



Southern Cross Electrical Engineering

Full year results 2011

26 August 2011



Presentation overview



- 2011 full year results highlights
- Financial overview
- Operational overview
- Safety & people
- Strategy & outlook
- Summary

Group highlights

Strong turnaround in H2 providing base for earnings growth

Financial

- FY11 revenue of \$102m (H1 \$47m, H2 \$55m), up 5% on FY10
 - H2 up 17% on H1
- FY11 gross profit of \$16.2m (H1 \$2.3m, H2 \$13.9m)
- FY11 statutory net loss after tax of \$1.7m (H1 \$(4.8)m, H2 \$3.1m)

Operational

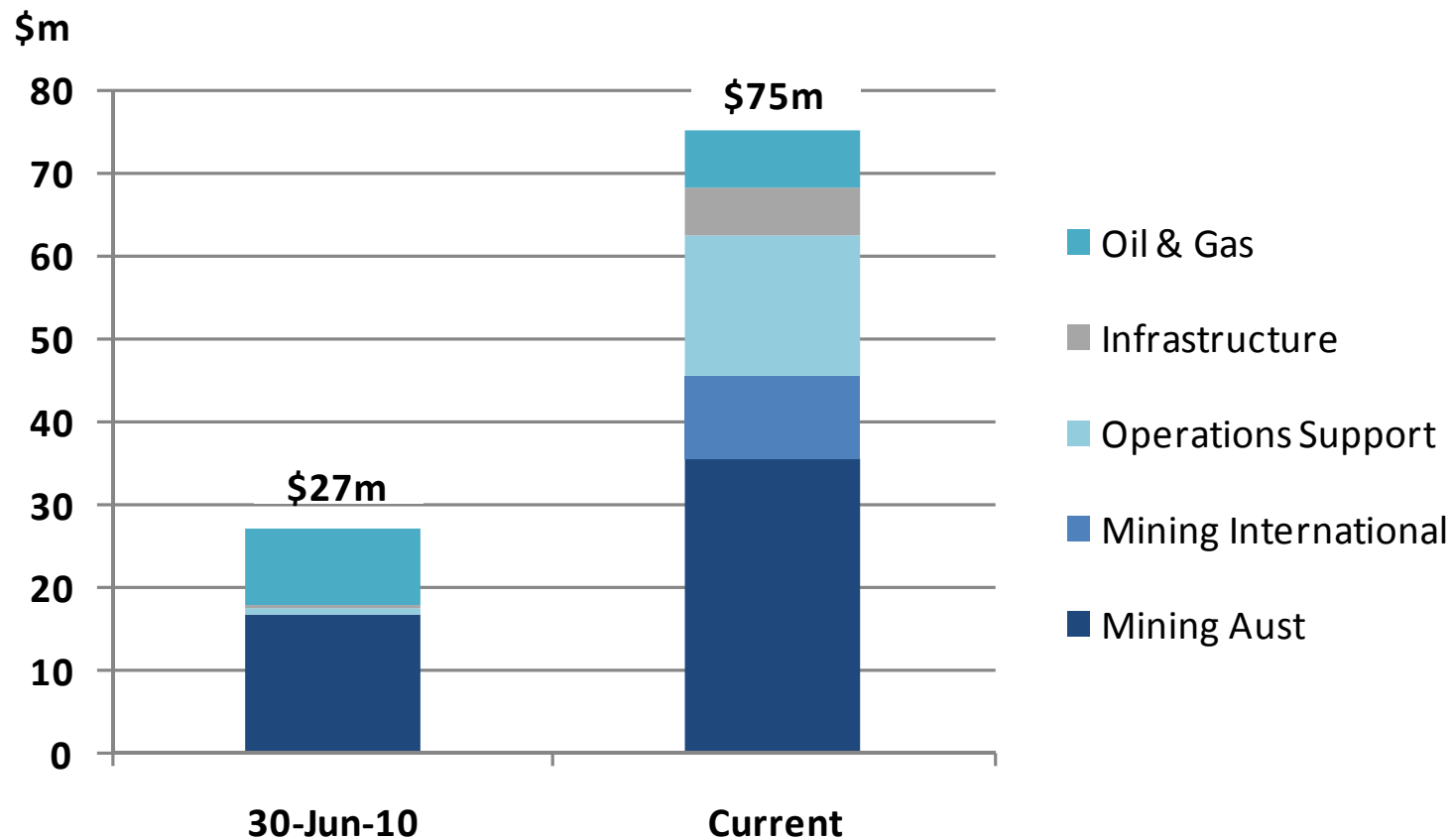
- Order Book stands at \$75m, up \$48m compared to 30 June 2010
- Successful completion of Pluto contract
- Seventh consecutive LTI-free year
- Momentum building with fifth Sino contract awarded in August

Strategic

- Operation, Support & Maintenance business is growing and providing a re-current revenue base
- Acquisitions now fully integrated
 - increasing potential tender pipeline
- Long term construction contracts being tendered

Order book – the return to growth

Significant uplift in order book – solid lead indicator

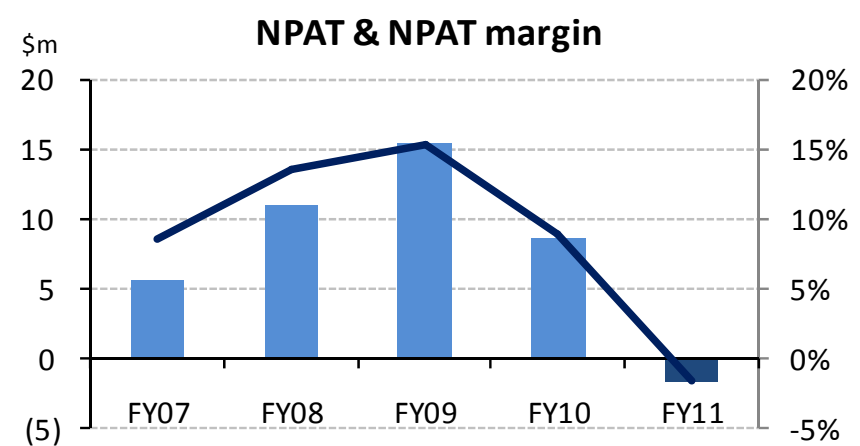
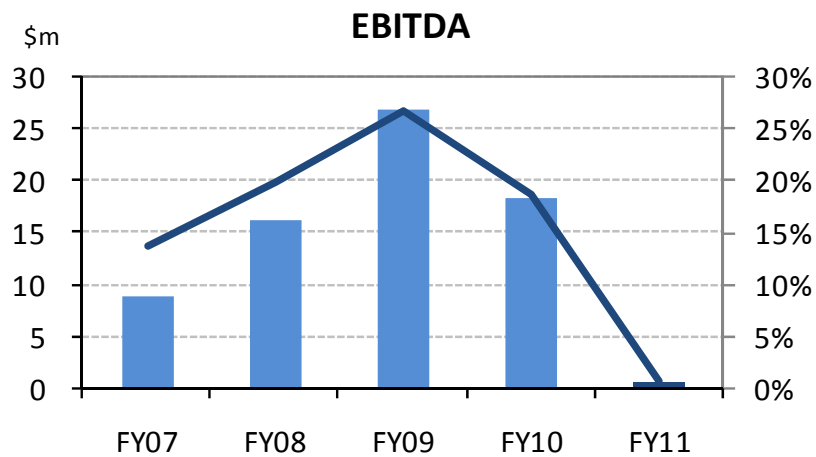
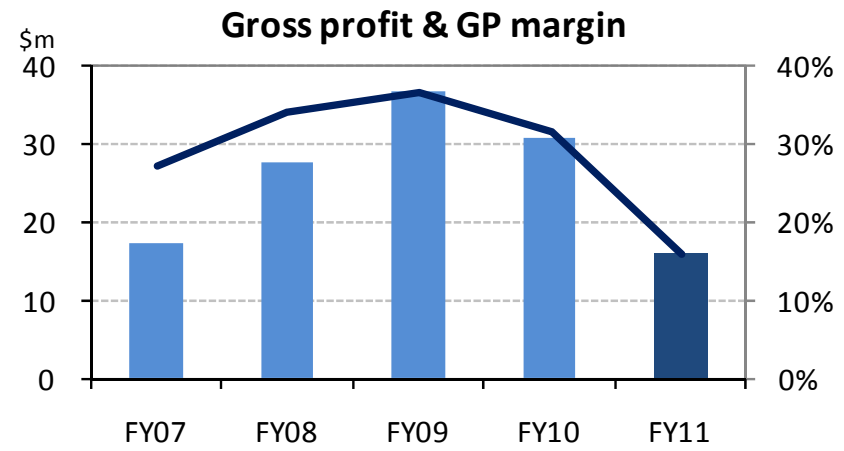
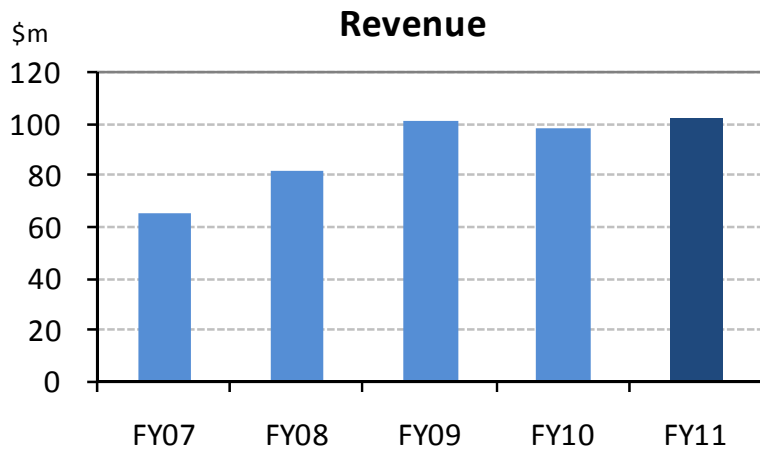


Financial overview – strong turnaround in H2

6 months to				12 months to		
June 2011	Dec 2010	Change	(\$m)	June 2011	June 2010	Change
54.5	47.3	↑	Sales Revenue	101.8	97.4	↑
13.9	2.3	↑	Gross profit	16.2	30.6	↓
6.1	(5.4)	↑	EBITDA	0.6	16.4	↓
3.1	(4.8)	↑	Statutory NPAT	(1.7)	8.7	↓
5.7%	(10.1)%	↑	Statutory NPAT Margin	(1.6)%	8.9%	↓
		↑	Earnings per share (cps)	(1.3)	7.1	↓
-	-		Dividend (cps)	-	6.5	↓
4.6%	(12.9)%	↑	Return on Equity	(2.3)%	18.3%	↓
4.6	(4.4)	↑	Operating Cash Flow	0.2	0.2	↓
-	-		Capital Expenditure	1.8	20.9	↓
Net cash	21.9%	↑	Gearing (net debt / equity)	Net cash	Net cash	

Financials – 2011 has formed the base

Full year performance masks strong H2 turnaround



Cash flow – a story of two halves

(\$m) 6 months to	June 2011	December 2010
Operating cash flows	4.6	(4.4)
Investing cash flows	(1.1)	(0.7)
Financing cash flows	31.0	(6.0)
Net movement in cash	34.5	(11.1)
Opening cash balance	(3.6)	7.5
FX movement	0.4	0.0
Closing cash balance	31.3	(3.6)

(\$m) 12 months to 30 Jun	2011	2010
Operating cash flows	0.2	0.2
Investing cash flows	(1.8)	(20.9)
Financing cash flows	25.0	(3.1)
Net movement in cash	23.4	(23.9)
Opening cash balance	7.5	31.3
FX movement	0.4	0.1
Closing cash balance	31.3	7.5

- Operating cash flows boosted by the completion of Pluto and the conversion of WIP into cash received
- Investing cash outflows down in FY11 with acquisition investments reflected in FY10
- Financing cash flows up following the successfully completed capital raising in April 2011

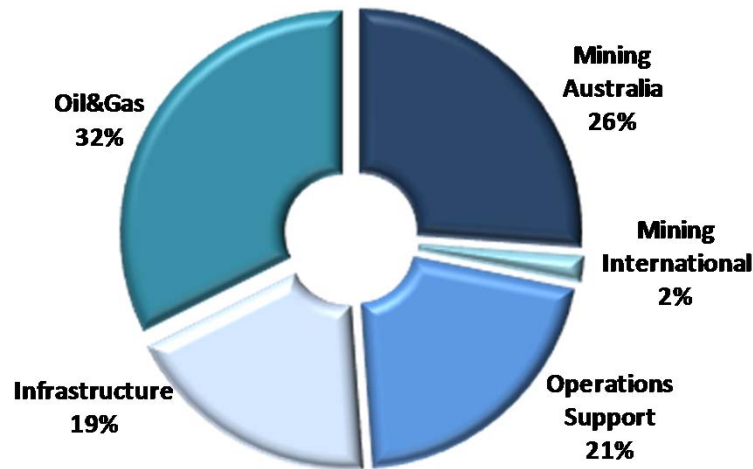
Financials – balance sheet

(\$m)	30 Jun 2011	31 Dec 2010	30 Jun 2010
Current assets	59.8	23.3	37.0
Non-current assets	26.8	30.1	30.4
Total assets	86.6	53.4	67.3
Current liabilities	13.7	14.0	14.0
Non-current liabilities	0.2	2.3	5.9
Total liabilities	13.9	16.3	19.9
Shareholders equity	72.7	37.1	47.4

- Improved cash position by \$23.8m due largely to the completed capital raising in April 2011
- Non-current assets down following the reclassification of the Bayswater property to current assets (asset now held for sale)
- Increased CBA bonding facility and strong working capital position
 - company is well positioned for growth

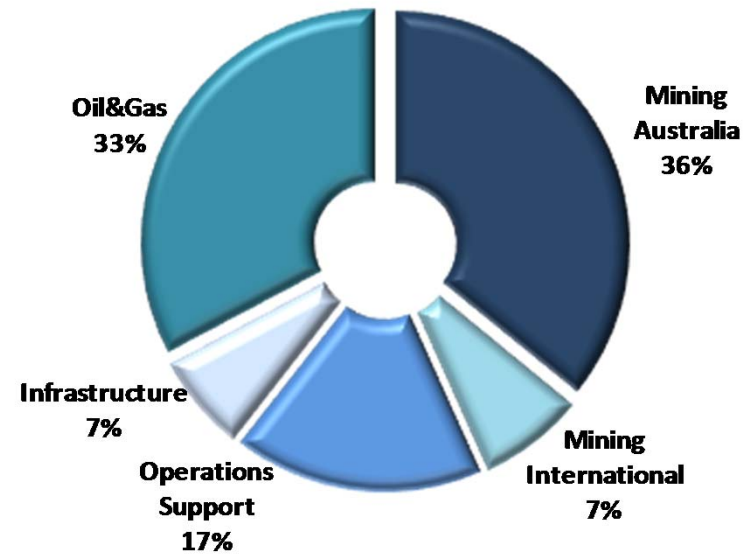
Financials – contribution analysis

**FY10 revenue
\$97.4 million**



Line of business	\$
Mining Australia	25,468,483
Mining International	1,930,279
Operations Support	20,171,325
Infrastructure	18,297,909
Oil & Gas	31,507,798

**FY11 revenue
\$101.8 million**



Line of business	\$
Mining Australia	36,524,885
Mining International	7,508,263
Operations Support	17,625,391
Infrastructure	6,789,184
Oil & Gas	33,324,123

Five lines of business

**Australian Minerals
and Processing**

Oil & Gas – Australia

**International Minerals
and Processing**

**Infrastructure –
Australia**

**Operation, Support &
Maintenance**



Australian Minerals Processing

Iron ore to drive the business over the next 5 years

- Revenue of \$36.5m (FY10: \$25.5m)
- Bidding for long term framework agreements

Current major projects

- Cadia East, Mt Keith and Sino Iron – all key current contracts
 - on-site and work continuing in FY12
 - strong relationship built with Sino
 - Mt Keith close to completion

Major upcoming opportunities

Sino Iron
Rio Tinto expansion projects
BHP RGP6
Fortescue Mining Group
Roy Hill



Oil & Gas

Established credibility; strong contention for CSG projects

- Revenue of \$33.3m (FY10: \$31.5m)
- Successful completion of Pluto project achieving a satisfactory commercial result
 - credibility established
- Oceanic Industries acquisition positions SCEE nicely to participate in upcoming CSG projects

Current major projects

- Origin contract
- QGC LNG early works
- APLNG early works

Major upcoming opportunities

CSG east coast
Wheatstone
Macedon
Browse
QGC

Pluto 2/3
Scarborough
Ichthys
PNG LNG
APLNG



Infrastructure

Strong bounce-back in performance in H2

- Revenue of \$6.8m (FY10: \$18.3m)
- Substantial growth expected in FY12 off the back of increased mining investment
- East coast CSG is a new target market

Major upcoming opportunities

Rio Tinto
BHP
Sino Iron
CSG east coast

Current major projects

- Sino
- BHP Area C



International Minerals & Processing

Tale of two halves

- Revenue of \$7.5m (FY10: \$1.9m)
- Activity in Peru expected to increase following elections
- Pueblo Viejo project tracking in line with expectations

Current major projects

- Pueblo Viejo gold project
- Yanacocha power line
- Antapaccaya power line

Major upcoming opportunities

Minas Congas



Operation, Support & Maintenance

Building re-current revenues

- Revenue of \$17.6m (FY10: \$20.2m)
- Assistance with major shutdowns and minor plant upgrades
- Growing a re-current revenue base to provide a level of stability in revenues
- Entry into this segment driven largely by acquisition of Oceanic Industries and Hindle Group
- A growing focus for management

Current major clients



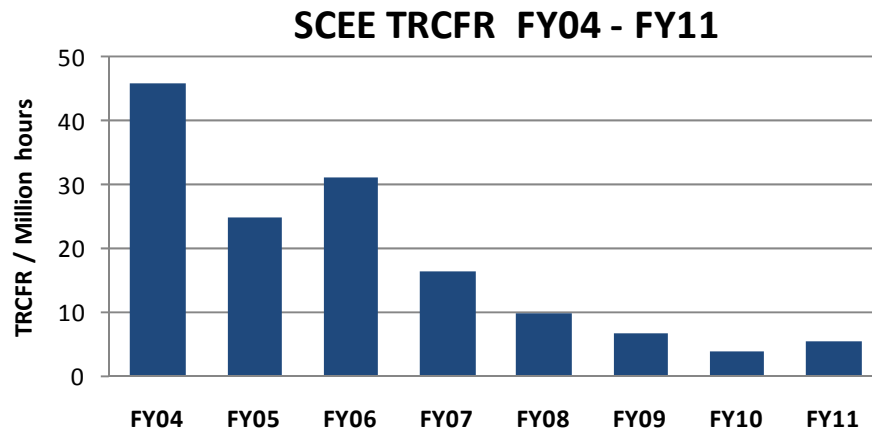
Major upcoming opportunities

- Expansion of RTIO agreement
- Expansion of BP framework agreement
- Expansion of Caltex framework agreement



Safety performance

Maintaining exceptional safety record



- Completed seventh consecutive LTI-free year
- Received AS 4801 and ISO 14001 accreditation for safety and environmental management systems
- Awarded Regional Managing Director's Contractors HSE Excellence Award (Australia & New Zealand) by Worley Parsons
- Awarded NECA Excellence award for safety for 2011 for SCEE's safety performance at Pluto

Average Frequency and Incidence Rates 2006-07 to 2008-09 (preliminary)

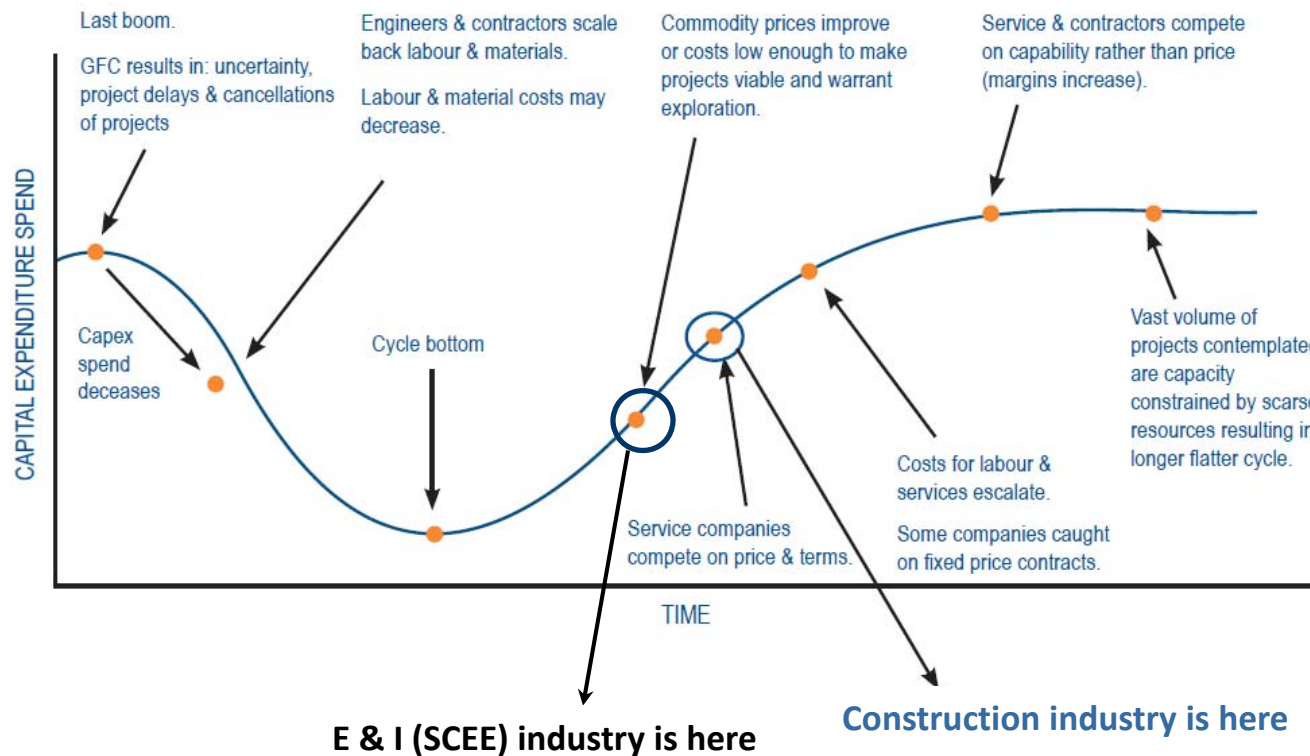
	Frequency Rate Average	Incidence Rate Average
SCEE	0.0	0.0
Mining industry	7.3	1.7
Construction industry	14.9	3.2



* Source Department of Commerce; Worksafe.

Industry positioning

H1 was the trough for E&I industry; lead indicators trending up



- Order book of \$27m as at 30 June 2010
 - H1 revenue of \$47m
 - H2 revenue of \$55m
- Current order book of \$75m
- Lead indicator companies are achieving improved results
 - Monadelphous
 - NRW Holdings
 - Lycopodium
 - RCR Tomlinson
 - Forge Group
 - Decmil

Outlook – FY12

FY12 to be a year of transition

- FY12 building towards record levels of activity
 - mix of legacy lower margin contract and recent higher-margin contract revenues
- Strong growth in forward order book expected in H1 2012
- Forecast revenue growth expected to be double-digit
- Margin improvement compared to FY11
- Opportunity to leverage overhead cost base
- Internal capacity for growth



Summary

A story of two halves; positioned for growth in FY12 and beyond

- Successful completion of Pluto contract
- Seventh consecutive LTI-free year
- Positioned well with a strong order book
 - momentum building with fifth Sino contract awarded in August
- Internal capability strengthened
- Industry lead indicators showing positive signs
- Well positioned for growth and to capitalise on improving market fundamentals



Disclaimer

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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 Southern Cross Electrical Engineering Limited’s current intentions, plans, expectations, assumptions and beliefs about the future, you are urged to view all forward-looking statements contained herein with caution.



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