



Full Year Results Presentation Year Ended 30 June 2021



25 August 2021

About SCEE



Electrical Contractor

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

Diversification

Established in 1978 in WA, and primarily servicing the resources sector, the combination in 2016 with Datatel Communications and in 2017 with NSW & ACT-based Heyday created a national group. The acquisition of the Trivantage Group in 2020 brought further diversification into the retail sector, security services and switchboard design and manufacturing, with a significant geographic presence in Victoria and SA

Markets

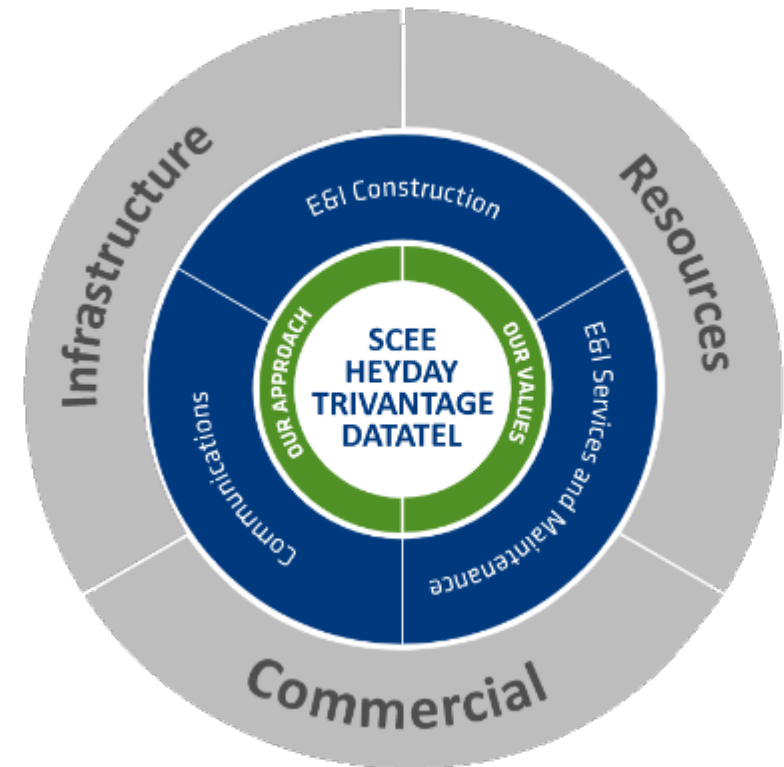
SCEE operates across three broad sectors of Infrastructure, Commercial and Resources

People

Over 1,800 employees, including nearly 170 electrical apprentices and trainees

Safety

Original SCEE business 16.8 million man-hours and over 18 years Lost Time Injury free in Australia



Financial

Full year revenue of \$370.2m down 10.8% on prior year

Although revenue fell short of target second half was a record half of activity up 73.4% on first half

Trivantage acquisition exceeding expectations with all businesses outperforming forecasts and earn-out targets

Profits ahead of target with EBITDA* of \$29.6m up 37.0% and NPAT of \$13.8m up 26.6% on prior year

Result includes \$1.6m acquisition costs and \$1.7m intangibles amortisation for Trivantage

Strong balance sheet with cash of \$51.0m and no debt at 30 June 2021

Increased fully franked 4.0 cents per share dividend declared

Operational

Work mix changed as resources activity increased and transport infrastructure declined

Workforce doubled in year to a record 1,800 employees

Successful project close-outs at Parramatta Squares 3 and 4, Westmead Hospital and Wynyard Place

Rio Tinto Gudai-Darri and Albemarle Kemerton Lithium Plant fully mobilised in second half

Supermarkets electrical expenditure continuing at high levels

First internal supply of Trivantage Manufacturing switchboards secured

Decmil arbitration at discovery phase with hearing expected early next calendar year

Outlook

Targeting FY22 revenues of circa \$500m and EBITDA in range of \$29m-\$33m - assumes no repeat of JobKeeper in FY22 and subject to impact of coronavirus developments on East and West Coasts

Order book of \$430m includes over \$350m of work secured for FY22

Significant growth opportunities presenting in resources sector although labour availability may constrain some growth in near term

In commercial sector many opportunities in developments around transport hubs

Infrastructure strong with Sydney Metro, Western Sydney Airport and multiple “soft” infrastructure opportunities – hospitals, government buildings, datacentres

Continuing to pursue acquisitions

Co-locating SCEE, Datatel and Trivantage WA businesses in new Perth CBD head office in October 2021

* EBITDA is a non-IFRS financial measure, for a reconciliation to statutory results see Appendix

H2 record half of revenue



Second half revenue of \$234.8m, up 73.4% on first half

Workforce doubled in FY21 including recruiting net 400 further employees in second half to meet client requirements to ramp up on large-scale mining projects

Significant revenue contributors in FY21 included Albemarle Kemerton Lithium Plant, Multiplex Wynyard Place, Rio Tinto Gudai-Darri Mine Phase 1, Rio Tinto Gove and Mirvac Locomotive Workshops

Gross margin percentage of 15.7% increased from 10.7% in prior year primarily due to:

- more profitable project mix, including no repeat of lower margin FY20 transport infrastructure projects
- FY21 contract expenses included \$8.1m Jobkeeper, primarily in H1, versus \$2.9m in FY20

Overhead increase includes a six-month contribution from Trivantage

FY21 result includes \$1.6m acquisition costs and \$1.7m intangibles amortisation for Trivantage

EBITDA* of \$29.6m up 37.0% and NPAT of \$13.8m up 26.6%

Summary financials:

	FY21	FY20	Chg. %
	\$m	\$m	
Revenue	370.2	415.1	(10.8)%
Gross Profit	58.2	44.5	30.8%
Gross Margin %	15.7%	10.7%	-
Overheads	29.5	23.4	25.6%
EBITDA *	29.6	21.6	37.0%
EBITDA %	8.0%	5.2%	-
EBIT *	22.3	16.4	36.0%
EBIT %	6.0%	3.9%	-
NPAT	13.8	10.9	26.6%
NPAT %	3.7%	2.6%	-

* EBITDA and EBIT are non-IFRS financial measures, for a reconciliation to statutory results see Appendix

FY21

Construction continued to be designated an essential service in all states throughout FY21

Operations generally continued as planned but coronavirus continued to have impacts throughout year including:

- Inter-state travel restrictions
- Some projects delayed mobilisation
- Unproductive time although largely recoverable under contract terms
- Additional recruitment requirements
- Changes to methodologies
- Additional cleaning and PPE costs

Costs in FY21 offset by JobKeeper payments to certain components of Group although JobKeeper greatly reduced and then ceased in H2

Post-FY21

Post 30 June lockdowns on East Coast resulted in Sydney construction shutdown for part of July

Costs minimised as workforce stood down and works are delayed rather than lost. July results for Group on budget as Sydney shortfall made up for by extra activity in WA

Industry has reopened but still some disruption as part of workforce remain locked down

However as restrictions loosen accelerated catch-up of many delayed works is anticipated

On West Coast where significant new growth opportunities are presenting in resources sector interstate labour travel restrictions may constrain ability to maximise them in near term

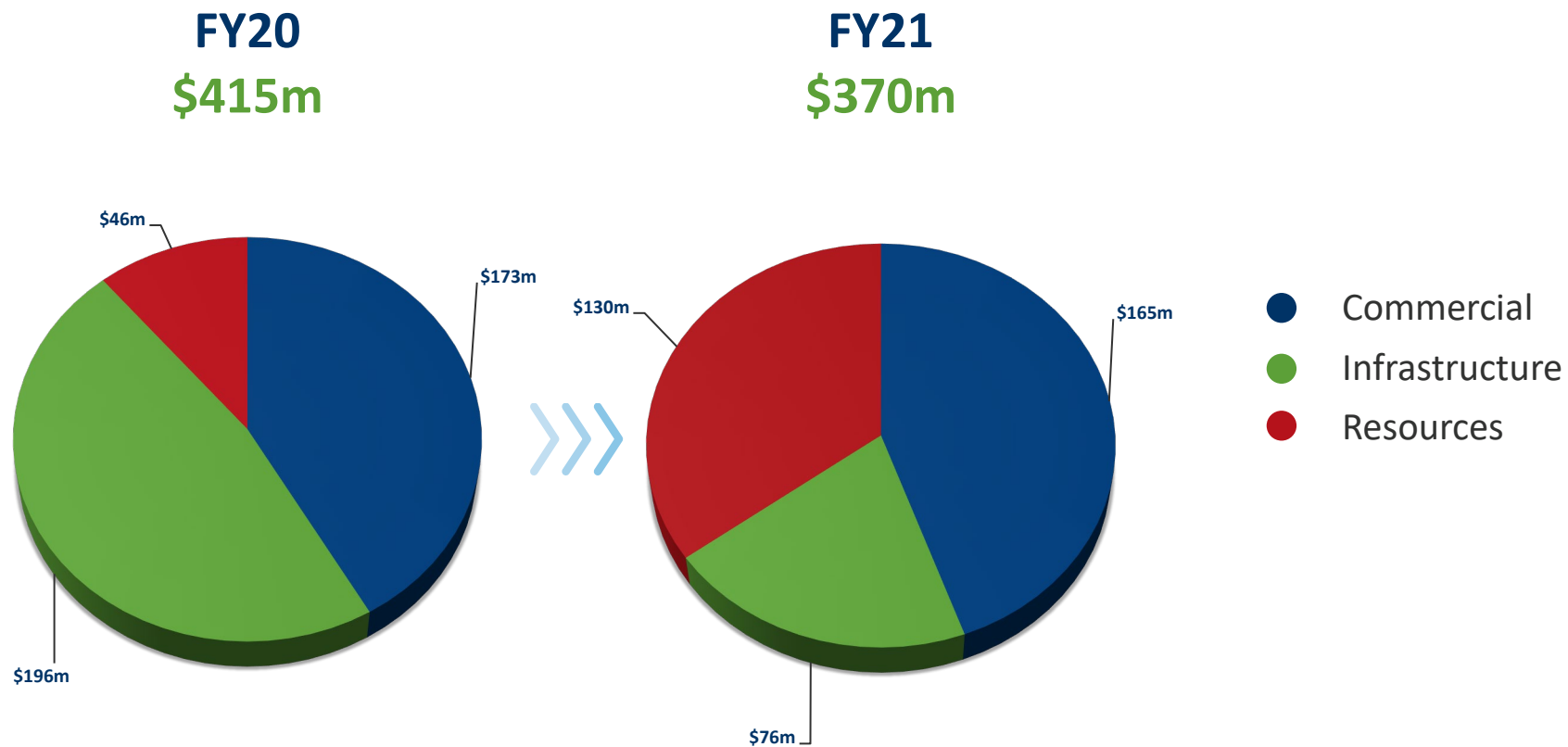
Therefore on balance forecasts unaltered but circumstances still volatile and conditions may change

Revenues by sector

Resources activity more than doubled as major projects ramped up – FY21 \$130m vs. FY20 \$46m

Commercial activity remained steady – FY21 \$165m vs. FY20 \$173m

Infrastructure reduced as large transport infrastructure projects completed in prior year – FY21 \$76m vs. FY20 \$196m



Strong balance sheet and debt free



Cash decreased slightly in year by \$4.3m to \$51.0m at 30 June 2021 (30 June 2020: \$55.3m) despite funding Trivantage acquisition with net cash outflow of \$22.2m and \$7.2m FY20 final dividend

Remain debt free

Acquisition of Trivantage resulted in \$3.4m of net tangible assets, \$13.5m of intangible assets (customer contracts and relationships to be amortised over 5 years) and \$29.3m of goodwill consolidated onto balance sheet

\$66.9m of bank guarantees and surety bonds on issue out of a total group capacity of \$100m leaving a headroom of \$33.1m

Franking account balance of \$23.8m

Fully franked 4.0 cents per share dividend declared

Balance sheet summary:

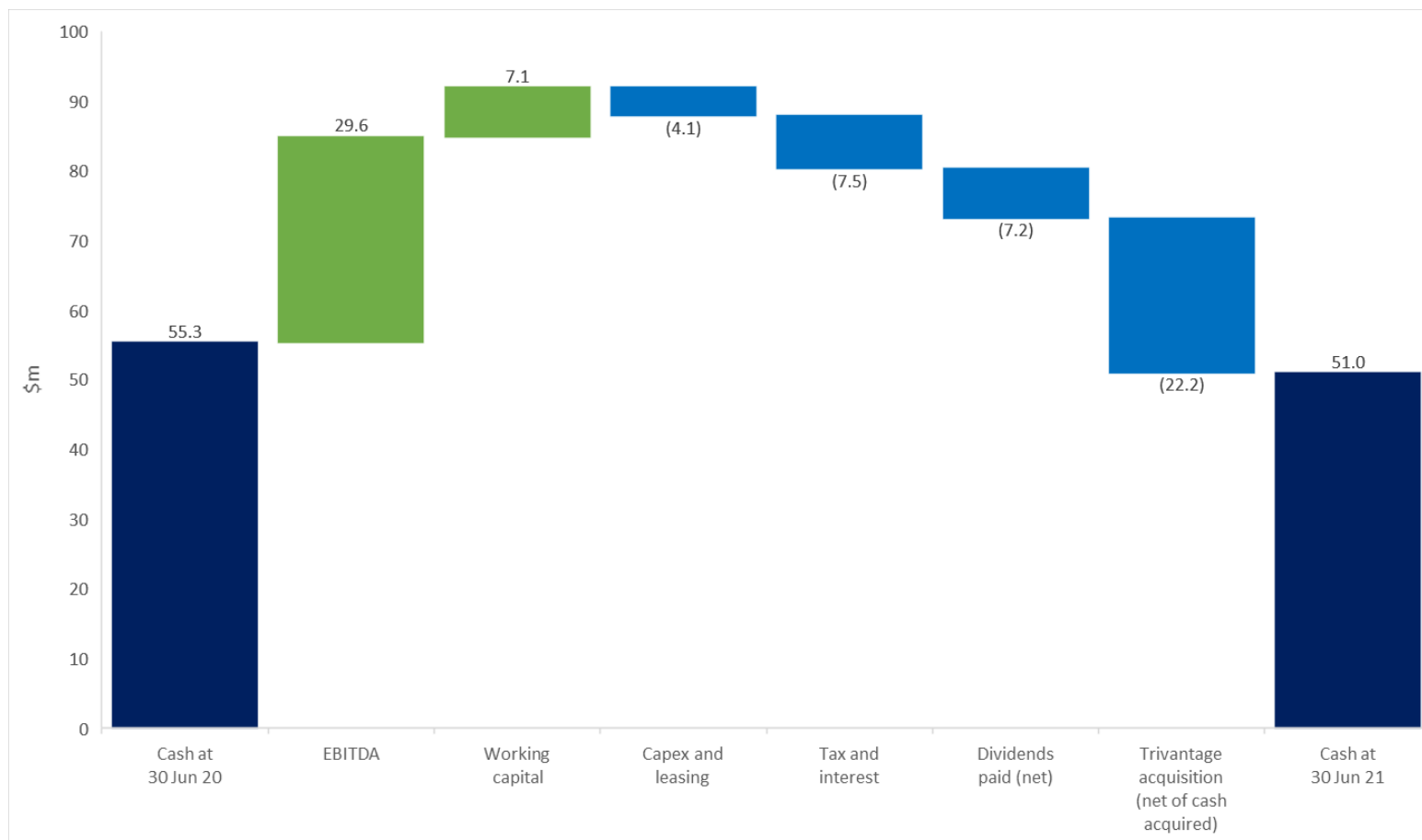
	Jun 21	Jun 20
	\$m	\$m
Current assets	201.6	170.8
Non-current assets	135.6	90.9
TOTAL ASSETS	337.2	261.7
Current liabilities	138.2	90.2
Non-current liabilities	27.9	13.2
TOTAL LIABILITIES	166.1	103.4
EQUITY	171.2	158.4

Good cash collection



Cash result of \$51.0m particularly pleasing given high levels of activity at year-end have significant working capital requirements

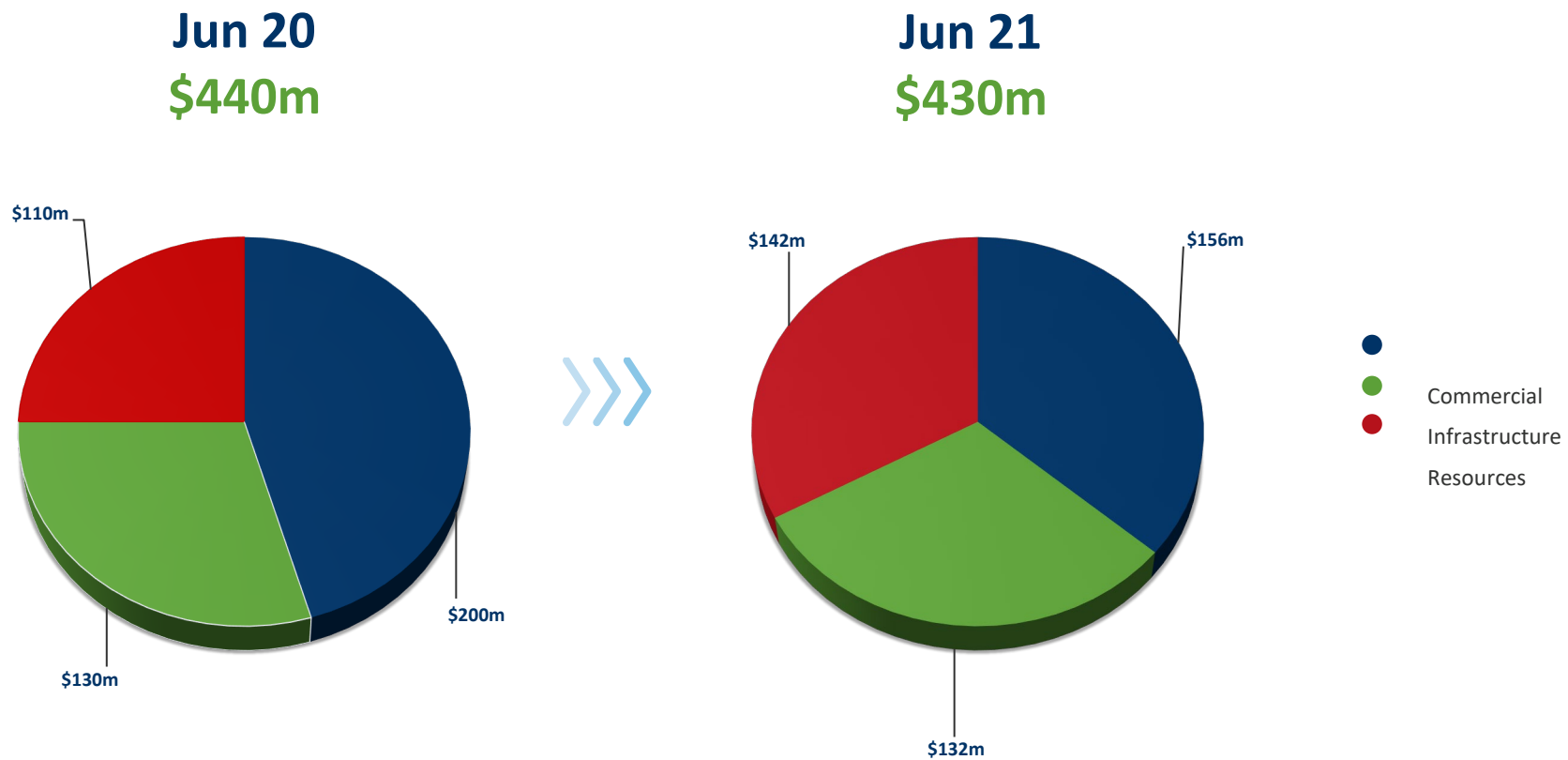
Trivantage meeting deferred consideration earn-out targets and Board having declared a 4.0 cents per share FY21 final dividend will mean cash outflows in FY22 of \$10.0m in September 2021 and \$10.4m in November 2021 respectively



Order book

Order book of \$430m includes over \$350m of work secured for FY22

Balanced across the three sectors



The background of the slide is a photograph of a hospital ward, showing rows of hospital beds with metal railings. The image is heavily overlaid with a semi-transparent blue color. In the top-left corner, there is a green and white geometric shape. The title 'Strategy and sector outlooks' is written in white, sans-serif font across the upper middle of the image.

Strategy and sector outlooks

Leading national diversified electrical contractor



WA

MARBL JV Kemerton Lithium Plant
 Rio Tinto Gudai-Darri
 Rio Tinto - Cape Lambert, Tom Price, Paraburdoo
 BHP – Newman, Port Hedland, Mt Whaleback, South Flank
 Sino Iron
 Boddington Gold
 Security works
 Major supermarkets and retail
 Forrestfield Airport Link
 Causarina Prison
 CBH Esperance grain terminal
 Health, education and government panel works
 NBN
 Department of Justice security works

NT

Rio Tinto Gove
 ERA Ranger Mine MSA

QLD

Arrow MSA
 Major supermarkets and retail
 Energy Queensland Services Agreement
 Water projects
 NBN
 Goodna, Kalkie and Commbabah Treatment Plants



NSW & ACT

Parramatta Square 3, 4, 5 & 7
 Wynyard Place
 Edmondson Park
 Ribbon Project
 32 Smith Street
 Greenland Tower
 Republic
 Sandstone Precinct
 Locomotive Sheds
 6 Hassall Street
 Aspen & Establishment apartments
 Major supermarkets and retail
 WestConnex M5
 Sydney Metro Pitt Street Station
 Australian National University
 RUDATA SYD053 datacentre
 NextDC S3 datacentre
 University of Western Sydney campus

- Resources
- Commercial
- Infrastructure

SA

Major supermarkets and retail

VIC & TAS

Major supermarkets and retail
 NBN
 Bryn Estyn Water Treatment Plant
 Westgate Tunnel Switchboards

SCEE primarily sees itself as an electrical contractor diversified across the resources, commercial and infrastructure sectors

Our growth strategy continues to be to deepen our presence in those sectors and broaden our geographic diversity

This includes particularly targeting maintenance and recurring earnings. The acquisition of Trivantage substantially increases SCEE's exposure to service and maintenance style work

Trivantage further offers considerable cross-selling opportunities and there will be a focus on realising integration synergies across the group

We continue to pursue further acquisition opportunities



Sector outlooks

Commercial remained largest sector by revenue in FY21 and now includes a contribution from Trivantage's supermarket services business

The Sydney CBD office construction market is quieter than in recent times but there are still significant targets there being tendered by Heyday

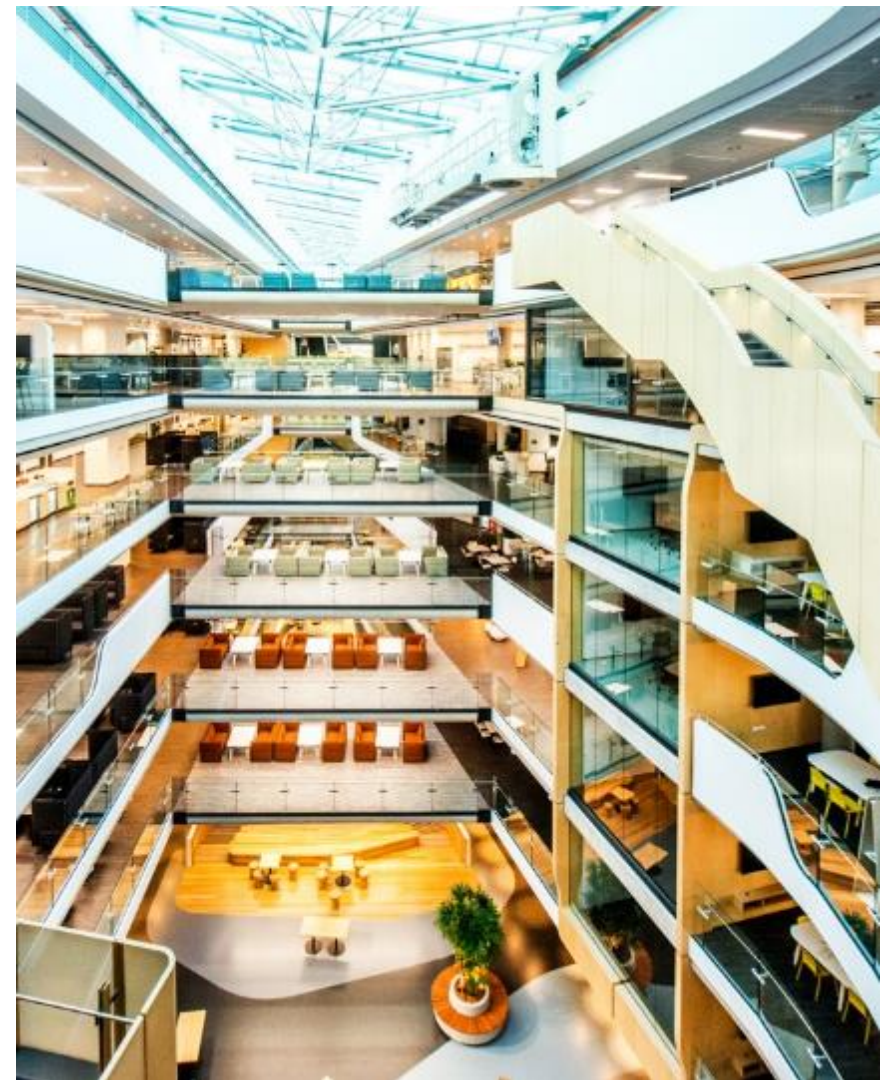
Commercial developments around transport infrastructure hubs are commencing and anticipated to be a growing revenue stream

Infrastructure activity declined in FY21 as FY20 road projects not repeated and Westmead Hospital finished

However Sydney Metro and Western Sydney Airport presenting multiple packages being tendered now and will flow on into commercial opportunities going forward

“Softer” infrastructure opportunities are strong – NSW hospitals programme, government buildings and datacentres all being actively bid

Record levels of transport investment sanctioned with peak activity still to come representing a medium-term opportunity for SCEE



Resources sector



Resources activity more than doubled on prior year as major mining projects ramped up

Significant revenue contributors included Albemarle Kemerton Lithium Plant, Rio Tinto Gudai-Darri and Rio Tinto Gove

Pipeline continues to increase where significant new growth opportunities are presenting in resources sector across multiple commodities

Interstate labour travel restrictions may constrain ability to maximise growth in near term

Near term tendering on safety lighting upgrade projects at BHP mine sites

Decarbonisation of resources sector commencing with renewable power projects under development

SCEE positioned to offer electrical and instrumentation, powerline, network and communications services - at 2021 NECA WA Awards SCEE's Agnew Hybrid Renewable project team won the Medium Industrial Award

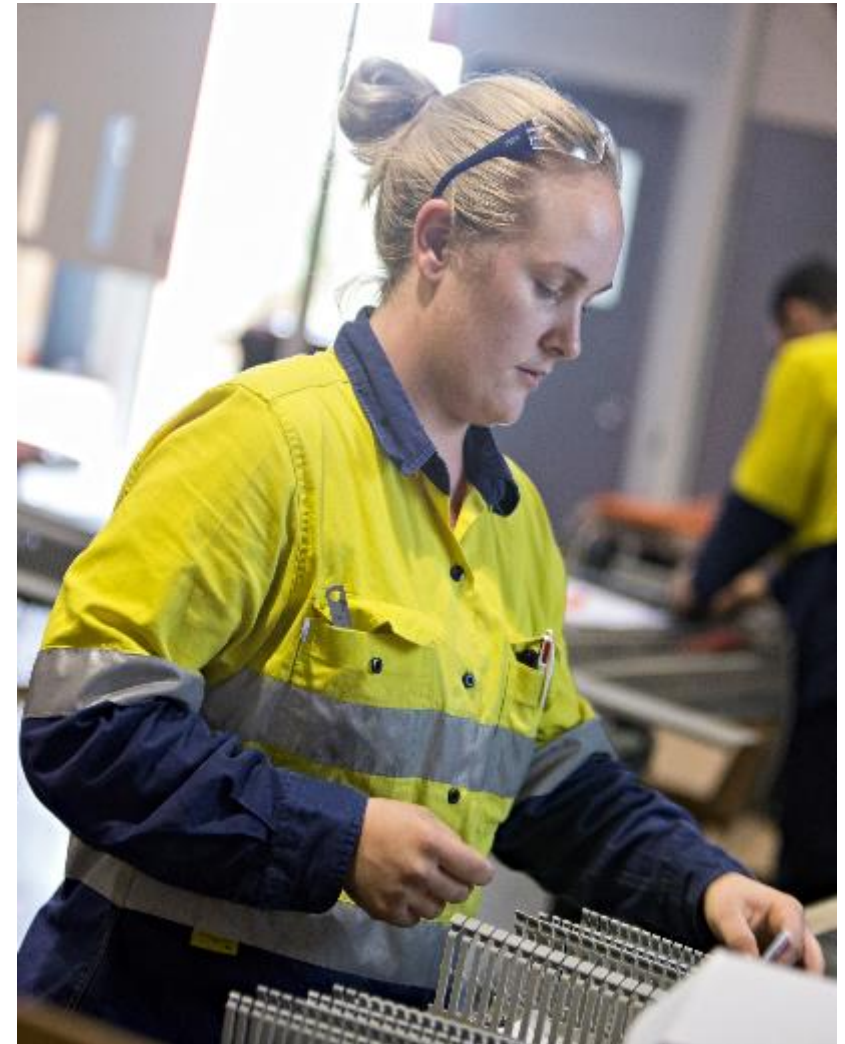


Trivantage acquisition exceeding expectations with all businesses outperforming forecasts and earn-out targets

The acquisition has substantially increased SCEE's exposure to recurring and services maintenance style work

Since acquisition notable developments include:

- In the supermarkets sector nationwide electrical expenditure continues at high levels
- In the water and sewage sector a range of electrical works or switchboard supplies secured in Queensland at the Goodna, Kalkie and Commbabah Treatment Plants and in Tasmania at the Bryn Estyn Water Treatment Plant
- In the transport sector Trivantage Manufacturing will supply a package of medium and low voltage switchboards for the Westgate Tunnel Project in Melbourne's western suburbs.
- First internal supply of Trivantage Manufacturing switchboards secured



Conclusion and outlook



- Record half of revenue up 73.4% on first half
- Trivantage acquisition exceeding expectations with all businesses outperforming forecasts and earn-out targets
- Profits ahead of target with EBITDA* of \$29.6m up 37.0% and NPAT of \$13.8m up 26.6% on prior year
- Balance sheet remains strong with cash of \$51.0m and no debt at 30 June 2021
- Increased fully franked 4.0 cents per share dividend declared
- Workforce doubled in year to a record 1,800 employees
- Targeting FY22 revenues of circa \$500m and EBITDA in range of \$29m-\$33m subject to coronavirus developments
- Order book of \$430m includes over \$350m of work secured for FY22
- Significant growth opportunities in resources sector
- Continuing to pursue acquisitions

** EBITDA is a non-IFRS financial measure, for a reconciliation to statutory results see Appendix*

Capital Structure

ASX Code	SXE
Share Price (23 August 2021)	50.7c
No. of ordinary shares	248.1m
Market Capitalisation (23 August 2021)	\$125.8m
Number of performance rights	4.2m
Total Cash (30 June 2021)	\$50.1m
Debt (30 June 2021)	Nil
Enterprise Value (23 August 2021)	\$74.9m

Shareholders at 5 August 2021

Thorney Investments	17.8%
First Sentier Investors	9.2%
Perennial Value Management	6.2%
Other Institutions in Top 30 Shareholders	11.8%
Frank Tomasi	18.9%
Others (Retail, Private, Employees, Directors)	36.1%
Total	100.0%

Appendix – IFRS reconciliation



SCEE's results are reported under International Financial Reporting Standards (IFRS). SCEE discloses certain non-IFRS measures that are not prepared in accordance with IFRS. The non-IFRS measures 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 non-IFRS measures which do not have any standard meaning prescribed by IFRS and therefore may not be always 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. A reconciliation of profit before tax to EBIT and EBITDA is presented in the table on this slide.

	FY21	FY20
	\$m	\$m
Contract revenue	370.2	415.1
Contract expenses	(312.0)	(370.6)
Gross Profit	58.2	44.5
Other income	0.9	0.5
Overheads	(29.5)	(23.4)
EBITDA	29.6	21.6
Depreciation and amortisation	(7.3)	(5.2)
EBIT	22.3	16.4
Net finance expense	(1.5)	(0.9)
Profit before tax	20.8	15.5
Income tax expense	(7.0)	(4.6)
Profit from continuing operations	13.8	10.9

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