SCEE GROUP

Annual General Meeting 2021

Managing Director's Presentation

26 October 2021

Highlights

Financial FY21

Full year revenue of $370.2m down 10.8% on prior year

Second half a record half of activity up 73.4% on first half

Trivantage acquisition outperformed earn-out targets

EBITDA* of $29.6m up 37.0% on prior year

NPAT of $13.8m up 26.6% on prior year

Result included $1.6m acquisition costs and $1.7m intangibles amortisation for Trivantage

Strong balance sheet with cash of $51.0m and no debt at 30 June 2021

Increased fully franked 4.0 cents per share dividend declared and to be paid on 9 November 2021

Operational

Work mix changed as resources activity increased and transport infrastructure declined

Workforce doubled in year to a record 1,800 employees

Successful project close-outs at Parramatta Squares 3 and 4, Westmead Hospital and Wynyard Place

Rio Tinto Gudai-Darri and Albemarle Kemerton Lithium Plant fully mobilised in second half

Supermarkets electrical expenditure continuing at high levels

First internal supply of Trivantage Manufacturing switchboards secured

Decmil arbitration at discovery phase with hearing expected next calendar year

SCEE Electrical business 16.8 million man-hours and over 18 years Lost Time Injury free in Australia

Outlook

Targeting FY22 revenues of circa $500m and EBITDA in range of $29m-$33m - subject to impact of coronavirus developments on East and West Coasts

Order book of $430m includes over $350m of work secured for FY22

Significant growth opportunities presenting in resources sector although labour availability may constrain some growth in near term

In commercial sector many opportunities in developments around transport hubs

Infrastructure strong with Sydney Metro, Western Sydney Airport and multiple "soft" infrastructure opportunities – hospitals, government buildings, datacentres, education

Continuing to pursue acquisitions

Co-locating SCEE, Datatel and Trivantage WA businesses into new Perth CBD head office commenced

** EBITDA is a non-IFRS financial measure, for a reconciliation to statutory results see Appendix*

H2 FY21 record half of revenue

Second half revenue of $234.8m, up 73.4% on first half

Workforce doubled in FY21 including recruiting net 400 further employees in second half to meet client requirements to ramp up on large-scale mining projects

Resources revenue more than doubled on prior year while infrastructure revenue reduced as large transport infrastructure projects were completed in FY20

Significant projects in FY21 included Albemarle Kemerton Lithium Plant, Multiplex Wynyard Place, Rio Tinto Gudai-Darri Mine Phase 1, Rio Tinto Gove and Mirvac Locomotive Workshops

Overhead increase of 25.6% includes a six-month contribution from Trivantage

FY21 result includes $1.6m acquisition costs and $1.7m intangibles amortisation for Trivantage

EBITDA* of $29.6m up 37.0% and NPAT of $13.8m up 26.6%

Summary financials

	FY21	FY20	*Chg. %*
	$m	$m	
Revenue	370.2	415.1	*(10.8)%*
Gross Profit	58.2	44.5	*30.8%*
Gross Margin %	*15.7%*	*10.7%*	-
Overheads	29.5	23.4	*25.6%*
EBITDA *	29.6	21.6	*37.0%*
EBITDA %	*8.0%*	*5.2%*	-
EBIT *	22.3	16.4	*36.0%*
EBIT %	*6.0%*	*3.9%*	-
NPAT	13.8	10.9	*26.6%*
NPAT %	*3.7%*	*2.6%*	-

** EBITDA and EBIT are non-IFRS financial measures, for a reconciliation to statutory results see Appendix*

Coronavirus

FY21

Construction continued to be designated an essential service in all states throughout FY21

Operations generally continued as planned but coronavirus continued to have impacts throughout year including:

- Inter-state travel restrictions
- Some projects delayed mobilisation
- Unproductive time although largely recoverable under contract terms
- Additional recruitment requirements
- Changes to methodologies
- Additional cleaning and PPE costs

Costs in FY21 offset by JobKeeper payments to certain components of Group although JobKeeper greatly reduced and then ceased in H2

Post-FY21

Post 30 June lockdowns on East Coast resulted in total Sydney construction shutdown for part of July and later shutdowns in Victoria

Industry reopened but significant although lessening disruption throughout first quarter as part of workforce remain locked down

Costs minimised as workforce stood down and works are delayed rather than lost

On West Coast where significant new growth opportunities are presenting in resources sector interstate labour travel restrictions may constrain ability to maximise them in near term

On balance full year forecasts unaltered but may be a split between halves as delayed works not caught up until second half

Strong balance sheet and debt free

Cash decreased slightly in year by $4.3m to $51.0m at 30 June 2021 (30 June 2020: $55.3m) despite funding Trivantage acquisition with net cash outflow of $22.2m and $7.2m FY20 final dividend

Cash result particularly pleasing given high levels of activity at year-end have significant working capital requirements

Remain debt free

Acquisition of Trivantage resulted in $3.4m of net tangible assets, $13.5m of intangible assets (customer contracts and relationships to be amortised over 5 years) and $29.3m of goodwill consolidated onto balance sheet

$66.9m of bank guarantees and surety bonds on issue out of a total group capacity of $100m leaving a headroom of $33.1m

Franking account balance of $23.8m

Fully franked 4.0 cents per share dividend declared

Balance sheet summary

	Jun 21	Jun 20
	$m	$m
Current assets	201.6	170.8
Non-current assets	135.6	90.9
TOTAL ASSETS	337.2	261.7
Current liabilities	138.2	90.2
Non-current liabilities	27.9	13.2
TOTAL LIABILITIES	166.1	103.4
EQUITY	171.2	158.4

Strategy and sector outlooks

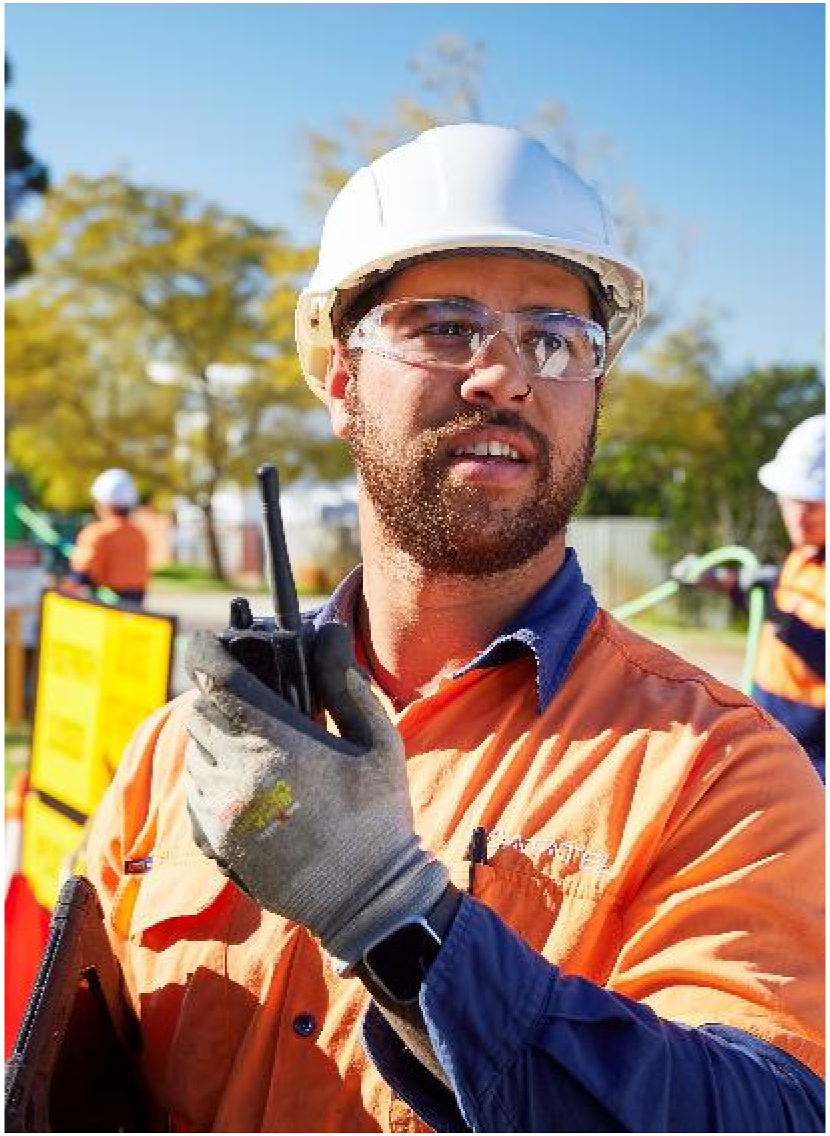
Strategy

SCEE primarily sees itself as an electrical contractor diversified across the resources, commercial and infrastructure sectors

Our growth strategy continues to be to deepen our presence in those sectors and broaden our geographic diversity

This includes particularly targeting maintenance and recurring earnings. The acquisition of Trivantage substantially increases SCEE's exposure to service and maintenance style work

We continue to pursue further acquisition opportunities



Integration

Trivantage acquisition offers considerable cross-selling opportunities and there is now a focus on realising integration synergies across the group

Integration initiatives already commenced include combined insurance programs, IT functions and admin processes

Marketing refresh across the group in progress to create a "family of brands"

A "SCEE Group" brand has been created for communicating about the whole group and a "SCEE Electrical" brand for the original SCEE operating business

SCEE Group is relocating its head office to 225 St Georges Terrace in the Perth CBD next week with all the Group's WA based business branches – SCEE Electrical, Datatel, SJ Electric, SEME Solutions - moving to the same location

Co-location will encourage increased integration and collaboration between the businesses in targeting opportunities and delivering works

Resources sector

Resources activity more than doubled on prior year as major mining projects ramped up – added net 400 workers in period to service projects

Significant revenue contributors included Albemarle Kemerton Lithium Plant, Rio Tinto Gudai-Darri and Rio Tinto Gove – some of these projects have significant potential to expand with extra trains sanctioned

Pipeline continues to increase where new growth opportunities are presenting in resources sector across multiple commodities – iron ore, lithium, LNG, fertilizers, nickel and bauxite

Interstate labour travel restrictions may constrain ability to maximise growth in near term but expected to ease with vaccination rollout and workarounds

Near term tendering on safety and lighting upgrade projects at BHP mine sites – requires a cross-group response with inputs from SCEE, Datatel and Trivantage SEME businesses

Geoff Baudains has commenced in the newly created position of "Chief Executive Officer - SCEE Electrical"

Resources decarbonisation

AFR, 1 September 2021: *"…investment required to decarbonise the planet is estimated to be more than…$41 trillion"*

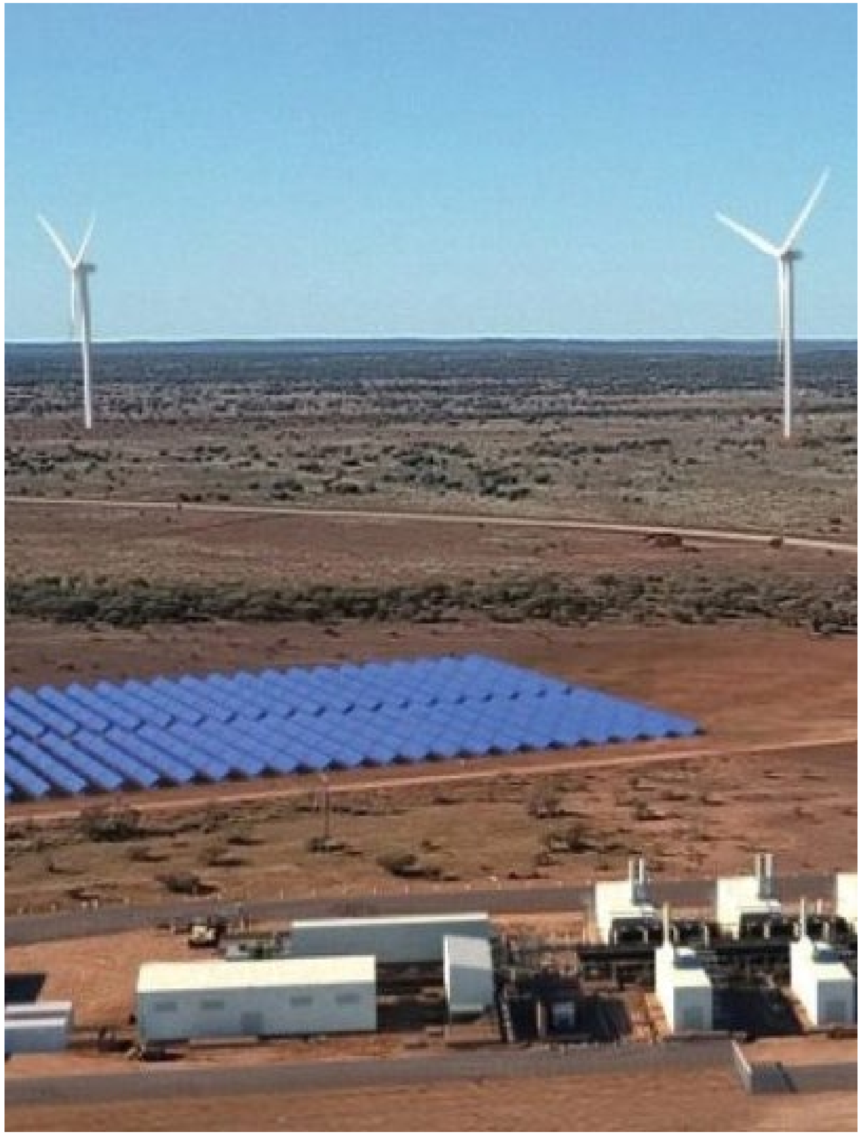
Decarbonisation impacts resources sector two-fold:

- Decarbonisation of operations – initiatives under way by multiple mining companies including Rio, BHP and FMG for battery, solar and wind projects
- Demand for commodities for global decarbonisation - energy and raw materials availability driving Australian developments – lithium, copper, nickel, hydrogen, fertilisers, urea

SCEE positioned to offer electrical and instrumentation, powerline, network and communications services - at 2021 NECA WA Awards SCEE's Agnew Hybrid Renewable project team won the Medium Industrial Award

SCEE already leveraged across many aspects of decarbonisation chain including:

- NSW solar farms – Parkes, Griffiths, Dubbo and Narromine
- lithium and copper projects
- metal recycling plants
- supermarket refrigeration power efficiencies
- green buildings design optimisation
- Trivantage manufacture underground mine electric vehicle fast charging systems and remote mine site solar boom gates



Infrastructure sector

Wide sector for SCEE, primarily driven by governmental expenditure although some areas have varying levels of private investment

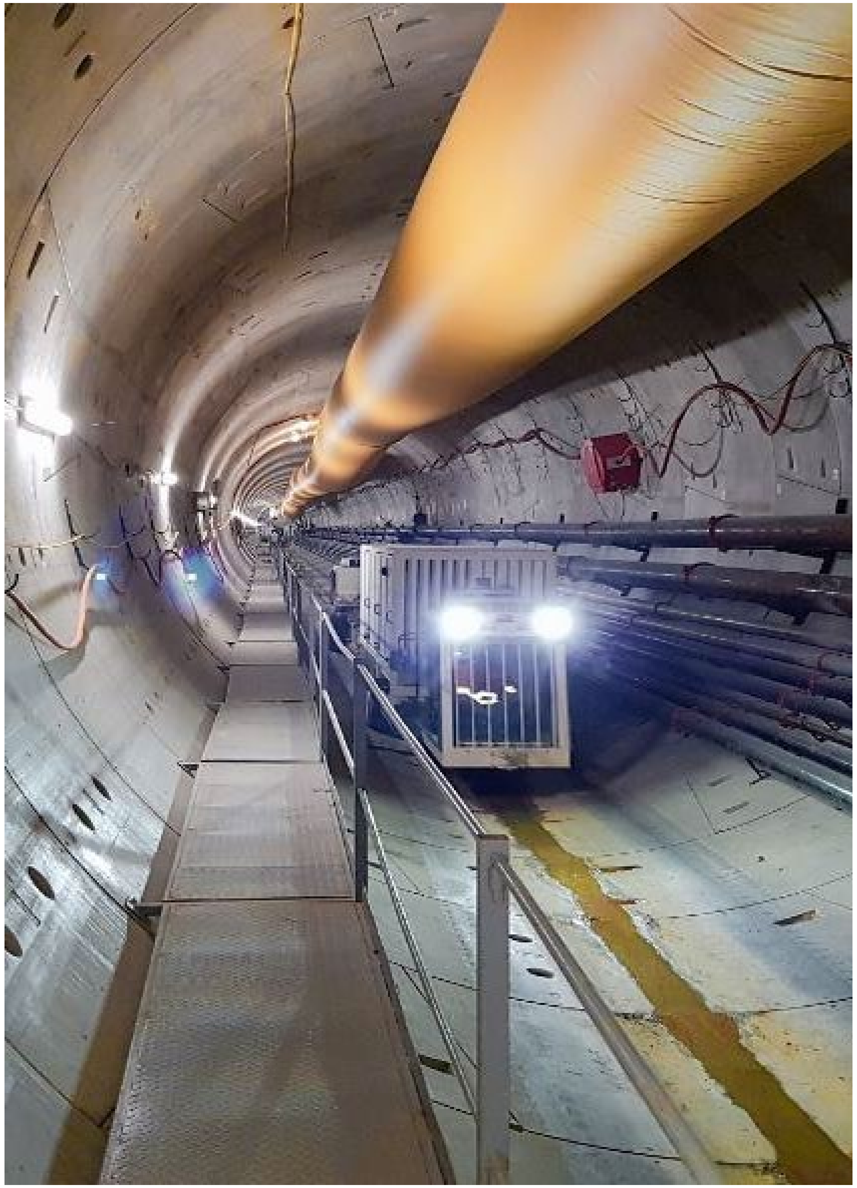
Includes transport, road, rail, utilities, defence, and telco, but also “softer” sectors such as health and aged care, education, prisons, datacentres and agriculture facilities

In FY21 infrastructure revenue declined for SCEE as large FY20 road projects not repeated, and Westmead Hospital finished

However record levels of transport investment sanctioned with peak activity still to come representing a medium-term opportunity for SCEE both in NSW and WA

In short-term Pitt Street Metro Station project will start to ramp up in second half and Trivantage Manufacturing is supplying a package of medium and low voltage switchboards for the Westgate Tunnel Project in Melbourne’s western suburbs.

Sydney Metro presenting multiple further packages being tendered now and flowing on into commercial opportunities going forward – such as recently announced Pitt Street South Tower project



Infrastructure sector (continued)

Other East Coast infrastructure opportunities are strong – NSW hospitals programme, government buildings and datacentres all being actively bid

Western Sydney International Airport terminal being tendered now

Further packages at airport which is centrepiece of significant infrastructure and commercial developments in the Western Sydney region

In the water and sewage sector a range of electrical works and switchboard supplies secured in Queensland and Tasmania at water treatment plants

Ergon Energy Service Agreement in northern QLD ongoing

Commercial sector

Commercial remained largest sector by revenue in FY21

The Sydney CBD office construction market quieter than in recent times but there are still significant targets being tendered there

Recently announced Pitt Street South Tower, Bankstown City Campus, and in the ACT the Queanbeyan Civic and Cultural Precinct

Further commercial developments around Sydney transport infrastructure hubs are anticipated to be a growing revenue stream

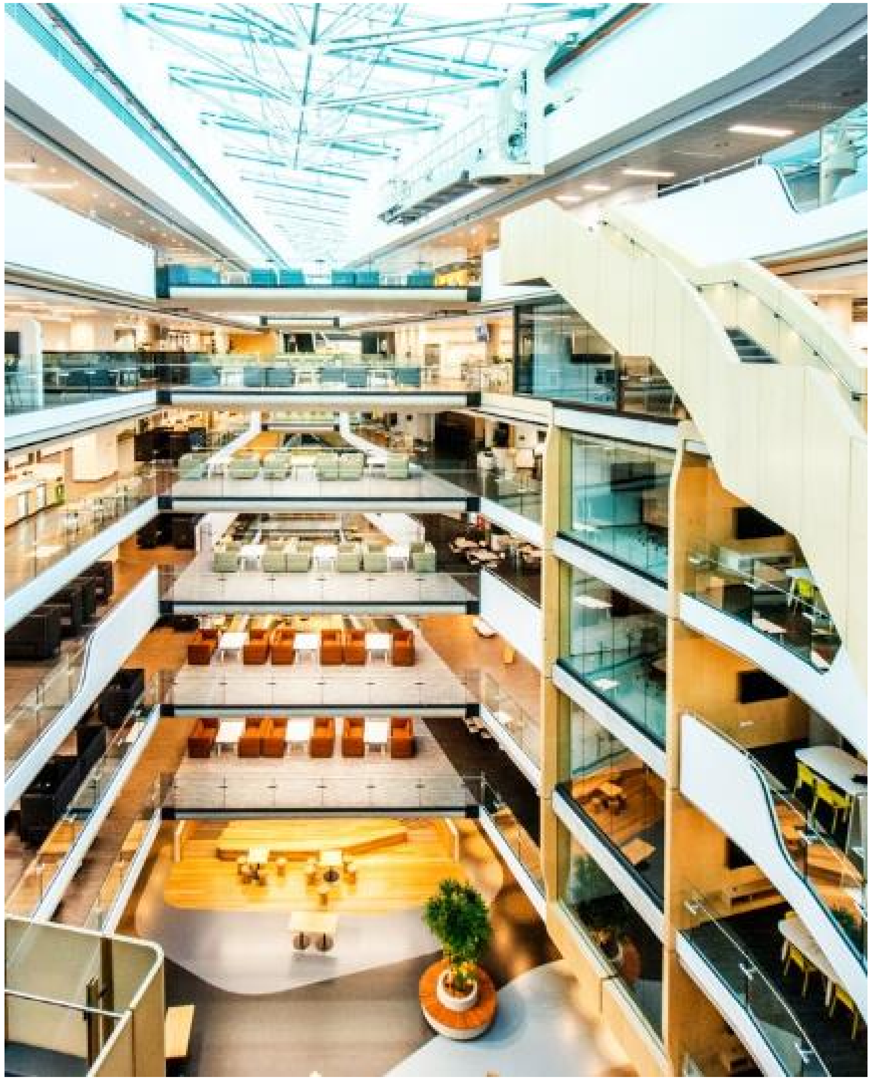
Also bidding on mixed commercial-residential and retail opportunities in Canberra, Adelaide and Perth

First internal supply of Trivantage Manufacturing switchboards to a Heyday commercial project underway

Sector now includes a contribution from Trivantage's resilient supermarket services business with nationwide coverage

The acquisition has substantially increased SCEE's exposure to recurring and services maintenance style work

Supermarkets investing heavily in IT and store renewals and in new store formats/fit out options



Conclusion and outlook

- FY21 profits ahead of target with EBITDA* of $29.6m up 37.0% and NPAT of $13.8m up 26.6% on prior year
- Balance sheet remains strong with cash of $51.0m and no debt at 30 June 2021
- Increased fully franked 4.0 cents per share dividend declared
- Trivantage acquisition exceeded expectations with all businesses outperforming forecasts and earn-out targets
- Workforce doubled in year to a record 1,800 employees
- Order book at 30 June of $430m included over $350m of work secured for FY22
- Targeting FY22 revenues of circa $500m and EBITDA in range of $29m-$33m
- Significant growth opportunities in resources and infrastructure sectors
- Commercial activity picking up again and supermarkets business very resilient

** EBITDA is a non-IFRS financial measure, for a reconciliation to statutory results see Appendix*

Corporate summary

Capital Structure	
ASX Code	SXE
Share Price (21 October 2021)	70.0c
No. of ordinary shares	256.7m
Market Capitalisation (21 October 2021)	$179.7m
Cash (30 June 2021)	$50.1m
Debt (30 June 2021)	Nil
Enterprise Value (21 October 2021)	$129.6m

Shareholders at 30 September 2021	
Thorney Investments	17.1%
First Sentier Investors	8.9%
Perennial Value Management	5.7%
Other Institutions in Top 30 Shareholders	11.2%
Frank Tomasi	18.3%
Others (Retail, Private, Employees, Directors)	38.8%
Total	100.0%

Appendix – IFRS reconciliation

SCEE’s results are reported under International Financial Reporting Standards (IFRS). SCEE discloses certain non-IFRS measures that are not prepared in accordance with IFRS. The non-IFRS measures should only be considered in addition to, and not as a substitute for, other measures of financial performance prepared in accordance with IFRS.

EBIT and EBITDA are non-IFRS measures which do not have any standard meaning prescribed by IFRS and therefore may not be always be comparable to EBIT and EBITDA presented by other companies.

EBIT represents earnings before interest and income tax. EBITDA represents earnings before interest, income tax, depreciation and amortisation. A reconciliation of profit before tax to EBIT and EBITDA is presented in the table on this slide.

	FY21	FY20
	$m	$m
Contract revenue	370.2	415.1
Contract expenses	(312.0)	(370.6)
Gross Profit	**58.2**	**44.5**
Other income	0.9	0.5
Overheads	(29.5)	(23.4)
EBITDA	**29.6**	**21.6**
Depreciation and amortisation	(7.3)	(5.2)
EBIT	**22.3**	**16.4**
Net finance expense	(1.5)	(0.9)
Profit before tax	**20.8**	**15.5**
Income tax expense	(7.0)	(4.6)
Profit from continuing operations	**13.8**	**10.9**

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