

Herald Sun

SE Business
HD **STOKES'S SEVEN LIKE NO OTHER**
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WC 340 words
PD 1 April 2014
SN Herald-Sun
SC HERSUN
ED HeraldSun
PG 25
LA English
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A TINY takeover shows us that — to borrow the description used by David Jones — there really is no other media **company** like Kerry Stokes's Seven Group.

It is a timely reminder that Stokes's Seven Group is actually comprised of two very different companies.

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The one everyone knows is the partly-owned but fully-controlled Seven Network, which is both the TV business of that number and the West Australian print newspaper.

The bit that's not well identified with Australia's, of recent times, most aggressive but also relatively reclusive media proprietor, has actually been the most profitable; and that's an industrial services business built around the lucrative Caterpillar franchise in Australia and **China**.

Now his Seven Group is bidding a paltry 2c a share for the **equity** in troubled **oil** and gas hopeful Nexus **Energy**. This will cost petty cash of around \$27 **million**.

However Seven Group is also committing to fund Nexus's capital commitments of more than \$400 **million** over the next few years. These are to a variety of projects.

This is a serious commitment of Seven Group's cash and its corporate valuation to the **energy** business. It is driven by CEO Don Voelte, formerly the CEO of a much bigger **energy** group Woodside, but with the clear endorsement and support of Stokes.

It is self-evidently a diversification away from media. It is also a move away from the heavy reliance on the 'hard' **China**-boom commodities such as **coal** and especially **iron ore**; Caterpillar's bread and butter.

It reinforces the choice investors have. They can invest directly in the 'pure' media **company**. Seven Network. But accept they are investing in a controlled entity.

Or they can invest in the parent Seven Group, where their money will sit next to Stokes's. They get diversification but also only part of the media business. Which both reduces portfolio risk and leaves them exposed to really carrying all the Network **equity** risk. Interesting.

CO entity : Nexus Energy Ltd
IN i1 : Energy | i13 : Crude Oil/Natural Gas
NS ccat : Corporate/Industrial News
RE austr : Australia | apacz : Asia Pacific | ausnz : Australia/Oceania
PUB News Ltd.

