



Investor Roadshow April 2022



5 April 2022

Our businesses



Southern Cross Electrical Engineering Limited (“SCEE Group”) is a national electrical, instrumentation, communications and maintenance services company established in 1978 and listed in 2007 (ASX:SXE). The acquisitions of Datatel in 2016, Heyday in 2017 and Trivantage in 2020 means the SCEE Group now operates across three broad sectors of Infrastructure, Commercial and Resources



Heyday Group



**TRIVANTAGE
MANUFACTURING**

SCEE Electrical is the original operating business, historically focussed on resources and industrial work but more recently diversified into transport, infrastructure, defence, utilities, and renewables

Datatel is a telecoms and communications specialist and provides services to the education, health, government, resources and transport sectors

Heyday is a NSW and ACT-based electrical contractor servicing the commercial and fit-out sectors, and the retail, education, health, hotel, defence, datacentre, and residential sectors

S.J. Electric is a national provider of electrical and maintenance services to supermarkets, and the retail and commercial sectors

SEME Solutions provides electronic security services to the resources, law enforcement, custodial, industrial, and health sectors

Trivantage Manufacturing is a leading manufacturer of premium quality switchboards to a range of end users both internally in the Group and externally to customers

Highlights



H1 FY22

Record half of revenue of \$253.0m up 87% on PCP

Record workforce of 2,000

Profit ahead of consensus:

- EBITDA* of \$14.1m up 46% on PCP
- EBIT* of \$9.8m up 34% on PCP
- NPAT of \$6.7m up 48% on PCP

Result included \$1.1m intangibles amortisation for Trivantage acquisition

Strong balance sheet with cash of \$49.9m and no debt

Record order book of \$550m

Declared fully franked 1.0 cent per share dividend to be paid 13 April 2022

Operations

Resources SCEE's largest sector for first time since H1 FY17

Rio Tinto Gudai-Darri and Albemarle Kemerton Lithium Plant at very high activity levels

Subdued Sydney commercial building activity following from lockdowns and restrictions which now passing

Announced \$200m of new work including:

- Western Sydney International Airport – largest win in group's history
- Rio Tinto Tom Price battery storage – major renewables project
- BHP Villages Security project – cross-selling services from SCEE Electrical, Trivantage and Datatel

Decmil arbitration at pleading phase with hearing expected late 2022

Co-located SCEE, Datatel and Trivantage WA businesses into Perth CBD head office

Outlook

Reaffirming targeting FY22 revenues of circa \$500m and EBITDA in range of \$29m-\$33m

Opportunities presenting in resources sector although noting WA Omicron break out impact unclear in near term

Commercial sector rebounding with multiple tenders submitted

Infrastructure very strong with Sydney Metro and "soft" infrastructure opportunities – hospitals, government buildings, datacentres and education

Since results have announced \$50m of new commercial awards with further resources and infrastructure announcements imminent

Investigating acquisition opportunities

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

Further record half of revenue



Revenue of \$253.0m broke previous half's record revenue (H2 FY21: \$234.8m) and up 87% on prior corresponding period despite subdued activity levels in parts of East Coast business

Significant revenue contributors in half were Albemarle Kemerton Lithium Plant and Rio Tinto Gudai-Darri Mine Phase 1 and Trivantage contributed for full period

Gross profit up 54% even though prior corresponding period included JobKeeper receipts of \$6.6m

EBITDA* of \$14.1m up 46%

NPAT of \$6.7m up 48% and which includes \$1.1m intangibles amortisation for Trivantage acquisition

Summary financials:

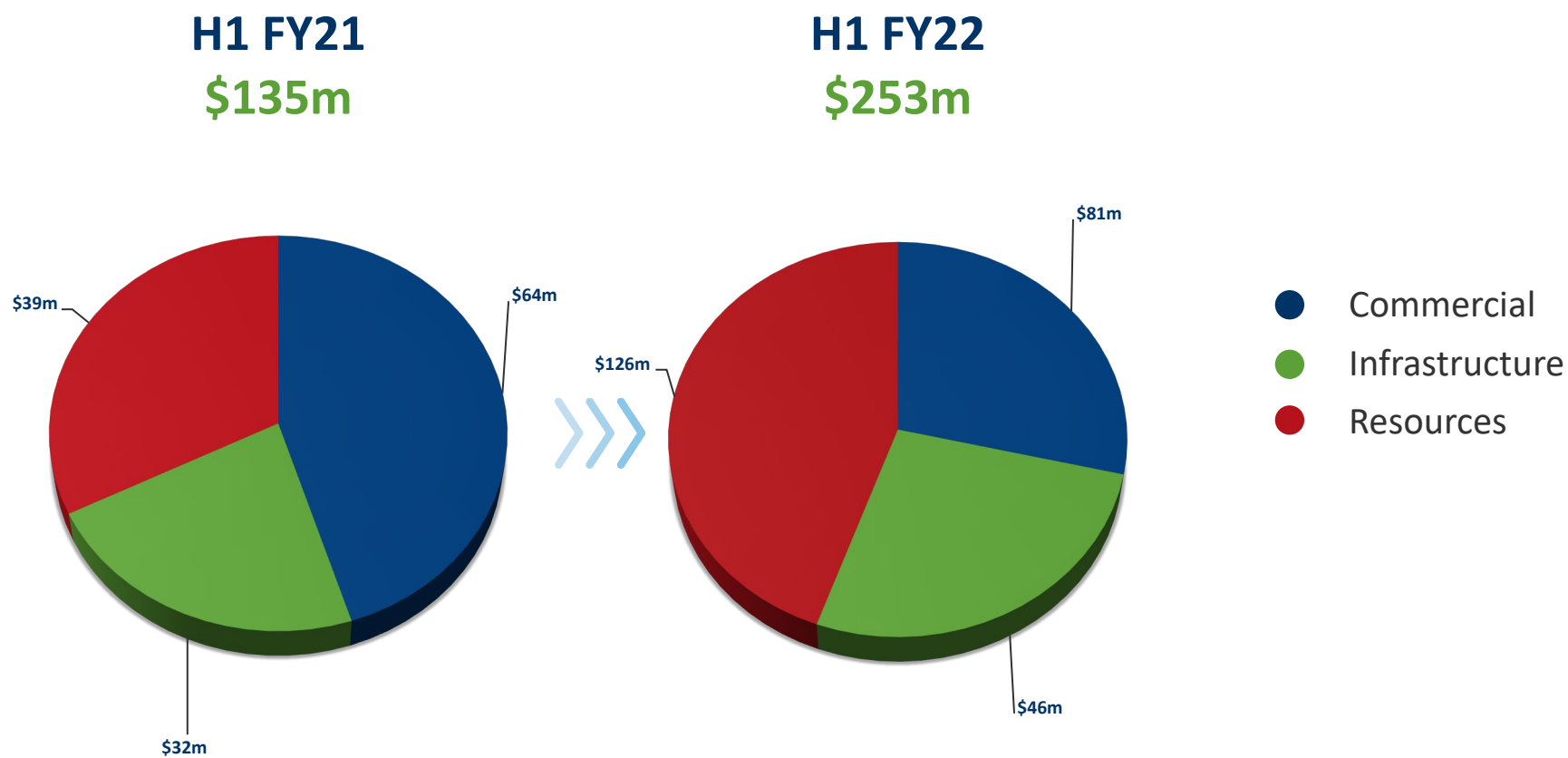
	H1 22	H1 21	%
	\$m	\$m	
Revenue	253.0	135.4	86.8%
Gross Profit	33.3	21.7	53.5%
Gross Margin %	13.2%	16.0%	-
Overheads	19.5	12.2	59.8%
EBITDA	14.1	9.7	45.7%
EBITDA %	5.6%	7.2%	-
EBIT	9.8	7.3	33.8%
EBIT %	3.9%	5.4%	-
NPAT	6.7	4.5	48.2%
NPAT %	2.6%	3.3%	-

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

Revenue split by sector

All three sectors up on prior corresponding period, including contributions from Trivantage

In particular, Resources up 223% as SCEE Electrical's major construction projects at full activity



Strong balance sheet, no debt



Cash decreased only slightly in period by \$1.1m to \$49.9m at 31 December 2021 (30 June 2021: \$51.0m) despite funding Trivantage deferred consideration of \$10.0m in September and FY21 final dividend of \$10.2m in November

Remain debt free

\$68.8m of bank guarantees and surety bonds on issue out of a total group capacity of \$100m leaving a headroom of \$31.2m

Franking account balance of \$26.6m at 31 December

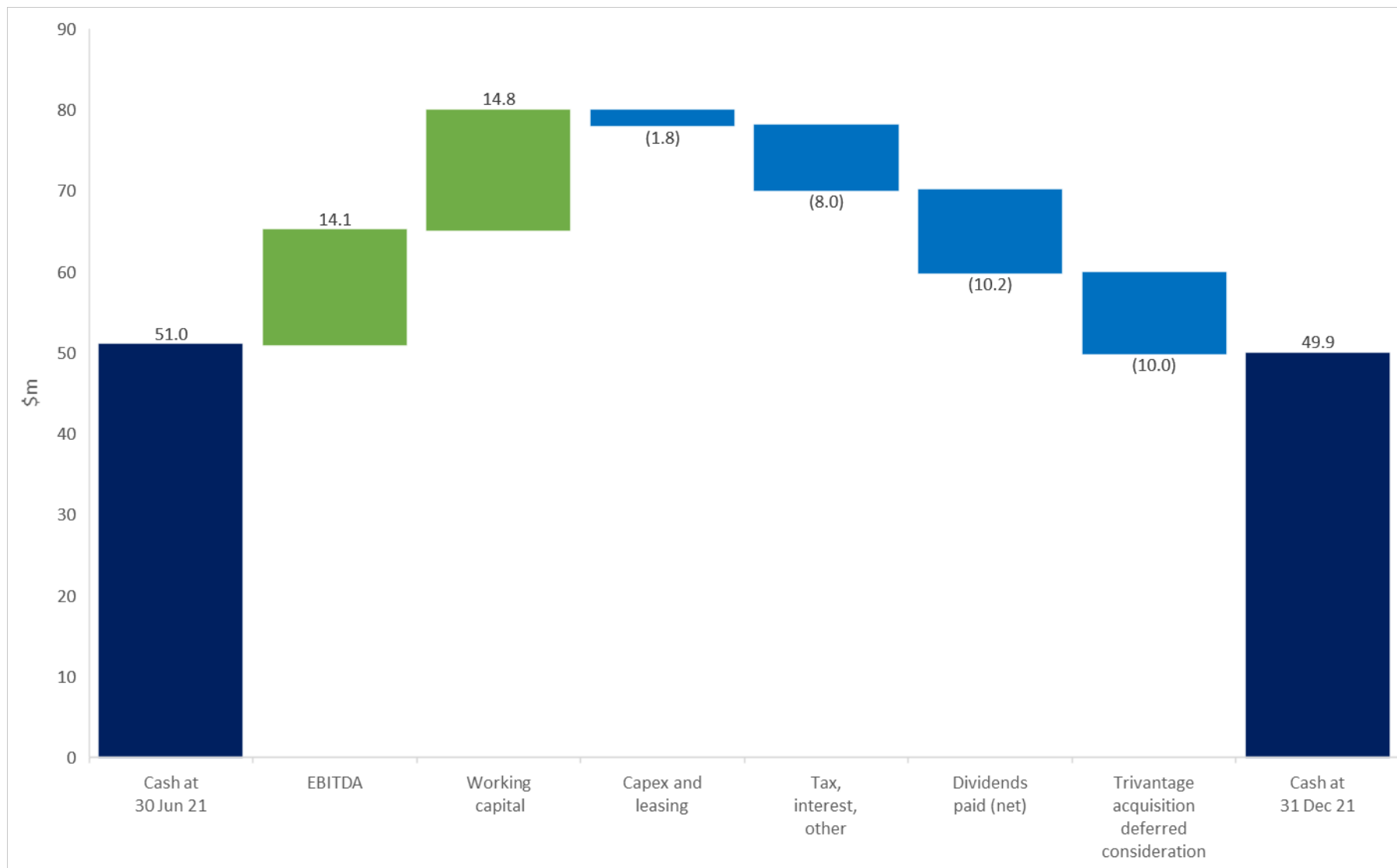
Fully franked 1.0 cent per share interim dividend declared to be paid 13 April

Balance sheet summary:

	Dec 21	Jun 21
	\$m	\$m
Current assets	190.3	201.6
Non-current assets	137.6	135.6
TOTAL ASSETS	327.9	337.2
Current liabilities	133.4	138.2
Non-current liabilities	26.5	27.9
TOTAL LIABILITIES	159.9	166.1
EQUITY	167.9	171.2

Cashflow

Cash result pleasing given continuing high levels of activity has significant working capital requirements and having funded Trivantage deferred consideration for meeting earn-out targets



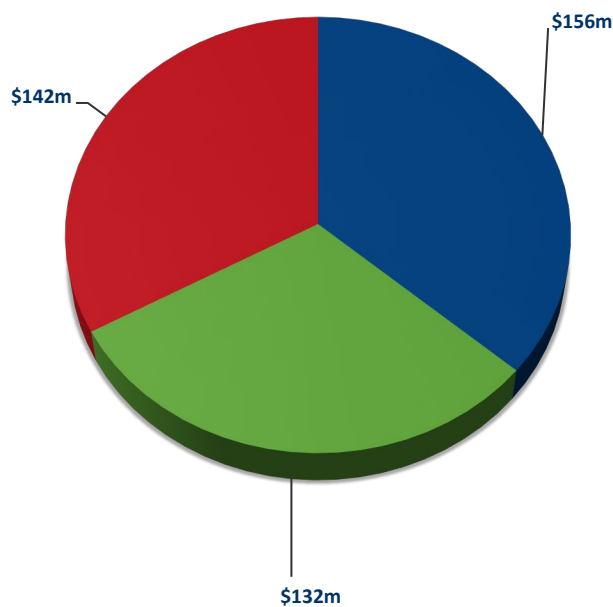
Record order book

Record order book grew by 28% over period and now exceeding half a billion dollars

Particularly driven by East Coast infrastructure projects including Sydney Metro Pitt Street Station and Western Sydney International Airport

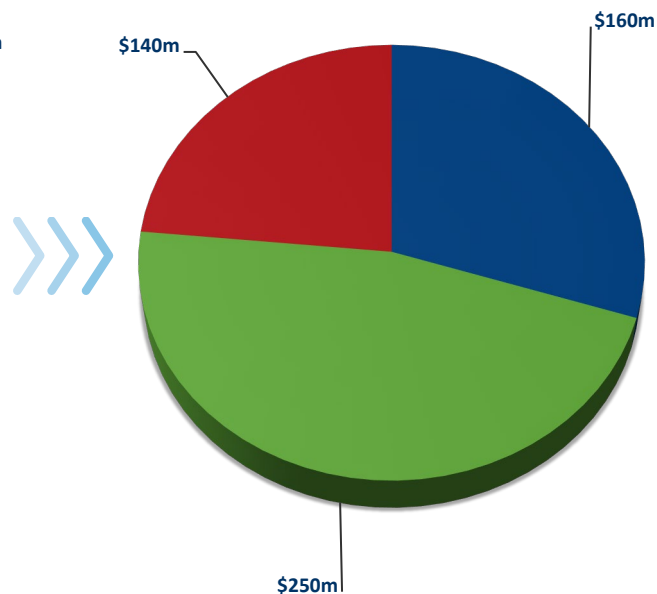
30 June 2021

\$430m



31 December 2021

\$550m



- Commercial
- Infrastructure
- Resources

Current projects



MARBL JV Kemerton Lithium Processing Plant

Circa \$150 Million



Multiplex Western Sydney International Airport

Over \$100 Million



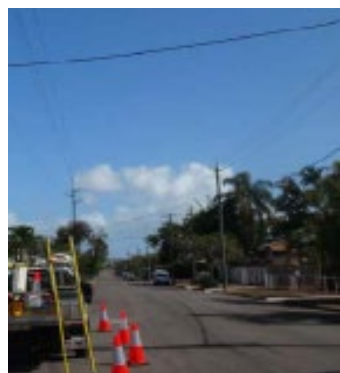
Rio Tinto Gudai-Darri Iron Ore Mine

Over \$100 Million



CPB Sydney Metro Pitt Street Station

Circa \$40 Million



Ergon Energy Asset Inspection and Maintenance Services

Over \$70 Million



Coles and Woolworths Supermarkets

Over \$50 Million

Strategy and outlook

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 has substantially increased SCEE's exposure to service and maintenance style work

We continue to investigate further acquisition opportunities

SCEE is now positioning itself to leverage opportunities across the global decarbonisation chain including:

- Supporting the decarbonisation of resources operations – such as battery, solar and wind projects for multiple mining companies
- Assisting meeting the demand for commodities required for global decarbonisation – lithium, copper, nickel, hydrogen developments
- Offering its services across a diverse and growing range of decarbonisation initiatives – including solar farms, recycling plants, refrigeration power efficiencies, green buildings design optimisation and electric vehicle charging systems



Coronavirus

East Coast lockdowns resulted in total Sydney construction shutdown for part of July and later shutdowns in Victoria

Costs minimised as workforce stood down with works delayed rather than lost

Subsequent isolation requirements following Omicron spread further disrupted activity

Otherwise operations generally continued as planned and impacts of coronavirus now receding

On West Coast Omicron break out has not so far affected WA resources sector but SCEE will follow client site requirements

Workforce

Notwithstanding interstate travel restrictions in the period SCEE added further net 200 employees in WA to service resources sector to make record workforce

Easing of WA travel restrictions from 3 March has assisted with accessing further labour and SCEE's workforce is adequate to service client requirements

Resources sector

Resources activity more than tripled on prior corresponding period

Primarily driven by high levels of activity at Albemarle Kemerton Lithium Plant and Rio Tinto Gudai-Darri but also contributions from BHP Villages Security Project and general works for Rio Tinto and BHP

Rio Tinto Gove Refinery project coming to an end

Resources SCEE's largest sector for first time since H1 FY17

Further award announcements imminent

Pipeline remains strong with new growth opportunities presenting in resources sector across multiple commodities – iron ore, lithium and nickel in medium term and LNG, fertilizers and hydrogen further out

SCEE Electrical business 17.6 million man-hours and nearly 19 years Lost Time Injury free in Australia

Resources revenue:

	HY22	HY21
	\$m	\$m
Revenue	126.4	39.3



Infrastructure sector

Wide sector for SCEE, including transport, road, rail, utilities, defence, telco, health and aged care, education, prisons, datacentres and agribusiness facilities

Record levels of transport investment sanctioned on East and West Coast

Infrastructure now largest component of order book

Pitt Street Metro Station project will ramp up in second half and bidding on further Sydney Metro opportunities

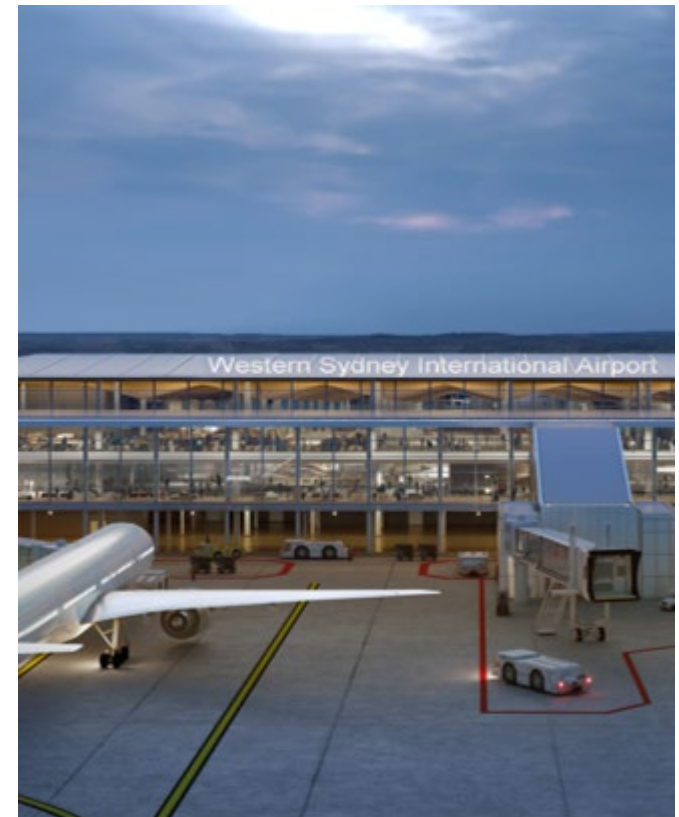
Western Sydney International Airport largest win in SCEE's history. Will run for some years and has potential for further growth plus other packages at the airport plus general commercial and infrastructure opportunities as the Western Sydney Aerotropolis region develops.

Other East Coast infrastructure opportunities are strong – multiple NSW hospital developments, government buildings, schools and datacentres all being bid

In water sector Trivantage continues to secure works and switchboard supply contracts

Infrastructure revenue:

	HY22	HY21
	\$m	\$m
Revenue	45.7	32.3



Commercial sector

Commercial now includes a full contribution from Trivantage's supermarket electrical services and maintenance business

Sydney commercial building activity was quite subdued in first half with disruptions from lockdowns, coronavirus restrictions and workforce isolation requirements

However these impacts now passing and activity picking up

Client on Ribbon project, Probuild, has gone into voluntary administration but with Heyday having taken anticipatory actions and holding insurance coverage means insignificant impact for SCEE

Commercial tendering also much stronger than in recent times and recently announced \$50m of new projects

Continuing to bid on mixed commercial-residential and retail opportunities in Canberra and Perth

For Trivantage Woolworths and Coles continue to invest heavily in store renewals and new formats driving activity levels

Commercial revenue:

	HY22	HY21
	\$m	\$m
Revenue	80.9	63.8



Conclusion and outlook



- Record half of revenue of \$253.0m up 87% on PCP
- Record workforce of 2,000
- Profit ahead of consensus with EBITDA* of \$14.1m up 46%, EBIT* of \$9.8m up 34% and NPAT of \$6.7m up 48% on PCP
- Strong balance sheet with cash of \$49.9m and no debt
- Record order book of \$550m
- Declared fully franked 1.0 cent per share dividend to be paid 13 April 2022
- Affirming targeting FY22 revenues of circa \$500m and EBITDA in range of \$29m-\$33m
- Significant growth opportunities in resources and infrastructure sectors
- Commercial activity and tendering picking up again
- Recently announced \$50m of new commercial awards with further resources and infrastructure announcements imminent

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

Capital Structure

ASX Code	SXE
Share Price (30 March 2022)	61.0c
No. of ordinary shares	259.9m
Market Capitalisation (30 March 2022)	\$158.5m
Number of performance rights	4.5m
Cash (31 December 2021)	\$49.9m
Debt (31 December 2021)	Nil
Enterprise Value (30 March 2022)	\$108.6m

Shareholders at 10 March 2022

Thorney Investments	16.5%
First Sentier Investors	9.1%
Other Institutions in Top 30 Shareholders	12.2%
Frank Tomasi	18.0%
Others (Retail, Private, Employees, Directors)	44.2%
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.

	H1 22	H1 21
	\$m	\$m
Contract revenue	253.0	135.4
Contract expenses	(219.7)	(113.7)
Gross Profit	33.3	21.7
Other income	0.3	0.2
Overheads	(19.5)	(12.2)
EBITDA	14.1	9.7
Depreciation and amortisation	(4.3)	(2.3)
EBIT	9.8	7.3
Net finance expense	(0.9)	(0.5)
Profit before tax	8.9	6.8
Income tax expense	(2.2)	(2.3)
Profit from continuing operations	6.7	4.5

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