

Highlights

- SCEE awarded over \$25m of commercial and infrastructure projects in NSW and ACT
- Update on impact of coronavirus

Contract Awards

Southern Cross Electrical Engineering Limited ("SCEE") is pleased to announce that its East Coast-based subsidiary Heyday has been awarded a range of contracts in the commercial and public infrastructure sectors in NSW and the ACT totaling in excess of \$25m as follows:

Commercial

- In Sydney, Buildcorp Group Pty Ltd has awarded Heyday a contract for the design and construction of electrical services at the 44 Martin Place redevelopment project. This redevelopment of a State Heritage-listed asset will result in the twelve level 10,400m² office building being provided with new electrical services to achieve 4 Star Green Star and 5 Star NABERS Energy, and Property Council of Australia Premium Grade/A-Grade ratings. The project is due to complete in the first quarter of 2021.
- In Parramatta, Heyday has been awarded by Richard Crookes Constructions Pty Ltd the design and construction of electrical, security and ICT services at the 6 Hassall Street business and education hub, which is a collaboration between Charter Hall, WSU and UNSW. The project will consist of the construction of a nineteen level 28,000 m² commercial office tower. The project is due for completion in the third quarter of 2021.
- At Bondi Junction, J. Hutchinson Pty Ltd has awarded the lighting, communication services, dry fire services, security and access control systems at the Whitton Lane development. The development comprises a fourteen storey residential apartment building consisting of 122 apartments, five retail tenancies, five commercial tenancies and three basement levels below ground. The project is due for completion at the end of 2021.
- At the Westfield in Hornsby, Scentre Design and Construction Pty Limited has awarded the Myer backfill project which involves reconfiguring power infrastructure, mall lighting, communication services, and lighting to levels two and three. The project is expected to be completed in the second half of 2020.

Public Infrastructure

- In the ACT, Hindmarsh Construction Australia Pty Ltd has awarded Heyday the electrical and communications services at the ANU Research School of Physics and Engineering Stage 1B project, which provides the physics department with an additional sixteen cleanroom stable laboratories and associated office space. This new stage of works will be constructed in conjunction with the current stage 1A works and both stages of works will be commissioned together to achieve a single completion date due in the second quarter of 2021.
- Also at the ANU and from Hindmarsh Construction, Heyday has been awarded the Early Works and

Main electrical and communications services packages for the Birch Building refurbishment project. The project consists of the refurbishment of the existing three level Arthur Birch Building and the RSC Lecture Theatre. The project is scheduled for completion in January 2021.

Coronavirus Update

In addition, SCEE wishes to update the market about the impact of coronavirus on the group. The following commentary is as the company sees the situation at the time of writing, but circumstances have been highly volatile to date and thus notes that conditions may change.

SCEE's overarching policy since the commencement of the crisis has been to follow government guidelines and react accordingly as and when they change. Construction work was early on designated an essential service and has remained so throughout. Consequently, and subject to commentary below, SCEE's operations and activities have continued largely as planned.

Measures to protect employee, and subcontractor, supplier and customer staff health and to reduce the likelihood of infection have been implemented. At operational sites, with SCEE personnel being required to follow client protocols, various changes to working practices have been implemented including social distancing and screening procedures, and roster and shift changes. Whilst overall these have resulted in some loss of productivity, the net impact is expected to be immaterial as SCEE is generally entitled to be compensated.

There have been no significant issues to date for SCEE in procuring materials despite some initial fears of disruption to supply chains.

Inter-state and intra-state travel restrictions had some initial impact on remote projects but have now been managed, mainly by roster changes and the relevant employees agreeing to be accommodated within the locations in which they work. Two remote projects due to mobilise last month have been delayed for a limited period at clients' request due to location near high-risk communities. Otherwise no other current projects have been delayed, rescheduled or terminated as a result of coronavirus. The two delayed projects had only been forecast to make a minor contribution to this year's financial result and are still scheduled to mobilise before 30 June.

Despite there being little or no financial impact to date, SCEE has considered it prudent to implement cost control measures and to delay some planned capital expenditure and investment activities in order to preserve cash. SCEE has a strong balance sheet with \$53.3m of cash and no debt at 31 December 2019 and is therefore well capitalised to navigate through this difficult period.

In the current order book there have been no indications from clients of any delay or cancellation to those projects won but not yet started. In current tendering activities, SCEE has been notified of some minor projects being postponed but notes that these were in sectors that have been particularly impacted by the crisis and were not significant targets of the company.

The longer-term outlook is less certain. Whilst at this time SCEE is not aware of any major changes to its business development pipeline, the company can foresee impact to construction activity in those sectors that have been particularly badly hit by these events. Conversely, the impact of stimulus programs and increased infrastructure activity could be hoped to ameliorate these negative impacts for SCEE. The company notes the very recent announcements of the NSW and WA state governments regarding fast-tracking of infrastructure projects.

Comment

Commenting on the above, SCEE Managing Director Graeme Dunn said "These are unprecedented times

and whilst I am pleased to note the recent trend towards lifting lockdown restrictions in some of the states in which we operate I have no doubt that this situation will be with us for some time to come. I am extremely grateful to our staff for their constructive reaction to events and their efforts to continue as close as possible to normal in the circumstances.

The strength of the company's liquidity position allows us to have confidence to deal with current volatile conditions. Whilst I expect we are entering a tougher period I also believe this can lead to opportunities for which SCEE, having grown and diversified over recent years, is well positioned to capitalise on."

Authorised for release by Graeme Dunn – SCEE Managing Director

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