



# Southern Cross Electrical Engineering

## Euroz Investor Seminar

10 November 2011

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# Presentation overview



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



## FY11 financial overview – profit & loss

	6 months to			
(\$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

# H1 FY11 issues

- Extremely low work-in-hand
- BD efforts not focussed sufficiently on “short term” prospects
- High overheads
- Uncertainty regarding financial performance of Pluto
- Extremely competitive contracting environment – many bidders and low margins
- Gorgon bid and carrying costs
- Shift from lump sum to schedule of rates contracts

# Non Financial Achievements

- 7<sup>th</sup> consecutive LTI free year
- Full review of bidding processes, norms, capacity and competency
- Greater focus on monthly project management reporting and peer reviews
- Commenced upgrading of project management systems (SCEEtrak)
- Board changes
- Recruitment of new project management talent (PMs, CMs, Commercial, Safety and Quality)
- Greater focus on risk management
- Integration of acquisitions to maximise benefits to group and subsidiaries
- New training centre opened
- 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**

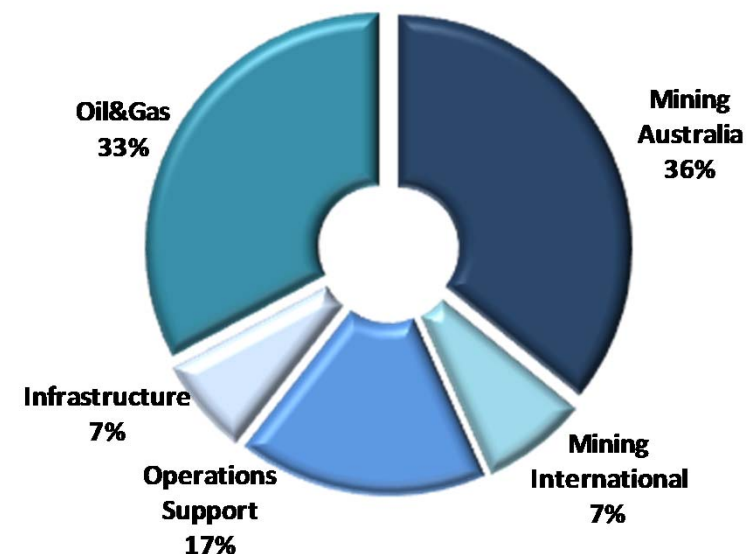
**Minerals and Processing -  
International**



**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

- Cadia East, Mt Keith and Sino Iron:
  - work continuing through FY12
  - strong relationship built with Sino Iron
  - Mt Keith complete
  - Strong pipeline of projects

## 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



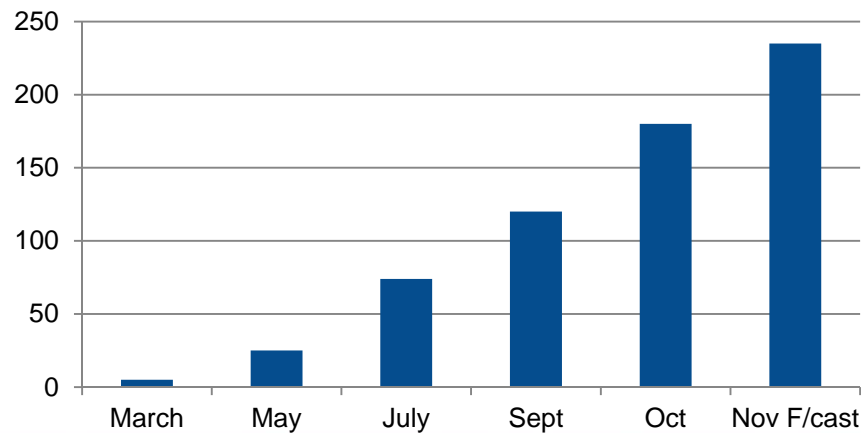


# Sino Iron

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

- Seventh Sino Iron contract awarded to SCEE for Electrical and Instrumentation work
- 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

- 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**  
**Gorgon**



# Infrastructure - Australia

## Strong bounce-back

- Substantial growth expected in FY12 off the back of increased mining investment
- 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**  
**FMG**  
**East Coast**



# 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**





# Operational Support and Maintenance

## Building recurring revenues

- Queensland weather events impacted H2
- 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 for line of business is to grow it to cover group overhead

### Current major clients



### Major upcoming opportunities

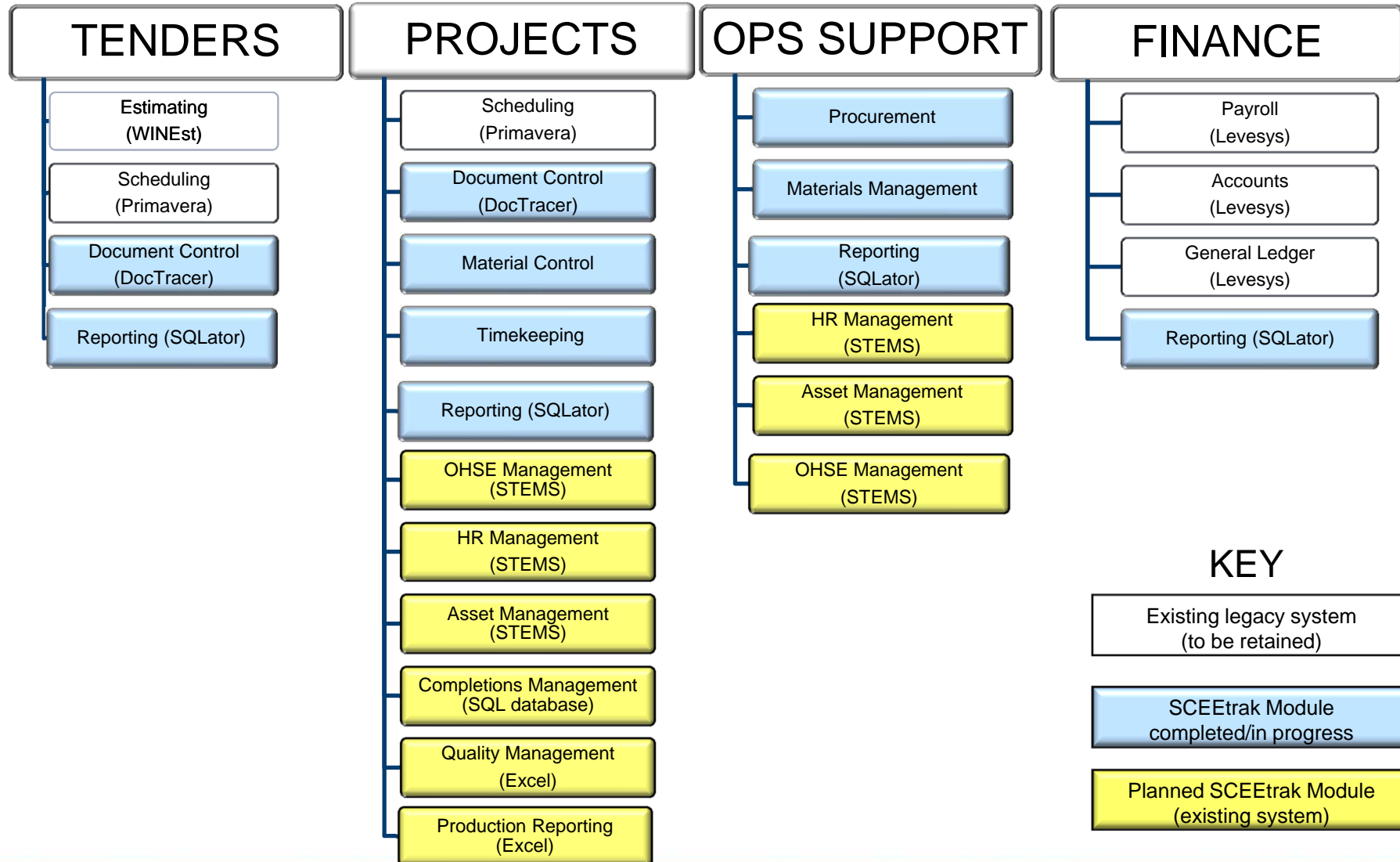
**Expansions of:**  
**RTIO agreement**  
**BP framework agreement**  
**Caltex framework agreement**  
**Sino Iron (MCC)**



# SCEEtrak Development Project

- Business intelligence software development
- Develop processes, technologies and tools to change data into information, information into knowledge and knowledge into plans to guide the company
- Executed as an internal project with dedicated Project Manager and full time project team
- Significant investment with capital budget set over next two years
- Implementation takes a modular approach addressing most critical needs first
- First modules rolled out now, with significant number in development

# Systems Map



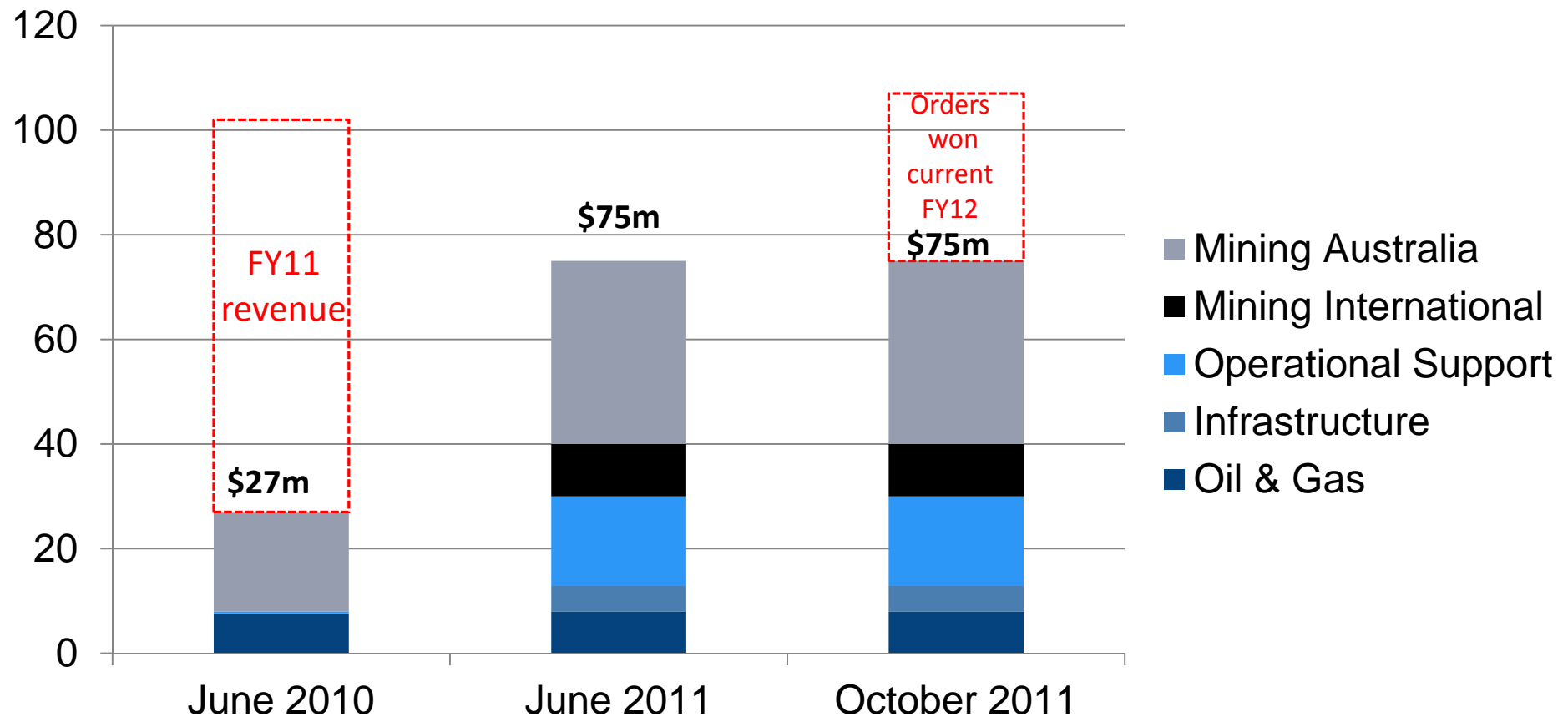
## Strategic objectives

The three year objectives are to organically grow with a core focus on Australia and an international focus on opportunities with major international clients in Peru, 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

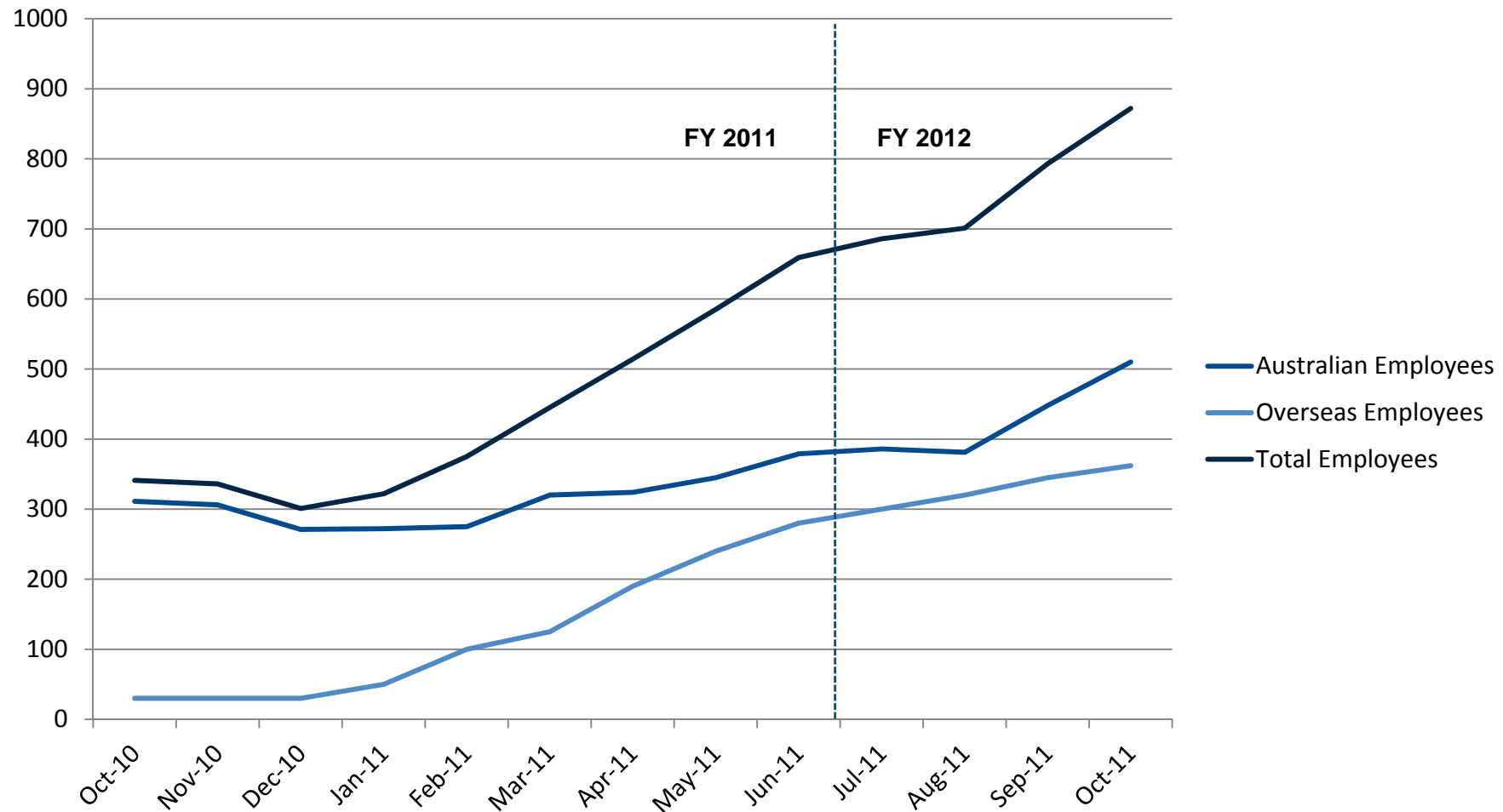


# Orders – lead indicator of revenues



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

# 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
  - 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
  - Significant new project awards
- 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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