

SOUTHERN CROSS ELECTRICAL ENGINEERING

Investor Presentation 2012 Full Year Results

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PRESENTATION



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2. SCEE Businesses
3. Financial Performance
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HIGHLIGHTS



- Revenue increased 116% to \$220.0m (2011 - \$101.8m)
- Profit after tax of \$13.7m (2011 – loss of \$1.7m)
- Earnings per share 8.5cps (2011 – loss of 1.3cps)
- Dividend declared of 2.25c per share fully franked (2011 - no final dividend)
- Cash at 30 June 2012 \$31.5m (30 June 2011 - \$26.3m)
- Banking and bonding capacity increased to \$60m (2011 - \$30m)
- Eighth year LTI-free in Australia; two LTIs in overseas operations
- Order book at 30 June 2012 of \$79m secured orders and \$140m of preferred contractor status orders in negotiations



SCEE Infrastructure



Design and construction of high voltage power line distribution, switchyards and substations

Iron Ore, Coal, LNG, Minerals and Metals, Utilities

Rio Tinto, BHP Billiton, Citic Pacific, SKM, Calibre, Newcrest, Barrick Gold

SCEE Construction



Description

Electrical & instrumentation installation and commissioning of Greenfield and major Brownfield upgrade projects

Activity

Iron Ore, Coal, LNG, Minerals and Metals, Heavy Industry

Current Clients

Rio Tinto, BHP Billiton, Citic Pacific, Newcrest Mining, Barrick Gold, Thiess, SKM

SCEE Services



Operations support, maintenance and sustaining capital management as well as Brownfield Design & Construct services

Iron Ore, CSG, Oil & Gas Refining, Offshore Support

Rio Tinto, BHP Billiton, BP, Santos, Silverlake Resources

From 1 July 2012: K.J. Johnson & Co rebranded SCEE Infrastructure

From 1 July 2012: Hindles combined with our West Coast operations support business and rebranded SCEE Services

FINANCIAL PERFORMANCE



Summary

Growth and return to profitability

	Year ending 30 June 2012 \$m	Year ending 30 June 2011 \$m		% Change
Revenue	220.0	101.8	↑	116%
EBIT	19.4	(1.1)	↑	NA
Profit after tax	13.7	(1.7)	↑	NA
Earnings per share	8.50 cps	(1.28) cps	↑	20%
Dividends per share declared	2.25 cps	Nil	↑	NA
Cash	31.5	26.3	↑	20%
Net assets	86.9	72.7	↑	20%



Project Performance

Growth trajectory

	6 months to			
	Dec 2010 \$m	Jun 2011 \$m	Dec 2011 \$m	Jun 2012 \$m
Revenue	47.3	54.5	84.2	135.8
Gross profit	2.3	13.9	17.8	25.6
<i>Gross profit margin</i>	<i>4.9%</i>	<i>25.5%</i>	<i>21.1%</i>	<i>18.9%</i>
Profit after tax	(4.8)	3.1	5.1	8.6
<i>Profit after tax margin</i>	<i>(10.1)%</i>	<i>5.7%</i>	<i>6.1%</i>	<i>6.3%</i>

Cash Flow

Cash generation

	Year ending 30 June 2012 \$m	Year ending 30 June 2011 \$m
Operating cash flows	10.0	0.2
Investing cash flows	(6.0)	(1.8)
Financing cash flows	2.1	20.0
Net movement in cash	6.1	18.4
Opening cash balance	26.3	7.5
FX movement	(0.9)	0.4
Closing cash balance	31.5	26.3

Operating cash - inflow

- Return to cash inflow in H2
- Working capital requirements
- Systems expenditure
- Recruitment costs

Investing cash - outflow

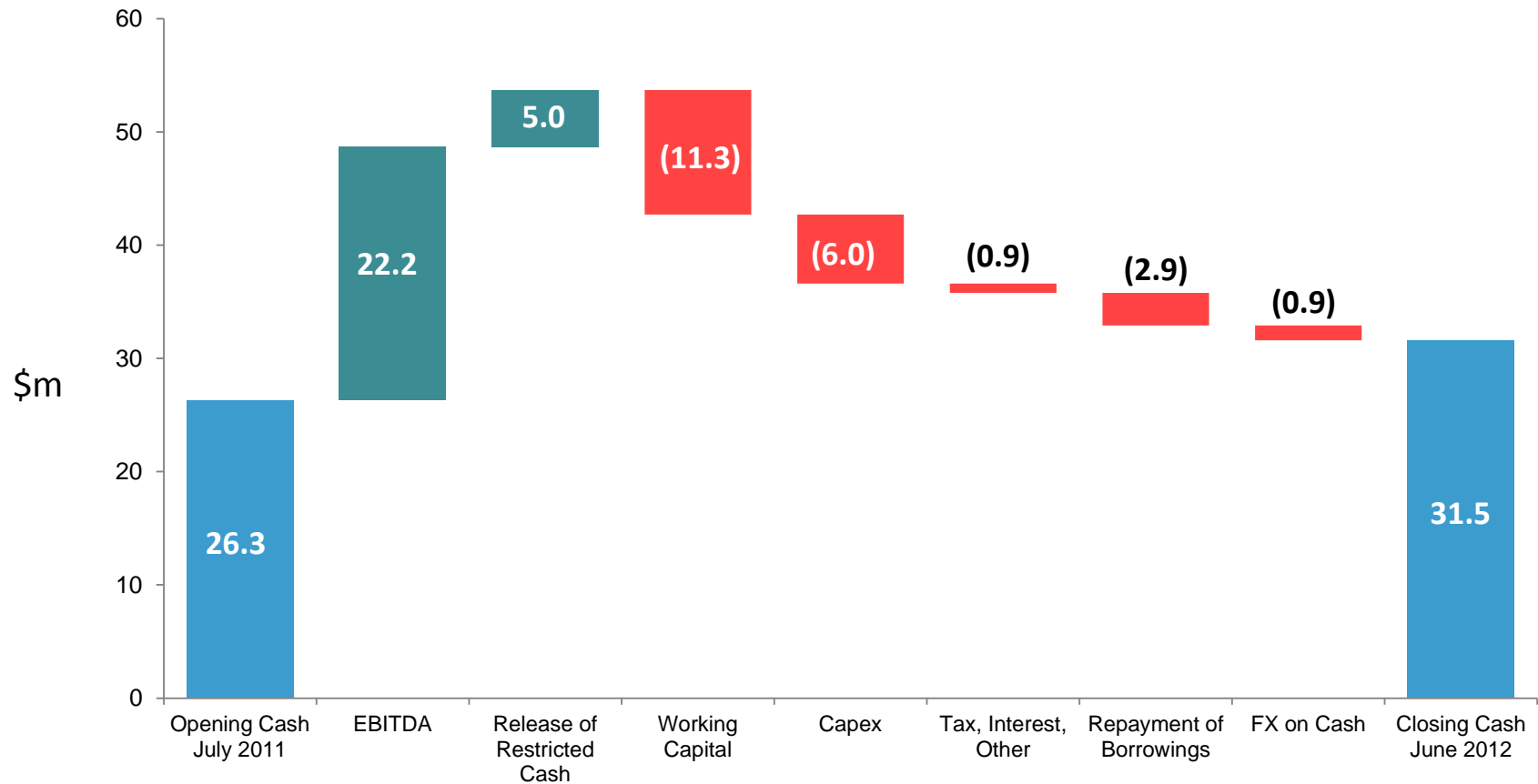
- Added \$10.7m of assets, mainly project plant and equipment
- Sold property for \$3.6m

Financing cash - inflow

- Repaid bank borrowings
- Restricted deposit of \$5m released



Cash Generation



Balance Sheet

Investment and growth

	Year ending 30 June 2012 \$m	Year ending 30 June 2011 \$m
Current assets	91.9	59.8
Non-current assets	34.8	26.8
Total assets	126.7	86.6
Current liabilities	33.4	13.7
Non-current liabilities	6.4	0.2
Total liabilities	39.8	13.9
Shareholders equity	86.9	72.7

- Strong cash position with negligible debt
- Increased plant and equipment investment
- Renegotiated banking facilities
- Increased banking and bonding capacity to \$60m - \$16m used and \$44m available for future growth

SCEE Objectives

Be recognised as a **Tier 1** Electrical and Installation construction and operational support contractor in selected resources sectors:

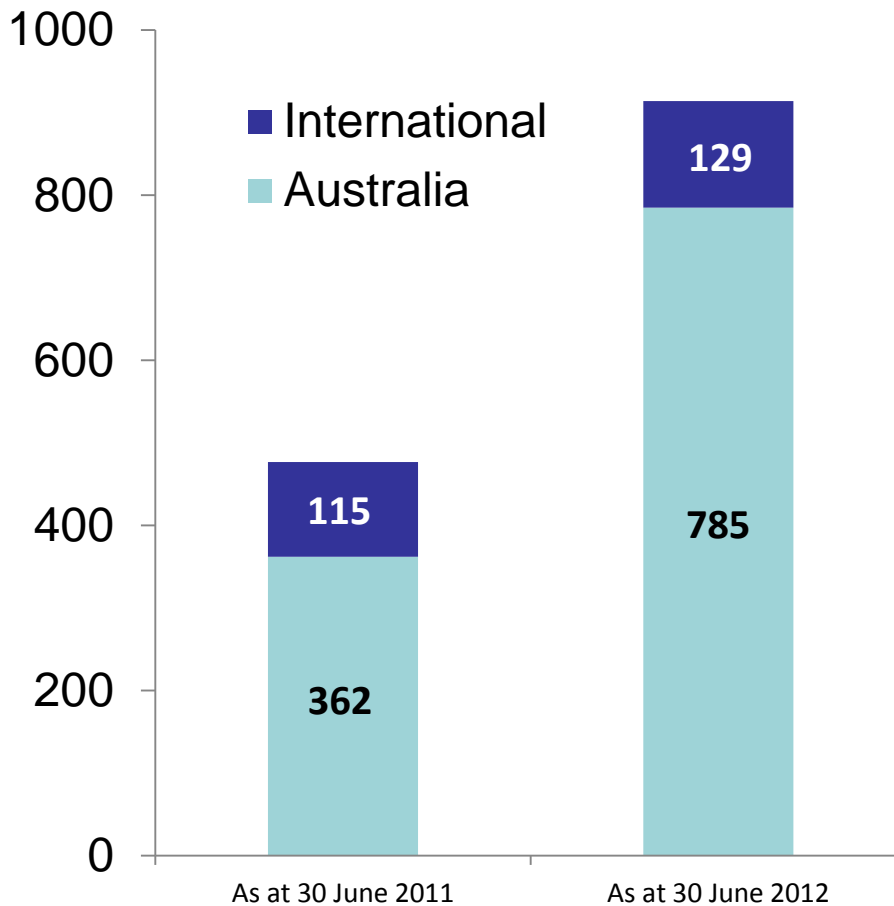
- Iron Ore
- LNG
- Coal
- CSG
- Minerals and metals (gold, copper, uranium, etc.)

Full life cycle focus :

- Early works (SCEE Construction and SCEE Infrastructure)
- Construction (SCEE Construction and SCEE Infrastructure)
- Operations support (SCEE Services)



SCEE Employees



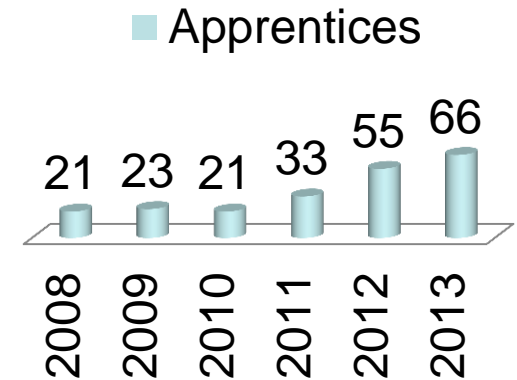
Continuous recruitment of key people to support growth:

- Project Managers
- Construction Managers
- Commercial Teams
- Project Finance Teams



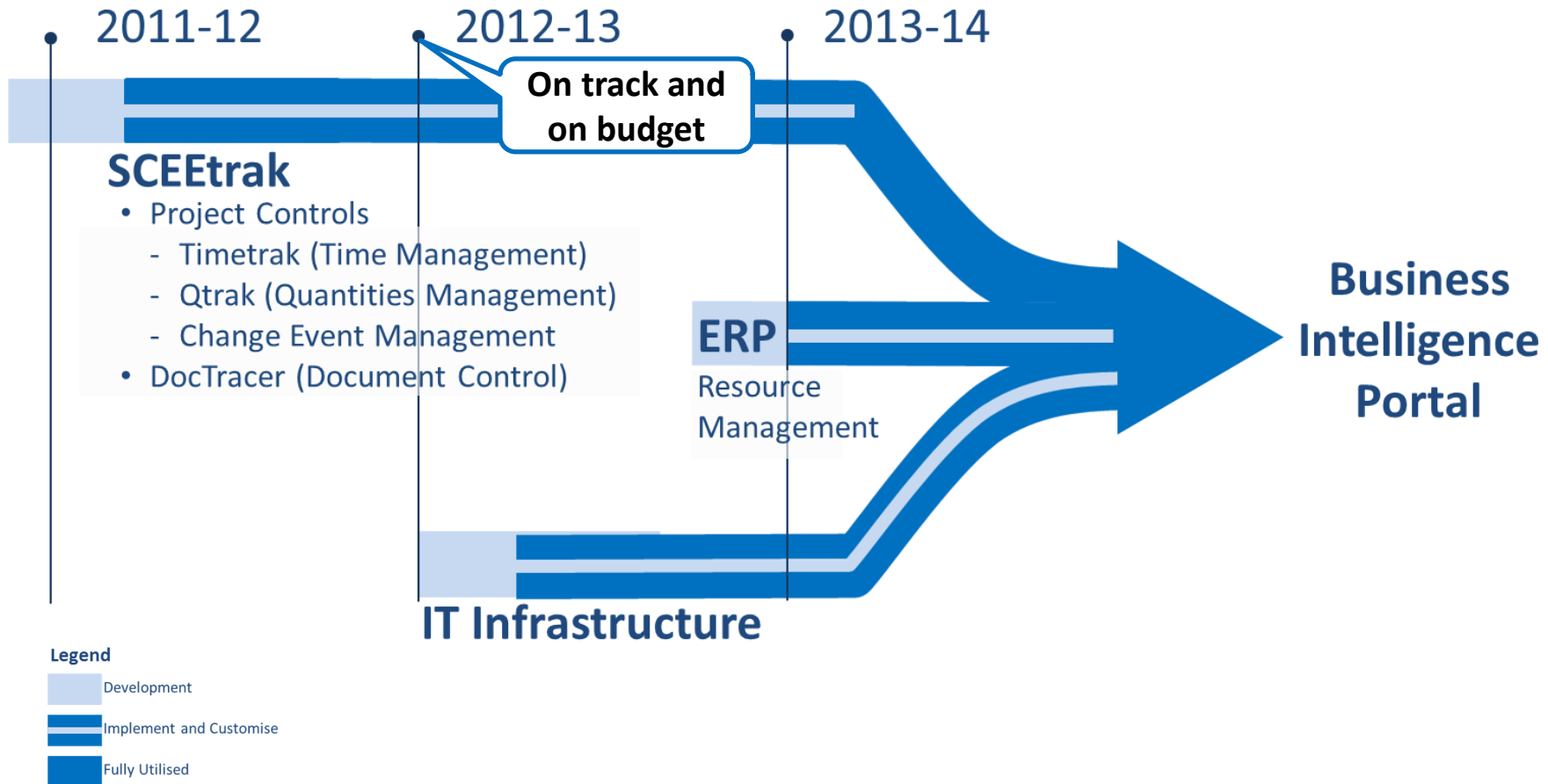
Apprenticeship Program

- SCEE has a 98% completion rate and 90% retention rate for apprentices.
- Over the past ten years the company has graduated 51 apprentices of which 46 have been retained as tradespeople, supervisors and project managers.
- The apprenticeship program growth strategy is aligned to the anticipated labour shortage of electricians on future SCEE projects.



Systems Developments

Business intelligence

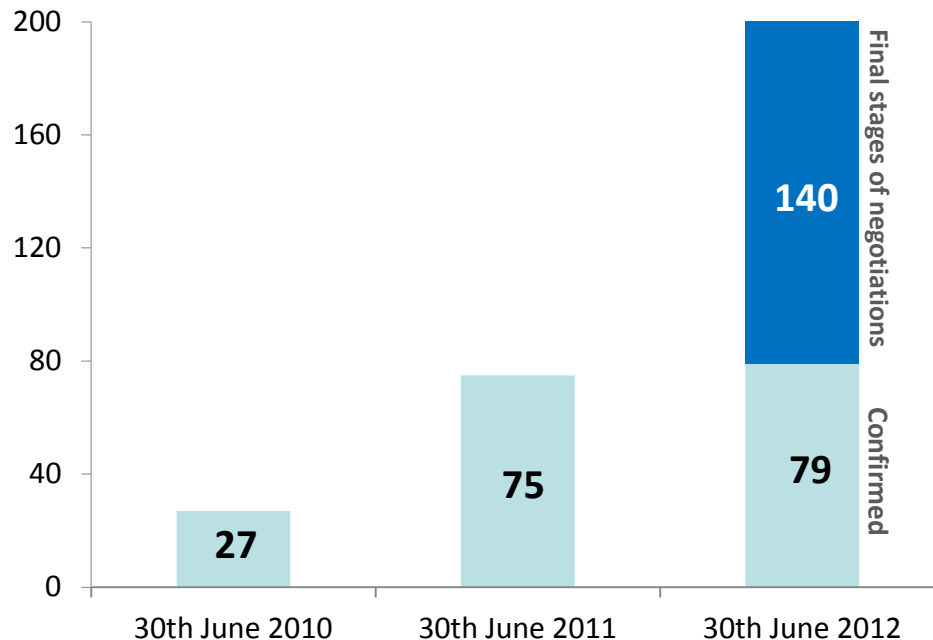


Market

- Growth expected in 2013 and beyond for at least a three to five year period
- Iron Ore, Coal and CSG current sectors for growth
- 2014 and onwards onshore LNG projects will provide unprecedented growth
- Current conditions are competitive but still supportive of growth



Order Book



Ongoing Works:

- MCCM - Sino Iron
- Rio - Cape Lambert 33kv overhead line
- Rio - Yandi transmission lines
- Rio - Coastal Waters transmission lines
- Thiess Sedgman JV - Lake Vermont Coal Expansion
- Thiess - QGCLNG Early Works

Order book excludes work under recurring framework agreements typically \$2m/month

Approx. \$140m of new work in final stages of contract negotiations "Preferred Contractor Basis"

Pipeline of Work

SCEE is experiencing a high level of tendering in Australia across different resources sectors:

LNG

- Ichthys, Wheatstone, Gorgon, Offshore support services

Iron Ore

- Rio Tinto Expansion, BHP Billiton Sustaining Capital, Sino Iron, Roy Hill, MAGJV Southdown

Coal Seam Gas

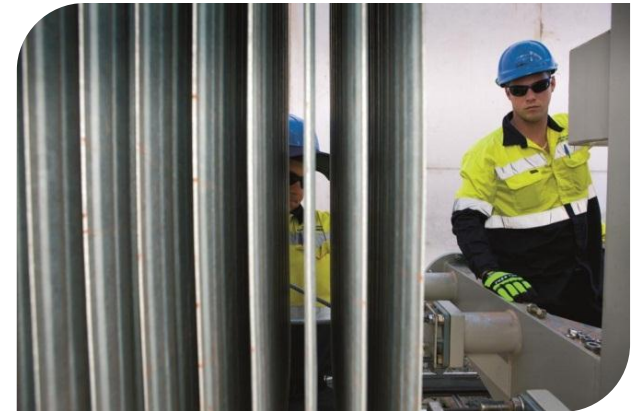
- QCLNG Upstream facilities, Arrow Upstream facilities

Minerals and Metals

- Tropicana Gold, Cadia Expansion, Boddington Expansion

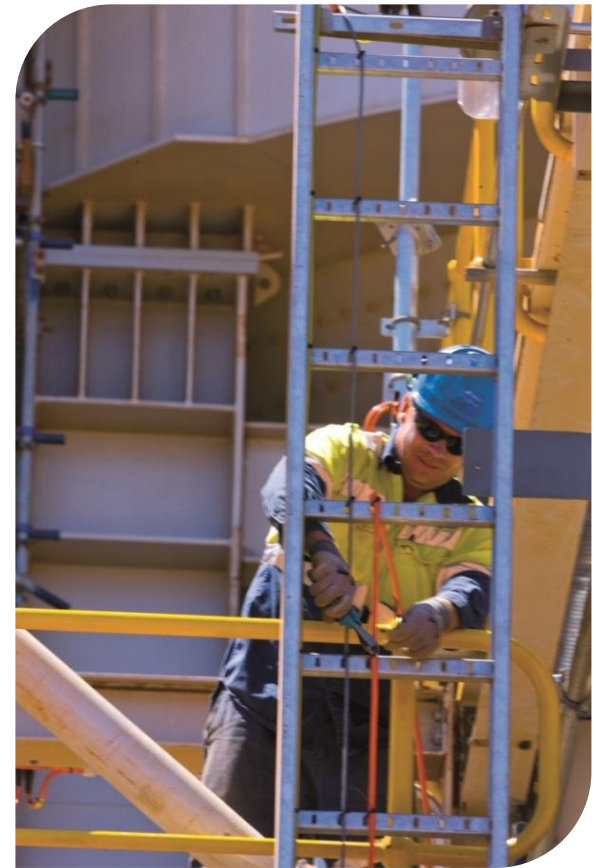
Coal

- BMA Caval Ridge, Whitehaven Maules Creek, Xstrata Wandoan



Summary

- Solid progress in a transformational year
- Return to dividend payments on the back of healthy financial result and outlook
- Softening in current market conditions but three to five year outlook extremely positive
- Continue to build internal capacity to support ongoing growth
- Key focus on growing long term recurring workload



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.