

Half Year ended 31 December 2017 results



27 February 2018

About SCEE

Southern Cross Electrical Engineering (SCEE) is an ASX listed electrical, instrumentation, communication and maintenance services company recognised for our industry leading capabilities

Established in 1978 in Western Australia, the combination in 2016 with Datatel Communications Pty Limited (established 1998) and in 2017 with East Coast-based Heyday5 Pty Limited (business established 1978) has created a diversified national electrical contractor



Our Values

Safety

It's in everything we do.

Quality

Exceeding customer expectations through continuous improvement.

Reliability

We are dependable and consistently deliver high-quality services.

Trust

Entrust and empower our team to take ownership.

Loyalty

We believe in harmonious relationships and building these through integrity and mutual respect.



Highlights

Financial

Revenue \$176.2m, EBITDA \$8.6m and an underlying NPAT* of \$4.6m

Revenue up 187% on prior corresponding period as first full period in which Heyday results consolidated

Turnaround in profitability with EBITDA of \$8.6m compared to an EBITDA loss of \$1.8m in prior corresponding period

Strong balance sheet with record cash of \$63.3m at 31 December 2017 and negligible debt

Strategic

Growth strategy reaffirmed to achieve further sector and geographic diversity

Successful capital raising completed to be applied towards servicing the enlarged order book and pipeline of work

Also provides strength and flexibility to capitalise on potential growth opportunities

Significant awards in period in commercial, transport infrastructure, public health infrastructure and utilities sectors enhance diversification of group

Executive management strengthened particularly in telecommunications sector

Outlook

Order book of over \$450m at 31 December 2017

Submitted tenders and BD pipeline exceed \$2bn

Anticipate full year revenues over \$350m

Order book includes over \$250m of work already secured for 2019 financial year

Four out of five sectors in which SCEE operates already in or entering a growth phase

* A reconciliation of underlying to statutory NPAT can be found in Appendix 1

Half Year financial performance

	HY 18	HY 17
	\$m	\$m
Revenue	176.2	61.5
Gross Profit	19.6	7.3
Gross Margin	11.1%	11.9%
Overheads	12.3	10.9
EBITDA	8.6	(1.8)
EBIT	5.3	(3.9)
Underlying NPAT	4.6	(4.3)

Revenue up 187% on prior corresponding period as first full period in which Heyday results consolidated
Gross margins for the half-year were 11.1% compared to 11.9% in the prior corresponding period

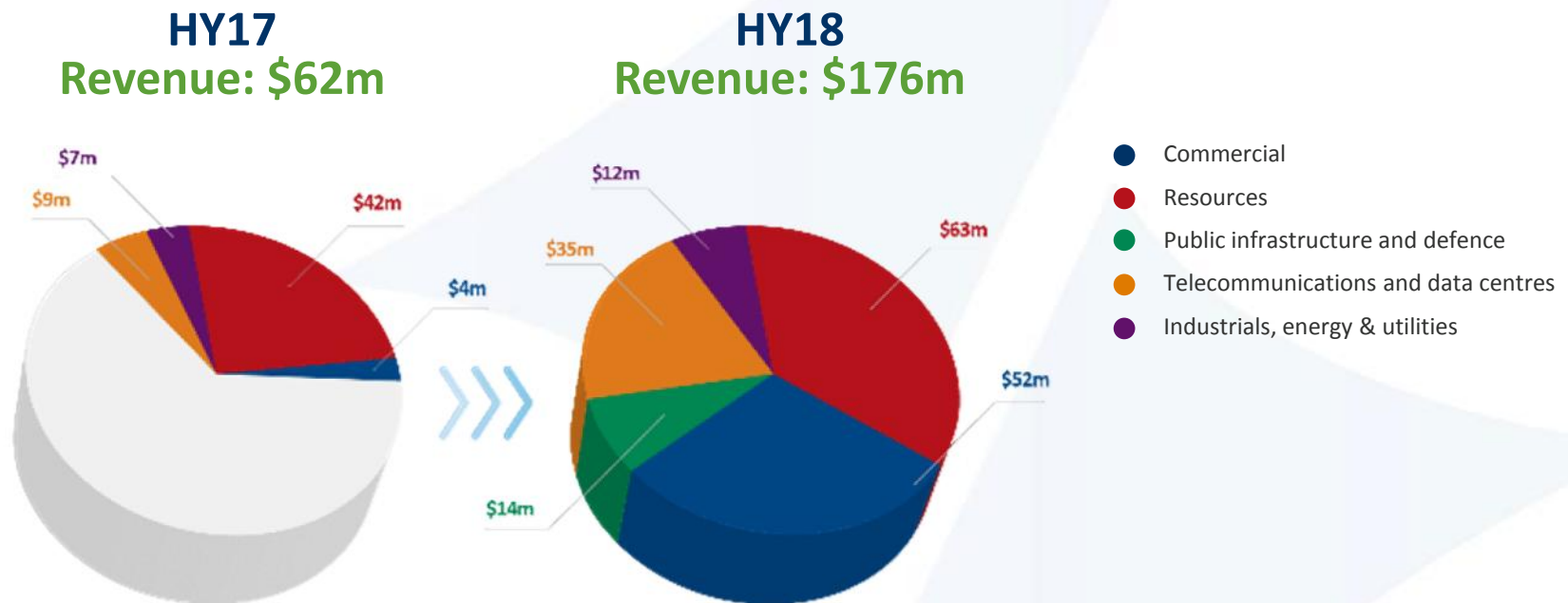
Turnaround in profitability with EBITDA of \$8.6m compared to an EBITDA loss of \$1.8m in prior corresponding period

Overheads as a percentage of revenues reduced significantly from 17.7% in prior corresponding period to 7.0% in the current period

* A reconciliation of underlying to statutory NPAT can be found in Appendix 1

HY18 – Revenue by sector

Revenue growth in all sectors



Balance sheet

	Dec 17	Jun 17
	\$m	\$m
Current assets	128.6	99.1
Non current assets	95.1	98.9
Total assets	223.7	198.1
Current liabilities	78.6	81.4
Non current liabilities	10.4	16.9
Total liabilities	89.0	98.3
Equity	134.7	99.8

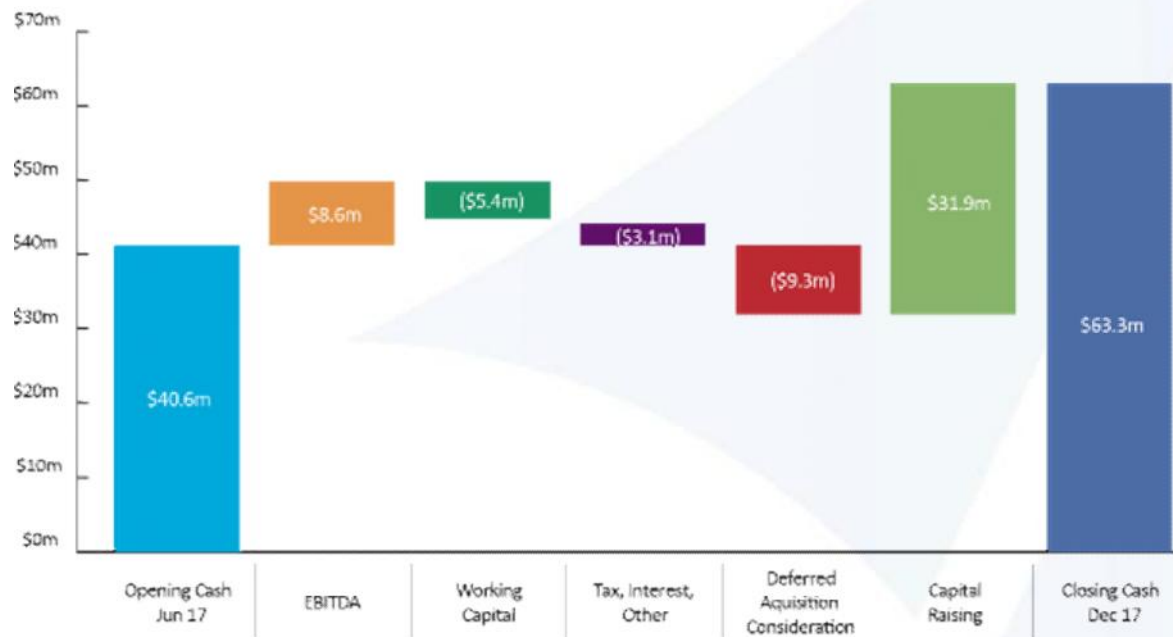
Strong balance sheet throughout the period

Cash of \$63.3m and negligible debt at 31 December

Banking facility includes \$10m working capital sub-facility

Bank guarantee and surety bond capacity of \$60m of which \$36.3m used

Cashflow



Cash increased from \$40.6m to \$63.3m over period

\$9.25m paid to Heyday vendors in September 2017

\$31.9m net cash proceeds from capital raising in November 2017

Capex remained low at \$0.9m in period and forecast to remain at these levels

Health, safety and people

Workforce currently over 1100 employees

LTI free over period

Original SCEE business over thirteen years LTI free in Australia and “5 Star Commitment Safety Program” rolled out in period

Integration of functions and processes across SCEE businesses ongoing



Leading national diversified electrical contractor

WA

Wheatstone LNG
 Rio Tinto Various
 BHP Billiton Various
 Sino Iron
 Boddington Gold
 Woodman Point Waste Water Treatment
 NorthLink Central Section
 Mitchell Freeway
 Health and education maintenance
 NBN construction
 Mobile networks construction
 Carrier networks construction
 Minor commercial works and services

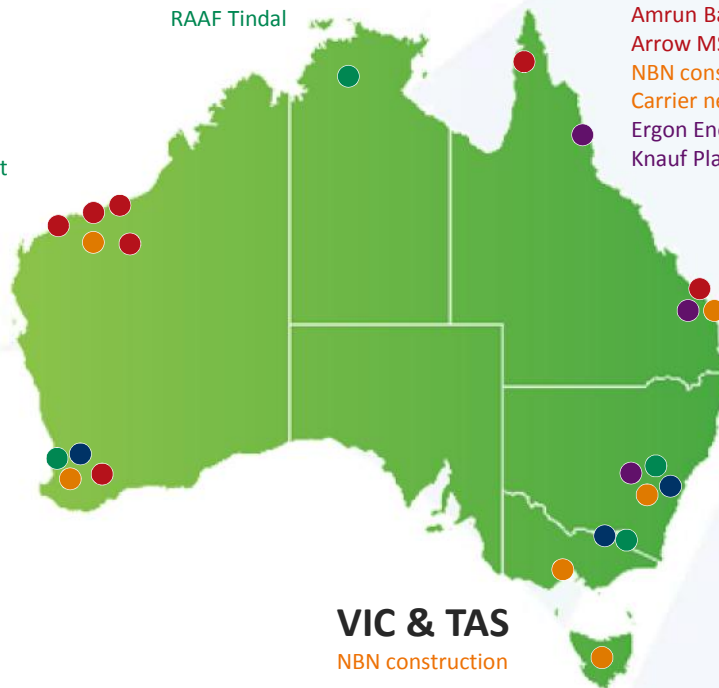
NT

RAAF Tindal

QLD

Amrun Bauxite Project
 Arrow MSA
 NBN construction
 Carrier networks construction
 Ergon Energy Service Agreement
 Knauf Plasterboard

- Commercial
- Resources
- Public Infrastructure and defence
- Telecommunications and data centres
- Industrials, energy & utilities



VIC & TAS

NBN construction

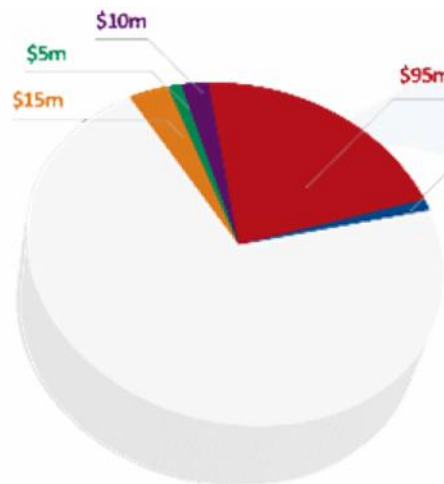
NSW & ACT

Multiple construction and fit out projects
 NSW & ACT including:
 Duo Central Park
 Insurance Australia Group
 Greenhills Shopping Centre
 Westmead Hospital
 St George Hospital
 University of Canberra Hospital
 Airtrunk and Global Switch data centres
 Solar Farms

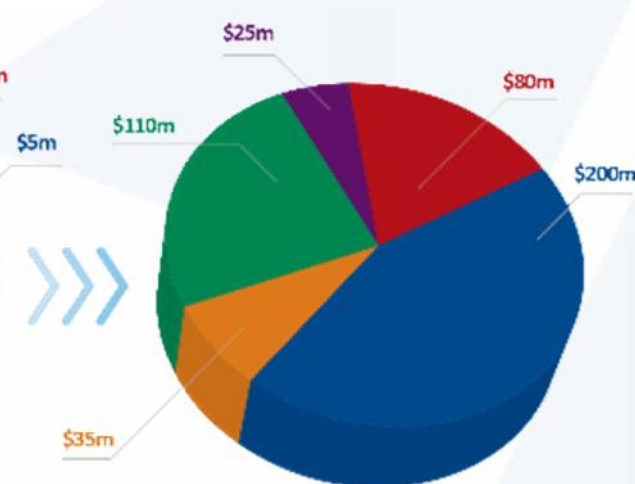
Order book by sector

Four out of five of SCEE's market sectors in or entering growth phase - tendering at high level with over \$700m of submitted tenders with clients pending decision. Business development pipeline strong and, combined with submitted tenders, exceeds \$2bn

HY17
Order book: \$130m



HY18
Order book: \$450m



- Commercial
- Resources
- Public infrastructure and defence
- Telecommunications and data centres
- Industrials, energy & utilities

Strategy

SCEE primarily sees itself as an electrical contractor. From early 2016 we implemented a strategy to add to our historic resources business by diversifying into adjacent and complementary sectors through organic initiatives and the acquisitions of Datatel and Heyday. SCEE now operates across five sectors:

- Resources
- Commercial
- Public infrastructure and defence
- Telecommunications and datacentres
- Industrial, energy and utilities

Our growth strategy has been reaffirmed to achieve further sector and geographic diversity. In the immediate future SCEE will build on its recent diversification achievements by:

- pursuing upcoming large scale infrastructure projects
- leveraging the combined Group's customer relationships and skills into new states

Commercial

New South Wales market is buoyant and worked on a range of large construction and fit-out projects including the Duo Central Park tower development in Chippendale, the Insurance Australia Group office fit-out at Darling Park and at Stockland's Greenhills Shopping Centre

Contract wins in period included Parramatta Square 4 in Sydney and various developments in Canberra

Strong commercial sector growth forecast over the next five years particularly in NSW and ACT with construction activity at record levels

SCEE to leverage combined Group's customer relationships and skills into new geographies



Resources

In WA continued to win and perform work for the major iron ore producers and on the Wheatstone LNG project. In Queensland activity ramped up on Rio Tinto's Amrun Bauxite project

Positioning for the upcoming large scale replacement tonnage projects at Rio Tinto Koodaideri, FMG Firetail and BHP South Flank – having already commenced early works at South Flank

Actively pursuing FY18 opportunities in bauxite, gold and lithium sectors and other metals



Public infrastructure & defence

Work continued throughout the period on the University of Canberra Hospital in the ACT and at RAAF Tindal in the Northern Territory

Won Westmead General Hospital from Multiplex for over \$66m and \$20m NorthLink WA Central Section from Great Northern Connect

Infrastructure seeing strengthening growth driven by public and private sector investment in major road and rail infrastructure which the enhanced scale of the Group enables us to pursue in WA and NSW

Heyday positioning for number of hospital projects in NSW



Telecommunications & data centres

NBN construction activity continued across Australia and we commenced our first construction projects in the mobile sector

Significant construction activity at datacentres included the Airtrunk and Global Switch projects in Sydney

Executive management strengthened in this sector as we expect to further expand and grow offerings and capability



Industrials, energy & utilities

SCEE's first solar power projects were completed in New South Wales

Three year Ergon Energy Service Agreement commenced in northern Queensland

Current energy sector critical issues expected to present further opportunities



Conclusion and outlook

- Revenue of \$176.2m up 187% on prior corresponding period
- Turnaround in profitability with EBITDA of \$8.6m
- Strong balance sheet with successful capital raising in November
- Record cash of \$63.3m at 31 December 2017 and negligible debt
- Significant awards in period in commercial, transport infrastructure, health infrastructure and utilities sectors
- Order book over \$450m at 31 December 2017
- Anticipate full year revenues over \$350m
- Over \$250m of work already secured for 2019 financial year
- BD pipeline prospects and submitted tenders exceed \$2bn
- Growth strategy reaffirmed to achieve further sector and geographic diversity

Appendices

Appendix 1 - Underlying to statutory results reconciliation

Appendix 2 - Corporate summary

Appendix 3 - Disclaimer

Appendix 1 – Underlying to statutory results reconciliation

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.

The term "underlying NPAT" used in this document is a non-IFRS measure which refers to the statutory results excluding one-off items disclosed in the reconciliation presented below. This measure was used by management to assess the Company's performance. The underlying NPAT results are unaudited.

Underlying NPAT reconciliation:

	HY 18	HY 17
	\$m	\$m
Statutory NPAT	2.7	(2.9)
Amortisation of acquired Heyday customer contract intangibles	1.4	-
Unwinding of deferred consideration interest discounts	0.5	0.2
Write back of Datatel acquisition deferred consideration	-	(1.6)
Underlying NPAT	4.6	(4.3)

Appendix 2 - Corporate summary

Capital Structure

ASX Code	SXE
Share Price (23 February 2018)	\$0.74
No. of ordinary shares	231.4m
Market Capitalisation (23 February 2018)	\$171.2m
Number of performance rights	5.2m
Cash (31 December 2017)	\$63.3m
Debt (31 December 2017)	\$0.3m
Enterprise Value (23 February 2018)	\$108.2m

Shareholders at 31 January 2018

Shareholder	%
Frank Tomasi	28.2%
Heyday Vendors	11.9%
Colonial First State	7.5%
Thorney Investments	7.4%
Other Institutions in Top 20 Shareholders	21.8%
Others	23.2%
Total	100.0%

Appendix 3 - 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 the current intentions, plans, expectations, assumptions and beliefs of Southern Cross Electrical Engineering Limited (“SCEE”) about future events and are subject to risks, uncertainties and other factors, many of which are outside the control of SCEE.

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 SCEE's current intentions, plans, expectations, assumptions and beliefs about the future, you are urged to view all forward-looking statements contained in this presentation with caution and not to place undue reliance on them. No representation is made or will be made that any forward looking statements will be achieved or will prove to be correct.

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QLD 12707
NSW 17066C
NT C 0977
SA FGE 262507
TAS 930255

ABN: 92 009 307 046
Established 1978

Heyday

NSW 269908C
ACT 2012817

ABN: 85 158 865 051
Established 1979

Datatel

WA EC6606

ABN: 24 082 372 834
Established 1998

CELEBRATING

40 YEARS
1978 - 2018