

19 February 2025

Half Year Results Announcement

- Record half year revenue \$397.4m, up 55.5% on PCP
- Record half year EBITDA of \$27.1m up 58.5%, record half year EBIT of \$23.2m up 73.7% and record half year NPAT of \$16.2m up 67.8% on PCP
- Record cash \$114.8m, up 36.5% on record prior period end and no debt
- Fully franked 2.5 cps interim dividend declared, up 150% on prior interim dividend
- Strong balance sheet supports further acquisitions which are being actively explored
- Reiterating FY25 EBITDA guidance of at least \$53m with expectations of further growth beyond

Southern Cross Electrical Engineering Limited ("SCEE Group") today released its results for the half year ended 31 December 2024.

Financial Results

The group delivered record half year revenue of \$397.4m, up 55.5% on the prior corresponding period revenue of \$255.5m.

Revenue contribution by sector was as follows:

- Infrastructure – revenue for the period was \$251.7m, up 142.5% from \$103.8m in the prior corresponding period, and was again the largest sector contributing 63.3% of total revenue. The Collie Battery Energy Storage System ("CBESS") project in Western Australia, initially announced in May 2024 and with over \$200m of work now awarded, is at peak levels of activity and is progressing well and on schedule. Other significant revenue contributors in the period were Western Sydney International Airport, the Shoalhaven Hospital Redevelopment project and various Data Centres including NEXTDC SYD03 Artarmon.
- Commercial – revenue for the period was \$79.9m, compared to \$78.9m in the prior corresponding period. Key contributors in the current period were ongoing works for Coles and Woolworths by Trivantage's national supermarket services business and Heyday's various projects across NSW and ACT including the Pitt Street Sydney Metro station commercial and



residential towers.

- Resources – revenue for the period was \$65.8m, compared to \$72.8m in the prior corresponding period. SCEE Electrical has various ongoing works for BHP, Rio Tinto and Sino Iron and SEME Solutions continues to provide mine site and villages security upgrades.

Gross profit for the period of \$50.6m was a record half year result and was up 34.2% on the prior corresponding period gross profit of \$37.7m. The gross margin percentage for the period was down 2.0% to 12.7% compared to the prior corresponding period at 14.7%. Included in gross margin in the half year was \$3.0m of legal costs relating to the WestConnex arbitration which was announced to the ASX in December. The commercial building project mix in the period was comprised almost entirely of less profitable base-building works rather than a more usual blend with more profitable fit-out works which also suppressed average margins.

Overheads of \$24.0m were 6.0% as a percentage of revenue compared to 8.2% in the prior corresponding period and demonstrates the group's ability to efficiently support significant increases in activity levels.

Record EBITDA for the period of \$27.1m was up 58.5% on the prior corresponding period. Record EBIT of \$23.2m was up 73.7%.

Net profit after tax of \$16.2m was also a record half year result and was up 67.8% on the prior corresponding period.

EBIT and NPAT both included \$1.1m amortisation of acquired intangibles consistent with the prior corresponding period.

The Board has declared a fully franked interim dividend of 2.5 cents per share, an increase of 150% on the prior year interim dividend. The interim dividend will be paid on 9 April 2025.

The cash balance at 31 December 2024 was a record \$114.8m, up 36.5% on the record 30 June 2024 balance. Outflows in the period included a record \$12.7m dividend pay-out, tax payments of \$16.0m and a deferred consideration payment of \$1.0m in respect of the MDE acquisition which is performing to expectations. The closing cash balance includes \$20m of advance payments on the CBESS project that remained on the balance sheet at period end and will unwind in future periods.

The group remains debt free.

On 2 December 2024 SCEE Group subsidiary Heyday submitted a Notice of Arbitration and Statement of Claim claiming against the CPB Dragados Samsung Joint Venture for additional costs incurred in performing its works on the WestConnex M5 motorway tunnel project in Sydney. SCEE had initially anticipated this matter would be resolved within this financial year, however a timetable has subsequently been set such that this matter is now unlikely to be resolved within this financial year but is expected to be resolved within this calendar year.

Health and Safety

Delivering our work safely is our highest priority and we are extremely proud of our strong safety culture. We were Lost Time Injury ("LTI") free across the group's operations for the fifth consecutive half year. This represented over 1.6 million manhours LTI-free in the period.

Outlook

The group reiterates its guidance of FY25 EBITDA of at least \$53m with expectations of further growth in FY26 onwards.

The order book at 31 December 2024 was \$670m, up 21.8% on the prior corresponding period. Infrastructure continues to comprise the largest component of the order book at 70%. Notable awards in the period included the CBESS Switchyard package, further works at the NEXTDC SYD03 Artarmon data centre, a substation package at the Alkimos desalination plant in WA and the Shellharbour Hospital project in NSW which at over \$60m is the group's largest ever hospital award. Trivantage Manufacturing received multiple orders to provide products for the Western Harbour Tunnel in Sydney and the North East Link in Melbourne and had a record order book at period end.

Our growth forecasts are underpinned by our strong exposure to the three structural tailwinds of infrastructure, the growth in Data Centre construction and the electrification of the economy.

The infrastructure market is a very wide sector for SCEE and spans federal, state, and private investment in transport (road, rail, airports, ports), defence, Data Centres, education, agriculture, water, energy, renewables, utilities, health and aged care. Outside of the Data Centre and renewables markets discussed further below, there are a number of particularly strong infrastructure opportunities for the group.

In healthcare we are delivering the Shoalhaven Hospital Redevelopment Project, which is expected to be completed this calendar year, and the new Shellharbour Hospital which is expected to be completed in mid-2027. We are positioning for multiple major hospital developments presenting in NSW and ACT in the medium-term.

The Western Sydney International Airport terminal project for Multiplex is now ramping down. Tendering is currently in progress on the Command Centre and the Canine Centre packages and we are expecting a long-term pipeline of works with further airport expansion and in the surrounding Aerotropolis region.

In the transport sector we are targeting further work on the Sydney Metro programme including the airport line and Sydney West Station developments having completed the Pitt Street Metro Station during the period. Trivantage Manufacturing is supplying products for multiple transport developments in NSW and Victoria.

The Data Centre sector is showing exponential growth driven by cloud computing and AI developments. Data Centres are electrically dense, with electrical work comprising the largest component of construction cost. SCEE Group businesses have worked on Data Centre projects for over twenty years and have multiple touch points into the sector, particularly Heyday's strong position in general construction and Trivantage Manufacturing building and supplying electrical equipment.

The group's Data Centre revenues have grown strongly in recent years from an average of \$20m per annum in FY19 to FY23, increasing to \$50m in FY24 and we are now forecasting \$120m in FY25. Over \$60m of Data Centre awards were announced in the first half and we are currently tendering on or positioning for over \$500m of work to be awarded in the next two years for extensions at existing or new builds of multiple Data Centres.

Australia is undergoing an energy transition requiring the electrification of many activities in the coming decades. SCEE offers services across a huge range of electrification initiatives including decarbonising our client's operations, helping meet the demand for products required for decarbonisation and the movement to sustainable buildings with environment initiatives expected to become supercharged in the coming years in order to comply with building codes and sustainability standards.

The transition of Australia's electricity supply requires investment in renewables supported by battery storage and grid configuration. SCEE Group is well credentialled to participate in this thematic having delivered multiple solar farms, wind farms and Battery Energy Storage Systems. The CBESS project will continue at high activity levels in the second half and we are tendering for other battery developments across Australia.

Strategy

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

Our growth strategy continues to be to deepen our presence in those sectors and broaden our geographic diversity through expanding our core competencies and adding adjacent and complementary capabilities, either organically or by acquisition.

We are increasing our exposure to services and maintenance style works with recurring revenues tripled since FY18.

We are actively exploring a range of acquisition targets offering further geographic diversification and new capabilities.

The electrification of the Australian and global economies presents SCEE with opportunities across all its operations.

Comment

Commenting on the half year results, SCEE Group Managing Director Graeme Dunn said "I am pleased to announce another record set of results for the group with a significant increase in revenue and profits and our highest ever period end cash balance.

We are on track to deliver on our full year guidance and continue to anticipate further growth in the years ahead driven by our strong exposure to the high levels of infrastructure spend, the increasing requirement for Data Centres and the electrification of the economy."

Results webcast

Investors and analysts are invited to attend a results presentation webcast with Graeme Dunn (SCEE Group CEO and Managing Director) and Chris Douglass (SCEE Group CFO) today, Tuesday 19 February 2025 at 11am WST.

Investors and analysts can register to attend the webcast at the following link:

<https://ccmediaframe.com/?id=U22JYfSY>

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