Interim Results Presentation
Half Year Ended 31 December 2014

25 February 2015

About SCEE

Leading provider of specialised electrical and instrumentation services

Delivers services to resource projects across Australia and overseas throughout the project life cycle

Strong reputation for safety and excellence

Established in 1978 and listed on the Australian Securities Exchange in 2007 under the code SXE

Project life cycle support

scee infrastructure

design and construction of high voltage power line distribution, switchyards and substations

scee construction

installation and commissioning of greenfield projects

scee services

operations support, maintenance, brownfield upgrade and sustaining capital services

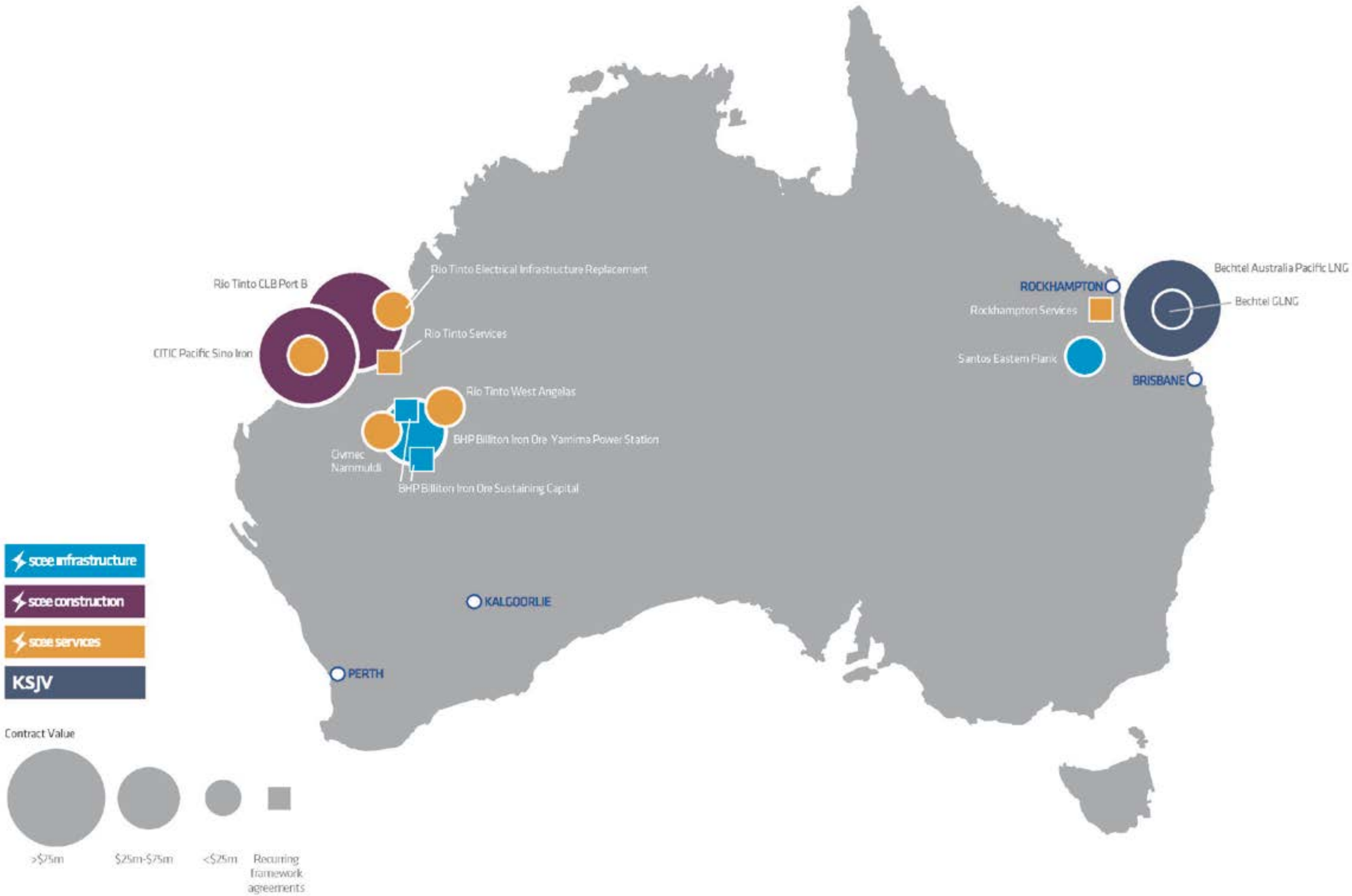
Exposure to six sectors

Iron ore	Minerals & metals	LNG	CSG	Coal	Power generation
					
Australia	Australia & overseas	Australia	Australia	Australia	Australia

Highlights

Financial	Half year revenue of \$142.0m up 28% on PCP; NPAT of \$4.1m down 34% on PCP Challenging market conditions continue to impact margins Strong balance sheet with \$32.2m of net cash at 31 December 2014
Operational	Operations in period completed without a Lost Time Injury Order book of \$110m at 31 December 2014 with \$20m awarded subsequently Slower than anticipated ramp up on key H2 projects Overheads down 8% on PCP despite increased volumes of activity
Strategic	Continued focus on growing operations & maintenance and sustaining capital Actively monitoring and evaluating growth and acquisition opportunities Period of consolidation expected in the sector Targeting further overhead reductions

HY 15 projects



Key contract wins

CITIC Pacific Sino Iron

- Awarded approximately $80m of works on the Sino Iron Project at Cape Preston
- Activity commenced during the period and will ramp up in H2 15 and continue into FY16

BHP Billiton Iron Ore Yarnima

- Awarded over $25m of E&I works at the Yarnima Power Station near Newman
- SCEE's first power station project

KSJV – Bechtel GLNG Plant Project

- SCEE's LNG focused joint venture KSJV subcontracted by Bechtel to provide labour support on the GLNG Plant Project on Curtis Island
- Work being performed on a cost reimbursable basis

Half year financial results

	HY15 $m	HY14 $m	Change %
Revenue	142.0	110.7	28%
Gross profit	22.2	26.0	(15%)
Gross margin	15.7%	23.5%	
EBITDA	9.7	12.3	(21%)
EBIT	6.2	8.8	(30%)
NPAT	4.1	6.2	(34%)
Net Margin	2.9%	5.6%	

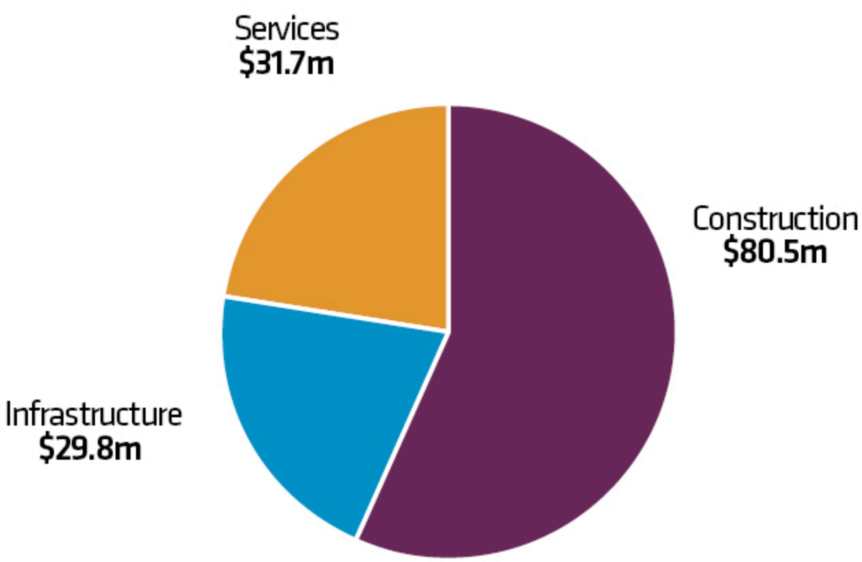
Activity levels were high during the period with a 28% increase in revenue

But challenging market conditions continued to impact margins

HY14 gross margins reflected the successful closing out of large lump sum projects secured prior to the change in market conditions

Overhead reduction of 8% from PCP achieved despite increased activity and remains a key focus going forward

Revenues by operating division



Main Contributors:

SCEE Infrastructure

- BHP Billiton Yarnima Power Station
- BHP Billiton Iron Ore Sustaining Capital

SCEE Construction

- Rio Tinto Cape Lambert Port B Phase B
- Civmec Nammuldi
- KSJV – Bechtel Australia Pacific LNG

SCEE Services

- Rio Tinto EIR program
- Rio Tinto West Angelas

Balance sheet

	Dec 14 $m	Jun 14 $m
Current assets	95.6	98.6
Non current assets	45.7	48.0
Total assets	141.2	146.6
Current liabilities	30.5	34.6
Non current liabilities	6.6	7.8
Total liabilities	37.1	42.3
Equity	104.1	104.3

Strong balance sheet throughout period

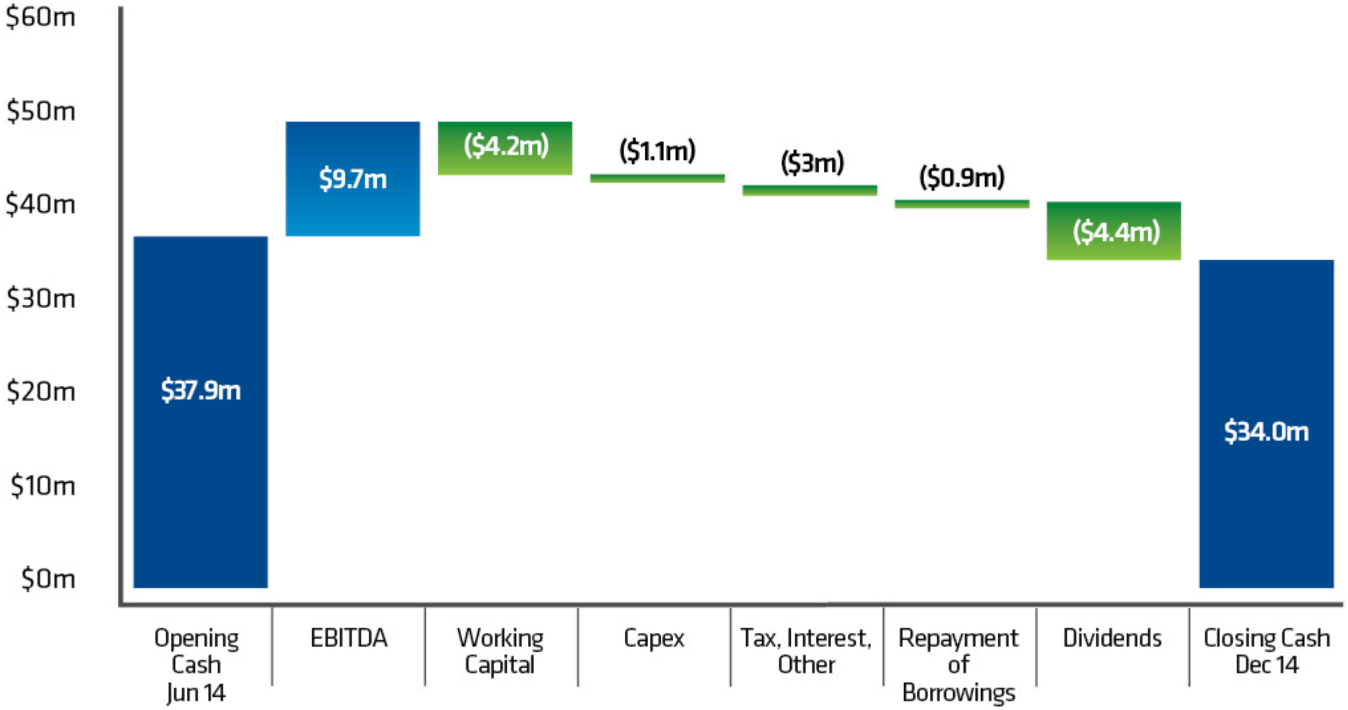
Cash of $34.0m at 31 December 2014 with a further $13.6m of client receivables due prior to period end received early January

Minimal debt of $1.8m

Capital expenditure of $1.2m in the period and expected to remain low for foreseeable future

Current franking account balance of $10.0m

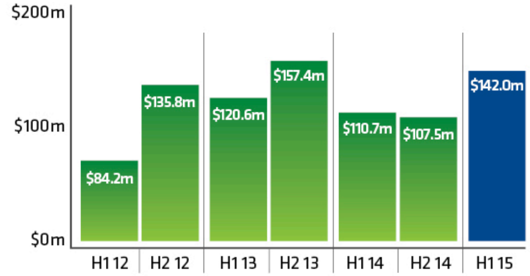
Cashflow



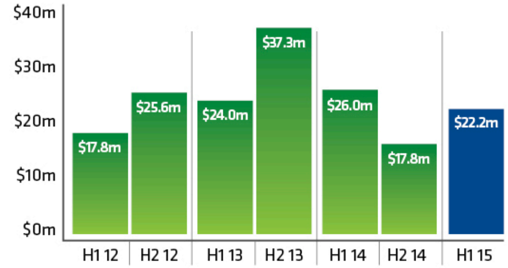
$60m
$50m
$40m
$30m
$20m
$10m
$0m
$37.9m
$9.7m
($4.2m)
($1.1m)
($3m)
($0.9m)
($4.4m)
$34.0m
Opening Cash Jun 14
EBITDA
Working Capital
Capex
Tax, Interest, Other
Repayment of Borrowings
Dividends
Closing Cash Dec 14

Financial trends

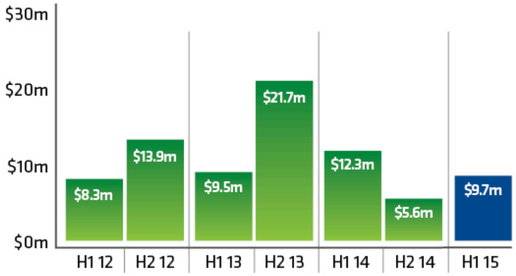
Revenue



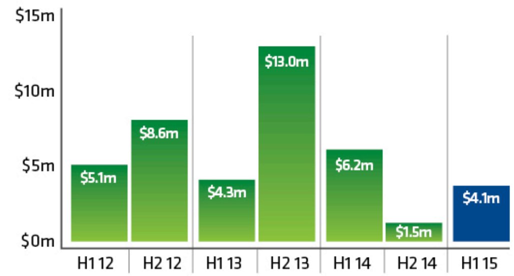
Gross profit



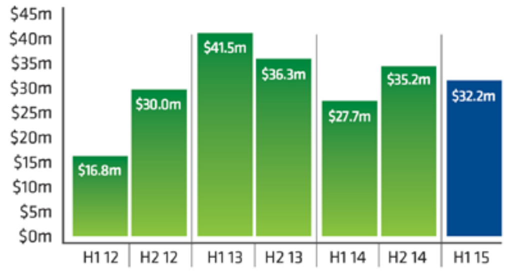
EBITDA



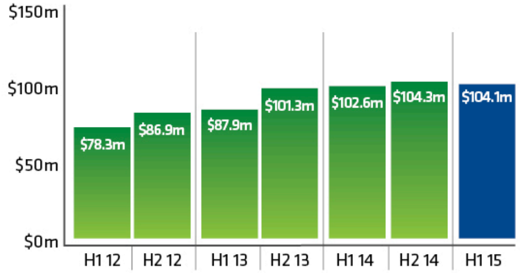
Net profit after tax



Net cash



Net assets



Health, safety and people

Lost Time Incident free in the period, over ten years LTI free in Australia

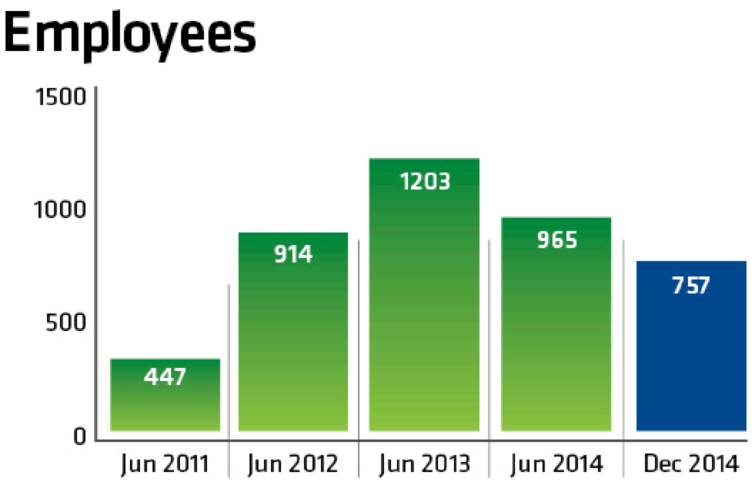
Reflective of the proactive safety culture across the whole of SCEE from the Board to our project teams

Over 750 employees at 31 December 2014 as key H1 projects completed and demobilised

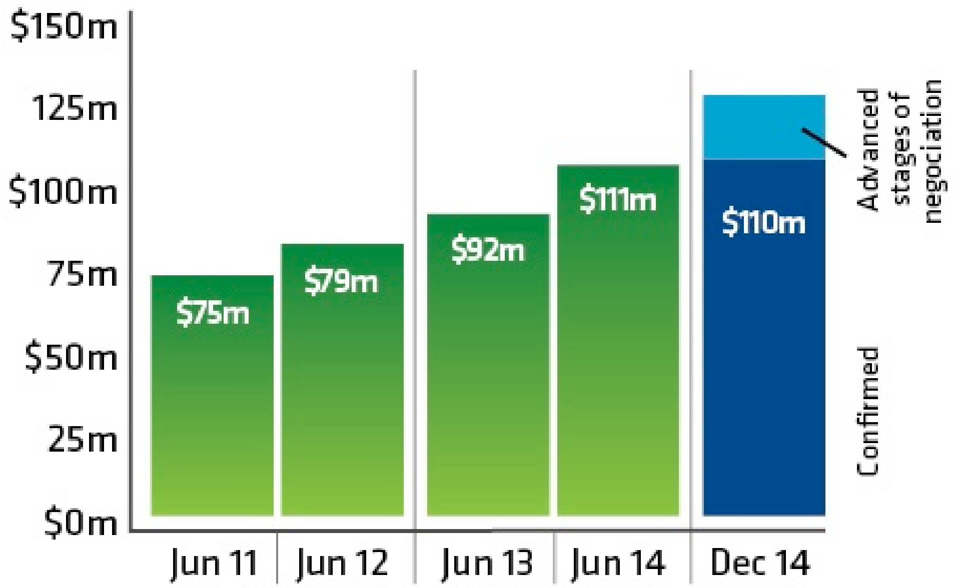
Dedicated training centre helps ensure cost effective and efficient mobilisation of project teams

Strong commitment to indigenous participation

Award winning apprenticeship program



Order book



Order book at 31 December 2014 of $110m excluding work under recurring framework agreements

A further $20m of orders have been secured post period end

Over $50m of order book is for FY16 performance

Business development and tendering activity remains high but pool of available work has decreased

Market conditions

Continuation of the challenging market conditions that emerged during 2013

Tender process to secure available work is increasingly competitive

Clients remain commercially focussed with price a key driver in awards

Commodity price weakness has seen the postponement or cancellation of a number of capital projects and available package sizes have decreased

Operations & maintenance and sustaining capital opportunities increasing as capex projects completed

We expect these trends to continue through FY16

Iron Ore Capital

Pipeline of available work has reduced but expected to remain a key revenue contributor

Opportunity for growth on Sino Iron as the project progresses

New mine developments will be required by Rio and BHP to maintain their forecast production levels

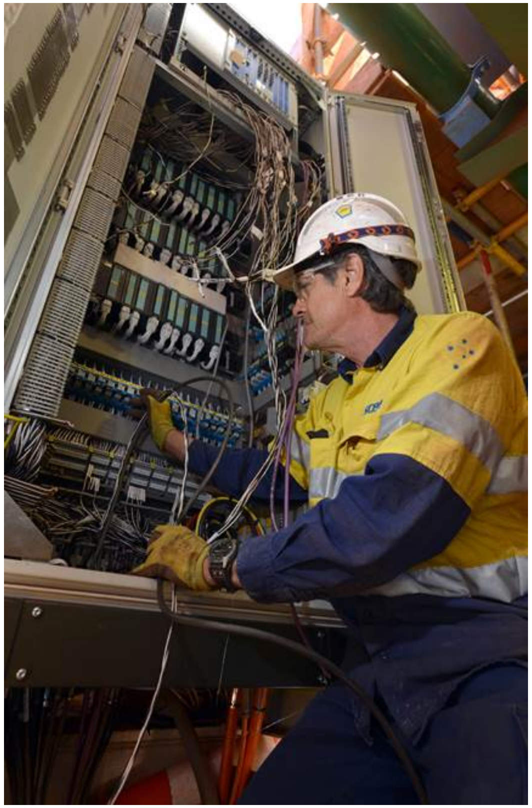
Iron Ore Sustaining Capital and Operations and Maintenance

SCEE strongly positioned with Rio Tinto, BHP and Sino Iron for sustaining capital and operations phases - E&I component of spend increases from 3-5% in capital phase to 12-15% in later phases

BHP Iron Ore Sustaining Capital framework agreement provides ongoing opportunity

Expect growth in Rio Tinto sustaining capital spend

Positioning for Sino operations and maintenance works as now in production



LNG and CSG

LNG construction phase to continue into FY17

KSJV currently working on APLNG and GLNG with scope for further growth

Targeting secondary opportunities on other LNG plants

Positioning for operations and maintenance workflow over long term as LNG plants completed

Second wave of upstream CSG works on East Coast now being tendered and clients shifting from tier one to tier two contractors

But further capital spend is being impacted by the drop in oil price

Upstream CSG requires long term expenditure to maintain production

Mining

Base metals remains depressed and is being treated as a spot market with project bid as they arise

Bidding identified opportunities in East Coast coal market (eg Adani)

Selectively bidding for international construction work

Outlook

Activity in early H2 has been low as a result of completion of key H1 projects and slower than anticipated ramp up of new projects

Margins expected to remain highly competitive for foreseeable future

Market conditions and the risk of further deterioration make full year NPAT uncertain

Outcome dependent on the winning and timing of award and execution of future orders, progress of current projects remaining in line with schedules and closing out existing commercial claims as currently forecast

Not appropriate to give definitive full year earnings guidance

Over $50m of FY16 work already secured

Strong balance sheet with capacity to take advantage of acquisition opportunities

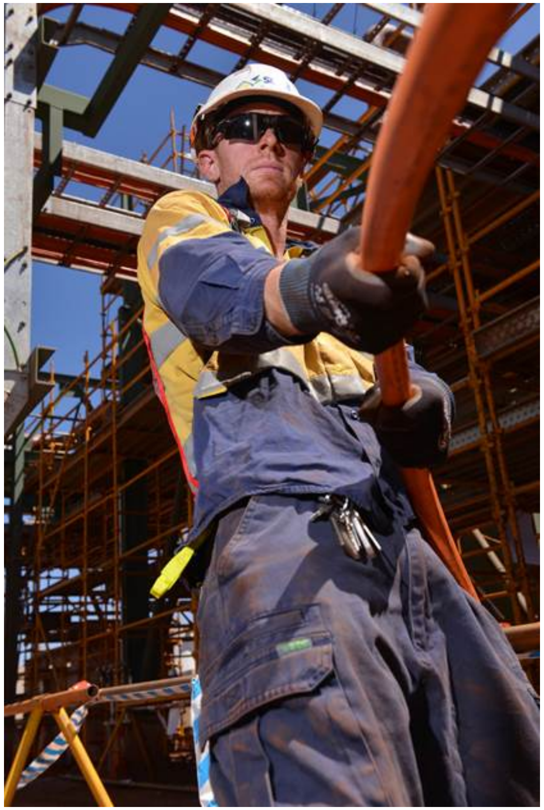
Strategy

Focused on substantially increasing recurring revenues from operations & maintenance and sustaining capital over three to five years through organic growth and acquisition opportunities (targeting $100m-$150m p.a. by FY16)

Monitoring and evaluating potential growth and acquisition opportunities

Expect consolidation in the sector as companies seek to maintain scale, capability and service required by clients

Management of overheads to ensure appropriate balance between cost control and operational effectiveness



Overheads

Overheads in the period were down 8% from $13.9m in PCP to $12.8m despite a 28% increase in revenue

Efficiency measures have been ongoing for 18 months since market conditions changed with overheads in Q2 FY15 22% lower than in Q1 FY14

Continue to target further reductions through ongoing review of cost base and restructuring

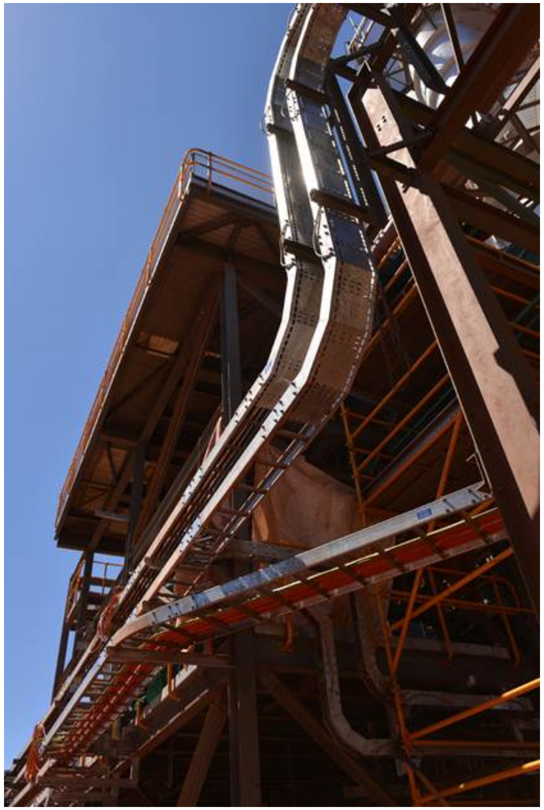
Management changes

Managing Director and CEO Simon High stepping down from the role

The Board has commenced a formal search process for a replacement

Mr High to remain in the role until an appointment is made

Strong management team in place and will ensure continuity during the transition



Conclusion

Market conditions remained challenging during the period and are expected to continue

Available pool of construction work has reduced but operations & maintenance and sustaining capital opportunities are increasing

Significant overhead reductions achieved and managing costs remains a key focus

Monitoring and evaluating potential growth and acquisition opportunities in a consolidating market

Strong balance sheet retained throughout period providing capacity for acquisition

Non-IFRS financial information

SCEE's results are reported under International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. The Company discloses certain non-IFRS measures that are not prepared in accordance with IFRS and therefore considered non-IFRS financial measures. The non-IFRS measure 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 a non-IFRS earnings measure which do not have any standard meaning prescribed by IFRS and therefore may not 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.

Overheads as disclosed in this presentation does not have any standard meaning prescribed by IFRS and therefore may not be comparable to overheads as presented by other companies.

EBIT and EBITDA Reconciliations:

	HY 15 $m	HY 14 $m
Profit before tax	6.2	8.7
Finance expense	0.5	0.6
Finance income	(0.5)	(0.5)
EBIT	6.2	8.8
Depreciation	3.4	3.4
Amortisation	0.1	0.1
EBITDA	9.7	12.3

Overhead Reconciliation:

	HY 15 $m	HY 14 $m
Employee benefits expenses	(8.8)	(9.7)
Occupancy expenses	(0.8)	(1.1)
Administration expenses	(2.7)	(2.4)
Other expenses	(0.5)	(0.7)
Overheads	(12.8)	(13.9)

Disclaimer

Some of the information contained in this presentation contains “forward-looking statements” which may not directly or exclusively relate to historical facts. These forward-looking statements reflect Southern Cross Electrical Engineering Limited’s current intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which are outside the control of Southern Cross Electrical Engineering Limited.

Important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks. Because actual results could differ materially from Southern Cross Electrical Engineering Limited’s current intentions, plans, expectations, assumptions and beliefs about the future, you are urged to view all forward-looking statements contained herein with caution.