

Annual General Meeting October 2023



31 October 2023



Introduction to SCEE



Leading national electrical, instrumentation, communications and maintenance services group...

- Established in 1978 in Perth and listed in 2007 (ASX:SXE)
- Leading and trusted national provider of specialized electrical, instrumentation, maintenance and communication services
- Diversified operations across three broad market sectors: Resources, Commercial and Infrastructure
- Diversification supported by successful track record of acquiring value accretive businesses: Datatel in 2016, Heyday in 2017 and the Trivantage Group (S.J. Electric, SEME Solutions and Trivantage Manufacturing) in 2020
- Over last eight years, management have materially grown order book from \$55m in 2016 to \$610m in 2023

...built by design through operational excellence and a disciplined M&A strategy



Historically focused on resources and industrial work, but more recently diversified into transport, infrastructure, defence, utilities and renewables



Telecoms and communications specialist - provides services to the education, health, government, resources and transport sectors



Heyday Group

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



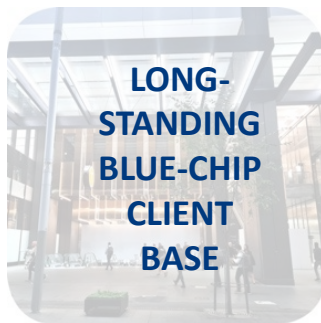
National provider of electrical and maintenance services to supermarkets, and the retail and commercial sectors



Provides electronic security services to the resources, law enforcement, custodial, industrial, and health sectors



Leading manufacturer of premium quality switchboards to a range of end users both internally in the Group and externally to customers



Electrification and decarbonisation

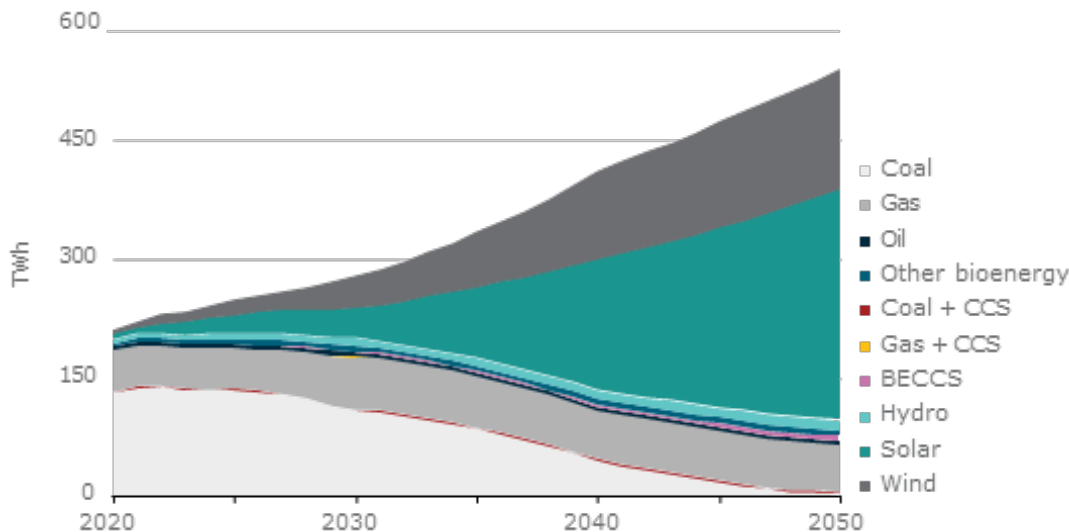
Australia is undergoing an energy transition to achieve net zero emissions by 2050

Reduction in fossil fuel consumption will require a high degree of electrification in the road transport and industrial sectors.

Electrification is also expected to occur across a range of applications in industry, mining and manufacturing, as well as gas use in buildings.

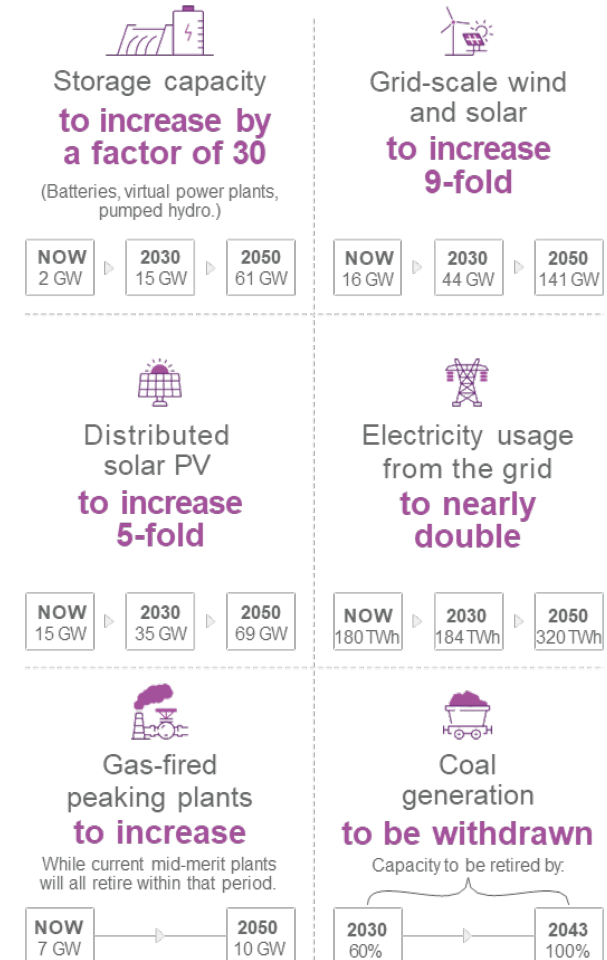
*“Introduce a national plan to phase out fossil gas in existing buildings and appliances”
Recommendation 2.2 – EVERY BUILDING COUNTS REPORT – Green Building Council of Australia 2023*

Electricity generation by technology



Source: Australia's Long-Term Emissions Reduction Plan

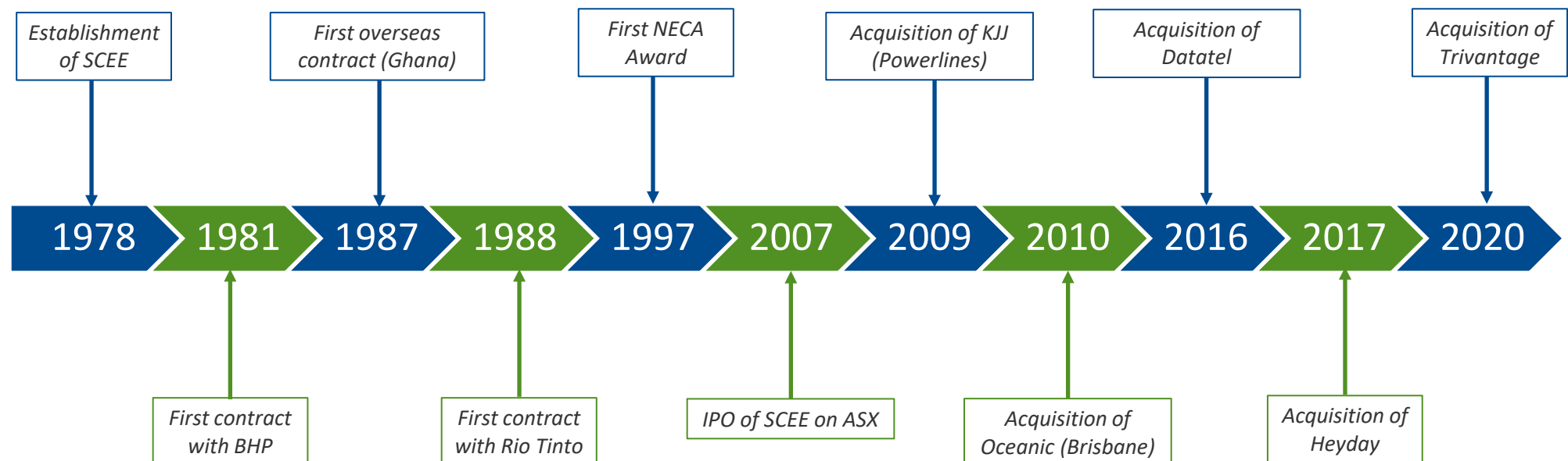
Expected energy transition to 2050 ('Step Change' scenario)



Source: Australian Energy Market Operator - Integrated System Plan 2022

SCEE Group 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 through expanding our core competencies and adding adjacent and complementary capabilities, either organically or by acquisition
- We are increasing our exposure to services and maintenance style works with recurring revenues now over 35% of activity
- We are actively exploring acquisition targets offering further geographic diversification and new capabilities
- The electrification and decarbonisation of the Australian and global economies present SCEE with opportunities across all its operations





Financial Performance

FY23 record results



Revenue \$464.7m (FY22: \$553.3m) down 16.0% on prior year

Record EBITDA \$38.2m (FY22: \$35.3m) **up 8.1%** on prior year *

Record EBIT \$29.6m (FY22: \$26.7m) **up 10.7%** on prior year *

Record NPAT \$20.1m (FY22: \$15.3m) **up 31.6%** on prior year

Result included \$2.1m (FY22: \$2.2m) amortisation for Trivantage acquisition

Record profits for all three Trivantage businesses and achieved full FY23 earn-out targets

Record Cash \$77.7m (FY22: \$53.1m) **up 46.3%** on prior year and no debt

Record Order Book \$610m (FY22: \$565m) **up 8.0%** on prior year

Final Dividend 4.0 cps declared and fully franked, with 1.0 cps interim dividend a 7.5% yield

* EBITDA and EBIT are non-IFRS financial measures, for a reconciliation to statutory results see Appendix 1

Record profits



Revenue of \$464.7m (FY2: \$553.3m) down 16.0% on prior record year as major resources projects (Kemerton and Gudai-Darri) completed in first half and anticipated new camps awards either reduced or received later

Ongoing significant revenue contributors for SCEE Electrical are Juwi Solar and BHP Port Debottlenecking projects, for Heyday Western Sydney International Airport and Pitt Street Sydney Metro, and Woolworths and Coles for Trivantage

Gross margin percentage increased from 13.1% to 16.4% from solid project performances and successful close-outs of major resources projects. Inflationary cost pressures and labour market issues have had no material impact

Record EBITDA*, EBIT* and NPAT

NPAT of \$20.1m up 31.6% and which includes \$2.1m amortisation for Trivantage (FY22: \$2.2m) and the FY22 result contained a \$2.3m provision for Trivantage deferred consideration

Result includes a record profit performance by each of the three Trivantage businesses meaning the FY23, and final, earn-out target fully achieved

Summary financials:

	FY23	FY22	%
	\$m	\$m	
Revenue	464.7	553.3	(16.0%)
Gross Profit	76.3	72.5	5.1%
Gross Margin %	16.4%	13.1%	
Overheads *	(39.8)	(38.3)	3.9%
EBITDA *	38.2	35.3	8.1%
EBITDA % *	8.2%	6.4%	
EBIT *	29.6	26.7	10.7%
EBIT % *	6.4%	4.8%	
NPAT	20.1	15.3	31.6%
NPAT %	4.3%	2.8%	

* Overheads, EBITDA and EBIT are non-IFRS financial measures, for a reconciliation to statutory results see Appendix 1

Record cash



Cash increased to record \$77.7m (FY22: \$53.1m) up 46.3% on prior year driven by record profits and return of working capital from major resources projects

Remain debt free

\$56.6m of bank guarantees and surety bonds on issue at 30 June out of a total group capacity of \$100m leaving headroom of \$43.4m

Franking account balance of \$32.3m at 30 June

Fully franked dividend of 4.0 cents per share declared, to be paid 11 October 2023. With April's 1.0 cent per share interim dividend, gives a fully franked 7.5% dividend yield at 30 June

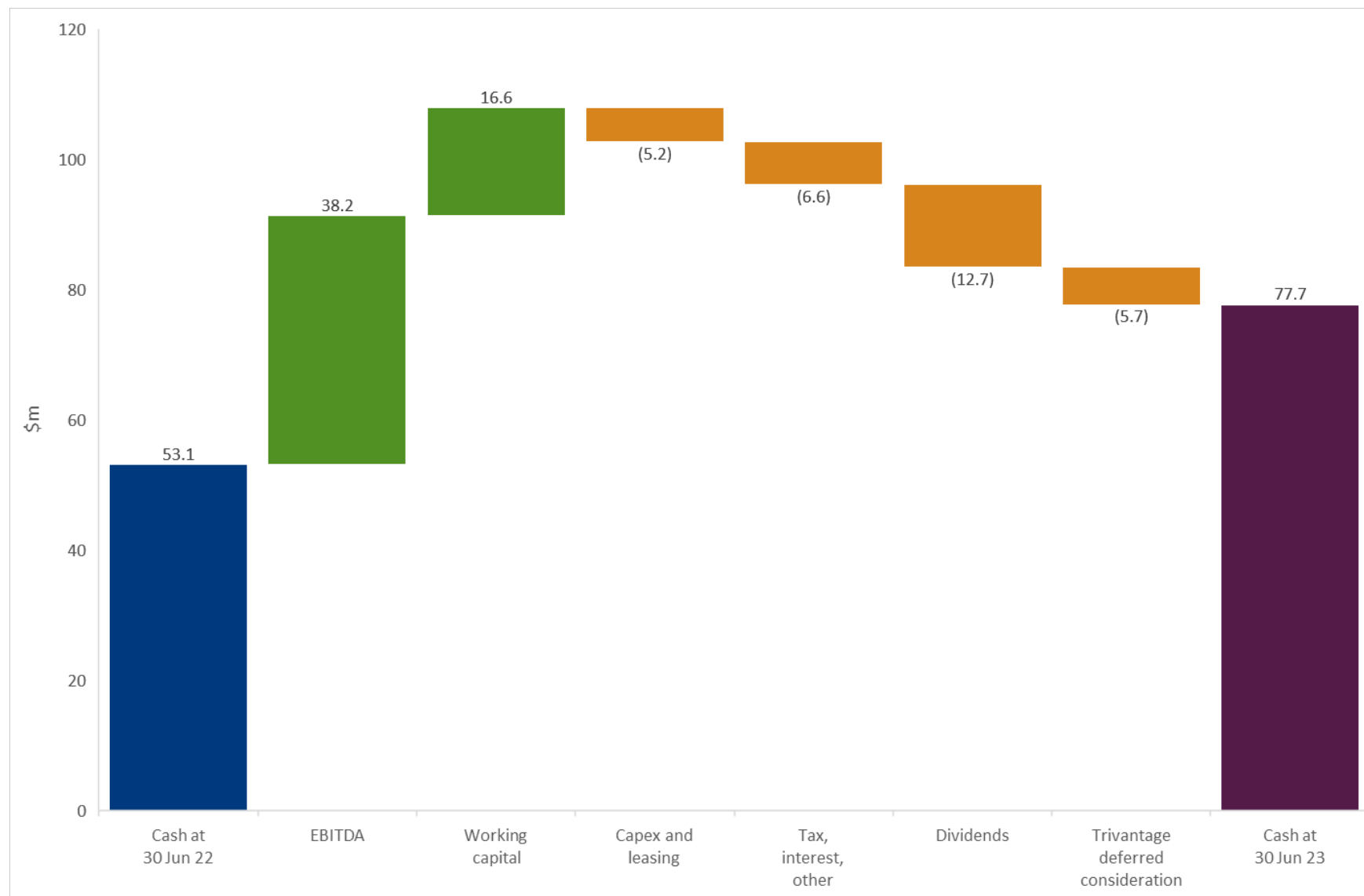
Balance sheet summary:

	Jun 23	Jun 22
	\$m	\$m
<i>Current assets</i>	187.7	211.2
<i>Non-current assets</i>	130.8	134.3
Total Assets	318.4	345.5
<i>Current liabilities</i>	124.5	143.9
<i>Non-current liabilities</i>	11.8	27.3
Total Liabilities	136.3	171.2
Equity	182.1	174.3

Cashflow



Paid final Trivantage acquisition payment of \$7.3m in September meaning Trivantage has achieved all earn-out targets in full since acquisition.
Paid \$10.5m of fully franked dividends in October





Highlights

Operations

Lost Time Injury (“LTI”) free across group for the year (2.4 million manhours LTI-free in FY23)

Kemerton Lithium, Rio Gudai Darri and BHP Villages projects successfully completed

Juwi Solar Farms and Tom Price Battery Storage projects ongoing

NSW activity increasing after weather and coronavirus impacted previous years

Western Sydney International Airport ramping up with considerable scope growth awarded

Awarded Atlassian Building, Shoalhaven Hospital and multiple data centre contracts in NSW

Second switchboard manufacturing facility opened in Victoria due to demand

Awarded Queensland accommodation villages works post year-end

Workforce over 1,500 employees and growing again

Recurring revenues from services, maintenance, framework agreements now over 35% of activity

Diversified across markets and operations



FY 23 Order Book by Sector \$m

- Record order book \$610m
- Infrastructure over half of order book



- Infrastructure
- Commercial
- Resources

FY 23 Order Book by Geography \$m

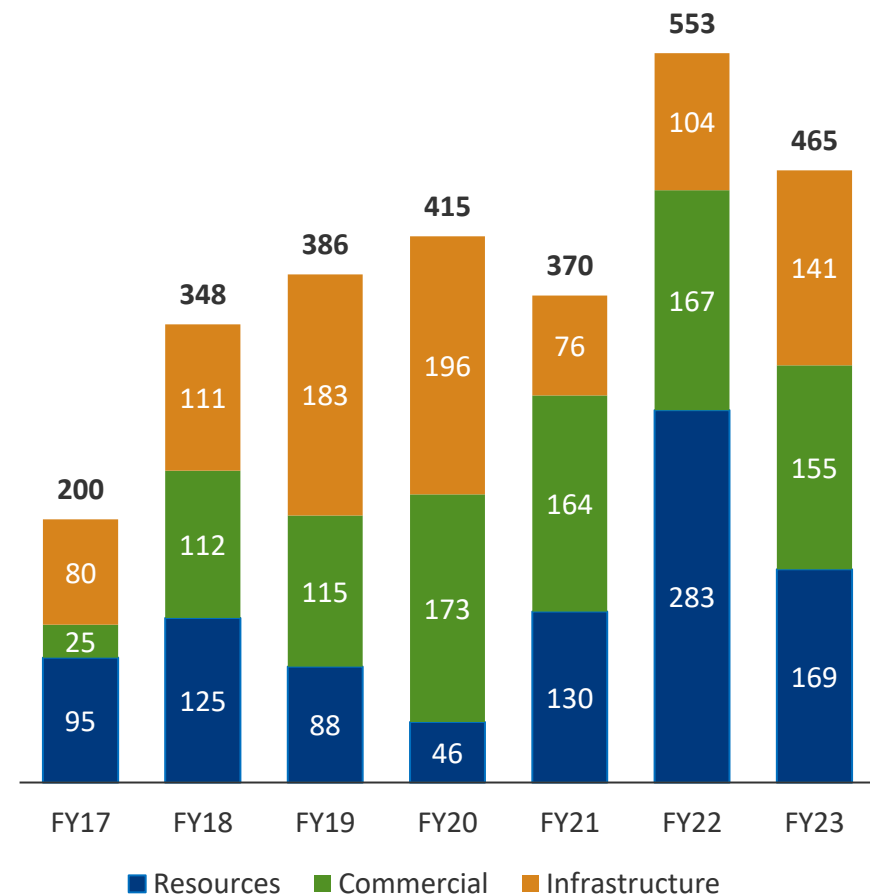
- Over 80% of order book on East Coast



- VIC, SA & NT
- QLD
- WA
- NSW & ACT

Revenue breakdown by Sector \$m

- Resources fell back from FY22 as major iron ore projects completed
- Infrastructure gaining momentum into FY24



- Resources
- Commercial
- Infrastructure

Long-standing blue-chip client base

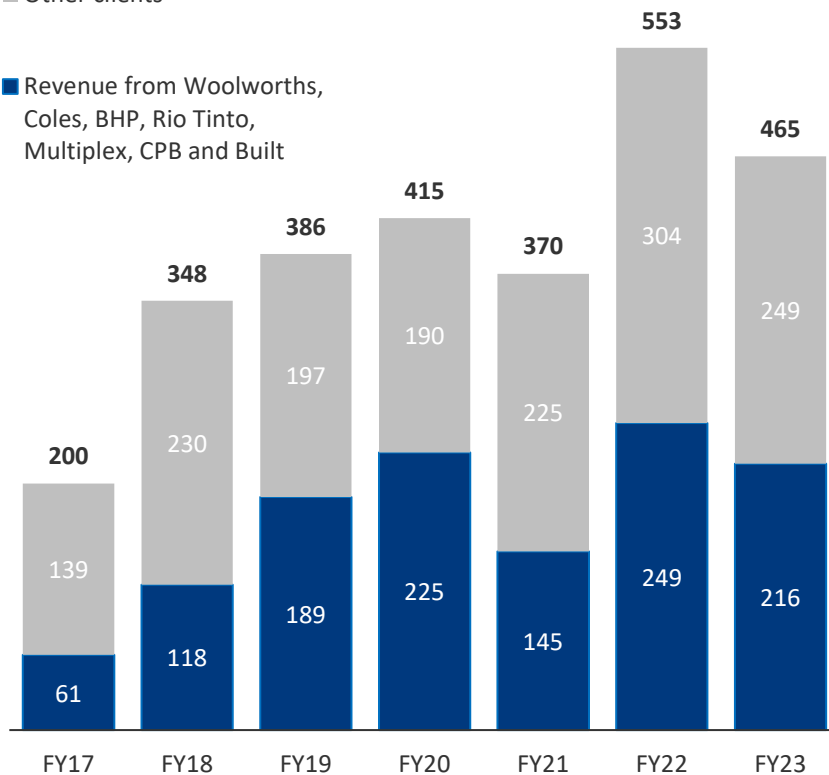


Seven selected clients – Woolworths, Coles, BHP, Rio Tinto, Multiplex, CPB and Built – have consistently provided over 40% on average of revenues over the last seven years totalling over \$1 billion of work

Revenue from above clients as percentage of total revenue						
FY17	FY18	FY19	FY20	FY21	FY22	FY23
31%	34%	49%	54%	39%	45%	46%

■ Other clients

■ Revenue from Woolworths, Coles, BHP, Rio Tinto, Multiplex, CPB and Built



These seven clients have long-standing and deep relationships with SCEE spanning decades and some across multiple group businesses



Woolworths client of Trivantage since **1973**
Multiple services and frameworks agreements ongoing



Coles client of Trivantage since **1975**
Multiple services and frameworks agreements ongoing



BHP client of SCEE Group since **1981**
Current/recent projects: Villages Security Projects, BHP Juwi NGSP



Rio Tinto client of SCEE since **1988**
Current/recent projects: Tom Price BESS, Gudai-Darri Iron Ore, Gove Refinery



Multiplex client of Heyday since **2002**
Current/recent projects: Western Sydney Airport, Westmead Hospital



CPB client of SCEE Group since **2007**
Current/recent projects: Sydney Metro Pitt Street Station and Towers, Mount Keith Debottlenecking



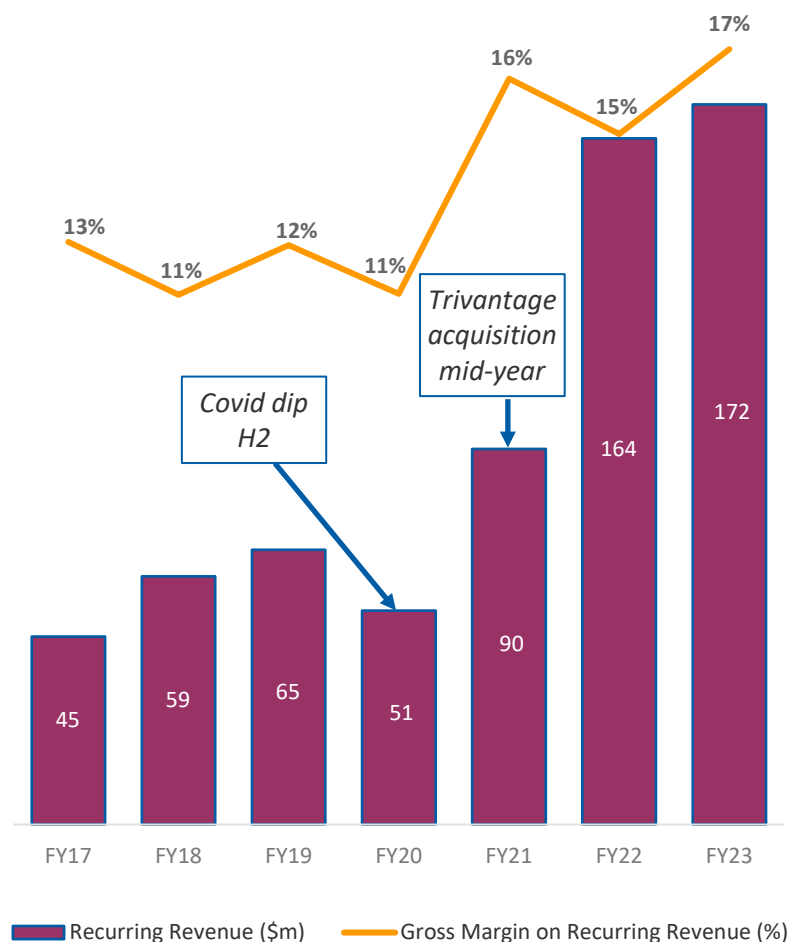
Built client of Heyday since **2012**
Current/recent projects: Atlassian HQ building, Sandstone Education Building, various Parramatta Square

Growth of recurring revenues and earnings



Strong track record of recurring revenues and earnings growth - FY23 recurring revenues were 37% of total annual revenue

Recurring Revenues (\$m)



Wide range of recurring works under services, maintenance, sustaining capital, and framework agreements, including:

- Maintenance teams at Citic Pacific Sino Iron and Newmont Boddington Gold mines and across Rio Tinto and BHP Pilbara and Arrow Energy’s Queensland operations
- Energy Queensland asset inspection agreement
- Datatel education, healthcare and local government works
- Supermarket works for Woolworths and Coles
- SEME security systems maintenance at correctional facilities and hospitals
- Considerable longevity in many of these arrangements

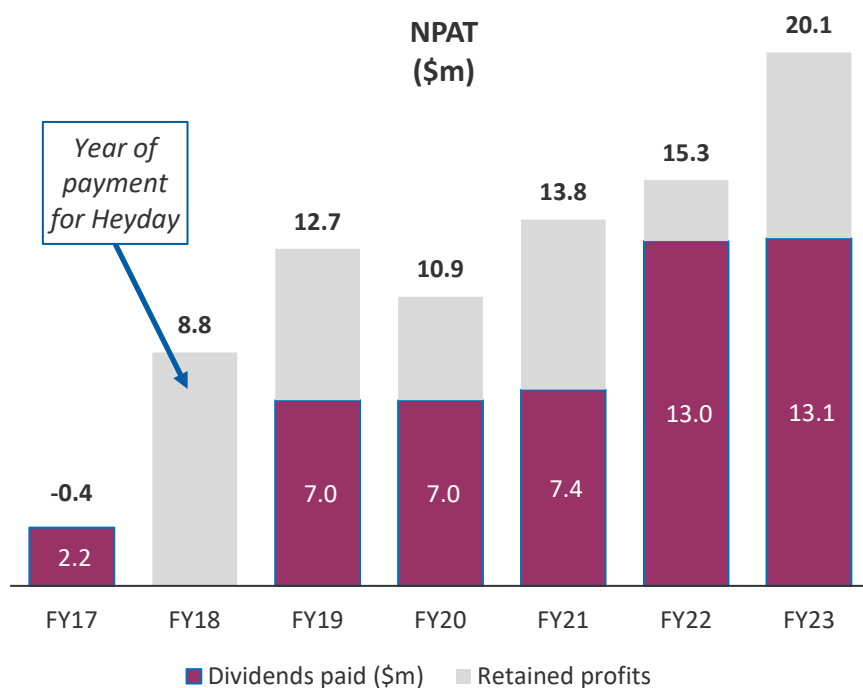
Strong dividend yield and financial position



Shareholder returns over last seven years

4.0 cps fully-franked dividend paid on 11 October 2023

Dividends paid (cps)						
FY17	FY18	FY19	FY20	FY21	FY22	FY23
3.0	0.0	3.0	3.0	3.0	5.0	5.0
Implied yield (%)						
FY17	FY18	FY19	FY20	FY21	FY22	FY23
5.2%	0.0%	5.6%	6.8%	5.6%	8.5%	7.5%



Strong cash position to support continued growth

At 30 June:

	\$m
Cash	77.7
Debt	0.0
Net cash	77.7
Bank Guarantees and Surety Bonds on issue	56.6
Group Finance Facilities capacity	100.0
Bonding headroom	43.4
Franking Account balance	32.3

Electrification and decarbonisation

SCEE exposed to the electrification and decarbonisation of the economy through three avenues:

- Supporting the decarbonisation of client operations – such as in the resources sector undertaking battery, solar, wind and powerline projects for mining companies
- Assisting meeting the demand for commodities required for decarbonisation – bidding on, or positioning for, lithium, copper, nickel and hydrogen developments
- Offering its services across a diverse and growing range of electrification and decarbonisation initiatives – including green buildings, solar farms, powerlines, recycling plants, refrigeration power efficiencies and electric vehicle charging systems



Electrification and decarbonisation (cont.)

SCEE BUSINESS

WHAT OUR CLIENTS SAY

EXAMPLE SCEE PROJECTS



BHP: *"We will...take action to reduce our operational GHG emissions (Scopes 1 and 2) in line with our...goal of net zero"*

Rio Tinto: *"We're targeting net zero emissions from our operations by 2050...15% reduction by 2025...50% reduction by 2030...net zero by 2050"*

- BHP Juwi Northern Goldfields Solar Project
- Rio Tinto Tom Price 45MW/12MWh Battery Energy Storage for Spinning Reserve ("BESSR") Facility



University of Western Australia (Environmental Sustainability Strategy 2020-25): *"...monitoring and reporting of energy consumption for each building...increasing the percentage of energy produced from renewable sources...improving energy efficiency of buildings and equipment"*

- LED lighting upgrades at UWA campus buildings, aged care facilities, hospitals and local government authority amenities



Heyday Group

Atlassian: *"We will run operations on 100% renewable energy by fiscal year 2025"*

- Atlassian Australian HQ building development with a 5.5-star NABERS Energy Commitment Agreement and targeting a 6-star Green Star rating



Coles Group: *"...reduce combined Scope 1 and 2 greenhouse gas emissions by more than 75% by the end of FY30 (from a FY20 baseline)"*

Woolworths: *"We continue to focus on reducing electricity usage across our stores, with energy efficiency initiatives continuing to deliver year-on-year reductions on store energy use"*

- Coles refrigerator night blinds roll-out
- Woolworths store lighting upgrades



MinRes: *"...we are committed to investing in activities that reduce the carbon intensity of our operations"*

- Manufacture and supply of unmanned solar-powered security gates for remote sites



Hitachi Energy: *"...we aim to achieve carbon-neutrality in our own operations by 2030"*

ABB: *"ABB has pledged to make its own operations carbon Neutral...while at the same time helping customers reduce their CO2 emissions by 100 megatons"*

- Manufacture and supply of Battery Energy Storage System enclosures
- Underground mine electric vehicle fast-charging systems for CSA Copper Mine, Cobar, NSW

Track record of successful acquisitions

Completed value-accretive acquisitions of Datatel in 2016, Heyday in 2017 and the Trivantage Group in 2020

Actively exploring further acquisition targets offering increased geographic diversification and new capabilities



Offers access to communications and telco sectors
 Total consideration paid \$6.2m
 Implied acquisition multiple in final year of earn-out:
4.3x EBIT

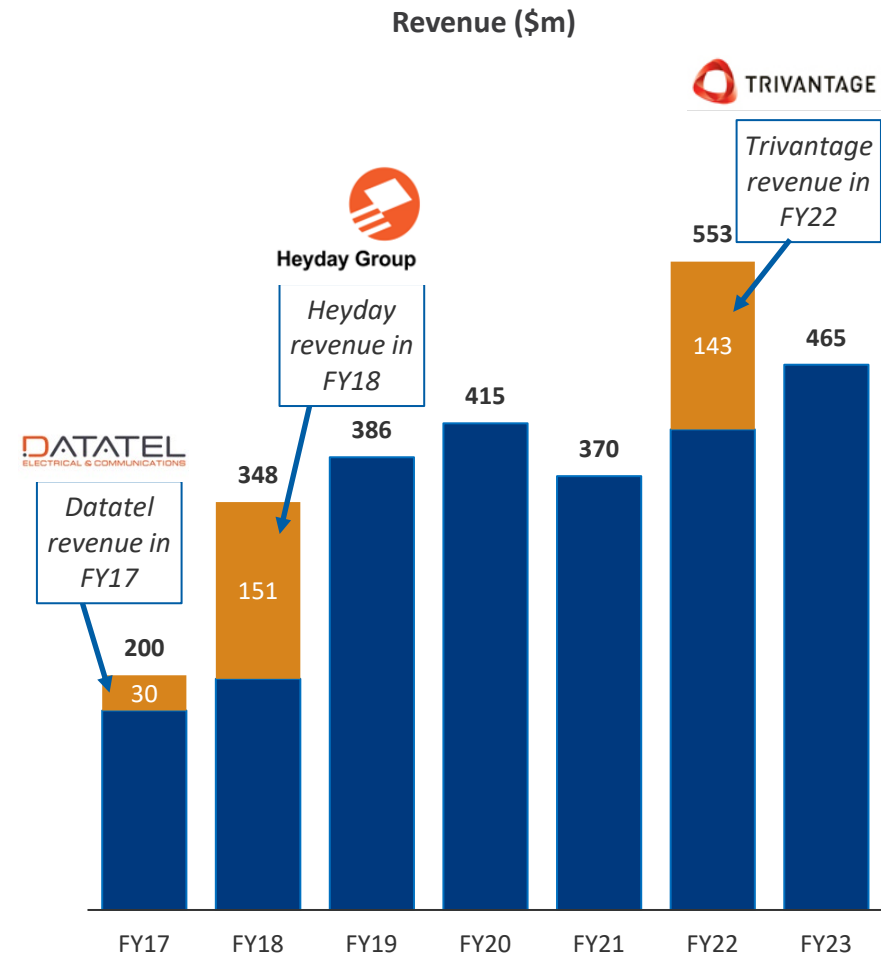


Entry to commercial and infrastructure sectors in NSW and ACT
 Total consideration paid \$54.1m
 Implied acquisition multiple in final year of earn-out:
2.9x EBIT



National provider of services to supermarkets security sector and switchboard manufacturer
 Total consideration paid \$53.5m
 Implied acquisition multiple in final year of earn-out:
3.4x EBIT

Revenue contribution of acquisition in first full year of consolidation





Conclusion and outlook

Conclusion and outlook

Record EBITDA*, EBIT* and NPAT up 8.1%, 10.7% and 31.6% respectively on prior year

Record Cash \$77.7m (FY22: \$53.1m) **up 46.3%** on prior year and no debt

Record Order Book \$610m (FY22: \$565m) **up 8.0%** on prior year

Final Dividend 4.0 cps declared and fully franked, with 1.0 cps interim dividend a 7.5% yield

Recurring revenues from services, maintenance, framework agreements now over 35% of activity

Electrification and decarbonisation exposures offer huge opportunities across group

Trivantage acquisition achieved full FY23 earn-out having exceeded targets in all three years

Further acquisition targets being actively explored

Cash balance supports further acquisition activity

Targeting FY24 Revenue circa \$500m and similar EBITDA to FY23 with growth in FY25 and beyond

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



Q&A

Capital Structure

ASX Code	SXE
Share Price (27 October 2023)	82.0c
No. of ordinary shares (27 October 2023)	263.1m
Market Capitalisation (27 October 2023)	\$215.7m
No. of performance rights (27 October 2023)	3.6m
Cash (30 June 2023)	\$77.7m
Debt (30 June 2023)	Nil
Enterprise Value (27 October 2023)	\$138.0m

Shareholders at 19 October 2023

Thorney Investments	15.8%
First Sentier Investors	7.7%
Other Institutions in Top 30 Shareholders	11.3%
Frank Tomasi	17.8%
Others (Retail, Private, Employees, Directors)	47.4%
Total	100.0%

Appendix 1 – 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.

EBITDA and EBIT are non-IFRS measures which do not have any standard meaning prescribed by IFRS and therefore may not be always be comparable to EBITDA and EBIT presented by other companies.

EBITDA represents earnings before interest, income tax, depreciation and amortisation. EBIT represents earnings before interest and income tax. A reconciliation of profit before tax to EBITDA and EBIT is presented in the table on this slide.

	FY23	FY22
	\$m	\$m
Contract revenue	464.7	553.3
Contract expenses	(388.4)	(480.8)
Gross Profit	76.3	72.5
Other income	1.7	1.1
Overheads ⁽¹⁾	(39.8)	(38.3)
EBITDA	38.2	35.3
Depreciation and amortization ⁽²⁾	(8.7)	(8.6)
EBIT	29.6	26.7
Net finance expense ⁽³⁾	(0.5)	(4.3)
Profit before tax	29.0	22.4
Income tax expense	(8.9)	(7.1)
Profit from continuing operations	20.1	15.3

(1) Employee benefits expenses, Occupancy expenses, Administration expenses and Other expenses from ordinary activities

(2) Depreciation expense, Amortisation expense and Amortisation of customer contracts and relationships

(3) Finance income, Finance expenses and Change in fair value of deferred acquisition consideration

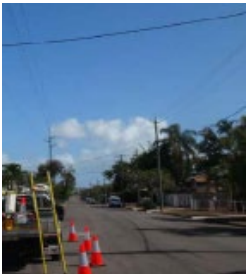
Appendix 2 – selection of current projects



BHP Juwi Northern Goldfields Solar Project – SCEE Electrical
Over \$15m



Multiplex Western Sydney International Airport - Heyday
Over \$100m



Ergon Energy Asset Inspection and Maintenance Services – SCEE Electrical
Over \$70m



CPB Sydney Metro Pitt Street Station and Towers - Heyday
Over \$70m



Microsoft SYD08 Data Centre Seven Hills - Heyday
Over \$30m



Coles and Woolworths Supermarkets – S.J. Electric
Over \$50m per annum



BOJV Atlassian Australia HQ building – Heyday
Over \$35m



Westgate Tunnel Switchboards – Trivantage Manufacturing
Over \$10m

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