Investor Presentation
Half Year Results Roadshow

29 March 2016

About SCEE

Leading provider of specialised electrical and instrumentation services

Delivers electrical services across Australia and overseas

Strong reputation for safety and excellence

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

Core capabilities

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

Diversified across four sectors

Mining

Oil & Gas

Utilities

Industrial

Highlights

Financial

H1 16 revenue of $137.1m and NPAT of $3.8m

Strong balance sheet with $45.0m of cash and no debt at 31 December 2015

Fully franked interim dividend of 1.35 cents per share declared

Operational

Market conditions remain challenging but we are continuing to secure work

Prior year restructuring has reduced overhead base and further efficiencies targeted

Continuing to deliver our projects safely and were LTI free in the period

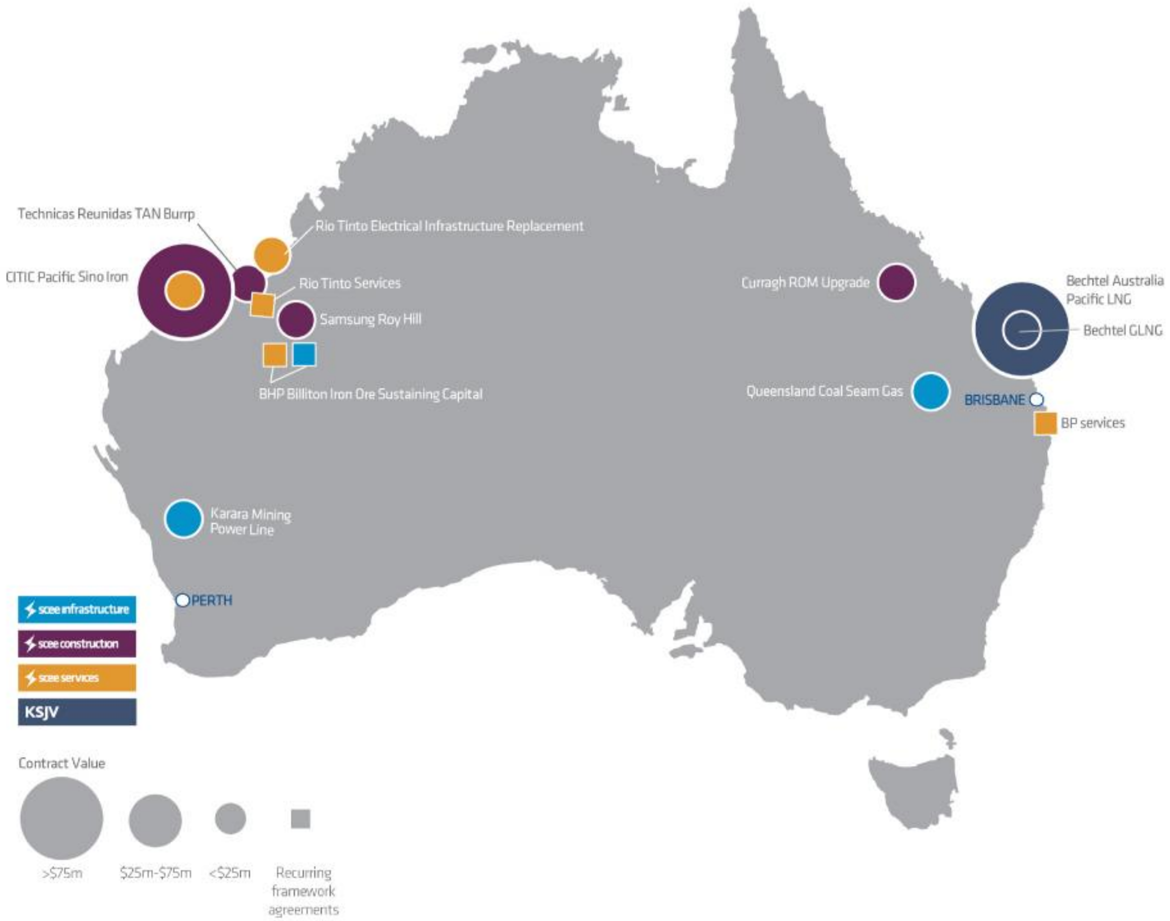
Strategic

A sustainable resources business exists through sustaining capital and maintenance works

Strategy of expansion into adjacent or complementary sectors and new geographies

A number of organic and acquisitive growth opportunities currently under evaluation

H1 projects



Technicas Reunidas TAN Burrp
Rio Tinto Electrical Infrastructure Replacement
CITIC Pacific Sino Iron
Rio Tinto Services
Samsung Roy Hill
BHP Billiton Iron Ore Sustaining Capital
Curragh ROM Upgrade
Bechtel Australia Pacific LNG
Bechtel GLNG
Queensland Coal Seam Gas
BRISBANE
BP services
Karara Mining Power Line
PERTH
scee infrastructure
scee construction
scee services
KSJV
Contract Value
>$75m
$25m-$75m
<$25m
Recurring framework agreements

Completed projects

Significant projects completed or nearing completion in H1:

CITIC Pacific Sino Iron

- Awarded approximately $80m of E&I works on Process Lines 3, 4, 5 & 6. Manning peaked at over 400 in period

Samsung Roy Hill

- Provision of E&I services during the construction and commissioning phases of the Roy Hill Iron Ore project

Tecnicas Reunidas TAN Burrup

- Performing completion and commissioning works at the TAN Burrup Project

Sims Metal Kwinana Recycling Facility

- HV, LV and E&I packages at metal recycling facility

Samsung Roy Hill Project

H1 financial performance

	HY16 $m	HY15 $m	Change %
Revenue	137.1	142.0	(3%)
Gross profit	18.0	22.2	(19%)
Gross margin	13.1%	15.7%	
EBITDA	7.3	9.7	(25%)
EBIT	5.0	6.2	(19%)
NPAT	3.8	4.1	(7%)
Net Margin	2.7%	2.9%	

H1 result driven by strong performance on key projects

Gross margins reflect competitive operating environment – have remained consistent across calendar year 2015 and to date

Prior year restructuring reduced overheads by over 16% on PCP

Depreciation expense reduced from $3.4m in PCP to $2.4m

Effective tax rate 25% as result of R&D tax rebate

Balance sheet

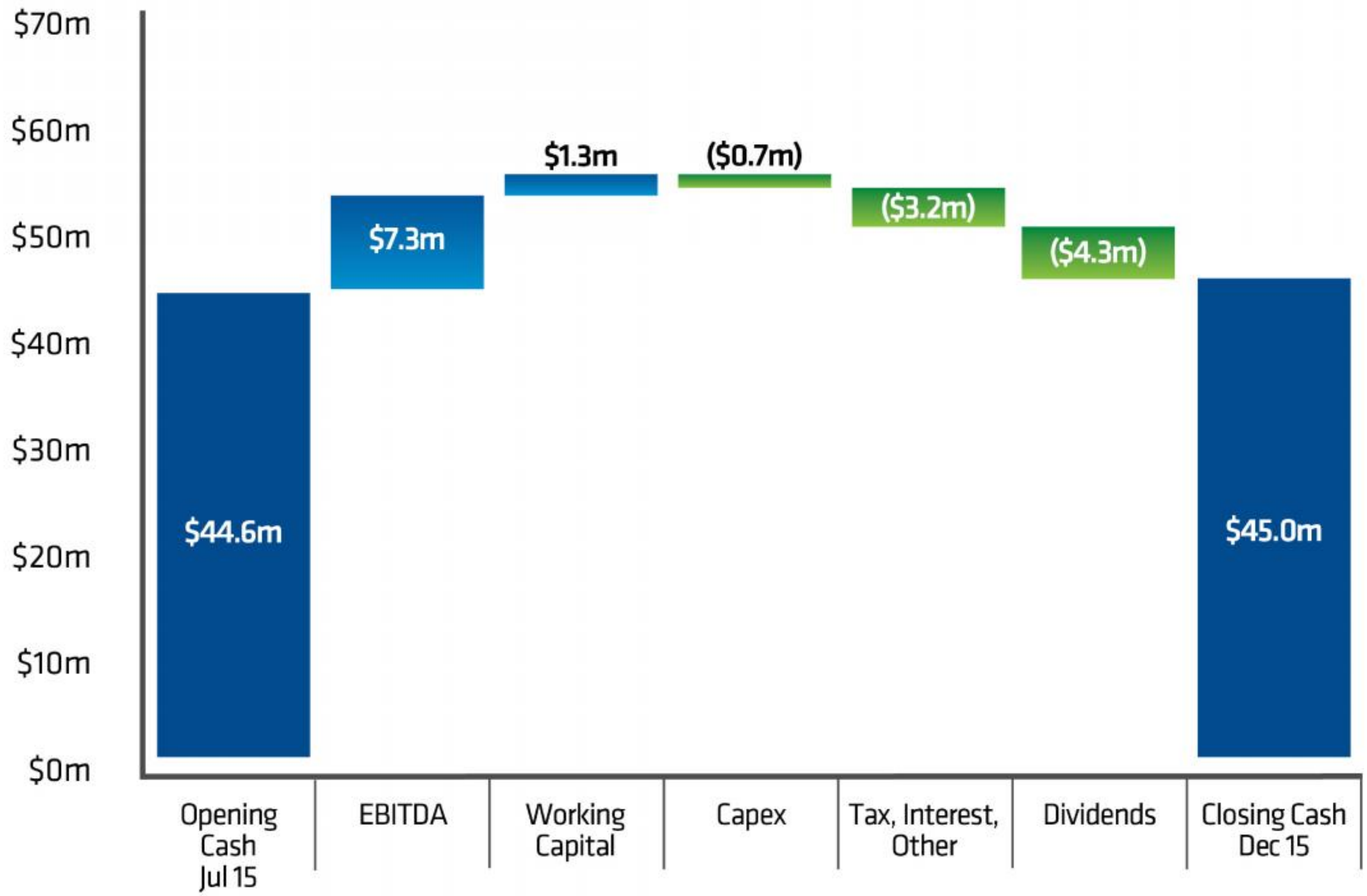
	Dec 15 $m	Jun 15 $m
Current assets	90.6	92.0
Non current assets	30.9	31.6
Total assets	121.5	123.7
Current liabilities	32.9	34.4
Non current liabilities	0.3	0.6
Total liabilities	33.2	35.0
Equity	88.2	88.7

Strong balance sheet throughout the period

Cash of $45.0m and no debt at 31 December

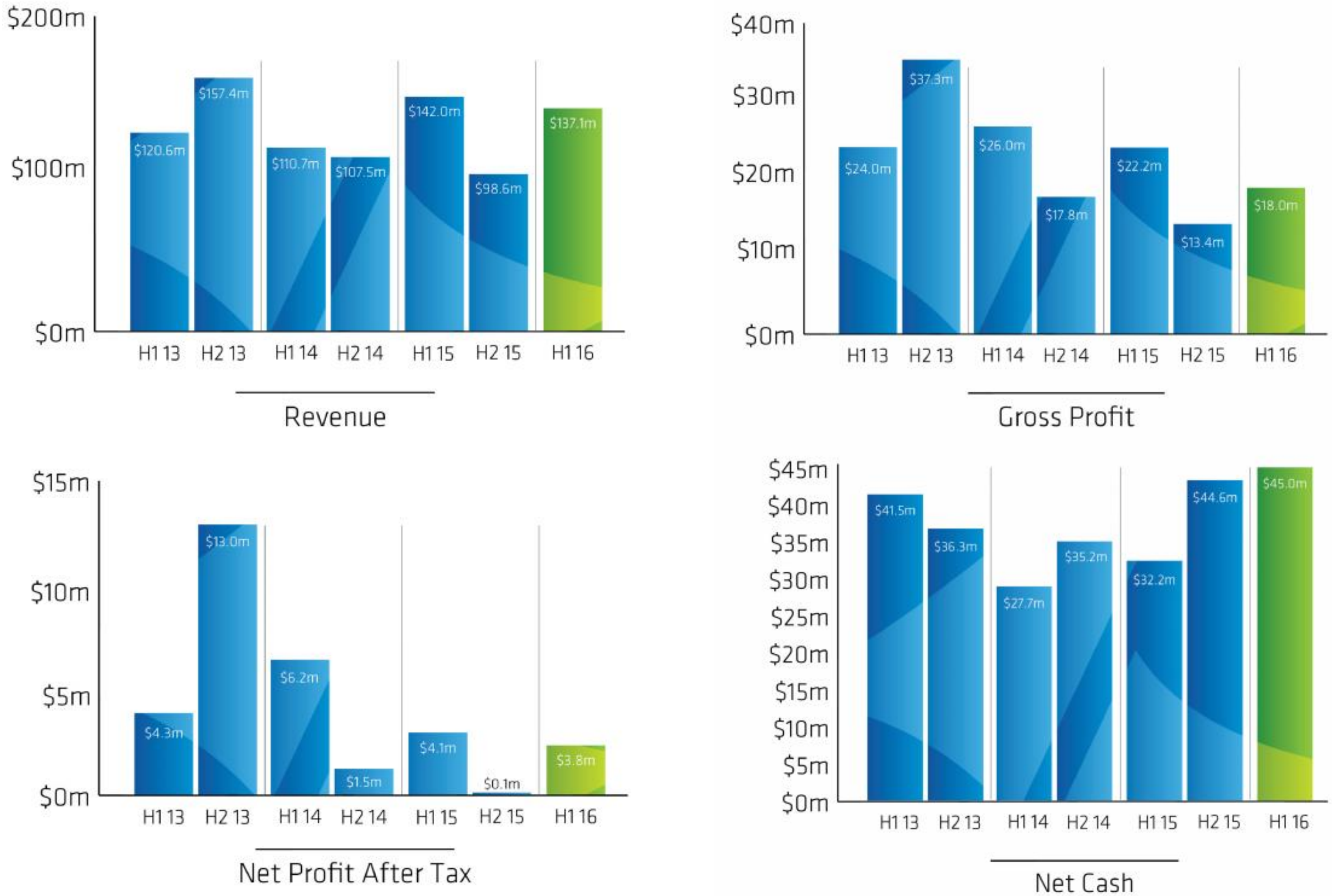
Capex in the period was $1m and is expected to remain low for foreseeable future

Cashflow



$70m
$60m
$50m
$40m
$30m
$20m
$10m
$0m
$44.6m
$7.3m
$1.3m
($0.7m)
($3.2m)
($4.3m)
$45.0m
Opening Cash Jul 15
EBITDA
Working Capital
Capex
Tax, Interest, Other
Dividends
Closing Cash Dec 15

Financial trends



Note – H2 15 Revenue, Gross Profit and Net Profit After Tax are presented on an underlying trading basis. A detailed reconciliation of statutory to underlying trading results can be found on slide 19.

Dividends

Fully franked interim dividend of 1.35 cps declared

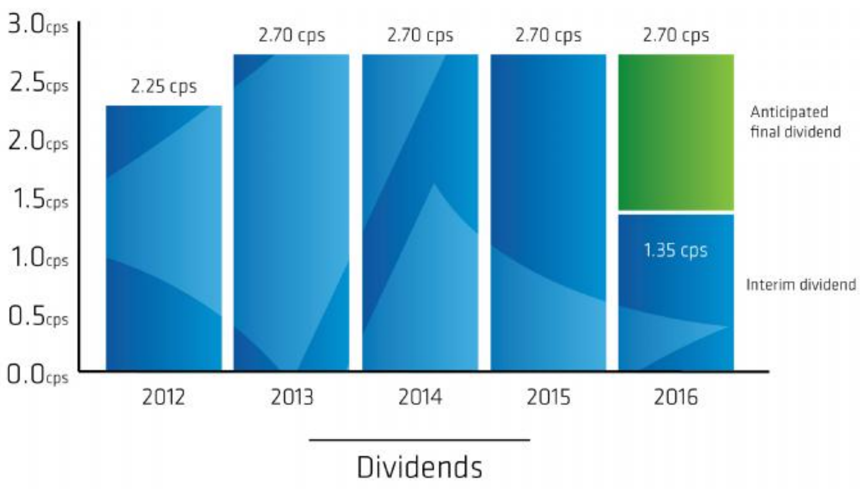
Record date: 21 March 2016

Payment date: 14 April 2016

Anticipate maintaining full year dividend at least at 2.7 cps being the same absolute level as prior 3 years

Continue to maintain balance between delivering returns to shareholders and retaining capital for growth opportunities

Franking account balance at 31 December 2015 of $13.4m



Health, safety and people

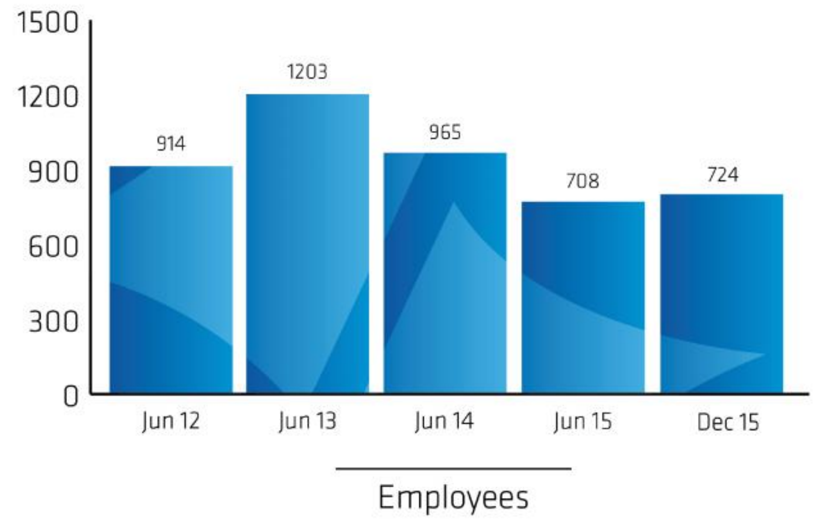
Performed our operations in the period without a lost time injury

Over eleven years LTI free in Australia

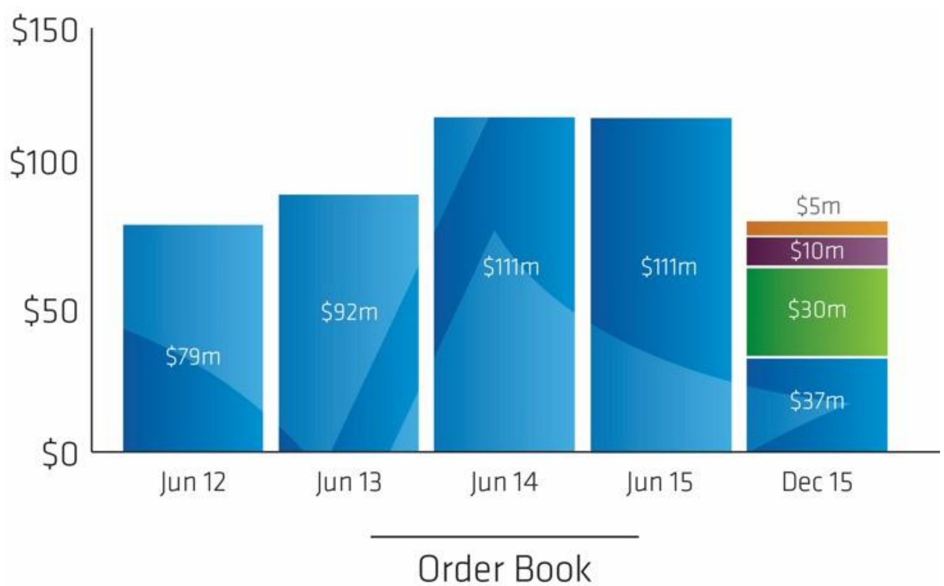
Employee numbers over 700 at end of H1

Strong commitment to indigenous participation

Award winning apprenticeship program



Order book



Order book at 31 December 2015 of $37m with a further $30m won so far in H2

Order book excludes $10m of forecast H2 work under recurring framework agreements and $5m growth on existing reimbursable contracts

Sustainable resources business

Sustainable resources business through exposure to sustaining capital and maintenance markets

Current projects profitable and progressing well

Profitable H2 expected with final result dependent on timing of award and execution of new work

Market change from large capex to smaller sustaining capital projects with shorter project durations

Tendering activity high and regularly securing awards - excluding sustaining capital and maintenance works have identified near-term opportunities pipeline of over $300m

Rio Tinto Cape Lambert

Ongoing resources sector exposure

Leveraging off strong client relationships and brand recognition

Regional facilities opened in Newman and Karratha and investigating additional locations

Widening service offering to sector – small-scale civils and mechanical and specialist services

Targeting further LNG works on existing Australian projects and long term pipeline of East Coast Coal Seam Gas works

Breadth and depth of exposure in resources sector:

- Ongoing activities – BHP Sustaining Capital framework agreement, Rio Tinto EIR program, CITIC Pacific Sino Iron maintenance, Bechtel Australia Pacific LNG
- Recent and anticipated awards – BHP Jimblebar, further iron ore framework agreement and LNG construction
- Evaluating a number of overseas opportunities

CITIC Pacific Sino Iron Project

Diversification strategy

Build on sustainable resources business through targeting growth by expansion into adjacent and complementary sectors and new geographies:

- Telecommunications
- Utilities
- Transport infrastructure
- Social, commercial and defence infrastructure

Capability and capacity

Transferable project delivery and technical skills

Strong balance sheet to support execution

Diversification likely to be a combination of organic and acquisitive initiatives

A number of potential opportunities have been identified and are under evaluation

Proven track record of successfully integrating previous acquisitions (KJ Johnson into SCEE Infrastructure and Oceanic as east coast platform)

Telecommunications

NBN roll out to ramp up significantly; expansion and upgrades of existing wireless networks; over $30bn forecast construction spend by 2019

SCEE complementary skills offering in this sector – fibre optics, communications and remote working

Actively considering acquisition opportunities in this space

Utilities

SCEE Infrastructure constructed over 35 overhead transmission powerlines in past 3 years

Completed projects on power stations, water treatment plants, substations and solar power developments

Executing transmission overhead line maintenance works under Western Power's Major Works Panel

Expanding geographic and service offering to electrical utilities primarily with further extension to water and gas sectors

Infrastructure

- Transport – over $100bn forecast construction spend in Australia by 2019. State Governments recycling capital to fund new infrastructure initiatives in motorways, railways and airports. Timing for entry suitable for SCEE

- Social and Commercial – over $80bn forecast construction spend in Australia by 2019. Includes hospitals, education and prisons and growth in commercial building, shopping centre and hotel construction

- Defence – tendering various opportunities with RAAF and Department of Defence across several states

Overheads

Management highly focussed on cost control and ensuring an efficient operating structure

Significant restructuring exercise performed late FY15 drove an overhead reduction of over 16% on PCP

Targeting further reductions through cost saving initiatives

Offshore Service Centre opened this month to provide more cost efficient support

CEO appointment

Graeme Dunn appointed CEO and Managing Director in January

Over 25 years' international experience in heavy civil infrastructure, mining, oil & gas and building projects

Extensive executive management experience in contracting businesses

Has previously held senior management positions across Australia, Asia and the Middle East

Conclusion

Strong H1 performance in difficult market conditions with revenue of $137.1m and NPAT of $3.8m

Interim fully franked dividend of 1.35 cps declared

Strong balance sheet and $45.0m net cash supports growth

Prior year restructuring has reduced overhead base

Market move to smaller sustaining capital projects and demonstrating ability to secure regular awards

A sustainable resources business through sustaining capital and maintenance programs with opportunity to secure further LNG construction works

Strategy of expansion into other geographical areas and complementary or adjacent sectors via acquisition and organic growth

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. A reconciliation of profit before tax to EBIT and EBITDA is presented in the table on the left below.

The term "underlying trading" used in this document is a non-IFRS measure which refers to the statutory result for the second half of financial year 2015 excluding one-off items disclosed in the reconciliation presented in the table on the right below. This measure was used by management to assess the Company's performance. The underlying trading results are unaudited.

EBIT/EBITDA reconciliation:

	HY 16 $m	HY 15 $m
Profit before tax	5.0	6.2
Finance expense	0.3	0.5
Finance income	(0.3)	(0.5)
EBIT	5.0	6.2
Depreciation	2.3	3.4
Amortisation	0	0.1
EBITDA	7.3	9.7

H2 15 underlying profit reconciliation:

	Statutory $m	Organisation restructuring $m	Asset write-downs and lease provisions $m	Claim write-downs $m	Impairment of goodwill $m	Underlying trading (unaudited) $m
Contract revenue	96.3			2.3		98.6
Contract expenses	(85.5)		0.3			(85.2)
Gross profit	**10.8**		**0.3**	**2.3**		**13.4**
Other (expense)/income	(1.0)		1.3			0.3
Overheads	(10.7)	1.1				(9.6)
Depreciation expense	(3.5)					(3.5)
Amortisation	0.0					0.0
Restructuring and impairment	(11.0)	1.2	1.4		8.4	0.0
(Loss)/profit from operations	**(15.4)**	**2.3**	**3.0**	**2.3**	**8.4**	**0.6**
Net finance expense	(0.1)					(0.1)
(Loss)/profit before tax	**(15.5)**					**(15.5)**
Income tax expense	1.6	(0.7)	(0.6)	(0.7)		(0.4)
(Loss)/profit from continuing operations	**(13.9)**	**1.6**	**2.4**	**1.6**	**8.4**	**0.1**

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.