AGM Presentation

31 October 2017

About SCEE

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

Established in 1978 in Western Australia, the combination in 2016 with Datatel Communications Pty Limited (established 1998) and in 2017 with East Coast-based Heyday5 Pty Limited (business established 1978) has created a diversified national electrical contractor

OUR VALUES

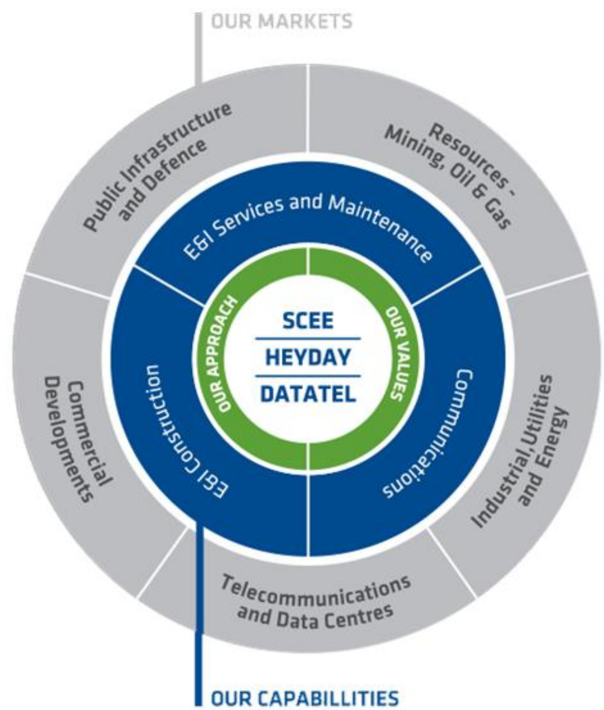
Safety
It's in everything we do.

Quality
Exceeding customer expectations through continuous improvement.

Reliability
We are dependable and consistently deliver high quality services.

Trust
Entrust and empower our team to take ownership.

Loyalty
We believe in harmonious relationships and building these through integrity and mutual respect.



Highlights

Financial	Statutory revenue $199.9m, EBITDA $6.3m and NPAT loss of $0.4m Activity in H1 negatively impacted by slower award of work in several sectors Strong H2 turnaround with Underlying H2 EBITDA of $8.2m* and Underlying H2 NPAT profit of $4.1m* in line with guidance Significant restructuring, M&A and investment costs to drive savings and growth Strong balance sheet with net cash of $40.3m at 30 June 2017
Strategic	Achieved transformational milestones in SCEE's strategy to diversify and grow into adjacent and complementary sectors and geographies: • Acquired leading east coast electrical contractor Heyday with strong presence in commercial and infrastructure markets for an enterprise value of up to $54.1m • Expanded telecommunications-focussed subsidiary Datatel into QLD, NSW, VIC and TAS and into wireless sector • Organically diversified original SCEE business into defence, transport, renewables and utilities sectors
Outlook	Record order book of over $480m at 30 June 2017 Greater longevity in order book with over $190m orders for FY19 already secured Anticipate revenue over $350m in FY18 with over 80% of orders already secured

* SCEE H2 FY17 Statutory and Underlying results reconciliation contained in Appendix 2

Underlying full year financial performance

	FY 17* $m	FY 16* $m	Change %
Revenue	199.9	207.6	(4%)
Gross profit	24.2	33.4	(28%)
Gross margin	12.1%	16.1%	
EBITDA	6.8	12.2	(44%)
EBIT	2.6	7.4	(65%)
NPAT	1.4	5.4	(74%)
Net Margin	0.7%	2.6%	

Activity in first half slow due to delayed mobilisation to projects, lower than anticipated release of work in iron ore sector and NBN delays

In second half strong turnaround with impact of acquisition of Heyday, expansion of Datatel into East Coast and contribution from organic diversification into projects in transport, defence and renewables

Underlying overheads as percentage of revenue fell from 14.9% in H1 FY17 to 6.2% in H2 FY17 as consequence of management action to ensure an efficient operating structure and higher volumes of activity

FY16 comparative result included significant contributions from large-scale iron ore construction projects which successfully closed out with strong gross margins

* Results presented on an underlying trading basis. An FY17 reconciliation to statutory results can be found on slide 4 and an FY16 reconciliation to statutory results can be found in Appendix 1

Reconciliation of underlying to statutory FY17 results *

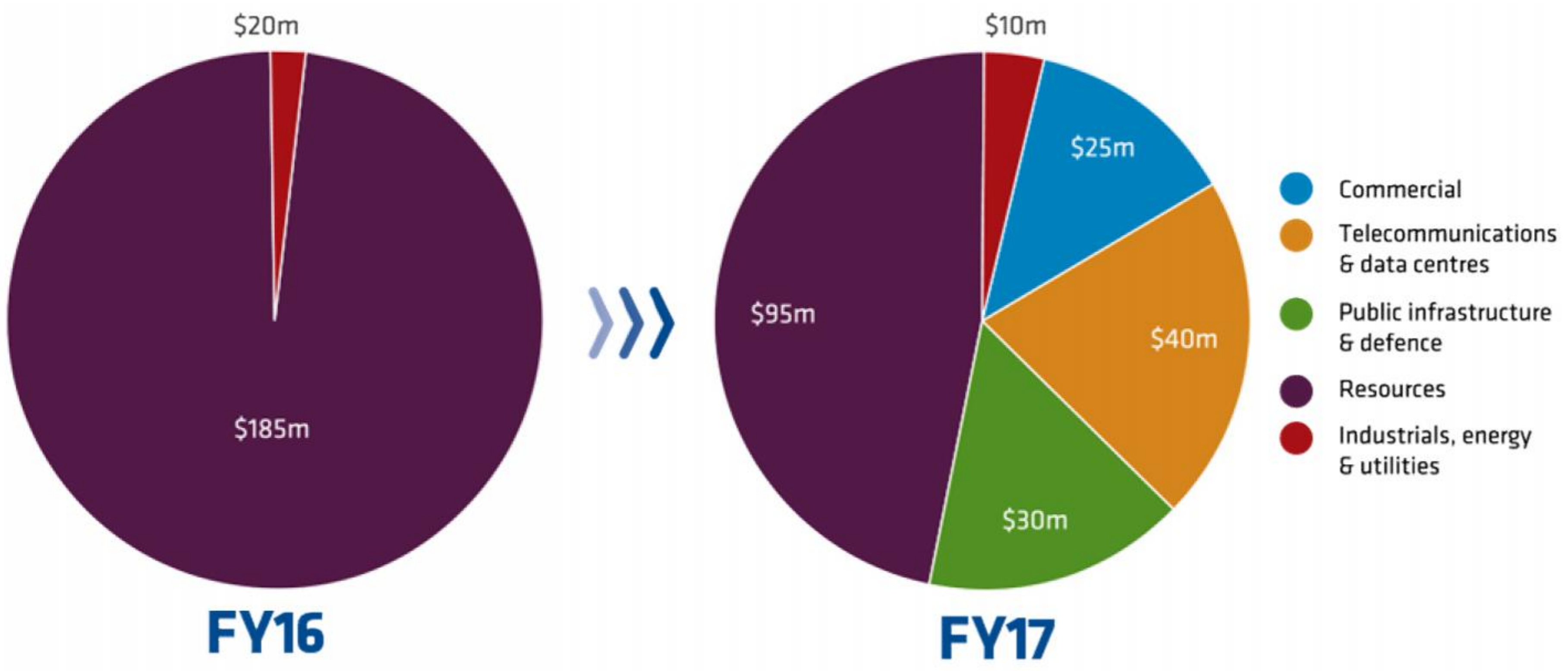
	Statutory $m	Organisation restructuring $m	M&A costs $m	Expansion and diversification investments $m	Post-acquisition deferred consideration adjustments and amortisation charges $m	Underlying $m
Revenue	199.9	-	-	-	-	199.9
Gross Profit	23.9	0.3	-	-	-	24.2
Overheads	(23.4)	1.7	1.7	2.2	-	(17.8)
Deferred consideration adjustments	5.4	-	-	-	(5.4)	0.0
Other income	0.4	-	-	-	-	0.4
EBITDA	6.3	2.0	1.7	2.2	(5.4)	6.8
Depreciation and amortisation expense	(6.3)	-	-	-	2.0	(4.2)
EBIT	0.0	2.0	1.7	2.2	(3.4)	2.6
Net finance income	(0.6)	-	-	-	0.4	(0.3)
Profit before income tax	(0.6)	2.0	1.7	2.2	(3.0)	2.3
Income tax expense	0.2	(0.5)	-	(0.7)	-	(1.0)
Net profit after tax	(0.4)	1.5	1.7	1.5	(3.0)	1.4

1. **Organisation restructuring** represents the costs incurred, primarily redundancies, as management took actions to ensure an efficient operating structure in a strongly cost focused market
2. **M&A costs** represents external costs of M&A activity, primarily the acquisition of Heyday in March 2017
3. **Expansion and diversification investments** represents investments in progressing expansion and diversification initiatives, primarily the integration of Datatel and its expansion onto the East Coast
4. **Deferred consideration adjustments and amortisation charges** represents reassessment of Datatel deferred consideration expectations as FY17 earn-out not achieved and reductions in stretch earn-out assumptions in FY18 and FY19. Amortisation charge relates to the amortisation of intangible items arising on the acquisition of Heyday and is a non-cash item

* An explanation of underlying trading can be found in Appendix 1

Revenue - Diversification by sector

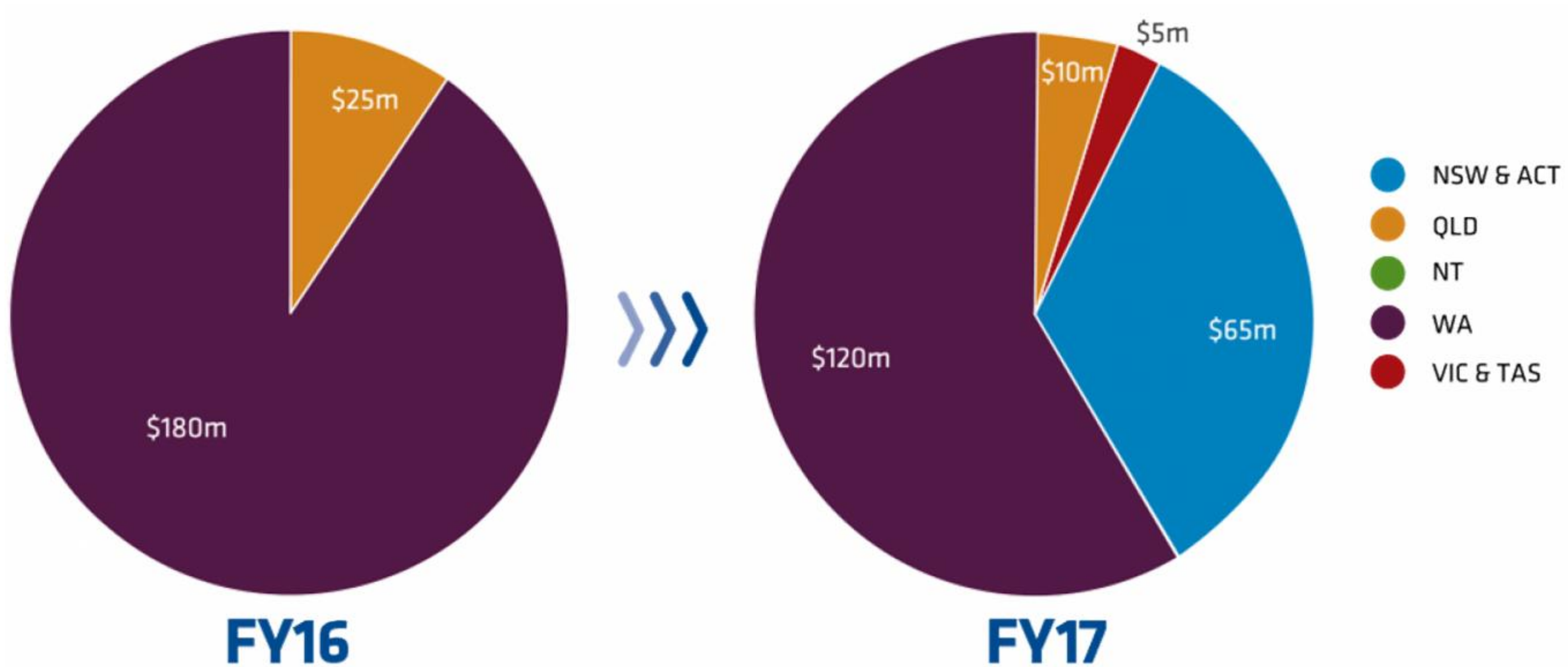
Sector diversification has begun in FY17 as resources-derived revenues in WA and Queensland declined from FY16 to be replaced with commercial, telco and infrastructure work. Order book indicates those declining sectors will turn around in FY18 combined with strong growth elsewhere.



Revenue: $207.6m **Revenue: $199.9m**

Revenue - Diversification by geography

Geographic diversification also has begun in FY17 as revenues in WA and Queensland declined from FY16 to be replaced mainly with work in NSW and ACT. Order book indicates WA decline will halt in FY18 with strong growth elsewhere.



Revenue: $207.6m

Revenue: $199.9m

Balance sheet

	JUN 17 $m	JUN 16 $m
Current assets	89.9	78.9
Non current assets	98.2	42.7
Total assets	188.1	121.7
Current liabilities	72.2	24.3
Non current liabilities	16.2	9.7
Total liabilities	88.4	34
Equity	99.8	87.7

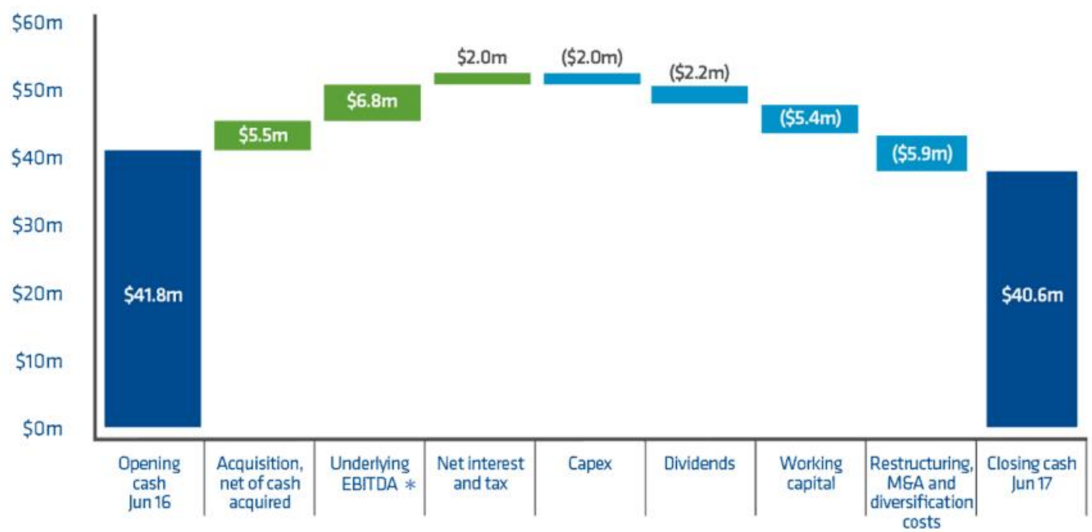
Strong balance sheet throughout the period

Cash of $40.6m and negligible debt at 30 June

Further $9.25m of cash due to Heyday vendors in September 2017

Available bank guarantee and surety bond facilities of $75.5m of which $42.9m used.

Cashflow



$5.9m cash expended on restructuring the business to drive future savings, investing in growth and expansion initiatives and on M&A activity

Capex remained low at $2.0m and forecast to remain at these levels for time being

Payment of final FY16 dividend made in H1 FY17

No dividend declared for FY17 in order to fund working capital requirements servicing increased order book

* - results presented on an underlying basis. A reconciliation to statutory results can be found on slide 4

Health, safety and people

Workforce increased from 600 employees in June 2016 to currently over 1400 and recruitment is continuing

Thirteen years LTI free in Australia

Ongoing commitment to indigenous participation

Restructuring of the organisation during the year to ensure efficient operating structure with continued transition of tasks to our offshore support centres

Leading national diversified electrical contractor

The combined Group will have a diversified portfolio of projects across Australia and over 1400 employees

- Commercial
- Public Infrastructure and defence
- Resources – mining, oil & gas
- Telecommunications and data centres
- Industrials, energy & utilities

Strategy

Recognising the cyclical nature of the resources construction market, and primarily seeing ourselves as an electrical contractor, from early 2016 we implemented a strategy to:

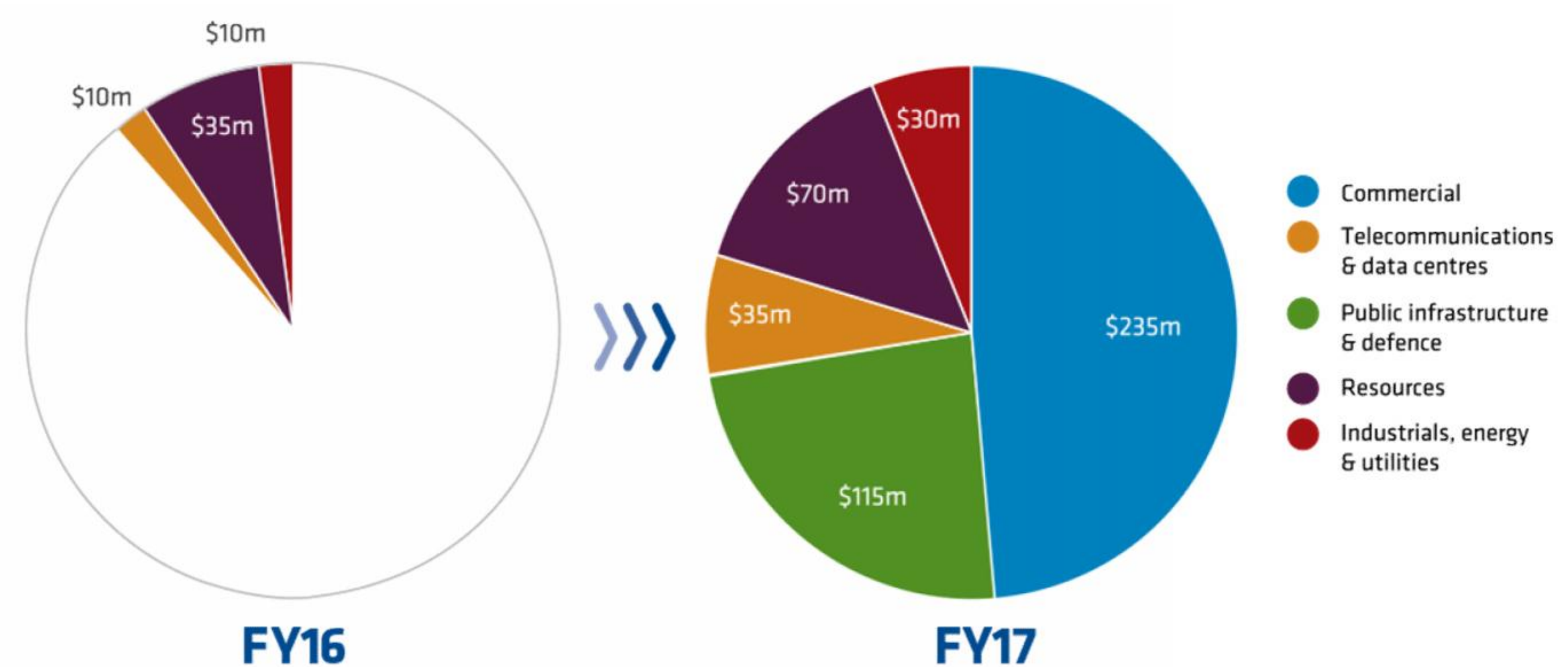
- *transition to a sustainable resources business through exposure to sustaining capital and maintenance markets; and*
- *grow through expansion into adjacent and complementary sectors and new geographies*

Achievements against the strategy to date include:

- The original SCEE business has organically diversified with entries into the transport infrastructure, defence, renewables and utilities sectors
- The acquisition of Datatel provided a direct and scalable entry into the telecommunications sector
- The Heyday acquisition was a transformational milestone combining two well-established, culturally aligned electrical contracting businesses operating in complementary sectors and geographies with Heyday's strong history in the public and transport infrastructure, commercial and data centre sectors

Order book by sector

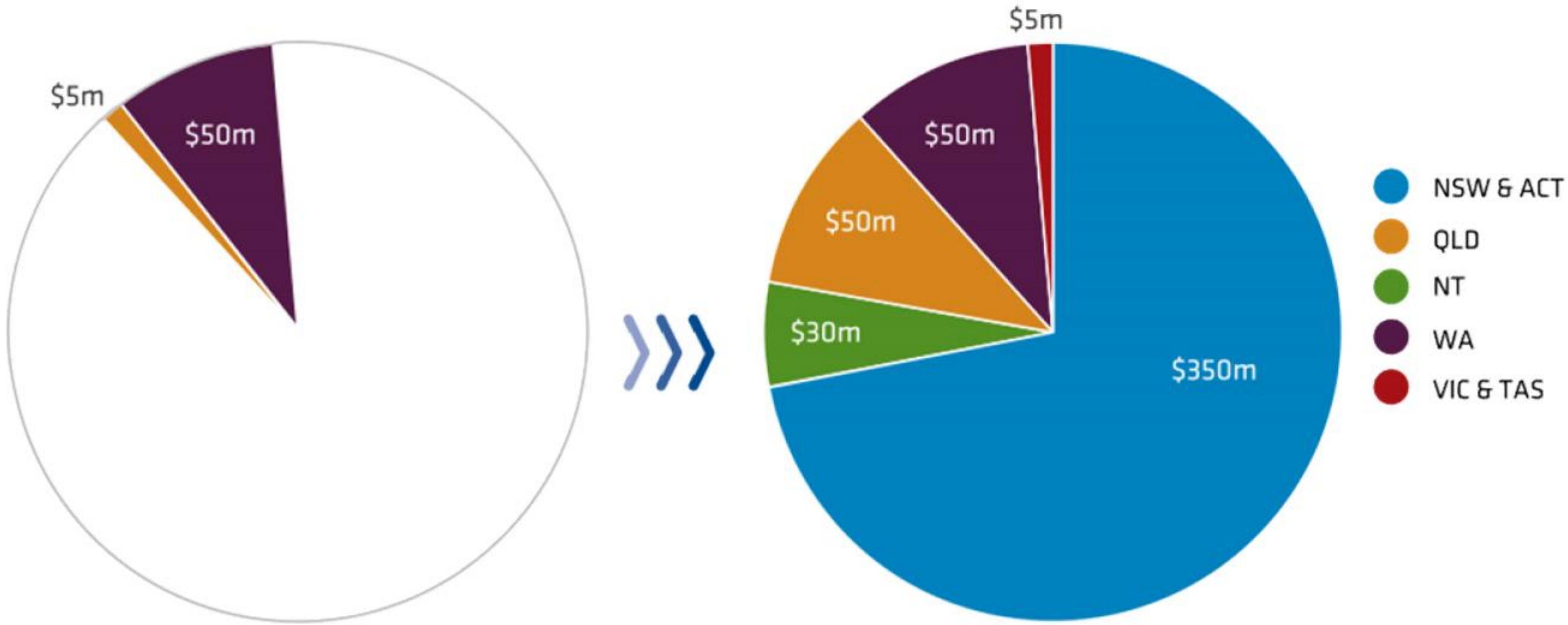
Transformational growth in order book from $55m at end FY16 to over $480m end FY17. Grown in all sectors including resources. Organic diversification into infrastructure, defence, renewables and utilities. Acquisitive entry into commercial, telecommunications & data centres, and infrastructure.



Order book: $55m | **Order book: $480m**

Order book by geography

Order book grown from $55m at end FY16 to over $480m end FY17. Held steady in WA and grown in Queensland. Organic entry into NT and acquisitive entry into NSW and ACT.



FY16

Order book: $55m

FY17

Order book: $480m

Amrun Bauxite Project – QLD

SCEE has subcontracts with Civmec and Decmil to perform electrical and instrumentation works on the process facility and mine infrastructure area at Rio Tinto's Amrun project near Weipa in North Queensland.

Wheatstone LNG Project – WA

SCEE's LNG focused joint venture KSJV has a subcontract from Bechtel to deliver electrical and instrumentation services on the Chevron operated Wheatstone Project near Onslow, Western Australia.

Sector outlook - Resources

Resources

Record exports in many commodities driving sustaining capital and maintenance expenditure

Whilst SCEE remains a major supplier, flow of work from iron ore clients remains subdued in the short term but now commenced early works on upcoming replacement tonnage projects

LNG activity expected to continue through FY18

Progressing over $25m of work at Rio Tinto's Amrun bauxite project in Queensland

Actively pursuing FY18 opportunities in bauxite, gold and lithium sectors and other metals

Westmead Hospital - NSW

Early Contractor Involvement with Multiplex. Heyday's scope expected to include the engineering design and installation of specialty electrical and communication services including patient information technology, electronic access control, nurse call systems and emergency power backup.

RAAF Base Tindal - NT

SCEE has a subcontract with Lendlease for the design, supply, installation, testing and commissioning of the electrical component of the upgrade of the existing facilities at Royal Australian Airforce Base Tindal.

Sector outlook – Public infrastructure & defence

Public infrastructure & defence

Sector primarily driven by government expenditure

Progressing $30m of work at RAAF Tindal base in Northern Territory

Positioning for significant defence opportunities in WA, NT and VIC

Infrastructure seeing strengthening growth driven by public and private sector investment in major road and rail infrastructure which the enhanced scale of the Group enables us to pursue in WA and NSW

NSW has a $72.7 billion four-year infrastructure program providing longevity to pipeline

Circa $80m of healthcare work in order book and other East Coast opportunities being pursued

Tower 2 Darling Park – NSW

Heyday are performing the Insurance Australia Group fitout including the design finalisation and construction of electrical and communication services across 33,000 square metres of commercial space.

Projects - Commercial

Duo Central Park – NSW

Heyday is installing the electrical and communication services under a design and construct contract with Multiplex for a two tower development comprising a hotel, apartments and commercial space.

Sector outlook – Commercial

Commercial

Strong commercial sector growth forecast over the next five years particularly in NSW and ACT with construction activity at record levels

Office developments and fit-outs and shopping centre refurbishments driven by population growth

Potential to leverage combined Group's customer relationships and skills into new geographies

NBN Construction

Datatel are performing NBN construction works across Australia under framework agreements for a variety of clients.

Global Switch Data Centre – NSW

Heyday has performed all major electrical installations to Global Switch's Sydney campus.

Sector outlook – Telecommunications & data centres

Telecoms & data centres

Datatel has fifteen framework agreements with Telcos, OEMs and Tier 1 contractors across five states in the NBN, wireless and telco infrastructure segments

Commenced program of construction of mobile network towers for OEM and maintenance works for Telstra

Expecting to further expand and grow offerings and capability

Data storage services industry in growth stage and further data centre work in prospect

Solar Farm Projects - NSW

The scope of SCEE's work includes the design and construction of all photovoltaic (PV) electrical packages downstream of the delivery stations at four solar farms located at Parkes, Griffiths, Dubbo and Narromine.

Ergon Energy Service Agreement - QLD

SCEE has entered into a three year service agreement for the provision of asset inspection and maintenance services on the Ergon Energy electricity distribution network in the Northern Region of Queensland.

Sector outlook – Industrials, energy & utilities

Industrial, energy & utilities

Industrials market in low growth phase but SCEE continues to win projects on ad hoc basis

Entered utilities market with first award from Western Power in WA and now Ergon Energy in Queensland

Commenced our first renewable energy project (130MW solar) in NSW and further solar and wind farms in pipeline

Solar sector in transformational stage with $1.3 billion in large scale solar investment set this year and forecast to be circa $2 billion in 2018

Current energy sector critical issues expected to present further opportunities

Business Development pipeline

Tendering at high level with over $400m of submitted tenders with clients pending decision

Business development pipeline strong with immediate prospects of further $900m currently being estimated in tendering departments

Order book and pipeline indicates those sectors and geographies that declined in FY17 will begin to turn around in FY18 and beyond

Immediate strategic actions

SCEE will build on the organic and acquisitive diversification achievements of the last year to create depth and capability for the next growth period:

- the enhanced scale of the group unlocks the opportunity to pursue upcoming large scale infrastructure projects
- leverage the combined Group's customer relationships and skills into new states
- opportunities arising in telecommunications driven by continual technological innovation
- being positioned for the next turn of the resources cycle

Conclusion and outlook

- Transformational year for SCEE
- Activity in H1 impacted by slow award of work but strong H2 turnaround with result of Underlying H2 EBITDA of $8.2m and Underlying NPAT profit of $4.1m* in line with guidance
- Incurred significant restructuring, M&A and investment costs in period to drive future savings and growth
- Achieved key milestones in diversification and growth strategy including acquisition of Heyday with a strong presence in the East Coast commercial and infrastructure markets, geographic and sector expansion in telecommunications through Datatel and organic entry into the defence, transport, renewables and utilities sectors
- Order book grown significantly to a record $480m at 30 June 2017 ($55m at 30 June 2016)
- Anticipate revenue over $350m in FY18 with over 80% of orders already secured

* SCEE H2 FY17 Statutory and Underlying results reconciliation contained in Appendix 2

Appendices

Appendix 1 - Underlying to statutory results FY16 reconciliation
Appendix 2 - Underlying to statutory results H2 FY17 reconciliation
Appendix 3 - Heyday transaction terms

Appendix 1 – FY16 Underlying to statutory results reconciliation

SCEE's results are reported under International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. The Company discloses certain non-IFRS measures that are not prepared in accordance with IFRS and therefore considered non-IFRS financial measures. The non-IFRS measure 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 a non-IFRS earnings measure which do not have any standard meaning prescribed by IFRS and therefore may not 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 the left below.

The term "underlying trading" used in this document is a non-IFRS measure which refers to the statutory results excluding one-off items disclosed in the reconciliation presented on below and on slide 4 and in Appendix 2. This measure was used by management to assess the Company's performance. The underlying trading results are unaudited.

FY16 underlying profit reconciliation:

	Statutory $m	Acquisition costs $m	Underlying trading (unaudited) $m
Contract revenue	70.5		70.5
Contract expenses	(55.0)		(55.0)
Gross profit	**15.4**		**15.4**
Other income	0.1		0.1
Overheads	(11.0)	0.4	(10.6)
EBITDA	4.5	0.4	4.9
Depreciation expense	(2.5)		(2.5)
EBIT	**2.0**	**0.4**	**2.4**
Net finance expense	0.2		0.2
Profit before tax	**2.2**		**2.2**
Income tax expense	(0.9)	(0.1)	(1.0)
Profit from continuing operations	**1.3**	**0.3**	**1.6**

Appendix 2 – H2 FY17 Underlying to statutory results reconciliation * scee

	Statutory $m	Organisation restructuring $m	M&A costs $m	Expansion and diversification investments $m	Post-acquisition deferred consideration adjustments and amortisation charges $m	Underlying $m
Revenue	**138.4**	-	-	-	-	**138.4**
Gross Profit	**16.6**	**0.1**	-	-	-	**16.7**
Overheads	(12.5)	0.5	1.5	1.9	-	(8.6)
Deferred consideration adjustments	3.9	-	-	-	(3.9)	0.0
Other income	0.1	-	-	-	-	0.1
EBITDA	**8.1**	**0.6**	**1.5**	**1.9**	**(3.9)**	**8.2**
Depreciation and amortisation expense	(4.1)	-	-	-	2.0	(2.1)
EBIT	**4.0**	**0.6**	**1.5**	**1.9**	**(1.8)**	**6.1**
Net finance income	(0.5)	-	-	-	0.2	(0.2)
Profit before income tax	**3.5**	**0.6**	**1.5**	**1.9**	**(1.6)**	**5.9**
Income tax expense	(1.0)	(0.2)	-	(0.6)	-	(1.8)
Net profit after tax	**2.5**	**0.4**	**1.5**	**1.3**	**(1.6)**	**4.1**

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Appendix 3 – Heyday transaction terms

Acquisition	Acquisition of 100% of Heyday5 Pty Ltd Completed on 9 March 2017
Consideration	Up to a total of $54.1m payable as follows: **1. Initial Cash Consideration**: $18m in cash paid at completion on 9 March 2017 **2. Further Consideration**: $2.25m in cash to be paid in September 2017 **3. 2017 Results Consideration**: Heyday having achieved FY17 EBIT greater than $9.8m: a) $7m in cash to be paid in September; and b) $13.85m in ordinary fully paid SCEE shares representing 27.5m shares (refer to details below) **4. Earn-out: Deferred Consideration** • $4m in cash if Heyday's EBIT result for FY18 is equal to or greater than $9.8m • $4m in cash if Heyday's EBIT result for FY19 is equal to or greater than $9.8m **5. Earn-out: Outperformance Consideration** • 50% of EBIT in excess of $9.8m for the FY18 period, payable in cash and capped at $2.5m • 50% of EBIT in excess of $9.8m for the FY19 period, payable in cash and capped at $2.5m
Terms of SCEE Share Issue	Issued at VWAP of 10 day period commencing 5 trading days pre-transaction announcement which was 50.4 cents 50% of shares will be escrowed for 12 months and 50% of shares will be escrowed for 24 months from issue date Shares will be issued to four vendors in September 2017 and to David Hammond, as Executive Director of SCEE, following shareholder approval at the AGM
Vendor Involvement	The four of the five vendors that are currently executives of Heyday continuing in executive roles post-completion David Hammond appointed to the SCEE Board as an Executive Director on completion
Funding	Cash payments to be funded from existing cash reserves and earnings of combined Group Access to additional liquidity to support ongoing growth via a $10m facility with CBA if required

Disclaimer

Some of the information contained in this presentation contains “forward-looking statements” which may not directly or exclusively relate to historical facts. These forward-looking statements reflect the current intentions, plans, expectations, assumptions and beliefs of Southern Cross Electrical Engineering Limited (“SCEE”) about future events and are subject to risks, uncertainties and other factors, many of which are outside the control of SCEE.

Important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks. Because actual results could differ materially from SCEE's current intentions, plans, expectations, assumptions and beliefs about the future, you are urged to view all forward-looking statements contained in this presentation with caution and not to place undue reliance on them. No representation is made or will be made that any forward looking statements will be achieved or will prove to be correct. SCEE does not undertake to update or revise any forward looking statement, whether as a result of new information, future events or otherwise.

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