



SCEE Reports Record Result

Full Year Results For The Year Ended 30 June 2013

Investor Presentation - 28 August 2013

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

Record employee numbers

KSJV formed to target LNG construction works

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



About SCEE

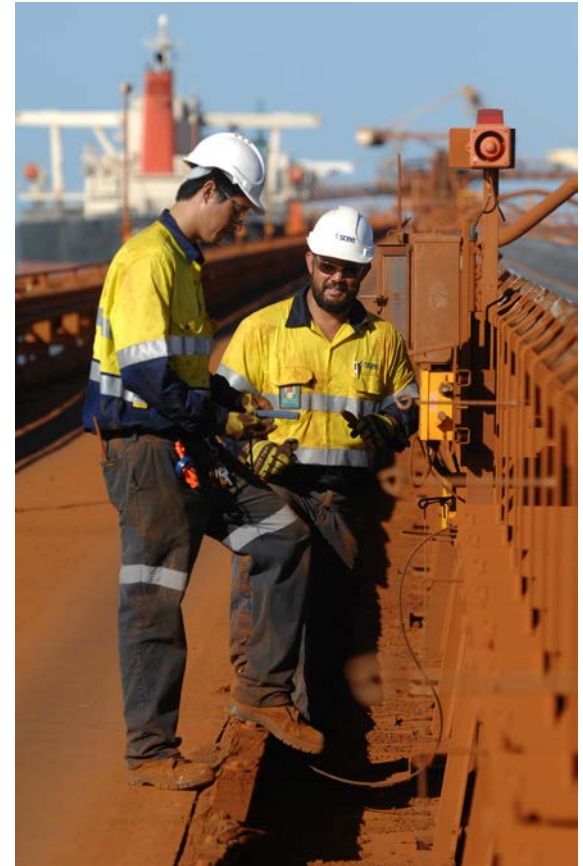


Emerging Tier One provider of specialised electrical and instrumentation services

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

Strong reputation for safety and excellence

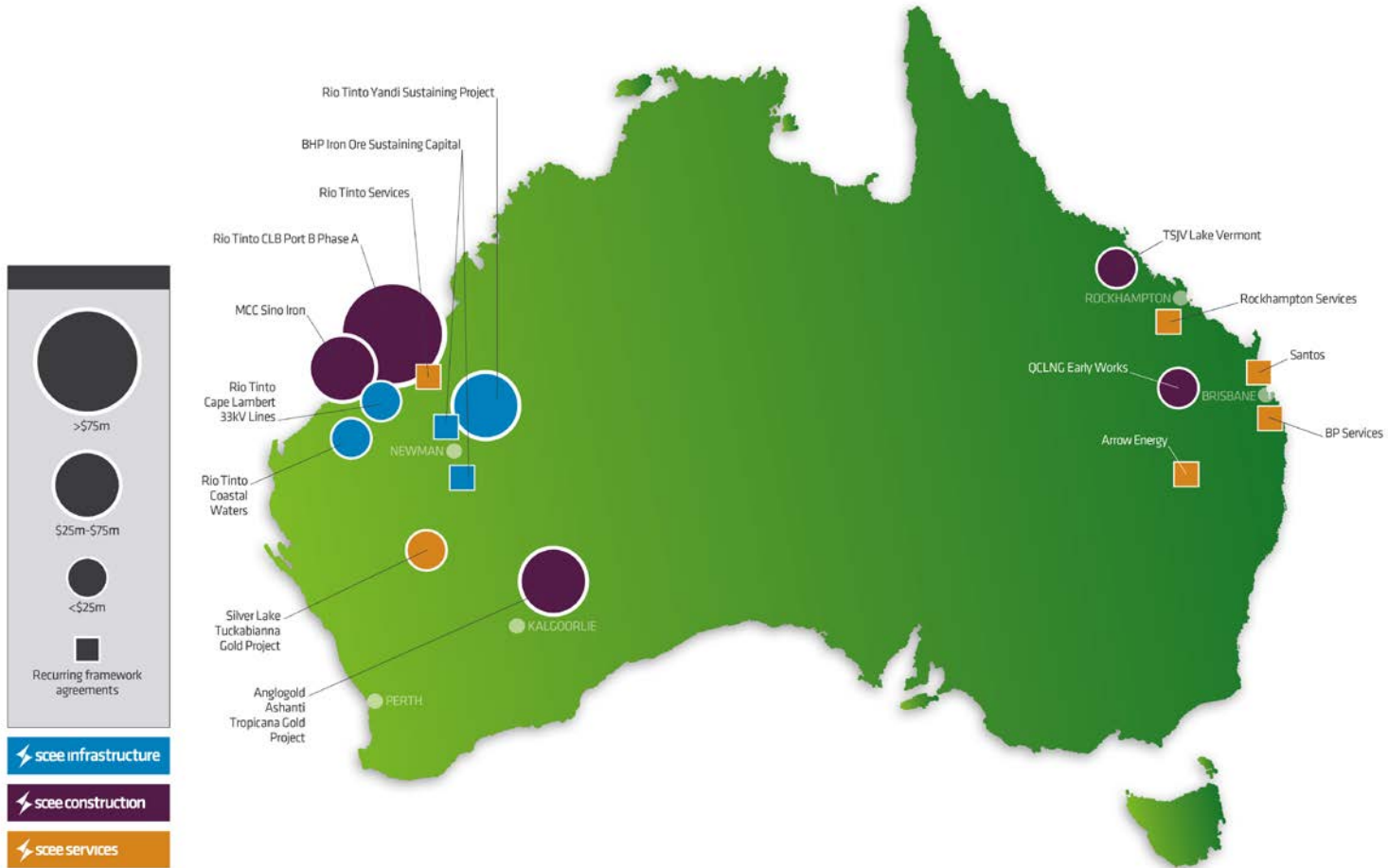
Established in 1978 and listed on the Australian Securities Exchange under the code SXE



Project life cycle support



FY13 projects



Key FY13 contract wins



Rio Tinto Cape Lambert Port B Phase A

- Largest contract in Company's history at over \$100m
- Manning peaked at over 500

AngloGold Ashanti Tropicana Gold Project

- Contract value over \$40m
- Manning peaked at over 200

Rio Tinto Yandi Expansion Project

- Contract value over \$29m
- Largest contract performed by SCEE Infrastructure

New framework agreements

- Rio Tinto Services
- BHP Sustaining Capital



Full year financial results

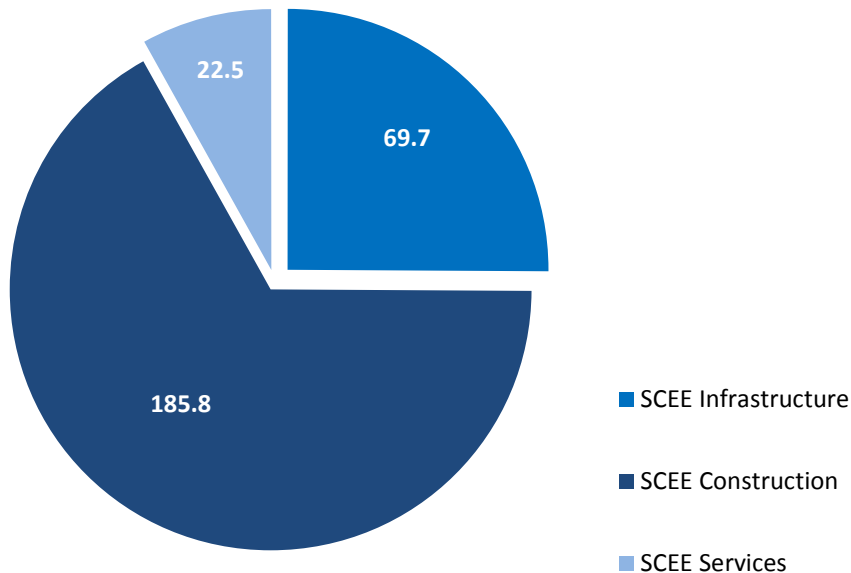


	FY13 \$m	FY12 \$m	Change %	
Revenue	278.0	220.0	26%	Significant revenue increase driven by key project wins
Gross profit	61.3	43.4	41%	Ramp up in second half delivers H2 NPAT of \$13m
<i>Gross margin (%)</i>	<i>22.1</i>	<i>19.7</i>		
EBITDA	31.2	22.2	41%	Operating at annualised turnover of over \$400m in final quarter
EBIT	25.3	19.4	30%	
NPAT	17.3	13.7	27%	Overhead base grown to support this level of activity
<i>Net Margin (%)</i>	<i>6.2</i>	<i>6.2</i>		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

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

Balance sheet



	Jun 13 \$m	Jun 12 \$m
Current assets	106.7	91.9
Non current assets	51.0	34.7
Total assets	157.7	126.6
Current liabilities	43.8	33.4
Non current liabilities	12.6	6.4
Total liabilities	56.4	39.8
Equity	101.3	86.9

Entered FY14 with a strong balance sheet

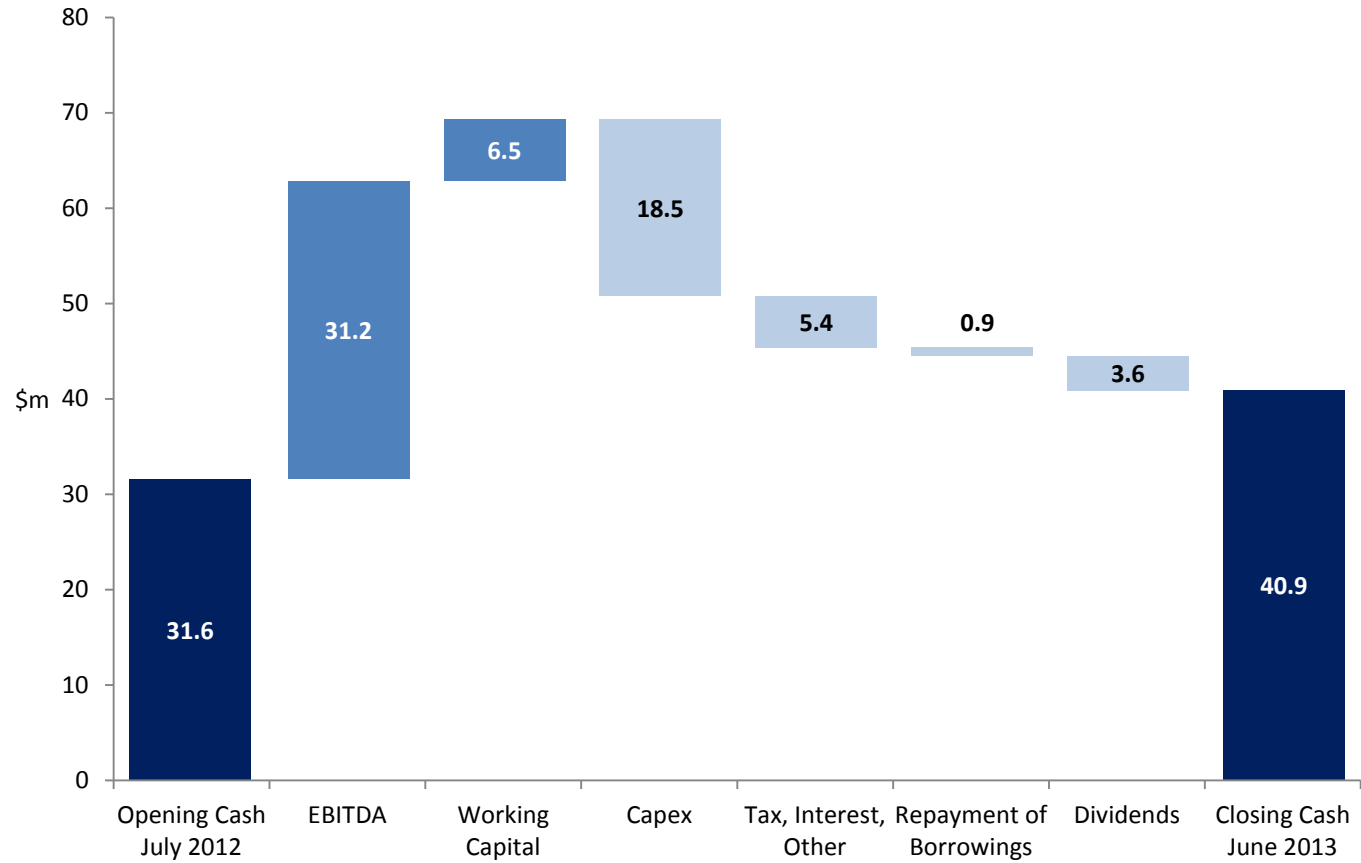
Cash over \$40m and minimal debt

Advance payments from half-year unwound

\$22.4m of capex spend on systems and plant and equipment in FY13. \$33.1m spent in past two years.

Bonding capacity increased from \$60m to \$90m post year end

Cashflow



Historical results summary

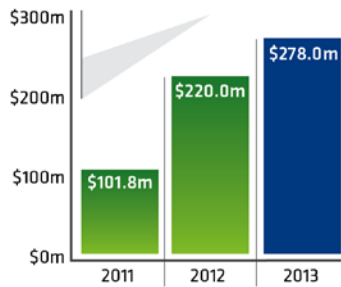


	2011 \$m	2012 \$m	2013 \$m
Revenue	101.8	220.0	278.0
Gross profit	16.2	43.4	61.3
<i>Gross margin (%)</i>	<i>15.9</i>	<i>19.7</i>	22.1
EBITDA	0.6	22.2	31.2
EBIT	(1.1)	19.4	25.3
NPAT	(1.7)	13.7	17.3
<i>Net margin (%)</i>	<i>(1.6)</i>	<i>6.2</i>	6.2
Dividends (cps)	nil	2.25	2.70
Net Cash	22.8	30.0	36.3
Net Assets	72.7	86.9	101.3

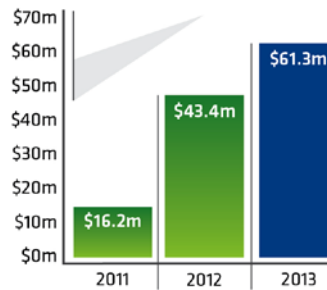
Financial trends



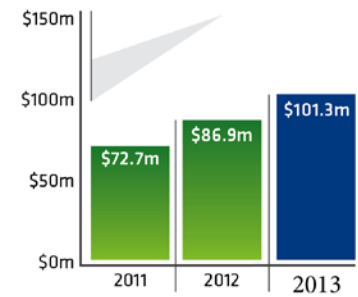
revenue



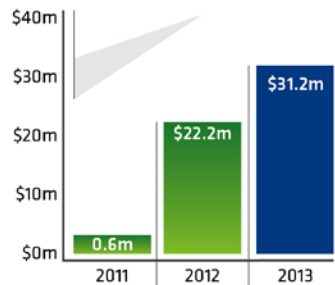
gross profit



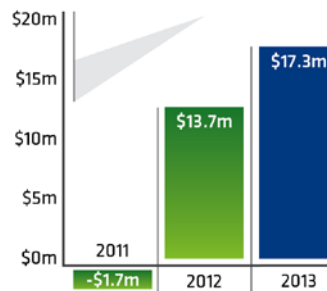
net assets



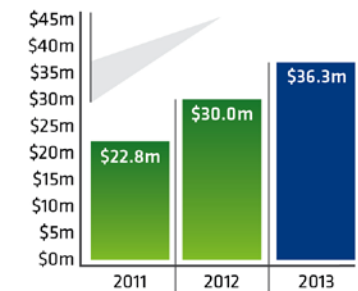
EBITDA



net profit after tax



net cash



Increasing shareholder returns



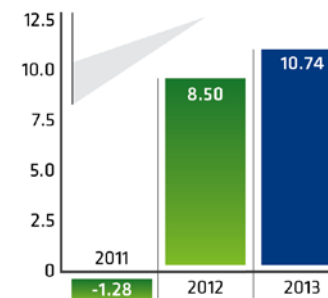
Earnings per share up 26% to 10.74 cents

Fully franked dividend up 20% to 2.70 cents per share

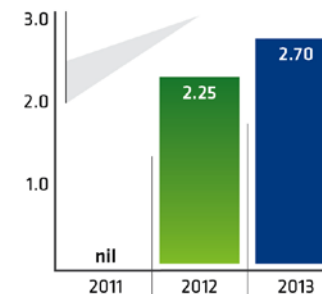
Franking account balance at 30 June 2013 of \$9.3m

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 with full implementation of ERP and SCEEtrak in 1H 14

Taking occupancy of additional corporate office accommodation in September 2013 to support managed growth



Health and safety



Lost Time Incident free in the year (12.6 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

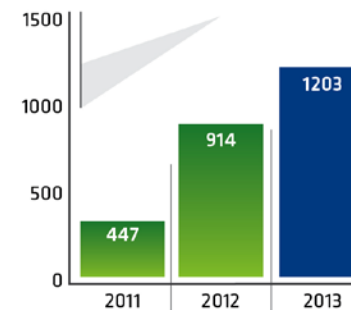
Indicative of high levels of activity at year end

Recruitment handled by in-house capability

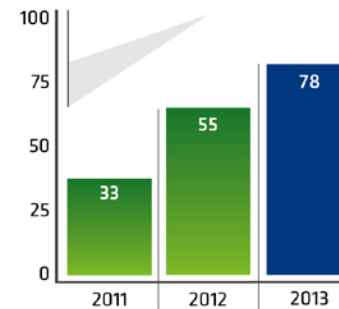
Apprenticeship program continued to grow with a record 78 apprentices in FY13

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

employees



apprentices



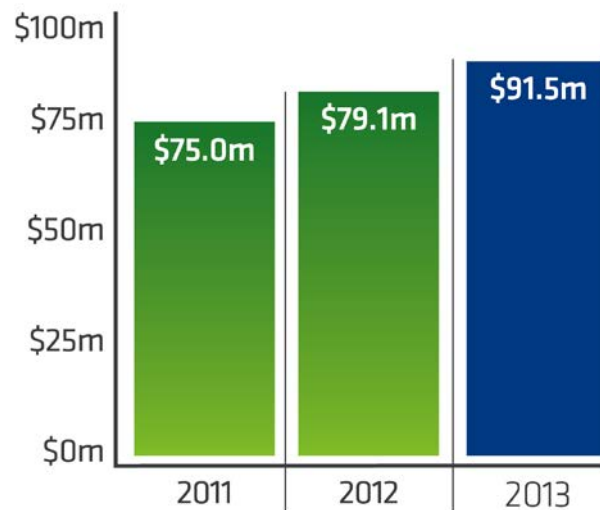
Outlook



Order book at 30 June 2013



order book



Order book at 30 June 2013 of \$91.5m

Ongoing works:

- Rio Tinto Cape Lambert Phase A
- AngloGold Ashanti Tropicana Gold Project
- Rio Tinto Coastal Waters
- Rio Tinto Yandi Expansion
- BHP Sustaining Capital
- BP Framework Agreement

Work continuing on further significant tenders including large scale LNG projects being tendered by KSJV

Order book excludes work under recurring framework agreements

Changing operating environment



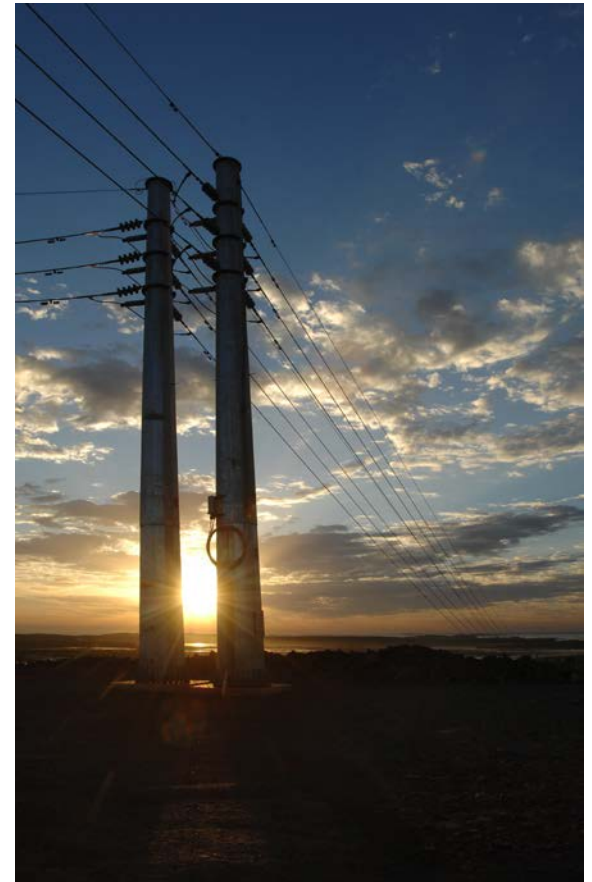
Commodity price weakness has led to some high profile project deferrals and cancellations

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



LNG

- KSJV formed with Kentech in December 2012
- Aims to capitalise on unprecedented Australian LNG activity
- Targeting onshore LNG plant construction
- Up to \$7bn of E&I works available in LNG sector in next 3-5 years
- Currently tendering for work on large scale construction projects
- Growth in long-term maintenance and operations opportunities

CSG

- CSG element to East Coast LNG projects
- Gas required to provide throughput to plants
- Potential revenue stream for duration of plants 25+ year life
- Demonstrated capability on QGC early works



Iron ore

- Remains a core business for SCEE
- Framework agreements with Rio Tinto and BHP
- Expansion of existing projects at Cape Lambert and Sino
- Potential new projects such as Roy Hill

Gold

- Viewed as a spot market
- Proven capability and will tender work as it arises

Coal

- Market currently deflated but expected to ultimately return
- Positioned to win future work having executed Lake Vermont



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 on LNG projects

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.