. And then just thinking about electrification, there's been some testing that's obviously been ongoing. Just keen to get your perspective both from a WesTrac and perhaps, I mean, you can't speak for Cat, but the Cat perspective on some of those tests, how the machines are performing relative to expectations and how you see that opportunity unfolding?

Ryan Stokes: Yes. We have the two trucks and we work with Cat and customers BHP and Rio around the trials that were announced for those two trucks and we've spoken about them before, the battery electric offering. Our view is we will have solutions for customers as they require emission reduction pathways in various forms and be that a battery-electric option or diesel-electric connectivity to the grid through that Cat proprietary Dynamic Energy Transfer technology. All of this, coupled with autonomy.

I think a lot of times, when you look at the competitor set, yes, there are always going to be competitive OEMs. And from the beginning of Caterpillar’s existence and all the way through the 100-year journey, there have been competitive OEMs. I think Caterpillar’s success has come from having the best product driving the best value for customers.

But it's the entire offering, not just the purchase price. So, when you think about autonomy, Cat is the only real autonomous solution working at scale. A lot of the others still sit on spreadsheets and Power Point, but the Cat solution has worked and will continue to work and will continue to drive value.

So, when looking at it, from a customer lens, it has to be around how does that total offering drive value and drive cost per tonne that's superior to others. That's what we need to compete on.

So, we feel we'll have a suite of offerings, pending what customers really want as far as how advanced they want to go down this emissions reduction pathway and what's the right solution. That's something we're very focused on in the interim. We're working closely with customers. Cat's very engaged in those discussions. It's really key to how we ensure we have the best offering across the entire spectrum of what customers are going to require.

Peter Steyn: Perfect. Thanks, Ryan. And then maybe just a quick one for Richard. Richard, just keen to get your perspective on buyback execution, how you're thinking about that following the results?

Richard Richards: We've established a buyback committee, effectively a subcommittee of the Board, and then we will look at effectively where the stock trades, and we have the capacity to step into market and execute the buyback when we think it's appropriate. We've indicated to the market that the size of the buyback from a leverage context of 1.76x, and throwing off $2.1 billion of operating cash, clearly, based off average daily sales, we will generate effectively FFO sufficient to fund that buyback over the next six months. So, I think in our context, we will wait to see where the market settles and then we'll think through how we execute that, but it will ultimately be the decision of the subcommittee of the Board.

Peter Steyn: Thank you, Richard. Appreciate it.

Operator: Thank you. Your next question comes from Lee Power with JPMorgan. Please go ahead.

Lee Power: Good morning, Ryan and Richard. Ryan, just on the Brisbane Olympics for Coates and Boral. Can you give us an idea of where tenderings are, what the contract awards are kind of suggesting to you around committed activity? And then on the Coates side, is the pressure that you talk to, is that more shorter term, or are you seeing that kind of flow through to some of the tendering around the Olympics as well?

Ryan Stokes: To be fair, we will always be a secondary participant in that process. So, if you think through the cascade, the prime contract will be let, and that process will go through, then they'll pull those requirements. It might be Coates in some of the site establishment activity, Boral around some of the construction materials will be a bit later.

So, it kind of depends on where they are, but we aren’t going to be the first visibility to that activity. We'll be watching what happens around that contract activity and government announcements.

But what we do know is they're hosting the game and they're going to build some stuff to make it happen. And we think that's going to have to happen sooner rather than later.

You see some of that playing through, but we'll be watching that first contract let and all that play through in government activity, and then the opportunity will flow.

So that's really the timing. There isn't really much more to report on that, but we do expect that activity to play through in '27.

Lee Power: Okay. Thank you. And then, Richard, just I've noticed that the terminal gate price for diesel has kind of started ticking up again. Can you give us an idea of where hedging is at for '27 or just generally what recovery means for FY27 for Boral?

Richard Richards: So, from a Boral perspective, we've always taken a relative progressive hedge position, irrespective of price. So we've been, in terms of near term, about 70% hedged and then that rolls off over the next two years down to sort of 25%.

We've been consistently, through the last three, four months, putting in hedges, both in terms of diesel and in terms of bitumen. We just think that gives us the capacity to manage aberrations in price and run the business rather than trying to run a commodity book.

Lee Power: Okay. Are you willing to say what that impact would be in '27 at all?

Richard Richards: Not at this point, no.

Lee Power: Excellent. Thank you for that. Appreciate it.

Operator: Your next question comes from Harry Saunders with E&P. Please go ahead.

Harry Saunders: Good morning, Ryan, Richard. Thanks for taking my questions. A quick follow-on on the WesTrac's parts pricing. Just to clarify what FX rate was that using for the parts price decision, please?

Ryan Stokes: To be honest, the way it works, we don't get that visibility because we don't set it. We get an Aussie dollar parts price movement. So, we get to back solve it. I don't think it's fair to point to that, and it's not a point in time measure, it's over a period.

So, there's a bit of a process in that calculation where it's difficult to purely factor that back, but it's a currency related movement in the Aussie dollar price that we buy and then we sell it.

But it's fair to say, when that was calculated, it was above where that Aussie-U.S dollar price is today. So I think that if it was priced today, we wouldn't have the same impact. But Richard, you can add anything, but there's not much more we can clarify on that.

Richard Richards: Yes. I think at this point in time, Ryan's earlier guidance of we're not expecting effectively a significant change in parts price in the second half, probably reflects that when, back in late November, when Cat set the price, I think currency sat broadly where it sits today. So, our best indicator today would probably be that we're not expecting a parts price change in second half.

Ryan Stokes: May, I think rather than November.

Richard Richards: Sorry, May, yes.

Harry Saunders: Great. And just one on the tax rate. Any colour on the anticipated tax rate in '27 just given the tick up in the second half, please?

Richard Richards: I'd expect it to be about 27% effective tax rate. The tax rate just reflected the significant items. I think that will slightly moderate. But as the greater proportion of earnings come from our directly controlled businesses, all of our control businesses effectively sit at 30%. The aberrations to that will be the equity accounted profits and then recognition of unrealised capital losses that are currently unbooked. At this stage, that's not something that we can accurately predict. But I'd say sort of 27% would be where we would be budgeting.

Harry Saunders: Thank you. And just one on the outlook for residential and non-residential construction end markets in '27 for Boral, particularly in light of the federal budget, can you just give us a sense of how you're seeing things on the ground and how you expect that to play out over the course of '27, please?

Ryan Stokes: Yes. It's a fair question. Look, it's interesting because there's a lot of noise clearly around this in the housing accord, etcetera. In short, we see that as upside to that activity, and definitely, the supply requirement suggests there’s upside.

But where activity is now is actually really robust. You sort that play through in Boral volume and that activity out there from an infrastructure and construction outlook is still very good. So as that plays through, we see that more adding to that than anything else. I just think it's worth characterising that, because it still feels like a reasonably, a really solid market at the moment. When those policies come through, and we see more supply come through, that's just going to add to that.

Harry Saunders: So you're not seeing a residential softening currently?

Ryan Stokes: Not in the activity data we've seen, and you certainly wouldn't suggest that from the volume data we've got within Boral. I mean, I’d love to say that's a direct market look through, I think we're probably taking some share in some of that, but overall, the volume activity is still reasonably good.

I just think it's worth noting that when you put that across the infrastructure and the total construction sector, it's still a good market. We think that there's just a lot of focus on that resi starts perspective, and yes, it needs to go up, but where it is, there's still a decent amount of activity.

Harry Saunders: Got it. Thank you. One final follow on just on that sort of medium-term ambition for sort of 10% EBIT and EPS rolling average growth over the multi-year period. I think broadly half of that was perhaps from organic, just given where you've guided this year for EBIT growth, I mean, can we anticipate, you know, some recovery in '28, '29 and where could the levers come from there?

Ryan Stokes: Yeah, you're right. I mean, that is a key element within our model, is a combination of organic and inorganic. That said, if we park the inorganic opportunities, and just focus on what we have, the opportunity of investing in our business to drive growth is still a key opportunity and we will pursue that. So that notion of this semi-organic, so acquisitions within Boral or Coates may fuel that growth. We have Crux, which is just a timing related issue that will come in and that will play into FY28.

So, if you think within that organic opportunity set, there's still a decent amount of growth. It's just that timing aspect for '27 mixed with a little bit of currency playing through with parts price, etcetera, is a factor for us in '27. But we definitely see that growth playing through with Crux coming in, which is literally, you know, end of calendar year '27, that will further fuel that organic growth pipeline for us.

But we do want to match that with inorganic opportunities, and that's how we'll hit that ambition. It's going to be a combination of both. But there is more opportunity from the organic side than what the '27 guidance would suggest.

Richard Richards: On a currency-adjusted basis, if you think about it, $80 million on effectively the current year result, is 5% straight up.

Harry Saunders: Yeah, that's an important point. Thank you.

Operator: Thank you. There are no further questions at this time. That does conclude our conference for today. Thank you for participating. You may now disconnect.

[END OF TRANSCRIPT]