



2013 AGM Presentation

Simon High – Managing Director /CEO

28 October 2013

About SCEE

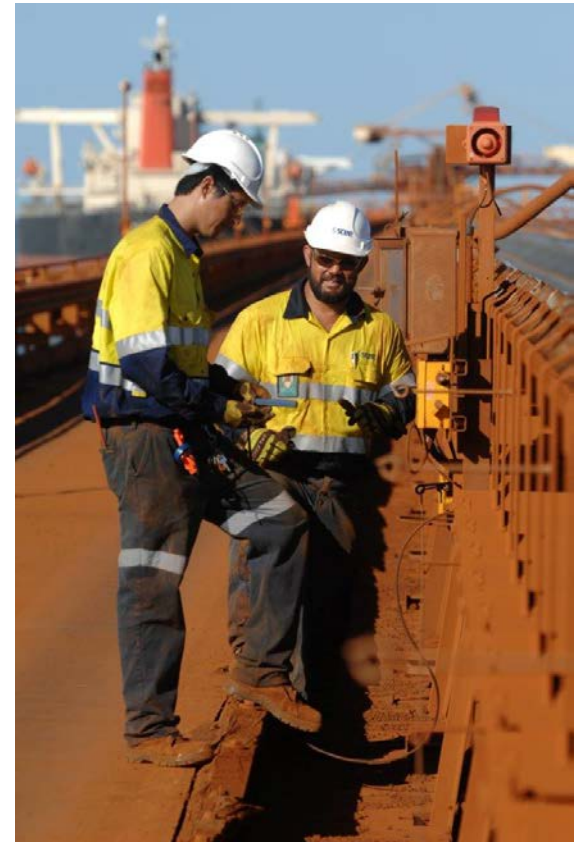


Emerging Tier One provider of specialised electrical and instrumentation services

Deliver life-of-project services to large-scale resource projects across Australia and overseas

Strong reputation for safety and excellence

Established in 1978 and listed on the Australian Securities Exchange under the code SXE



Project life cycle support



Early phase capex

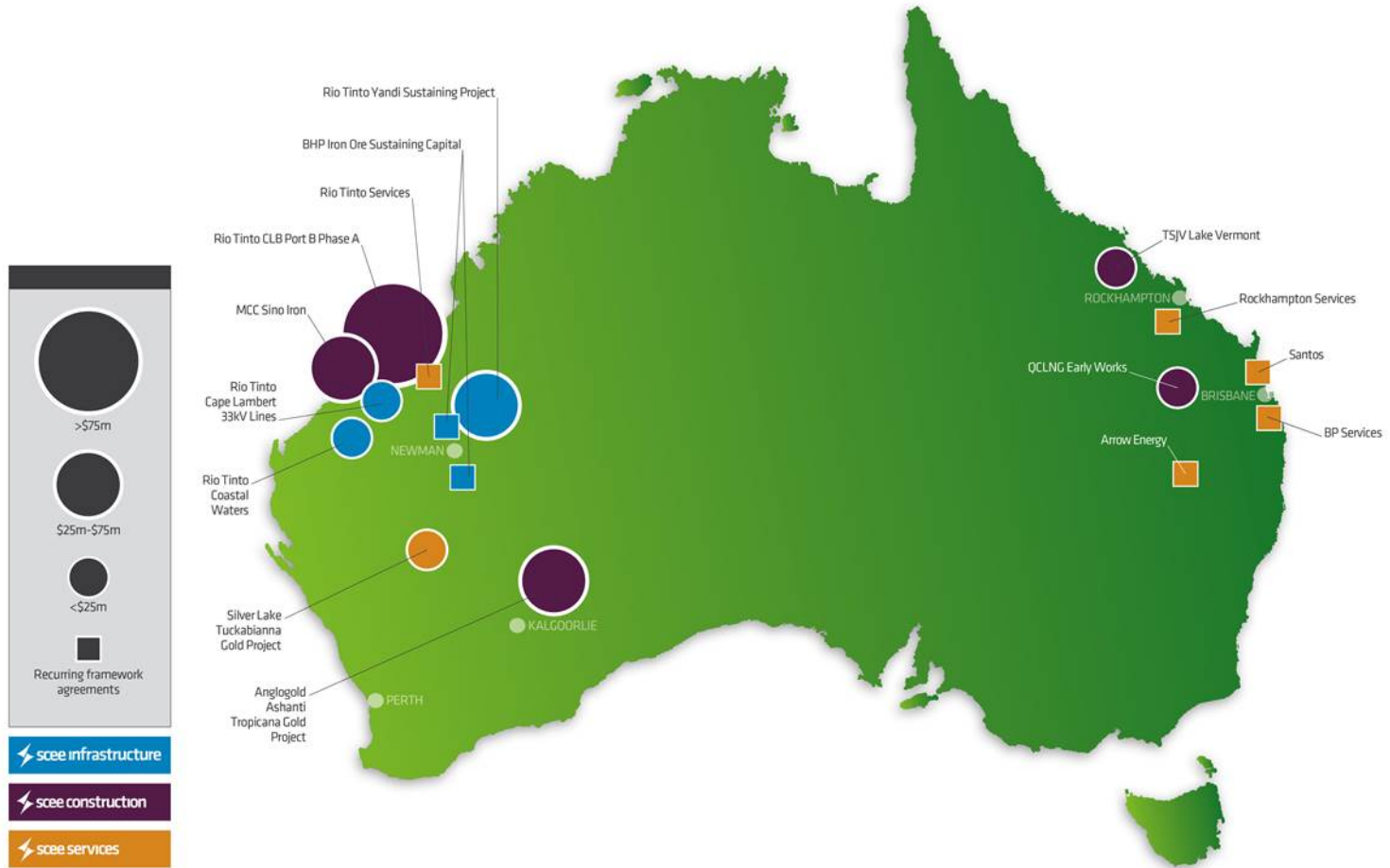


Capex



Opex

FY13 projects



Rio Tinto Cape Lambert Port B Phase A



E&I installation works for Phase A of Rio Tinto's new Port B at Cape Lambert

Largest contract in SCEE's history at over \$100m

Manning peaked at over 500



Anglogold Ashanti Tropicana Gold



Electrical, instrumentation, communications and process control plant infrastructure at the Tropicana gold mine 330km north east of Kalgoorlie

Contract award in excess of \$40m

Manning peaked at 210



Continued to perform work for MCC Mining on the Sino Iron project at Cape Preston

Work to date has focussed on Trains 1 and 2 and the conveyors to the primary crusher



Rio Tinto Yandi Sustaining Project



Installation of 33kV overhead lines that provide power to Rio Tinto's Yandi mine facilities

Largest contract performed by SCEE Infrastructure with an award value across both phases in excess of \$38m



Rio Tinto Cape Lambert 33kV Lines



Supply and installation of 33kV overhead lines at Rio Tinto's Cape Lambert Port B Project

Successfully completed during the year



Rio Tinto Operational Support



National framework agreement with Rio Tinto to provide operational and support services across Australia

Includes both planned and unplanned maintenance on brownfield facilities



FY13 Highlights



Best financial result in SCEE's 35 year history

Revenue up 26% to \$278.0m

NPAT up 27% to \$17.3m

Strong balance sheet with \$40.9m of cash

Fully franked dividend up 20% to 2.70 cps

Significant investment in systems and assets

KSJV formed to target LNG construction works and secured first award in September 2013

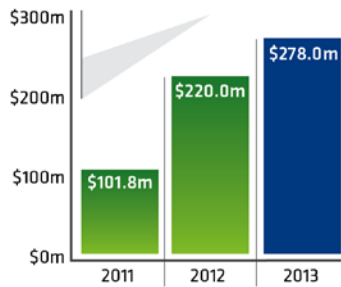
Continue to see opportunities for growth in both capex and opex phases



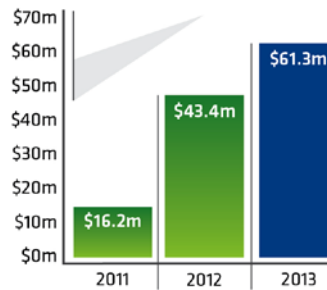
Financial trends



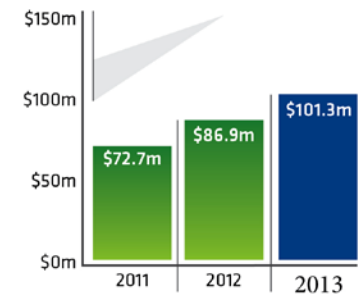
revenue



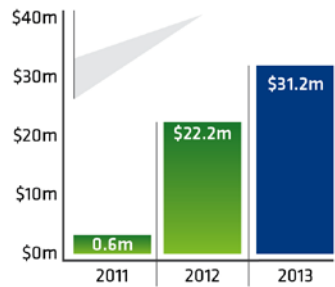
gross profit



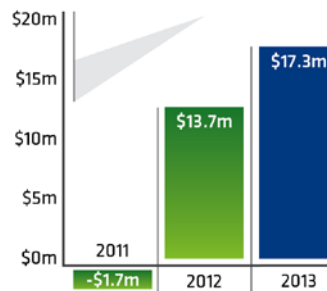
net assets



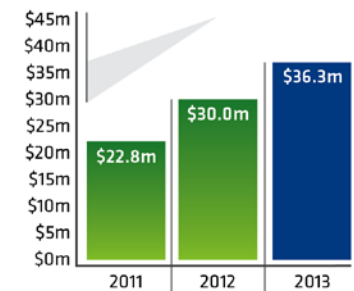
EBITDA



net profit after tax



net cash



Financial results

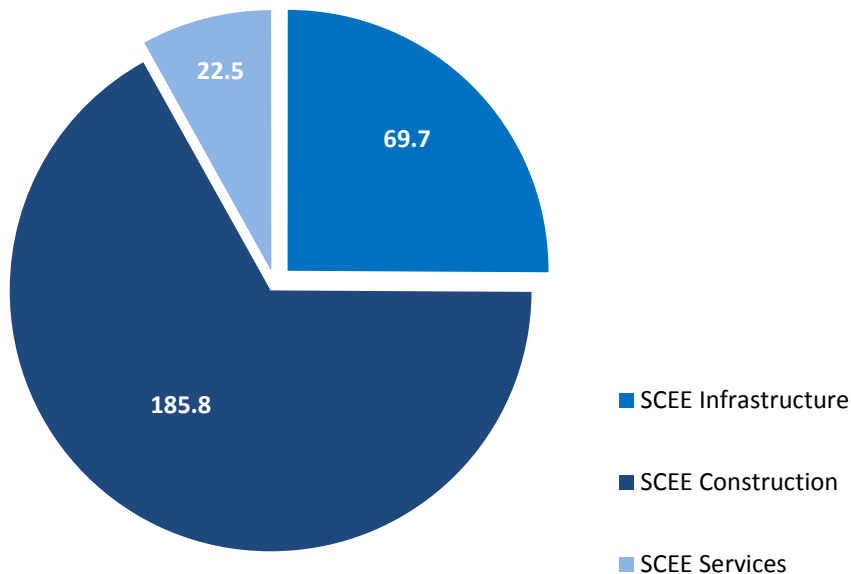


	2011 \$m	2012 \$m	2013 \$m	
Revenue	101.8	220.0	278.0	Revenue increase of 26% driven by key project wins
Gross profit	16.2	43.4	61.3	Operating at annualised turnover of over \$400m in final quarter
<i>Gross margin (%)</i>	<i>15.9</i>	<i>19.7</i>	22.1	Overhead base grown to support this level of activity
EBITDA	0.6	22.2	31.2	
EBIT	(1.1)	19.4	25.3	Commercial close out of QCLNG and Lake Vermont claims progressing and expected to be resolved at levels at or above current provisions. Risk for FY14 remains until close out achieved
NPAT	(1.7)	13.7	17.3	
<i>Net margin (%)</i>	<i>(1.6)</i>	<i>6.2</i>	6.2	
Dividends (cps)	nil	2.25	2.70	
Net Cash	22.8	30.0	36.3	Cash over \$40m and minimal debt
Net Assets	72.7	86.9	101.3	Bonding capacity increased from \$60m to \$90m post year end

Revenues by operating division



Revenue (\$m)



SCEE Infrastructure

Main contributors:

- Rio Tinto Coastal Waters
- Rio Tinto Yandi Expansion
- Rio Tinto Cape Lambert 33kV

SCEE Construction

Main contributors:

- Rio Tinto Cape Lambert Port B
- AngloGold Ashanti Tropicana
- MCC Sino Iron

SCEE Services

Main contributors:

- Rio Tinto Services
- Tuckabianna Gold Project

Increasing shareholder returns



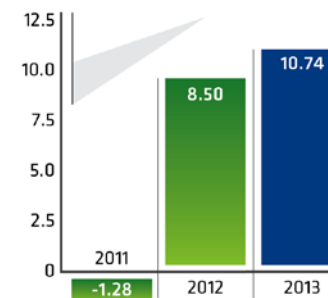
Earnings per share up 26% to 10.74 cents

Fully franked dividend up 20% to 2.70 cents per share paid on 17 October 2013

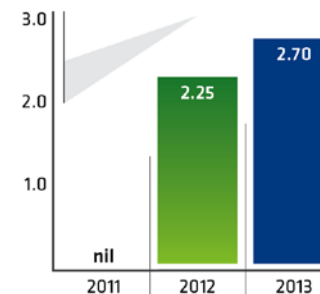
Franking account balance at 30 June 2013 of \$9.3m

FY13 dividend strikes a balance between providing returns to shareholders and retaining cash to support continued growth

earnings per share (cents)



dividend (cents)



Investment in systems and assets



Over \$20m invested in systems and fixed assets in FY13 with over \$30m invested over past two years

Expansion and renewal of plant and equipment fleet

Benefitting financially from reduction in hired equipment

Progressed systems upgrades and ERP went live in October with full implementation of SCEETrak in 1H 14

Took occupancy of additional corporate office accommodation in October 2013 to support managed growth



Health and safety



Lost Time Incident free in the year (1.6 million man hours)

Ninth consecutive year LTI free in Australia

Reflects the emphasis placed on safety from the Board through to our project teams

We place a priority on creating a proactive safety culture across the whole of SCEE



Training



SCEE's dedicated training centre expanded during the year

Cost effective and flexible training schedules to ensure efficient mobilisation of project teams

Successfully delivered more than 2,000 individual training events over a four month period as activity ramped up at Cape Lambert Port B and Tropicana

Growth in FY13 would not have been possible without these facilities having been in place and functioning well



Growth of our people



Employee numbers peaked at over 1,200 in June 2013

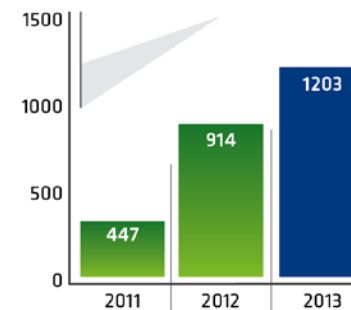
Indicative of high levels of activity at year end

Recruitment handled by in-house capability

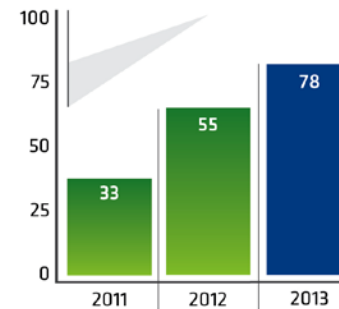
Apprenticeship program continued to grow with a record 78 apprentices in FY13

Continued commitment to indigenous employment, 6.5% of Rio Tinto Cape Lambert Port B workforce were indigenous

employees



apprentices



Award winning apprentices



SCEE apprentices won the 2013 WA NECA Excellence and Apprentices Awards in the 1st, 2nd and 4th year apprentice categories

Client recognition

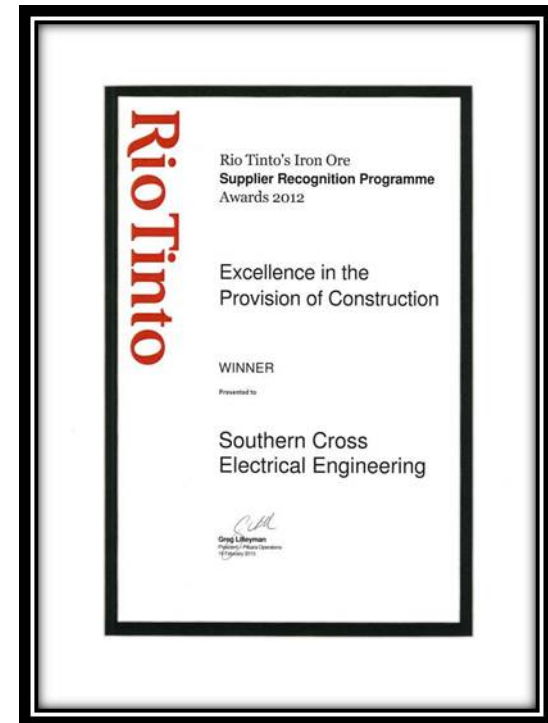


Rio Tinto Iron Ore Supplier Recognition Program

Winner of 2012 Construction Category

Recognition of the significant value added by SCEE

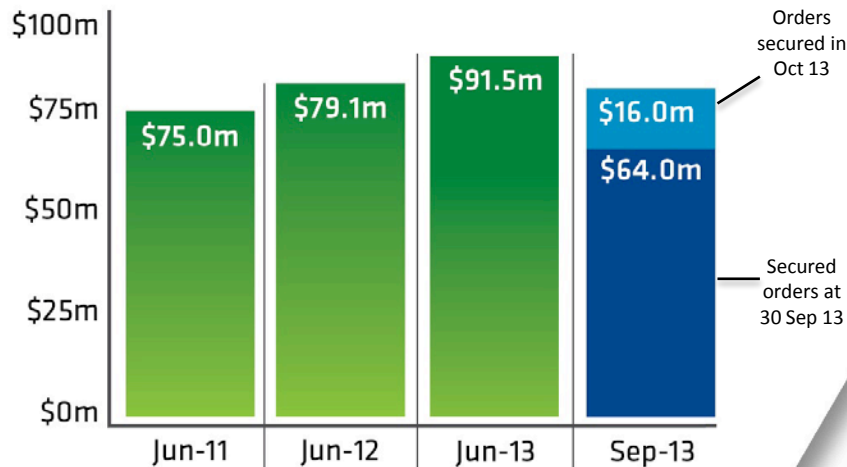
Demonstrates SCEE's ongoing commitment to outstanding levels of client service



Outlook



order book



Order book excludes work under recurring framework agreements

Order book at 30 June 2013 of \$91.5m and at 30 September 2013 of \$64.0m. Revenue of \$70m for the three months to 30 September with approximately \$42.5m of new orders added from Australia Pacific LNG, framework agreements and growth of existing projects.

Further minor awards totalling \$16m received from BHP and Rio Tinto in October 2013

Ongoing works:

- Rio Tinto Cape Lambert Phase A
- Rio Tinto Coastal Waters
- Rio Tinto Yandi Expansion
- BHP Sustaining Capital
- BP Framework Agreement

KSJV to perform electrical installation services at the Australia Pacific LNG project

Work continuing on further significant tenders including large scale LNG projects

Changing operating environment



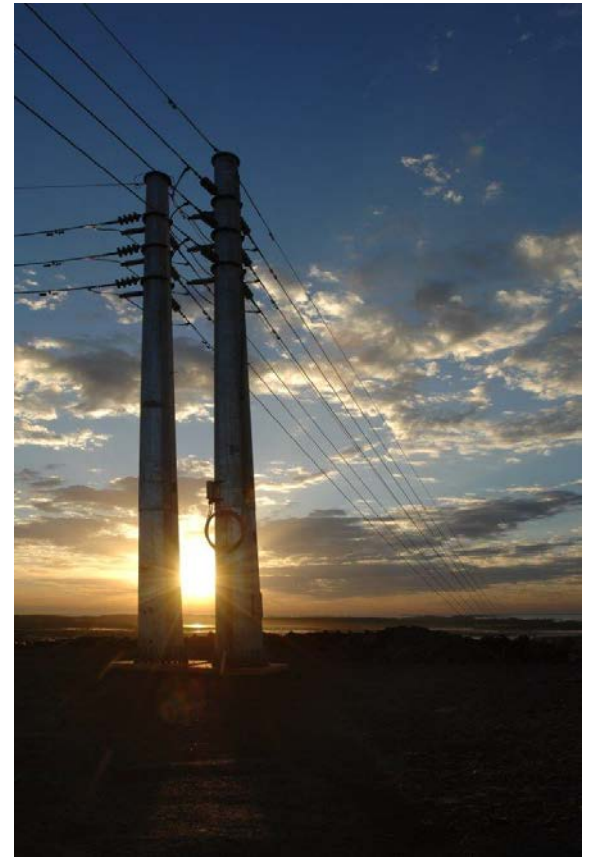
Commodity price weakness has led to some high profile project deferrals and cancellations

Clients becoming more commercially focussed and looking to transfer risk

Increased competition to win work

Anticipate changes to client contracting model

But we continue to see a solid pipeline of opportunities



Exposure to five sectors



LNG



CSG



Iron ore



Minerals & metals



Coal



Growing recurring revenues



Growth of services business fundamental to long term growth

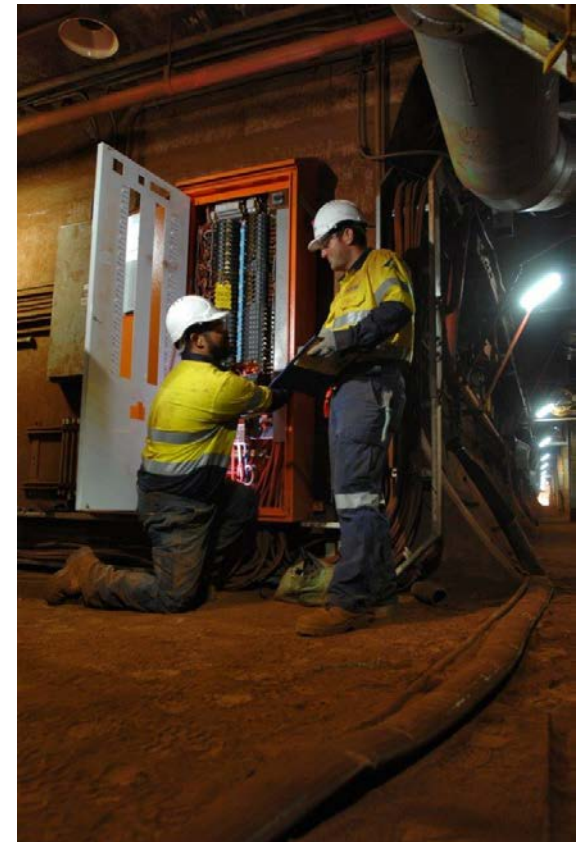
SCEE Services brand established from 1 July 2012

Achieved significant revenue growth during the year

Making good progress in growth of recurring iron ore work with framework agreements in place with Rio Tinto and BHP Billiton

Potential LNG and CSG workflow over long-term

Looking to increase revenues considerably over three to five years through organic growth and exploration of acquisition opportunities



Conclusion



Record result for the second consecutive year

Entered FY14 operating at historically high activity levels

Significant progress towards achieving Tier One goal

KSJV positioned to capitalise on unprecedented levels of E&I work and secured first award on Australia Pacific LNG

Strong balance sheet and increased bonding capacity to support continued growth

Operating in a more challenging commercial environment

We continue to see growth opportunities in both the capex and opex phases



Non-IFRS financial information



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.

EBIT and EBITDA Reconciliations:

	2011 \$m	2012 \$m	2013 \$m
Profit before tax	(1.9)	19.7	25.0
Finance expense	1.0	0.8	1.2
Finance income	(0.2)	(1.1)	(0.9)
EBIT	-1.1	19.4	25.3
Depreciation	1.6	2.7	5.8
Amortisation	0.1	0.1	0.1
EBITDA	0.6	22.2	31.2

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 Southern Cross Electrical Engineering Limited’s current intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which are outside the control of Southern Cross Electrical Engineering Limited.

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.