



# Southern Cross Electrical Engineering

## AGM Presentation

28 November 2011

Simon High  
CEO



# Presentation overview



- Financial Summary of 2010/11
- Company Achievements 2010/11
- Operational Review
- Strategy and Outlook
- Summary



# FY11 financial overview – profit & loss

	6 months to			Full Year
(\$m)	Dec 2010	Jun 2011	Change	FY11
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

## H2 FY 11 Highlights

- Satisfactory resolution of Pluto
- Award of Cadia/Sino/Pueblo Viejo/Mining Area C contracts
- KJ Johnson returned to “normal” run rate in H2
- SCEE East Coast strong performance through the year
- Capital raising strengthened balance sheet
- Increased order book at the end of FY11

# To December 2010; H1 FY11 Issues

- Low volume of work-in-hand (\$27M)
- BD efforts not focussed sufficiently on “short term” prospects
- High overheads (retained in anticipation of work volume increase)
- Continuing negotiations on financial outcome of Pluto
- Volatile and competitive contracting environment – many bidders and low margins



# Company Achievements

- Board revitalisation
- Recruitment of new project management talent
- 7<sup>th</sup> consecutive LTI free year
- Full review and implementation of bidding processes, capacity and competency
- Greater focus on project management reporting, peer reviews and risk management of contracts
- Review and upgrading of project management systems (SCEEtrak)
- Integration of previous acquisitions to maximise benefits to group and subsidiaries
- New training centre and facilities activated
- Increased apprentice intake West Coast and East Coast
- Established international recruitment pipeline

Creating a solid  
foundation for growth



# Five lines of business

Minerals and Processing -  
Australia



Oil & Gas – Australia



Infrastructure – Australia

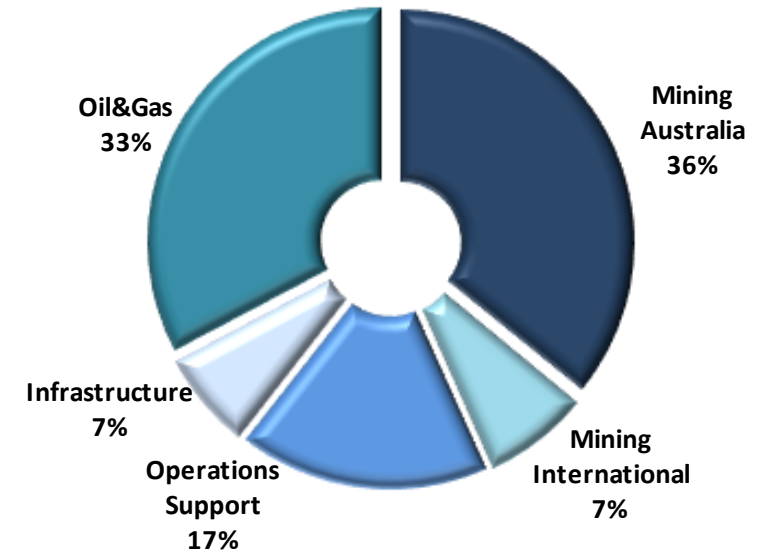
Minerals and Processing -  
International



Operational Support and  
Maintenance



FY11 revenue



# Minerals and Processing - Australia

Iron ore to underpin business over the next 5 years on the West Coast and entry into coal projects on the East Coast

## - Secured long term framework agreements:

- RTIO 333mtpa
- RTIO MSA
- Sino Iron

## Current major projects and opportunities

- Cadia East (NSW), Sino Iron (WA), Rio Tinto (WA)
- Mt Keith (WA) complete
- Coal handling prospects with Thiess Sedgman JV progressing very positively (QLD)

## Major upcoming opportunities

**Sino Iron**  
**Rio Tinto expansion projects**  
**BHP RGP6**  
**Roy Hill**  
**(Est. Capex value \$45B)**



# 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



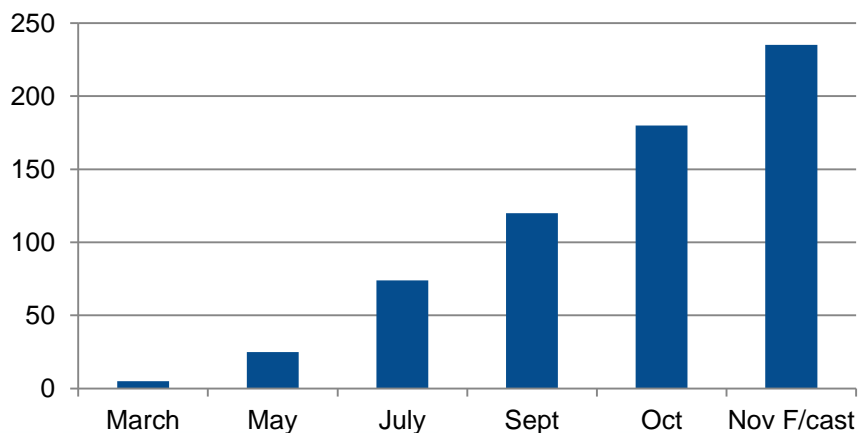


# Sino Iron

## SCEE awarded seventh E&I contract for Sino Iron project

- Seventh Sino Iron contract awarded to SCEE for Electrical and Instrumentation work
- Combination of lump sum and reimbursable contracts
- Framework agreement now providing additional orders

### SCEE Headcount at Sino Iron project:



# Oil & Gas - Australia

## Established credibility - in strong contention for CSG projects

- Pluto project achieved a successful completion and satisfactory commercial result – market credibility established
- Oceanic Industries acquisition now fully integrated as SCEE East Coast - positions SCEE for upcoming CSG projects

## Current projects and opportunities

- Origin contract – East Coast
- QGC LNG early works – East Coast
- APLNG early works – East Coast
- Relationship with Thiess for QGC “Early” and “Main” works developing well

### Major upcoming opportunities

#### East Coast

**QGCLNG**  
**GLNG**  
**APLNG**

#### West Coast

**Wheatstone**  
**Macedon**  
**Ichthys**  
**Browse**  
**Pluto 2/3**  
**Gorgon**

**(Est. capex value \$200B)**



# ❑ Infrastructure - Australia

## Strong bounce-back

- Substantial growth expected in FY12 off the back of increased mining investment. Current order book for H2FY12 > \$25M
- KJJ acquisition fully integrated and performing well

### Current major projects

- Sino Iron – North West WA
- BHP Area C – North West WA
- Rio Tinto Tom Price Feeder – North West WA
- Rio Tinto Cape Lambert power lines – North West WA

### Major upcoming opportunities

**Rio Tinto**

**BHP**

**Sino Iron**

**FMG**

**East Coast coal prospects**





# ❑ Minerals and Processing - International

## Focus to be Peru

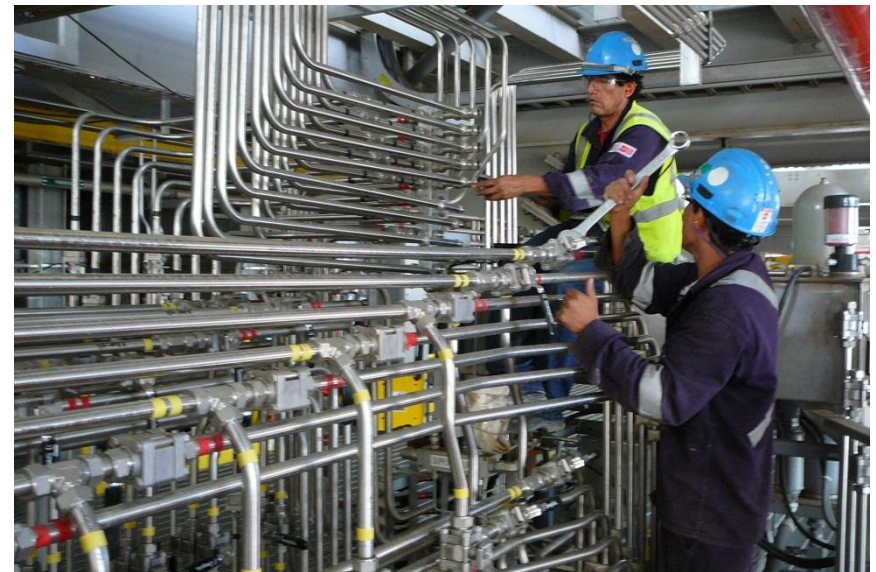
- Expect activity in Peru to increase
- Undertake at least one major project each year
- Pueblo Viejo project tracking in line with expectations
- Close Denver office and provide support for international ops from Perth

## 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**  
**(Est. capex value > US\$10B)**





# □ Operational Support and Maintenance

## Building recurring revenues

- Growing a recurrent revenue base to provide a consistent baseline of revenues
- Expansion of line of business driven by acquisition of Oceanic Industries and Hindle Group
- Long term objective to grow to a substantial and sustainable line of business

## Current major clients

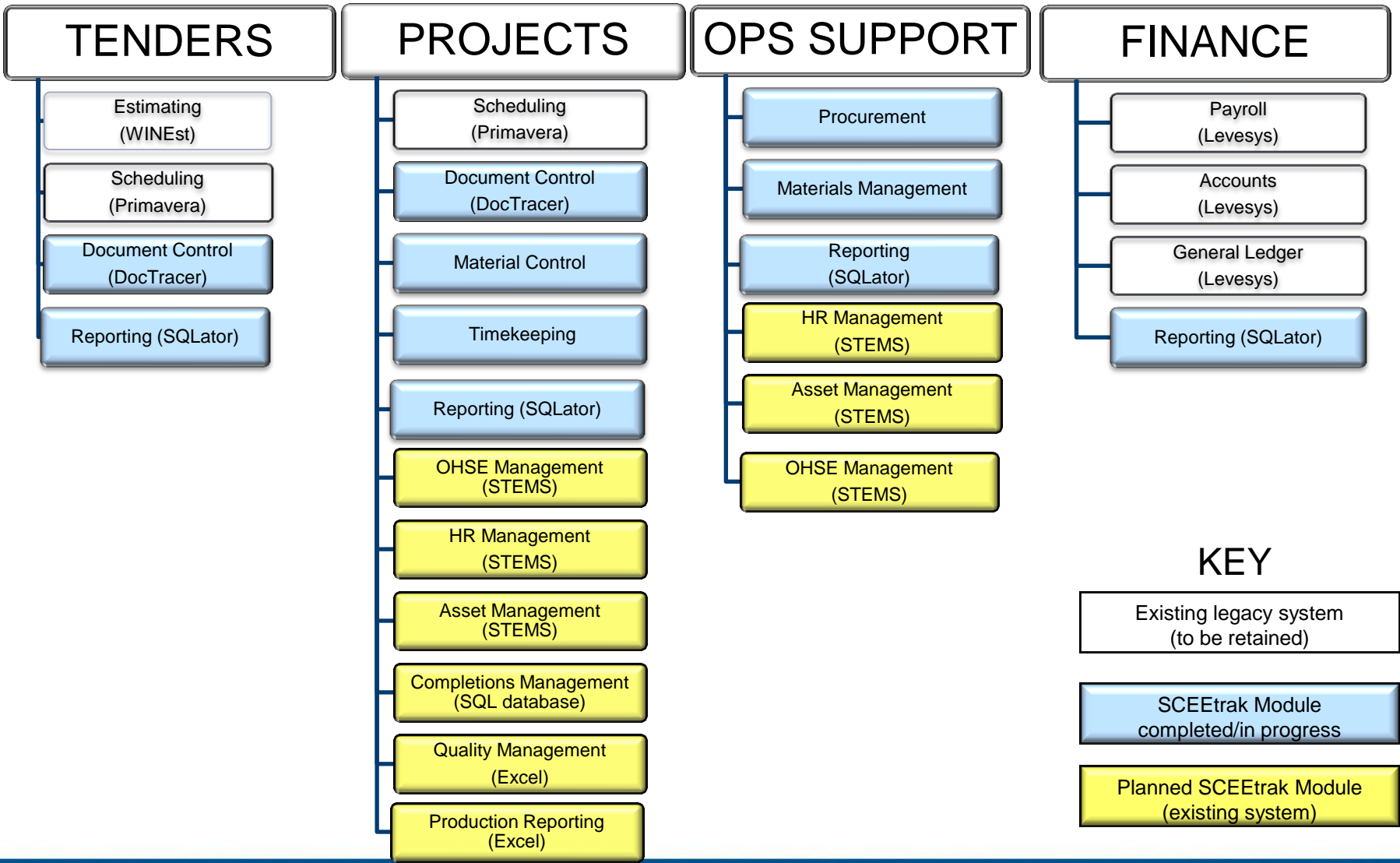


## Major upcoming opportunities

**Expansions of:**  
**RTIO agreement**  
**BP framework agreement**  
**Caltex framework agreement**  
**Sino Iron (MCC)**



# Systems Map

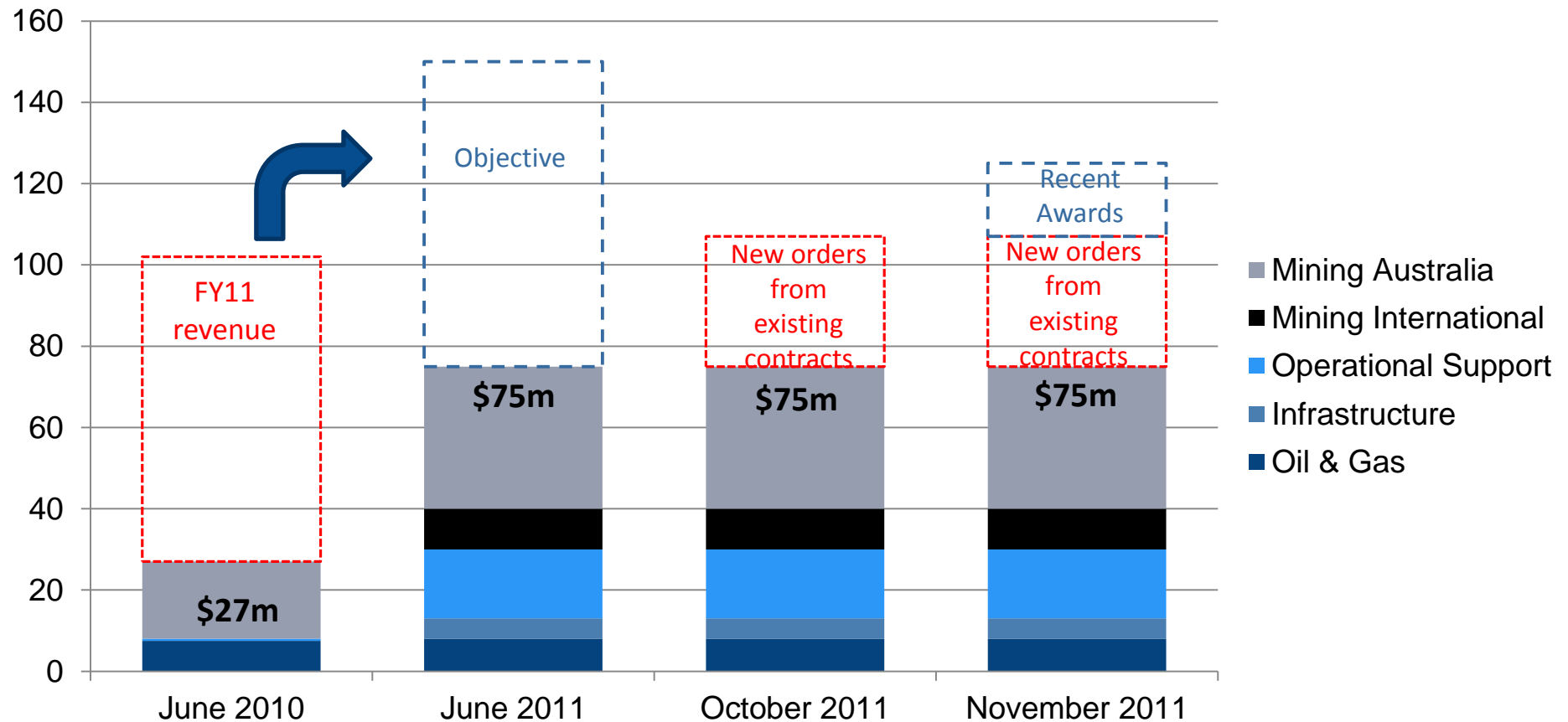


# Strategic objectives

Over the next 3 years, it is management's objective to organically grow with a core focus on East and West Coast Australian resources projects and focus internationally on opportunities with major clients in Peru. This will enable us to:

- Grow revenues to over \$200m pa
- Achieve EBITDA margins to 15 – 20%
- Create a baseline of recurring income streams to manage troughs in revenues and profits

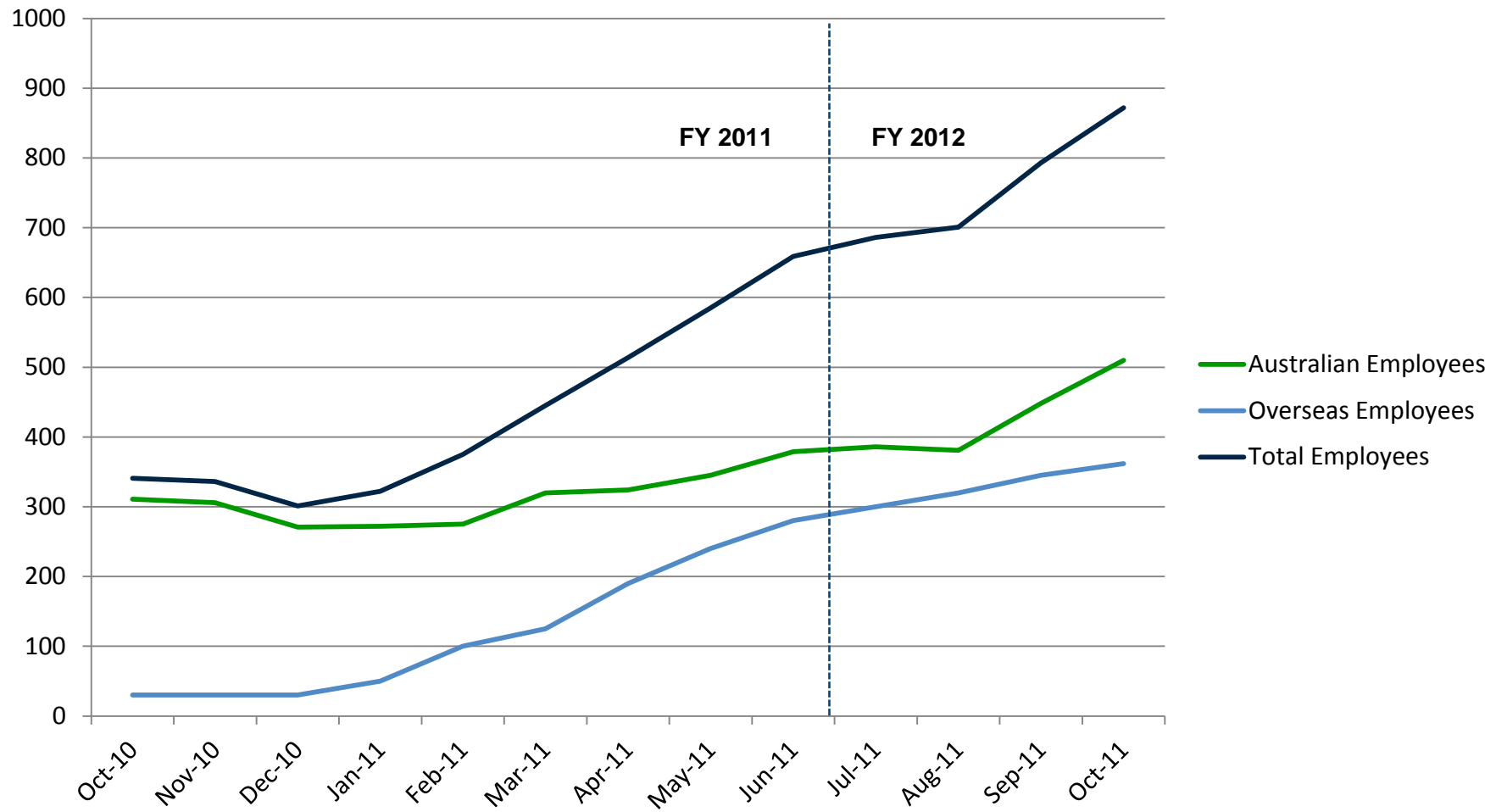
# Orders – lead indicator of revenues



**N.B** Does not include Rio 333mtpa preferred status



# Employee numbers over the past 12 months



# Delivery of strategy – on track

## 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
  - Entry into coal projects
- 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
  - Significant new project awards
- Internal capability strengthened
- Exceptional number of major resource projects in Australia and overseas that provide a strong basis for growth over a 5+ year time frame



# 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.