

Investor Presentation



14 March 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

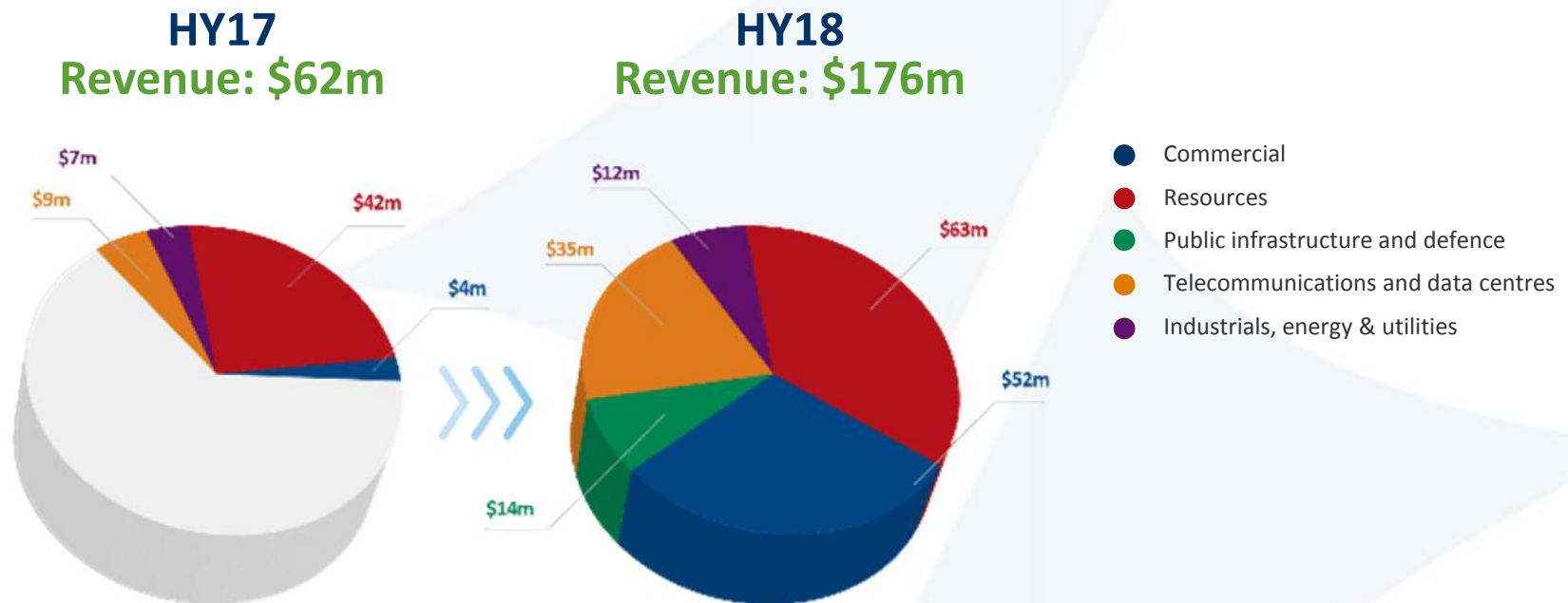
Turnaround in profitability with EBITDA of \$8.6m compared to an EBITDA loss of \$1.8m in prior corresponding period

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

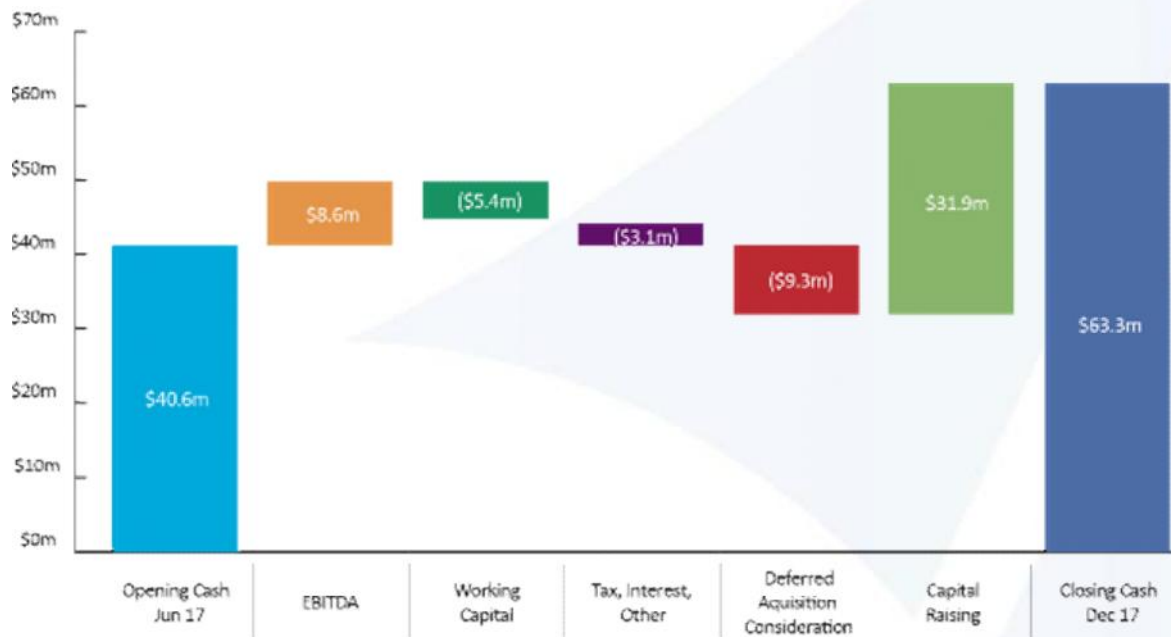
Strong balance sheet throughout the period

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
 Wireless networks construction
 Carrier networks construction
 Minor commercial works and services

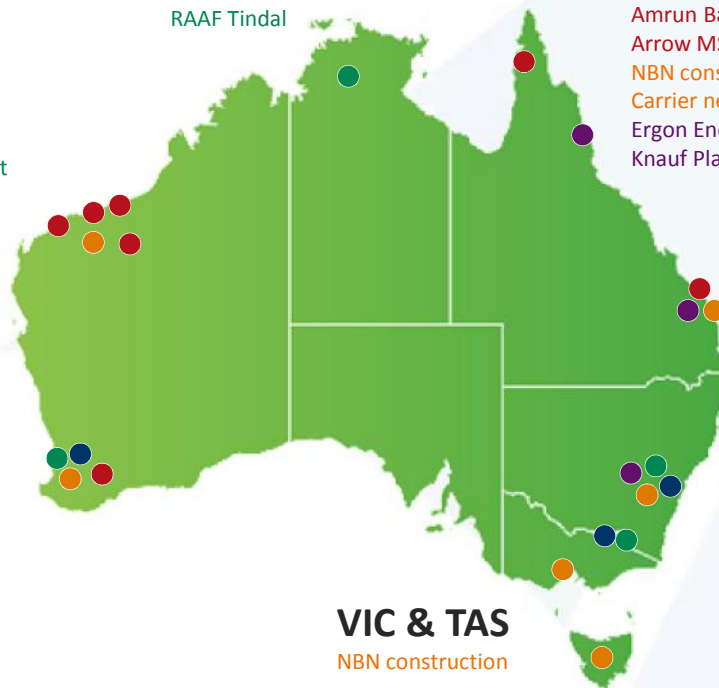
NT

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

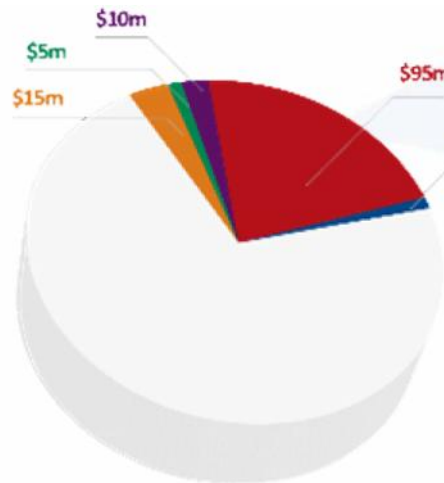
NSW & ACT

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

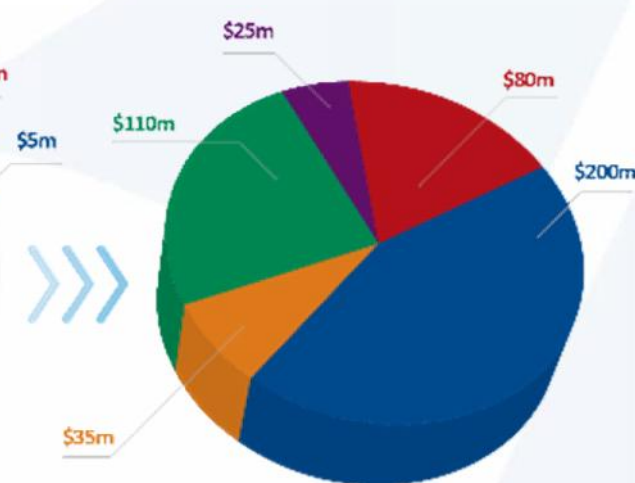
Order book by sector

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

Market overview

Australian electrical contracting industry revenue valued at \$19.3 billion in last financial year

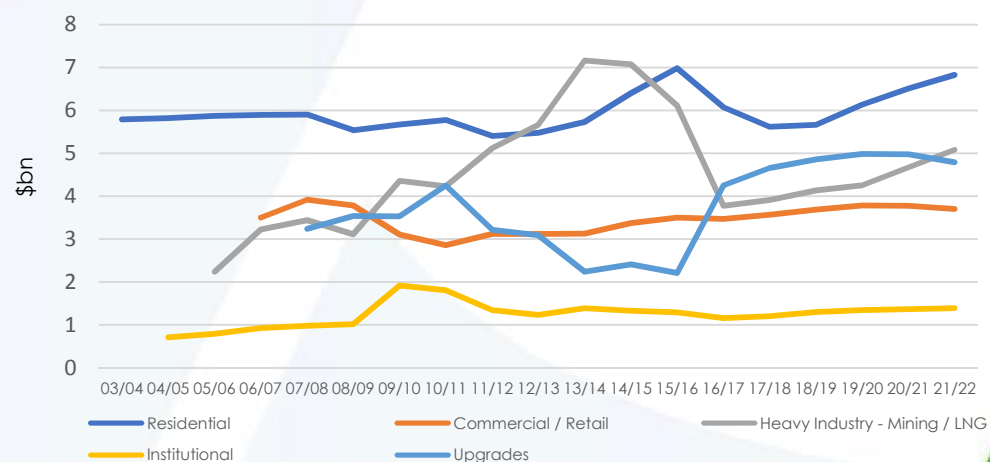
Investment anticipated to improve in most building and infrastructure markets from 2018-19

Electrical contracting industry revenue over next five years expected to reach \$21.8 billion by 2021-22

SCEE's diversification initiatives have transformed its addressable market to cover all major segments excluding residential where only minor exposure

Additional SCEE exposure to telecommunications sector

Electrical Contracting in Australia – By Major Segment



Notes: Figures derived from IBIS World and AI Group
Excludes telecommunications

Commercial

Annual value of electrical contracting for commercial and retail expected to grow to \$3.8bn by 2021

Growth in NSW as a result of office, multi-storey and retail investment, and refurbishments of existing facilities to meet high demand

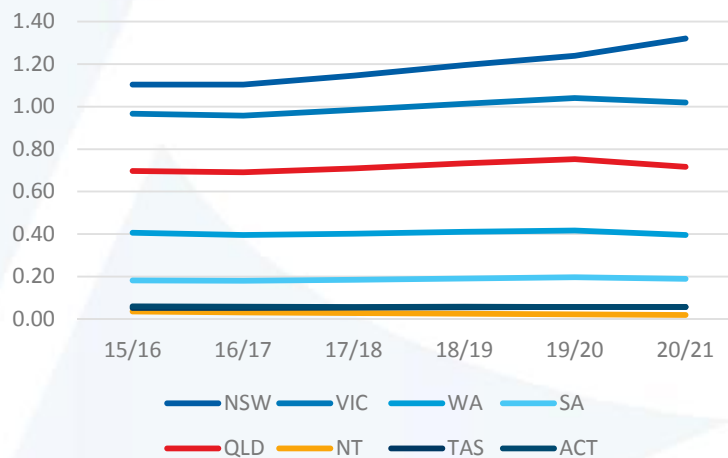
Stable in VIC with lower investment in office construction but continued growth in retail and industrial

Ongoing growth in SE QLD in retail and industrial

WA sees decline in industrial and office development but offset by investment in urban and regional retail and shopping centres

Developments aligned with transport and logistic centres linked to new transport infrastructure continue to grow

Estimated Annual Value of Electrical Contracting for Commercial / Retail Development in Australia (\$bn)



Source IBISWorld – Dec 17

Commercial - continued

In NSW and ACT 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

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



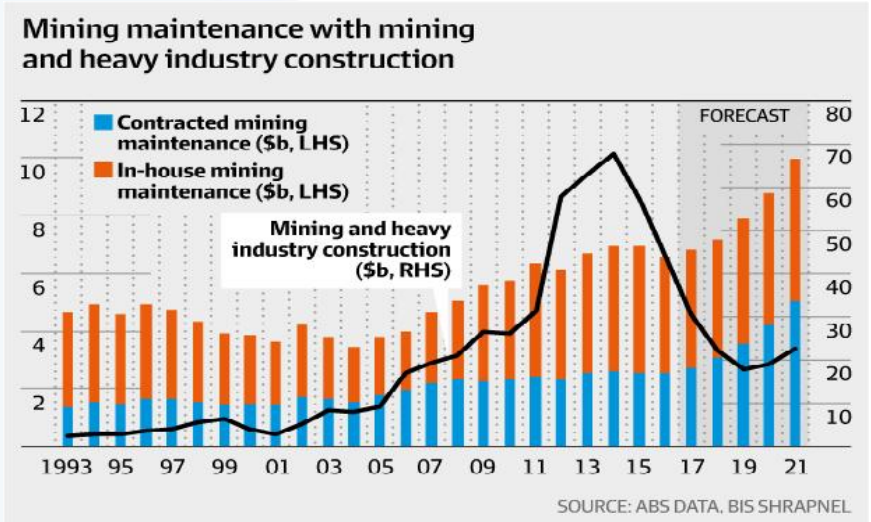
Resources

Mining construction activity now bottomed out with visibility of electrical activity on significant WA iron-ore replacement tonnage projects

Continuing investment into sustaining capital in iron-ore. Growth in ore exports will place pressure on assets and require increased maintenance and sustaining capital brownfield investment

Increased minor investment in exploration and development of bauxite, gold and lithium sectors and other metals

LNG construction nearing completion with shift to operating and maintenance now occurring



Resources - continued

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

Sector primarily driven by government expenditure

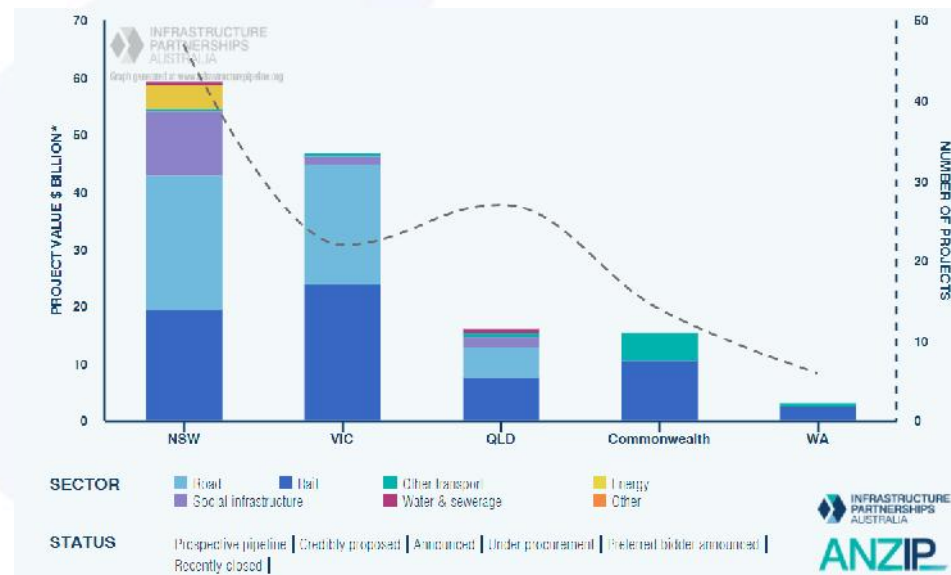
Large city road and rail transport networks see increased investment to address population growth and congestion

NSW has a \$72.7 billion four-year infrastructure program providing longevity to pipeline

Investment in education, health and aged care ongoing

Upgrades to defence facilities

Infrastructure projects by State



Public infrastructure & defence - continued

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 in Sydney from Multiplex for over \$66m

Heyday positioning for number of hospital projects in NSW

Completed construction activity on Baptistcare facilities in WA

In WA awarded \$20m NorthLink Central Section from Great Northern Connect

Other transport infrastructure opportunities presenting in NSW and WA



Telecommunications & data centres

Substantial investment in NBN with \$13.4bn capex remaining for FY18-FY21 (*NBN Corporate Plan 2018-21*)

Ongoing capital expenditure by the private sector has become an important driver with upgrades to wireless sector

5G trialling commenced with commercial deployment expected 2020

Exponential growth in data demand

Driving datacentre construction with \$2.4bn of new projects by 2020

Global Mobile Traffic by Connection Type (Exabytes per Month)



Source: Cisco 2017

Telecommunications & data centres - continued

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

NBN construction activity continued across Australia

Commenced our first construction projects in the wireless sector

Continue to grow offerings and capability with Datatel now having over fifteen framework agreements with Telcos and Tier 1 contractors

Executive management strengthened in this sector as we expect to further expand



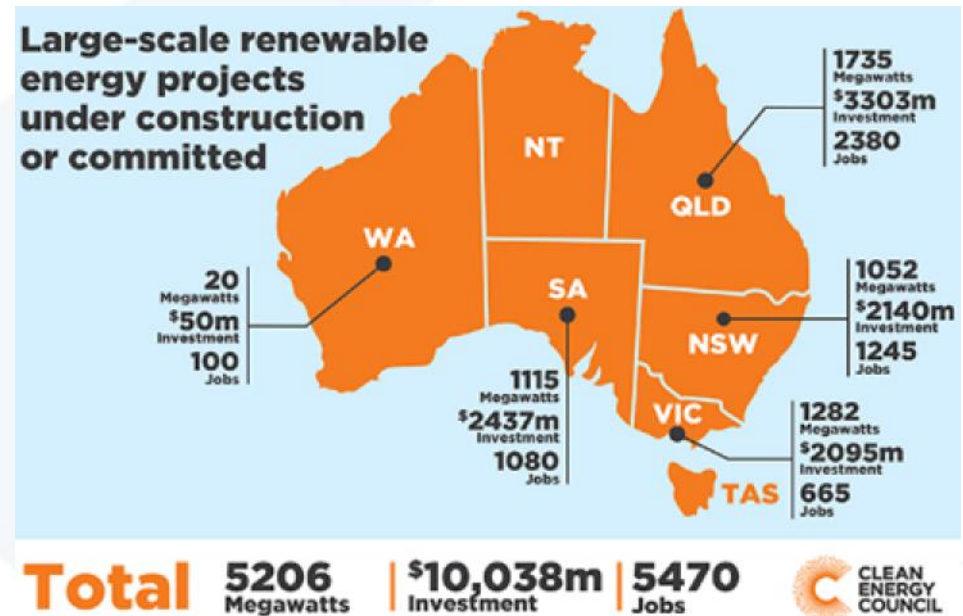
Industrials, energy & utilities

Industrial sector stable

Energy generation and distribution to meet demand remains a challenge for east coast

Continued investment in renewables throughout Australia driven by 2020 RET with strong focus on solar

Most states are increasing investment in water supply and treatment facilities to meet demand as well as upgrade existing facilities



Source: Clean Energy Council – As at 31 Jan 2018

Industrials, energy & utilities - continued

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

Three year Ergon Energy Service Agreement commenced in northern Queensland

Work at Woodman Point Waste Water Treatment plant ongoing



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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Statements made in this presentation are made as at the date of the presentation unless otherwise stated. The information in this presentation is of a general background nature and does not purport to be complete. It should be read in conjunction with SCEE's other periodic and continuous disclosure announcements.



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Heyday

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ACT 2012817

ABN: 85 158 865 051
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Datatel

WA EC6606

ABN: 24 082 372 834
Established 1998

CELEBRATING

