ASX Release

11 February 2026

SGH DELIVERS STRONG HY26 RESULT WITH INDUSTRIAL SERVICES GROWTH AND MARGIN EXPANSION

SGH Ltd (ASX:SGH)

- **SGH EBIT of $844m flat, or +22% on 2H FY25**
- **EBIT Margin of 15.6%, up 30bp**
- **Boral EBIT of $284m, +10%**
- **Industrial Services EBIT of $774m, +1%**
- **NPAT of $518m, +2%**
- **Operating cash flow of $1.1bn, +32%**
- **Adjusted Net Debt/EBITDA ratio of 1.9x**
- **Interim fully franked dividend of 32cps +7%**

All references to financial metrics are on an underlying basis unless stated otherwise.
Comparisons are 1HY26 vs 1HY25 unless stated otherwise.

SGH Ltd announces its results for the half-year ended 31 December 2025, delivering improved earnings and strong cash flow. The result was underpinned by the disciplined execution of the SGH Way operating model, driving EBIT margin expansion led by Boral and WesTrac.

Revenue was strong at $5.4 billion. EBIT margin expanded by 30 basis points to 15.6%, resulting in a stable underlying EBIT of $844 million. Underlying NPAT of $518 million and underlying EPS of $1.27 both grew 2%. All core financial metrics improved sequentially (i.e. vs 2H FY25), highlighting a recovery in customer activity across core sector exposures.

Strong operational performance and cost discipline supported a 32% increase in operating cash flow to $1.1 billion. This enabled a 4% reduction of the Adjusted Net Debt to EBITDA ratio to 1.9x, below SGH's target range, providing greater balance sheet capacity to pursue value-accretive growth.

SGH declared a fully franked interim dividend of 32cps, up 7% and consistent with the approach to deliver stable and growing dividends over time.

SGH MD & CEO Ryan Stokes, said:
"We are pleased to deliver a strong result for the first half of FY26. It demonstrates the strength and resilience of our diversified industrial businesses. In a dynamic market, we delivered earnings growth in our core Industrial Services segment, expanded our margins, and generated significant growth in operating cash flow."

"The ability to generate strong cash flows was demonstrated by EBITDA cash conversion lifting to 98%, and operating cash flow up 32%. This enabled continuing deleverage to 1.9x, below our target range, while also supporting investment into our businesses through maintenance and growth capex."

"We are particularly proud of the work we do to support our customers and the contribution they make to the Australian economy. Delivering a strong performance across our financial, operational, and safety metrics is a reflection of the calibre of the entire SGH team and demonstrates the disciplined execution of the SGH Way operating model. This execution sees SGH enter the second half with momentum, and a clear focus on continuing delivery of our strategic priorities."

Safety
Safety remains the highest priority across all SGH operations as it continues to pursue an ambition of zero harm. In the 12 months to December 2025, SGH delivered meaningful operational safety improvements, with a 36% reduction in Lost Time Injury Frequency Rate (LTIFR) to 0.7 and a 31% reduction in Total Recordable Injury Frequency Rate (TRIFR) to 2.7.

The improved safety outcomes reflect continuous improvement plans at Coates and Boral, delivering uplift in safety and critical risk management, as well as a focus on strengthening safety culture and compliance with revised policies and procedures, supported by robust consequence management frameworks.

Key Financials

Results ($m)	1HY26	1HY25	Change (%)
Revenue	$5,415	$5,513	(2)%
EBITDA	$1,107	$1,098	1%
EBIT	$844	$843	0%
NPAT	$518	$508	2%
Significant Items Impact	($46)	($42)	9%
Statutory NPAT	$473	$466	1%
Underlying EPS	$1.27	$1.24	2%
Fully franked dividend per share	32c	30c	7%
Divisional EBIT	**1HY26**	**1HY25**	**Change (%)**
WesTrac EBIT	$348	$352	(1)%
Boral EBIT	$284	$259	10%
Coates EBIT	$142	$156	(9)%
Industrial Services Segment EBIT	$774	$766	1%
Energy EBIT	$64	$70	(8)%
Media EBIT	$23	$23	(3)%

All references to financial metrics are on an underlying basis unless stated otherwise

Financial Results
SGH delivered a robust financial result in HY26, with revenue of $5.4 billion reflecting an anticipated normalisation of elevated capital sales at WesTrac in the prior corresponding period.

Margin expansion was a notable feature of the result, with EBIT margin increasing by 30 basis points to 15.6%. The margin growth was largely achieved through delivery of operating leverage at Boral and WesTrac.

EBITDA of $1.1 billion was up 1%, and EBIT of $844 million was flat. Underlying NPAT of $518 million was up 2%, while Statutory NPAT of $473 million was up 1%, after accounting for significant items of $46 million. Operating cash flow rose 32% to $1.1 billion, driven by EBITDA cash conversion of 98%, up 30 percentage points on the prior corresponding period.

Capital Management and Dividends
SGH has continued to strengthen its balance sheet, with net debt of $4.0 billion down 4% as at 31 December 2025. The adjusted net debt to EBITDA ratio also improved by 4% to 1.91x, below the stated target range, reflecting strong operating cash flows.

SGH refinanced its $600 million Asian Term Loan and a $578 million corporate facility tranche during the half, extending maturities and reducing funding costs. There are no further corporate bank facility maturities until FY30. Available liquidity at period end was $2.2 billion. The effective borrowing cost was 5.4% at period end, with a weighted average debt maturity of 4.2 years.

Capital expenditure totalled $430 million, comprising $217 million of growth capital and $212 million of sustaining capital. The growth component primarily funded the Crux development, HME catch-up capital, and new quarry investment at Boral.

A fully franked interim dividend of 32 cents per share was declared, up 7% on the prior corresponding period.

WesTrac
WesTrac delivered a resilient HY26 result with revenue of $3.0 billion down 6%, and EBIT of $348 million largely flat. The revenue result reflects the normalisation of mining equipment sales from an exceptionally strong prior corresponding period. This was partly offset by growth in support services, with services revenue up 4% on the growing and ageing installed machine fleet, increasing demand for rebuilds, and strong underlying production activity.

The business effectively managed this shift in revenue mix, which contributed to a 60 basis point expansion of EBIT margin to 11.7%, also supported by disciplined cost management and higher labour utilisation. WesTrac's cash generation was a highlight, with operating cash flow increasing 92% to $496 million, representing an EBITDA cash conversion rate of 129%.

Boral
Boral continued its strong performance trajectory, with first half revenue of $1.9 billion up 7%, driven by volume growth across its concrete, cement, and quarries businesses, and value-led pricing traction. EBIT of $284 million was up 10%, with EBIT margin expanding 41 basis points to 14.7%. The margin expansion demonstrates the enduring benefits of its performance initiatives, which continue to drive cost efficiencies and operational improvements into the second half.

Boral's CEO succession process is advancing as planned and is expected to conclude in March 2026. The process has focussed on ensuring leadership continuity and the ability to support the ongoing delivery of Boral's strategy and performance journey.

Coates
Coates demonstrated a strong sequential recovery in HY26, with revenue, EBIT and key operational metrics improving compared with H2 FY25. Revenue of $520 million and EBIT of $142 million were down 5% and 9% respectively versus the prior corresponding period, reflecting the residual impact of declining customer activity in the second half of FY25, partially offset by cost and efficiency initiatives.

The recovery was underpinned by a 170 basis point improvement in Time Utilisation to 61%, in line with the business's high-performance target, driven by improved R&M efficiency and disciplined fleet management. EBITDA cash conversion was also strong at 92%.

A dedicated focus on improving sales execution delivered a notable uplift in quoting activity and a 6.6 percentage point improvement in the average win rate to 33.8%. The business also continued the disciplined management of its hire fleet, which remained consistent at an original cost of $1.85 billion.

Energy
SGH's energy investments made material progress on key value-accretive projects during the half. Beach Energy (SGH 30%) delivered key operational milestones across its core assets. The Waitsia Gas Plant achieved first gas in December and commenced ramp-up, with production reaching a peak rate of 165 TJ per day after the end of the period, as it progresses toward nameplate capacity of 250 TJ per day.

The Cooper Basin, flood recovery efforts supported a material restoration of production across both the Western Flank and Cooper Basin joint ventures, with the majority of flood-impacted wells back online and remaining wells expected to return in the second half.

Project development advanced at the Crux LNG backfill project (SGH 15.5%), with the substructure close to complete, pipelines laid, and first gas targeted for FY28. SGH's share of project investment was $96 million in HY26. LNG marketing is planned to commence from CY26, and Crux is expected to be a material free cash flow contributor for more than 10 years once operational.

SGH and Amplitude Energy are undertaking a SELECT-phase study to assess gas processing options to support a potential restart of the Longtom gas field. A decision to enter FEED for the project is expected in FY26.

Property
The competitive tender process for the Ravenhall Logistics Precinct (also known as Deer Park) is nearing completion. The development partner will be selected based on demonstrated capability, depth of management expertise, and alignment on the value creation opportunity.

Outlook
SGH's focus in FY26 remains on the disciplined application of the SGH Way operating model, with an emphasis on sales execution, operational efficiency, and innovation to deliver the full potential of our businesses.

The business enters the second half of FY26 with operational momentum and clear strategic priorities. The strong first half result and balanced outlook for core sector exposures supports the reiteration of FY26 guidance of "low to mid single-digit EBIT growth."

More detailed information regarding SGH's HY26 results can be found in our HY26 Results Presentation and the HY26 Appendix 4D, lodged to the ASX. This release has been authorised by the Board of SGH.

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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 ~20% shareholding in Southern Cross Media Group.