Investor Presentation
Euroz Hartleys Mining Services Conference

9 September 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

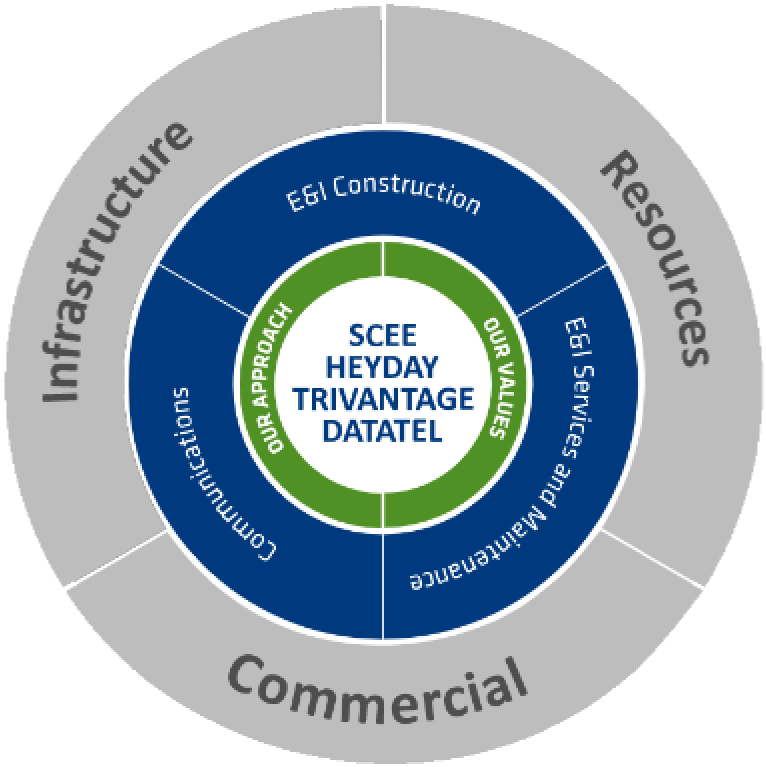
SCEE operates across three broad sectors of Infrastructure, Commercial and Resources

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



Highlights

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*

Coronavirus impacts

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

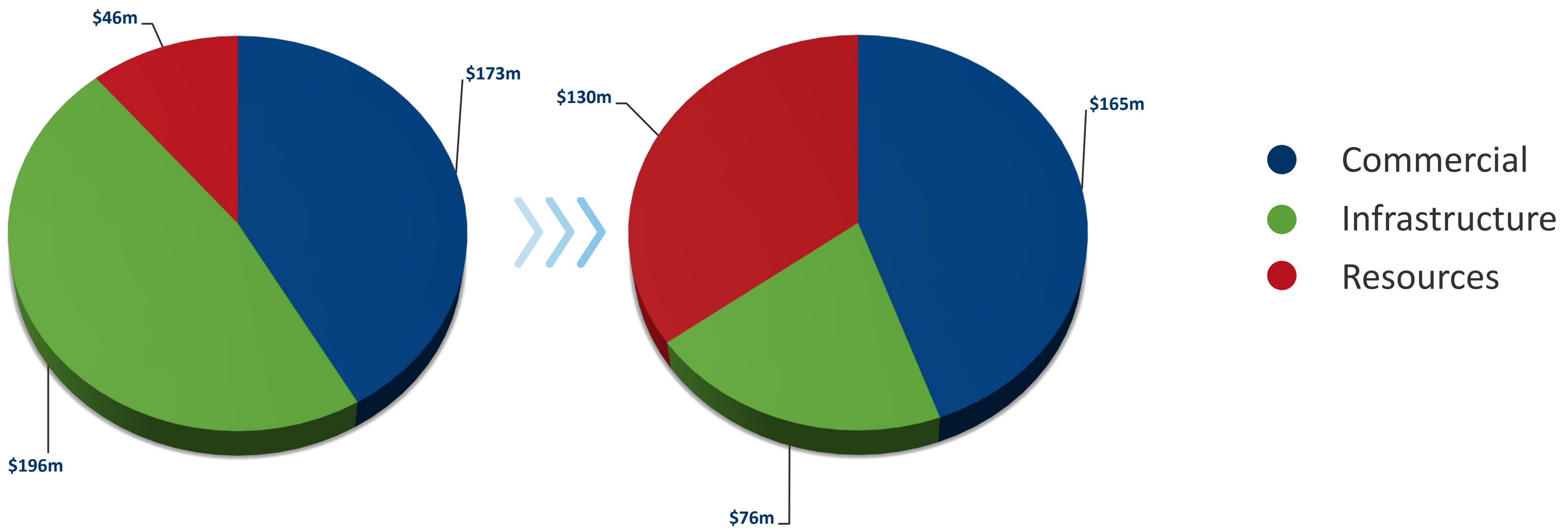
Resources activity more than doubled as major projects ramped up – FY21 $130m vs. FY20 $46m

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

FY20
$415m

FY21
$370m



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

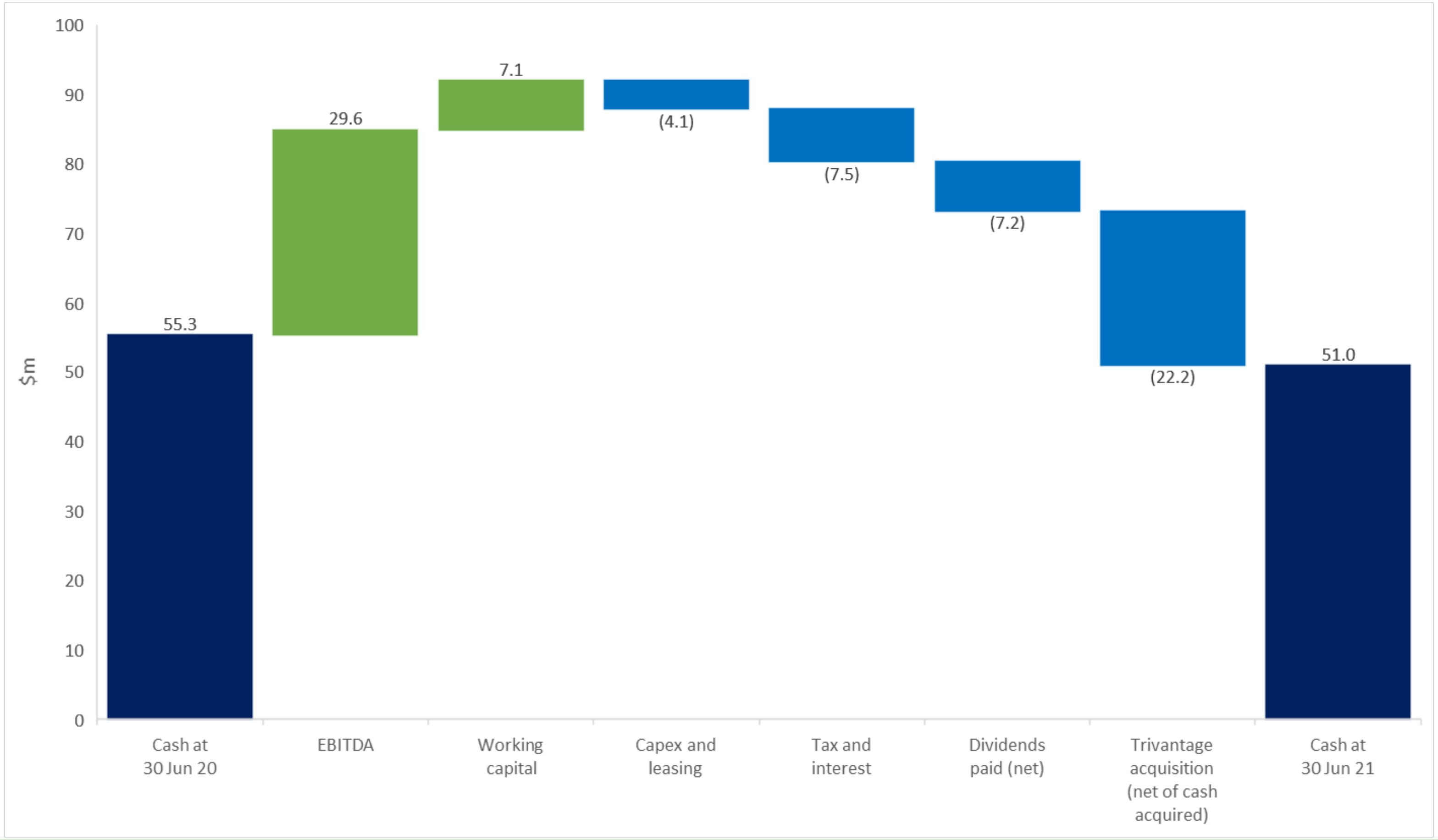
Balance sheet summary:

	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

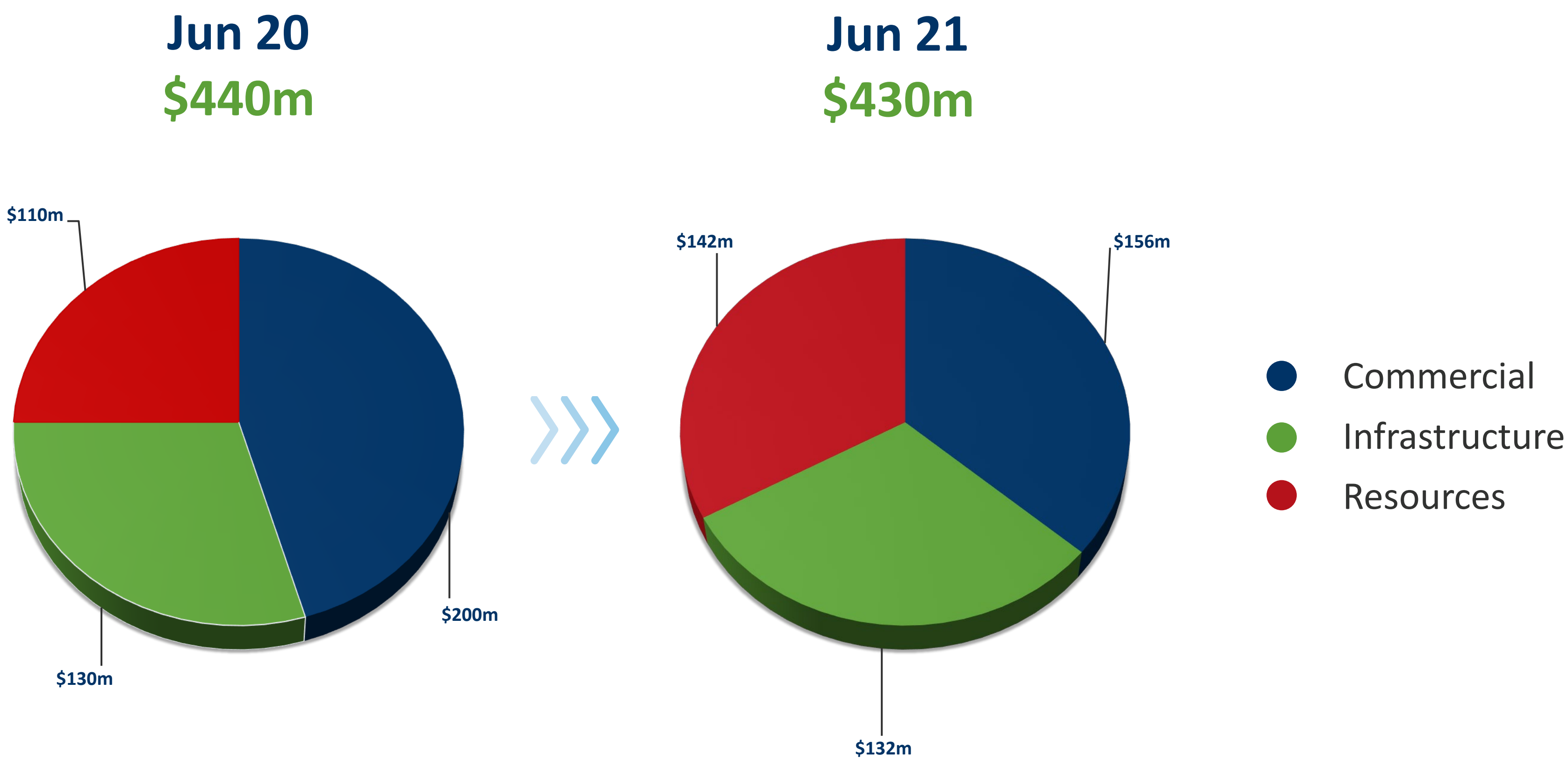
Trivantage meeting deferred consideration earn-out targets and Board declaring a 4.0 cents per share FY21 final dividend means cash outflows in FY22 of $10.0m on 3 September 2021 and $10.4m on 9 November 2021 respectively



Order book

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

Balanced across the three sectors



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

Resources
Commercial
Infrastructure

SA
Major supermarkets and retail

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

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

Strategy

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

Resources sector

Resources activity more than doubled on prior year as major mining projects ramped up – added net 400 workers in period to service projects

Significant revenue contributors included Albemarle Kemerton Lithium Plant, Rio Tinto Gudai-Darri and Rio Tinto Gove – some of these projects significant potential to expand with extra trains sanctioned

Pipeline continues to increase where new growth opportunities are presenting in resources sector across multiple commodities – iron ore, lithium, LNG, fertilizers, nickel and bauxite

Interstate labour travel restrictions may constrain ability to maximise growth in near term but expected to ease with vaccination rollout and workarounds

Near term tendering on safety and lighting upgrade projects at BHP mine sites – requires a cross-group response with inputs from SCEE, Datatel and Trivantage SEME businesses

Infrastructure sector

Wide sector for SCEE, primarily driven by governmental expenditure although some areas have varying levels of private investment

Includes transport, road, rail, utilities, defence, and telco, but also “softer” sectors such as health and aged care, education, prisons, datacentres and agriculture facilities

In FY21 infrastructure revenue declined for SCEE as large 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

Pitt Street Metro Station project will start to ramp up in second half

Other East Coast 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

Commercial sector

Commercial remained largest sector by revenue in FY21

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

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

Also bidding on opportunities, including mixed commercial-residential and retail, in Canberra, Adelaide and Perth

Sector now includes a contribution from Trivantage's resilient supermarket services business with nationwide coverage

Supermarkets investing heavily in IT and store renewals and in new store formats/fit out options, which will continue to drive spend in the sector

Trivantage

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

In addition to the supermarkets sector, since acquisition notable developments include:

- 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.
- In the resources sector design and manufacture of remote iron ore mine site solar boom gates and other security solutions ongoing

Integration activities commenced including internal efficiency initiatives such as combined insurance programs, IT and admnin processes

First internal supply of Trivantage Manufacturing switchboards secured

SJ ELECTRIC SEME SOLUTIONS TRIVANTAGE MANUFACTURING

Decarbonisation

AFR, 1 September 2021: *"…investment required to decarbonise the planet is estimated to be more than…$41 trillion"*

Decarbonisation of resources sector commencing with renewable power projects under development

Initiatives under way by multiple mining companies including Rio, BHP and FMG including battery, solar and wind projects

Energy and raw materials availability driving related Pilbara developments – hydrogen, fertilisers, urea

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

SCEE group leveraged across many aspects of decarbonisation chain examples include:

- multiple lithium and copper projects
- metal recycling plants
- supermarket refrigeration power efficiencies
- green buildings design optimisation
- Trivantage manufacture underground mine electric vehicle fast charging systems

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*

Corporate summary

Capital Structure	
ASX Code	SXE
Share Price (6 September 2021)	62.5c
No. of ordinary shares	256.7m
Market Capitalisation (6 September 2021)	$160.4m
Number of performance rights	3.5m
Cash (30 June 2021)	$50.1m
Debt (30 June 2021)	Nil
Enterprise Value (6 September 2021)	$110.3m

Shareholders at 6 September 2021	
Thorney Investments	17.2%
First Sentier Investors	8.9%
Perennial Value Management	6.0%
Other Institutions in Top 30 Shareholders	11.4%
Frank Tomasi	18.3%
Others (Retail, Private, Employees, Directors)	38.2%
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.

	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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