



CELEBRATING
40 YEARS
1978 - 2018

FY18 Full Year Results Roadshow



24 September 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

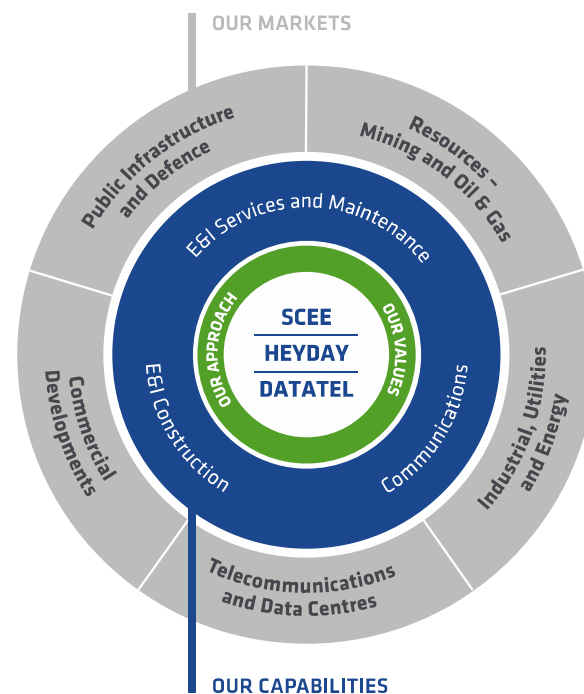
We are dependable and consistently deliver high-quality services.

Trust

Entrust and empower our team to take ownership.

Loyalty

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



Celebrating 40 years – 1978 to 2018



Highlights

Financial

Revenue \$347.9m, Underlying EBITDA* \$19.0m and Underlying NPAT* of \$10.1m

Revenue up 74% on prior year and record for group as first full year in which Heyday results consolidated

Underlying EBITDA up 179% on prior year

Strong balance sheet with cash of \$58.1m at 30 June 2018 and no debt

Dividend of 3.0 cents per share declared, fully franked

Operational

Significant projects in year demonstrate breadth and diversity of group:

Completed:

Stockland Greenhills (commercial NSW)

Airtrunk and Global Switch (datacentres NSW)

First solar project for Bouygues (renewables NSW)

Ongoing projects:

Rio Tinto Amrun (mining QLD)

BHP South Flank (mining WA)

Wheatstone (oil & gas WA)

RAAF Tindal (defence NT)

Ergon Energy (utilities QLD)

Northlink (transport WA)

Parramatta Square (commercial NSW)

NBN (WA, VIC, QLD)

University of Canberra Hospital (health ACT)

Commencing:

Westmead Hospital (health NSW)

Westconnex (transport NSW)

Outlook

Order book of over \$450m at 30 June 2018

Includes work already secured of over \$300m for FY19 and over \$150m for FY20

Submitted tenders and BD pipeline continues to exceed \$2bn

Anticipate FY19 revenues over \$400m

Visibility of infrastructure and resources projects growing

Growth strategy reaffirmed to achieve further sector and geographic diversity

Integration of acquisitions ongoing

* Reconciliation of underlying to statutory results in Appendix 1

Underlying full year financial performance

	FY18	FY17
	\$m	\$m
Revenue	347.9	199.9
Gross Profit	41.6	24.2
Gross Margin	11.9%	12.1%
Overheads	24.1	17.8
EBITDA	19.0	6.8
EBIT	15.2	2.6
NPAT	10.1	1.4

Record revenue for group and up 74% on prior year as first full year in which Heyday results consolidated

Gross margins increased from 11.1% in first half to 12.8% in second half giving 11.9% for full year FY18

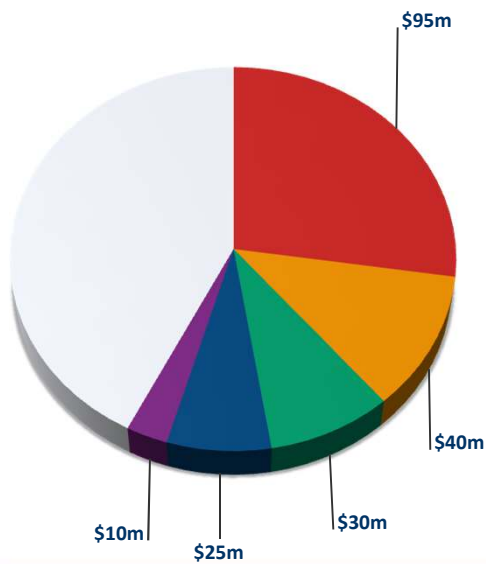
Overheads as a percentage of revenue reduced from 8.9% in FY17 to 6.9% in FY18

* Reconciliation of underlying to statutory results in Appendix 1

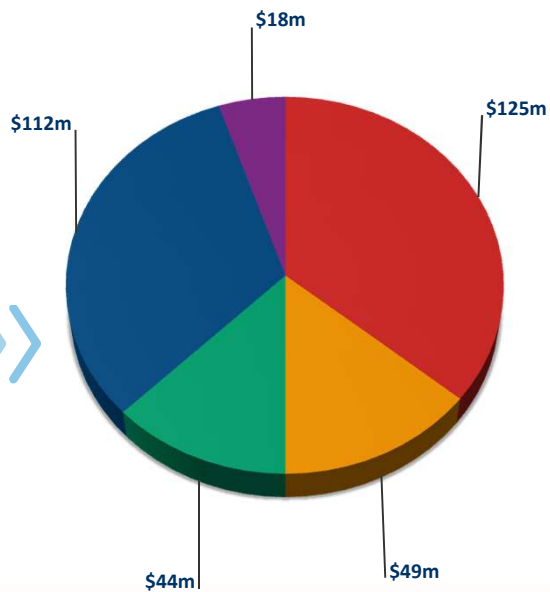
FY18 – Revenue by sector

Revenue growth in all market sectors

FY17
\$200m



FY18
\$348m



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

Balance sheet

	Jun 18	Jun 17
	\$m	\$m
Current assets	139.0	99.1
Non current assets	90.9	98.9
Total assets	229.9	198.1
Current liabilities	77.0	81.4
Non current liabilities	11.8	16.9
Total liabilities	88.8	98.3
Equity	141.1	99.8

Balance sheet strengthened with (net) \$31.9m capital raising in November 2017 to support growth

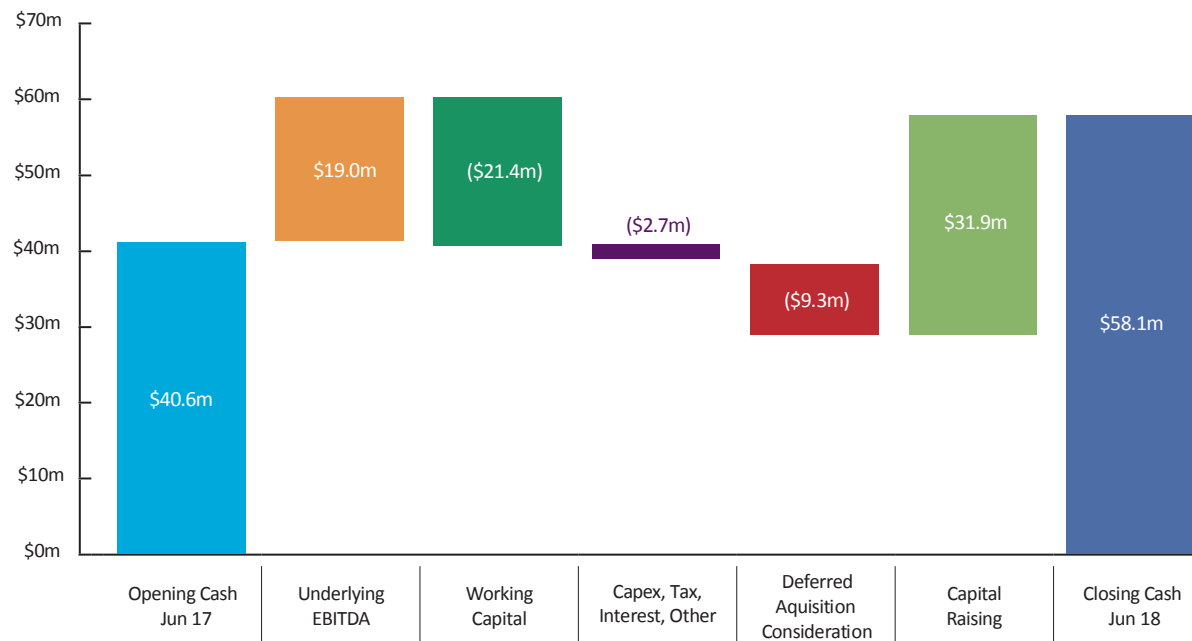
Cash of \$58.1m at 30 June 2018 and no debt

Bank guarantee and surety bond capacity of \$60m of which \$40.1m used

Currently negotiating significant increase to bonding capacity

Franking account balance of \$21.5m

Cashflow



Cash increased from \$40.6m to \$58.1m over year

Working capital requirements high at year end as certain projects at peak activity

Included \$9.25m paid to Heyday vendors in September 2017

Capex remained low at \$1.5m for the year and forecast to remain low

Dividend of 3.0 cents per share declared, to be paid in October and fully franked

Health, safety and people

Workforce currently 1,300 employees

Group was LTI free in FY18

Original SCEE business now over fourteen years LTI free in Australia

Integration of functions and processes across SCEE businesses ongoing



Leading national diversified electrical contractor

WA

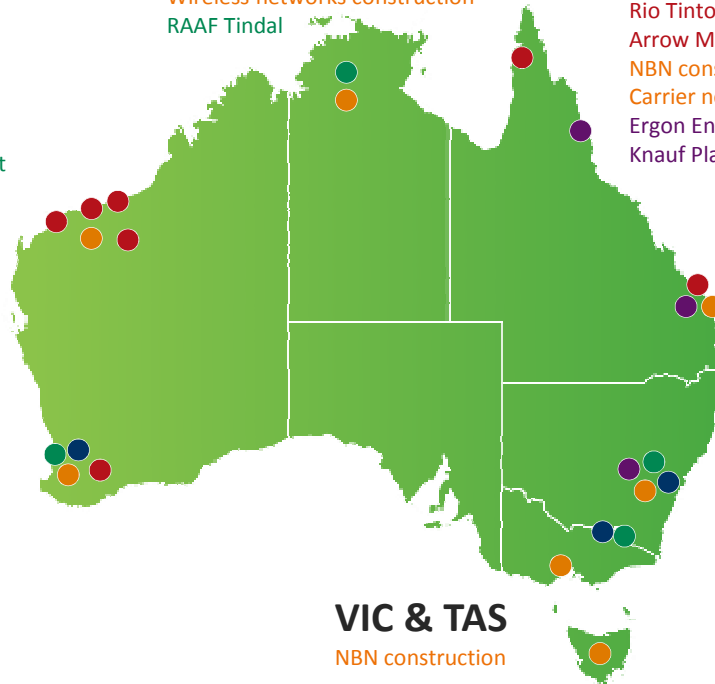
Wheatstone LNG
 Rio Tinto Various
 BHP Billiton Various
 Sino Iron
 Boddington Gold
 Woodman Point Waste Water Treatment
 NorthLink Central Section
 Health and education maintenance
 NBN construction
 Wireless networks construction
 Carrier networks construction
 Minor commercial works and services

NT

Wireless networks construction
 RAAF Tindal

QLD

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



VIC & TAS

NBN construction

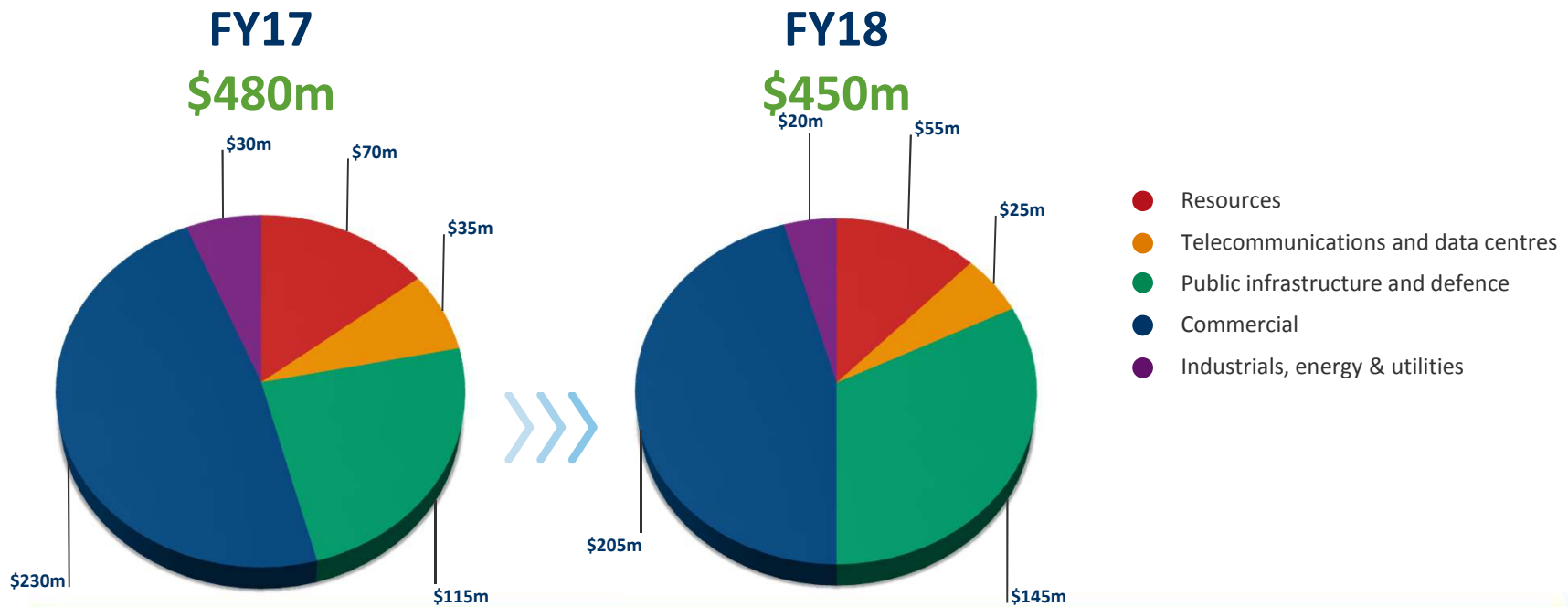
- Commercial
- Resources
- Public Infrastructure and defence
- Telecommunications and data centres
- Industrials, energy & utilities

NSW & ACT

Multiple construction and fit out projects
 NSW & ACT including:
 Duo Central Park
 Insurance Australia Group
 Greenhills Shopping Centre
 Paramatta Square
 Westmead Hospital
 St George Hospital
 University of Canberra Hospital
 Westconnex M5
 Airtrunk and Global Switch data centres
 Solar Farms

Order book by sector

Tendering remains at a high level with nearly \$900m of submitted tenders with clients pending decision. Business development pipeline strong and, combined with submitted tenders, exceeds \$2bn. Order book remained at similar levels throughout year and now includes over \$150m of work already secured for FY20



Strategy and sector outlooks

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

Growth strategy continues so as to realise further sector and geographic diversity. SCEE's expansion will be undertaken through a combination of organic and acquisition activity. Organic growth will primarily be achieved through:

- pursuing upcoming large scale infrastructure projects
- leveraging the combined Group's customer relationships and skills into new states
- rising activity levels in various sectors

Public infrastructure & defence - NSW

Sector primarily driven by government expenditure

Significant investment in road, rail, education, health and aged care, and defence

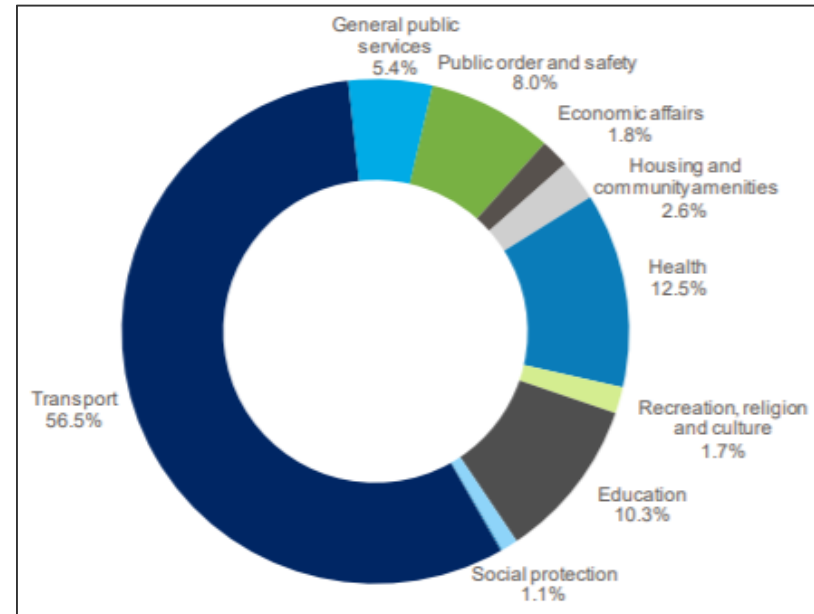
Particularly strong in NSW and VIC to address population growth and congestion with longevity to pipeline

Worked throughout year on University of Canberra Hospital in ACT and at RAAF Tindal in Northern Territory

Commenced Westmead Hospital in Sydney for Multiplex and Heyday positioning for number of hospital projects in NSW

In transport in WA awarded \$20m NorthLink Central Section and awarded \$55m Westconnex in NSW

Other transport infrastructure opportunities presenting in NSW and Metronet rail projects in WA



Total 2018-2019 capital expenditure by policy area
NSW Budget Paper No.1 2018-2019

Commercial

Commercial largest component of SCEE order book

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

Public infrastructure developments will lead to further wave of commercial development when completed

In the year worked on a range of large construction and fit-out projects:

- Completed Stockland Greenhills
- Works continue on the Duo Central Park tower development in Chippendale, the Insurance Australia Group office fit-out at Darling Park and ATP Building 1 at Eveleigh
- Contract wins included multiple projects at Parramatta Square in Sydney and various developments in Canberra

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



Resources

Positioning for upcoming large scale replacement tonnage projects in iron-ore

Also increasing iron-ore sustaining capital expenditure

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

LNG construction at Wheatstone and Ichthys nearing completion

In the year SCEE continued to win and perform work for the major iron ore producers and has ongoing projects at:

- Rio Tinto Amrun in QLD
- Early works at BHP South Flank
- Commissioning works for Bechtel at Chevron Wheatstone



Telecommunications & data centres

NBN construction roll-out peaking and technology mix has stabilised

Positioning for NBN maintenance and upgrading

Upgrading capacity ongoing in wireless sector and 5G commercial deployment expected 2020 onwards

Growth in data demand driving datacentre construction

Significant construction activity in the year for SCEE at:

- Airtrunk and Global Switch datacentres
- NBN deployment continues in WA, QLD and VIC
- Commenced first projects in wireless sector including construction of mobile towers in WA and NT

We have delivered...

Australia's first
5G Innovation
Centre



World-first mm wave
data call, 5G enabled
hotspots precinct trial
plus Connected Car

Australia's First eSports
professional gaming
experience over 5G @
5GIC Southport



Coming soon ...

Network ready for 5G in H1
FY19

5G commercial launch in FY20

Spectrum acquisition to
support 5G at scale

A national commercial
deployment of 5G in major
cities and high demand
regional centres in FY20

*Telstra2022 Strategy Briefing Materials
Andrew Penn, Telstra CEO – 20 June 2018*

Industrials, energy & utilities

Industrial and utilities sectors stable providing flow of opportunities for SCEE

Energy generation and distribution to meet demand remains a challenge for east coast with ongoing investment in renewables

Pipeline offers number of opportunities for SCEE for electrical construction portion of renewables projects

In the year SCEE:

- Completed first solar power projects in NSW
- Commenced three year Ergon Energy Service Agreement in northern QLD
- Works at Woodman Point Waste Water Treatment plant ongoing



Conclusion and outlook

- Record revenue of \$347.9m, up 74% on prior year
- Underlying EBITDA* of \$19.0m, up 179% on prior year
- Successful capital raising in November gives strong balance sheet with net cash of \$58.1m at 30 June 2018
- Significant awards in period in commercial, infrastructure, and utilities sectors
- Includes major projects in transport at Westconnex and health at Westmead Hospital
- Order book remains over \$450m at 30 June 2018
- Includes work already secured of over \$300m for FY19 and anticipate full year revenues over \$400m
- Pipeline strong with visibility of infrastructure and resources projects growing
- Growth strategy reaffirmed to achieve further sector and geographic diversity
- Dividend of 3.0 cents per share declared, fully franked

* Reconciliation of underlying to statutory results in Appendix 1

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 terms "underlying EBITDA", "underlying EBIT" and "underlying NPAT" used in this document are non-IFRS measures which refer to the statutory results excluding one-off items disclosed in the reconciliation presented below. These measures were used by management to assess the Company's performance. The underlying EBITDA, EBIT and NPAT results are unaudited.

Appendix 1 – Underlying to statutory results reconciliation (cont.)

Underlying to statutory FY18 results reconciliation:

	Statutory	Amortisation of acquired Heyday customer contract intangibles	Unwinding of Heyday and Datatel deferred consideration interest discounts	Write back of Datatel deferred consideration	Underlying
	\$m	\$m	\$m	\$m	\$m
Revenue	347.9	-	-	-	347.9
Gross Profit	41.6	-	-	-	41.6
Overheads	(24.1)	-	-	-	(24.1)
Deferred consideration adjustments	1.9	-	-	(1.9)	-
Other income	1.6	-	-	-	1.6
EBITDA	20.9	-	-	(1.9)	19.0
Depreciation and amortisation expense	(6.7)	2.9	-	-	(3.8)
EBIT	14.2	2.9		(1.9)	15.2
Net finance income	(1.4)	-	0.7	-	(0.7)
Profit before income tax	12.8	2.9	0.7	(1.9)	14.5
Income tax expense	(4.4)	-	-	-	(4.4)
Net profit after tax	8.4	2.9	0.7	(1.9)	10.1

Appendix 1 – Underlying to statutory results reconciliation (cont.)

Underlying to statutory FY17 results reconciliation:

	Statutory	M&A, expansion and diversification costs	Organisation restructuring	Amortisation of acquired Heyday customer contract intangibles	Unwinding of Heyday and Datatel deferred consideration interest discounts	Write back of Datatel deferred consideration	Underlying
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Revenue	199.9	-	-	-	-	-	199.9
Gross Profit	23.9	-	0.3	-	-	-	24.2
Overheads	(23.4)	3.9	1.7	-	-	-	(17.8)
Deferred consideration adjustments	5.4	-	-	-	-	(5.4)	-
Other income	0.4	-	-	-	-	-	0.4
EBITDA	6.3	3.9	2.0	-	-	(5.4)	6.8
Depreciation and amortisation expense	(6.3)	-	-	2.0	-	-	(4.2)
EBIT	0.0	3.9	2.0	2.0	-	(5.4)	2.6
Net finance income	(0.6)	-	-	-	0.4	-	(0.3)
Profit before income tax	(0.6)	3.9	2.0	2.0	0.4	(5.4)	2.3
Income tax expense	0.2	(0.7)	(0.5)	-	-	-	(1.0)
Net profit after tax	(0.4)	3.2	1.5	2.1	0.4	(5.4)	1.4

Appendix 2 - Corporate summary

Capital Structure

ASX Code	SXE
Share Price (20 September 2018)	\$0.68
No. of ordinary shares	234.1m
Market Capitalisation (20 September 2018)	\$159.2m
Number of performance rights	2.6m
Cash (30 June 2018)	\$58.1m
Debt (30 June 2018)	Nil
Enterprise Value (20 September 2018)	\$101.1m

Shareholders at 7 September 2018

Shareholder	%
Frank Tomasi	27.9%
Heyday Vendors	11.7%
Thorney Investments	9.6%
Colonial First State	8.3%
Westoz Funds Management	5.6%
Other Institutions in Top 20 Shareholders	16.1%
Others	20.8%
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.

SCEE does not undertake to update or revise any forward looking statement, whether as a result of new information, future events or otherwise. Past performance information given in this presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

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SCEE

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

ABN: 92 009 307 046
Established 1978

Heyday

NSW 249908C
ACT 2012817

ABN: 85 158 865 091
Established 1978

Datatel

WA EC6606

ABN: 24 082 372 834
Established 1998

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