



## Chairman's address to the AGM

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announcement

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Good morning ladies and gentlemen. I would like to welcome you to Southern Cross Electrical Engineering Limited's 2019 Annual General Meeting. My name is Derek Parkin and I am a Director and the Chairman of the Company and will be chairing today's meeting.

In the 2019 financial year SCEE continued to deliver growth in revenue and profitability while further progressing our strategic diversification of sectors and geographies.

Revenue for the year was \$386m, a record for the Group, and an increase of 11% over the prior year. The year also saw significant change to our revenue profile with public infrastructure and defence revenues increasing by over \$100m to become our largest sector and more than offsetting the reduction in resources volumes as key projects completed.

We continue to manage our costs closely and overheads as a percentage of revenue decreased from 6.9% in the prior year to 6.7%. We expect this reduce further as we continue to drive synergies from the integration of prior acquisitions.

This combination of revenue growth and cost control delivered improved profitability with EBITDA increasing 13% and NPAT increasing 51% compared to the prior year.

We maintained a strong balance sheet throughout the year and at 30 June 2019 had net cash of \$53.3m with no debt.

In August, when we released our FY19 results, we forecast further revenue growth in FY20 to over \$420m supported by an order book of \$450m of which \$360m is expected to be performed in the current year. We maintain this outlook.

We continue to see a strong pipeline of opportunities nationally across our five sectors with visibility of over \$2.7bn of projects including in excess of \$600m submitted tenders.

The Board was pleased to announce a fully franked FY19 dividend of 3 cents per share which has now been paid to shareholders. We also resolved to establish a Dividend Reinvestment Plan and underwrite the DRP shortfall in order to retain capital for the significant acquisition opportunities we foresee presenting in the near to medium term.

On behalf of the Board I would like to take this opportunity to thank our management and employees across the group for their efforts in helping to deliver another year of growth and diversification. And I would also like to thank you, our shareholders, for your continued support.

We will now proceed to the formal business of the meeting.

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