



Southern Cross Electrical Engineering

Investor Presentation

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Presentation overview



- Key messages
- Financial overview
- Operational overview
- Strategy and outlook
- Summary

Key messages

Strong H2 FY11 and new contract wins driving growth

Strategic

- Exposed to upswing of Electrical & Instrumentation capital expenditure cycle
- Focus on domestic and organic growth
- Significant long-term contracts awarded
- Leverage acquisitions to win larger scale contracts
- Board strengthened

Operational

- Seventh consecutive LTI-free year
- Successful completion of Pluto contract
- Acquisitions operationally integrated
- Implemented capacity expansion initiatives - recruitment programmes, systems and process improvement, upgrading project management capability

Financial

- FY11 strong turnaround in H2
- Order Book at 30 June 2011 of \$75m (\$48m up on 30 June 2010)

FY11 financial overview – profit & loss

(\$m)	6 months to		Change	FY11
	Dec 2010	Jun 2011		
Sales Revenue	47.3	54.5	↑	101.8
Gross profit	2.3	13.9	↑	16.2
EBITDA	(5.4)	6.1	↑	0.6
Statutory NPAT	(4.8)	3.1	↑	(1.7)
Statutory NPAT Margin	(10.1)%	5.7%	↑	(1.6)%
Return on Equity	(12.9)%	4.6%	↑	(2.3)%
Operating Cash Flow	(4.4)	4.6	↑	0.2

- Reached bottom of cycle in H1
- Strong turnaround in H2
- Momentum is continuing

FY11 financial overview – cash flow and balance sheet

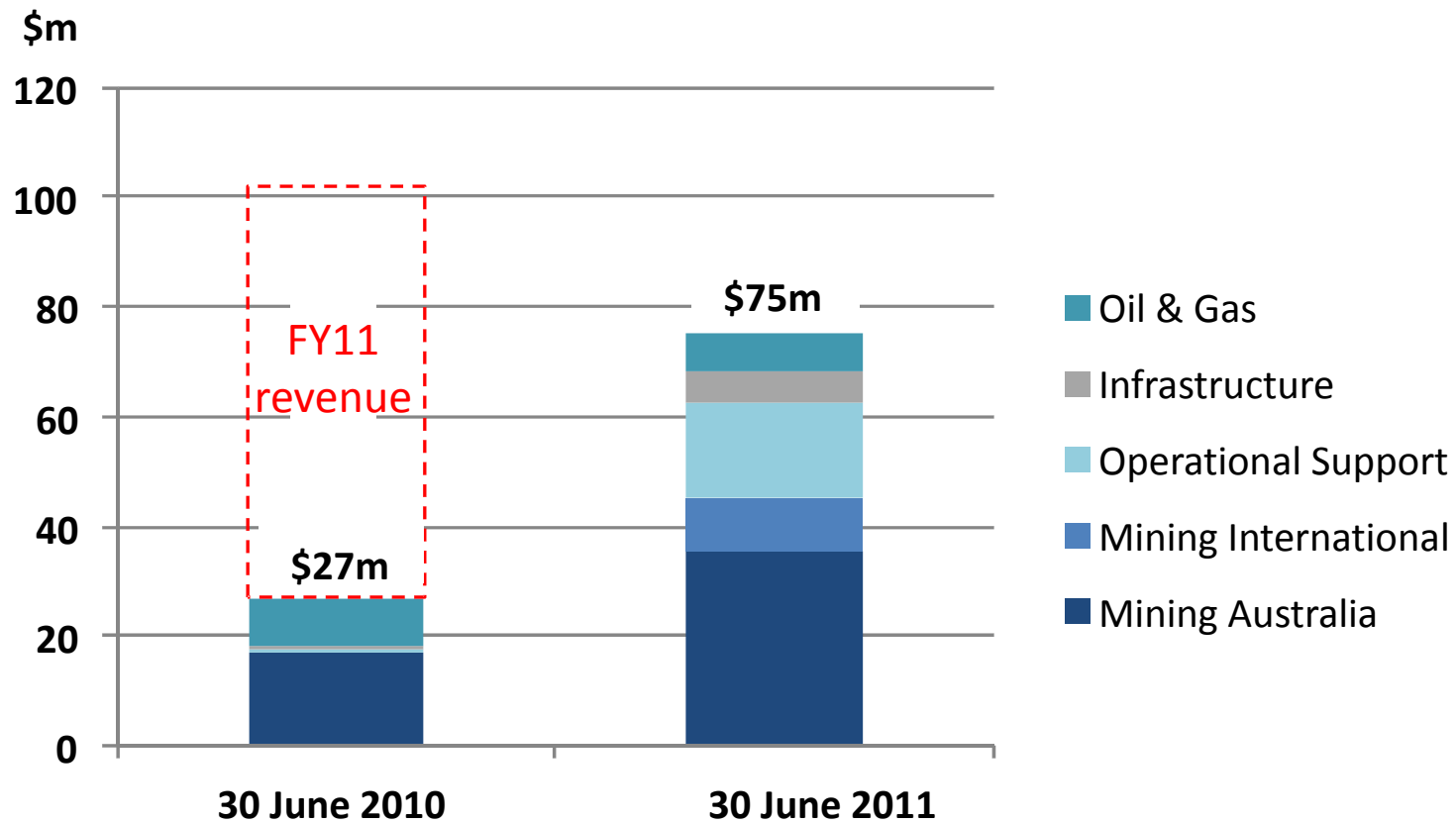
Cash flow (\$m) 6 months to	December 2010	June 2011
Operating cash flows	(4.4)	4.6
Investing cash flows	(0.7)	(1.1)
Financing cash flows	(6.0)	31.0
Net movement in cash	(11.1)	34.5
Opening cash balance	7.5	(3.6)
FX movement	0.0	0.4
Closing cash balance	(3.6)	31.3

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

- Operating cash flow in H2 boosted by completion of Pluto and conversion of WIP
- Successfully completed capital raising in April 2011

- Capital raising strengthens working capital position
- Combined with increased CBA bonding facility increases potential contracting capacity

Order book – lead indicator of revenues



Operational highlights

Successful completion of Pluto

- First involvement with major LNG project – strong performance has developed credentials and positions SCEE for major projects on west and east coasts
- High quality of work and outstanding safety performance

Successful integration of acquisitions

- Oceanic – rebranded SCEE East Coast and now enabled to bid on major CSG projects
- Hindle – exposes SCEE to offshore oil & gas sector and provides recurrent revenues
- KJJ – also now enabled to participate in bidding for major project work

Implemented capacity expansion initiatives

- Implementing overseas recruitment programmes (Philippines and UK)
- Setting up systems and processes improvements
- Upgrading project management capability



Five lines of business

Minerals and Processing - Australia



Oil & Gas – Australia



Infrastructure – Australia



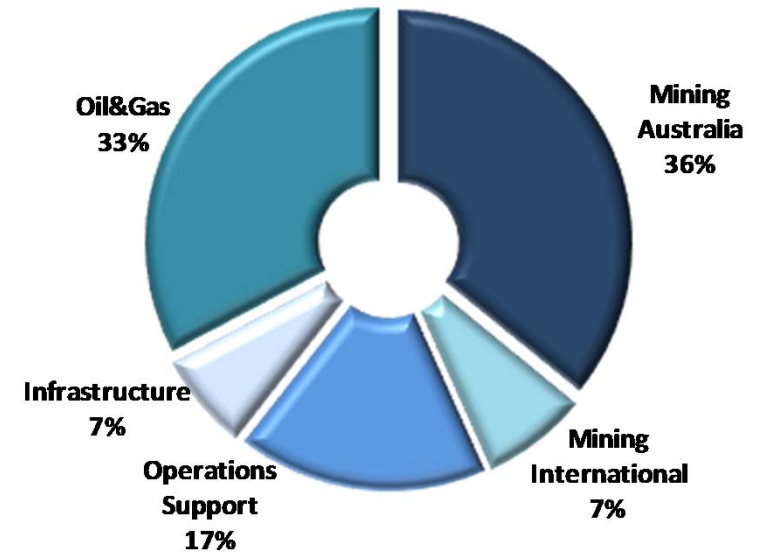
Minerals and Processing - International



Operational Support and Maintenance



FY11 revenue



Minerals and Processing - Australia

Iron ore to underpin business over the next 5 years

- FY 11 revenue \$36.5m (FY10: \$25.5m)
- Secured long term framework agreements
 - RTIO 333mtpa
 - RTIO MSA
 - Sino Iron

Current major projects

- Cadia East, Mt Keith and Sino Iron:
 - on-site and work continuing in FY12
 - strong relationship built with Sino Iron
 - Mt Keith close to completion

Major upcoming opportunities

Sino Iron
Rio Tinto expansion projects
BHP RGP6
Roy Hill



Rio Tinto framework agreement

SCEE enters into a preferred contractor agreement with Rio Tinto

- Provides SCEE with preferred contractor status for the next five years at Cape Lambert and potential minesites for Electrical & Instrumentation works
- Further highlights the strength of relationship with Rio Tinto – built upon since 2005
- First package of work expected to commence in FY12
- Long term nature of the contract provides greater certainty in planning

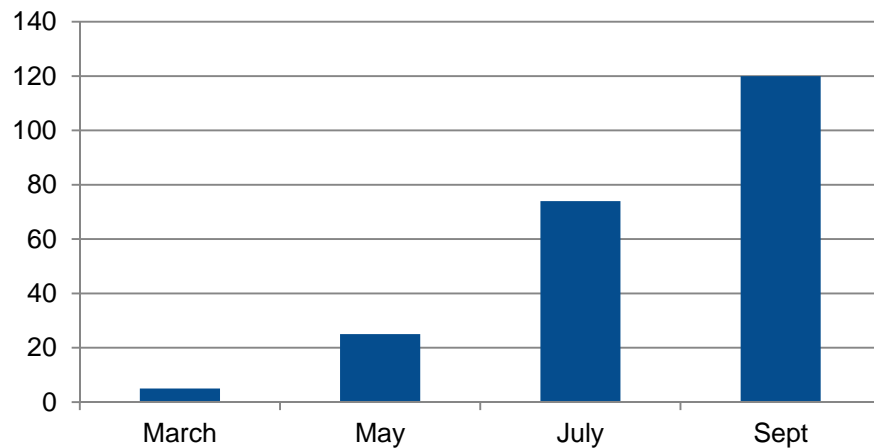


Sino Iron

SCEE awarded seventh E&I contract for Sino Iron project

- Seventh Sino Iron contract awarded to SCEE for Electrical and Instrumentation work
- Reimbursable contract model
- Framework agreement now providing additional orders

SCEE Headcount at Sino Iron project:



Oil & Gas - Australia

Established credibility - in strong contention for CSG projects

- FY11 revenue \$33.3m (FY10: \$31.5m)
- Pluto project achieved a successful completion and satisfactory commercial result – market credibility established
- Oceanic Industries acquisition now fully integrated - positions SCEE for upcoming CSG projects

Current projects

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

Major upcoming opportunities

East Coast
QGCLNG
GLNG
APLNG

West Coast
Wheatstone
Macedon
Ichthys
Browse
Pluto 2/3



Infrastructure - Australia

Strong bounce-back in H2

- FY11 revenue \$6.8m (FY10: \$18.3m)
- Substantial growth expected in FY12 off the back of increased mining investment
- East coast CSG is a future target market
- KJJ acquisition fully integrated and performing well

Current major projects

- Sino Iron
- BHP Area C
- Rio Tinto Tom Price Feeder

Major upcoming opportunities

Rio Tinto
BHP
Sino Iron



Minerals and Processing - International

Focus to be Peru

- FY11 revenue \$7.5m (FY10: \$1.9m)
- Expect activity in Peru to increase
- Undertake at least one major project each year
- Pueblo Viejo project tracking in line with expectations

Current major projects

- Pueblo Viejo gold project (Dominican Republic)
- Yanacocha power line (Peru)
- Antapaccaya power line (Peru)

Major upcoming opportunities

**Minas Congas
Cerro Verde
Constancia
Torromochu**



Operational Support and Maintenance

Building recurring revenues

- FY11 revenue \$17.6m (FY10: \$20.2m)
- Queensland weather events impacted H2
- Growing a re-current revenue base to provide a consistent base-line of revenues
- Expansion of line of business driven by acquisition of Oceanic Industries and Hindle Group
- Long term objective for line of business is to grow it to cover group overhead

Major upcoming opportunities

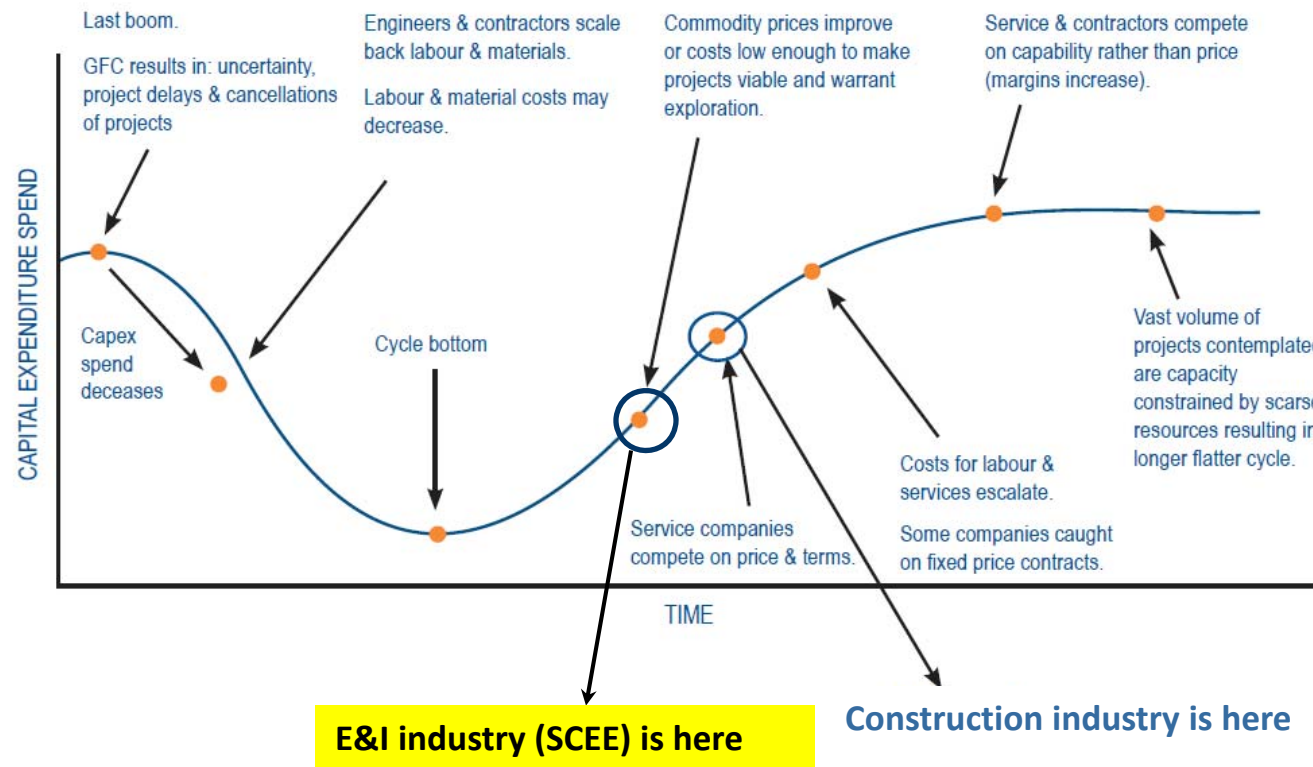
**Expansions of:
RTIO agreement
BP framework agreement
Caltex framework agreement**

Current major clients



Strategy and outlook - Industry positioning

H1 FY11 the trough for E&I industry - lead indicators now trending up



- Order book of \$27m at 30 June 2010, now order book at \$75m
- Lead indicator companies (Monadelphous, NRW, Lycopodium, RCR, Forge, Decmil) have announced improved results

Strategic objectives

On track to achieve three-year objectives

The three year objectives are to organically grow with a core focus on Australia and an international focus on Peru opportunities with major international clients, building the Operational Support and Maintenance line of business, so as to :

- Grow revenues to over \$200m pa
- Restore EBITDA margins to 15 – 20%
- Contain overhead costs to between 8 – 10% of revenues

Delivery of strategy

Strong domestic fundamentals are platform to deliver strategic goals

- Focus on organic growth in domestic market:
 - iron ore miners looking to accelerate investment plans
 - LNG and CSG projects ramping up
 - lead indicators showing positive signals for E&I operators
- SCEE well positioned for additional contracts
 - Strengthened capital position
 - Significant Board appointments of non-executive directors Dr John Hamilton and Mr Peter Forbes
 - Employee recruitment initiatives



Summary

Growing orders, revenue and margins into FY12 and beyond

- Positioned well with a strong order book
 - momentum building with seventh Sino contract
 - Rio Tinto preferred contractor status
- Successful completion of Pluto contract positions the business for further oil and gas contracts
- Internal capability strengthened
- Seventh consecutive LTI-free year
- Industry lead indicators showing positive signs
- Well positioned for further growth and to capitalise on improving market fundamentals



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