

HD Mining slump slams Seven Group

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SEVEN Group Holdings is reshaping its operations to post-mining boom mode after recording a 46 per cent drop in profits.

SEVEN Group Holdings posted a 46 per cent fall in full-year profit to \$261.1 million for the year to June 30, while revenue slumped 35 per cent to \$3.09 billion.

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Managing director Don Voelte said he was "repositioning our businesses for current market conditions" after a slump in prices.

Global iron ore spot prices fell some 30 per cent in the second half of 2013/14 and the outlook remains flat.

Seven Group cut the equivalent of 1,400 full-time jobs across its industrial divisions in the year, including 863 at its WesTrac Australia division.

"Our businesses were built for the boom period," Mr Voelte said.

"Now, we are ensuring they are built for all conditions."

Seven Group said its resources-exposed businesses, which comprise the WesTrac mining and construction businesses in Australia and China, Coates Hire, and generator and pump supplier AllightSykes, were expected to face continuing tough market conditions.

Group earnings for the 2014/15 financial year are expected to be flat, subject to there being no further deterioration in market conditions, the company said.

Chairman Kerry Stokes said the company would increase its investments in automation - in warehousing, spare parts and self-guiding mining machinery - to remain competitive.

Coates Hire is expected to benefit in 2014/15 from a shift in the market away from mining expenditure towards construction.

One positive for Seven Group was its 35 per cent stake in Seven West Media, owner of the Seven television network.

Seven West made a \$149.2 million full year profit, turning around a \$70 million loss in the previous year.

"Our investment in Seven West Media delivered a positive result in what is a challenging market," Mr Voelte said.

Mr Voelte was paid a total salary package of \$5.52 million in his first year as Seven Group managing director and CEO, according to the company's annual report, which was released on Wednesday.

Seven Group declared a fully franked dividend of 20 cents per share, unchanged from the previous year.

The company's shares closed four cents, or 0.53 per cent, lower at \$7.53, recovering somewhat from a slump after the results were released.

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