



# Southern Cross Electrical Engineering

## Euroz Conference

Presented by Stephen Fewster CFO

Tuesday, 16 March 2010

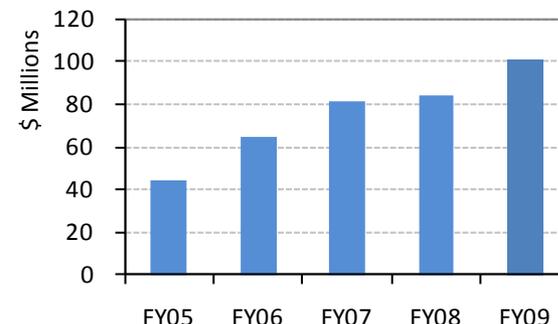


## Who we are

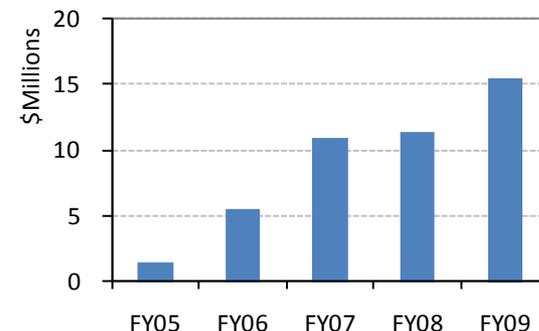
“SCEE is a leading provider of large scale specialised electrical, control and instrumentation installation and testing services for the resources, infrastructure and heavy industrial sectors”

- Founded in 1978
- Listed on ASX in November 2007
- 0 LTIs for over 4 years
- Strong service delivery reputation
- Progressively taken on larger jobs
- Over 400 people operating in Australia and overseas
- Strong growth record
- Never made a loss on a project and never been in litigation
- Strong balance sheet
- Low capex requirements

**SCEE Five Year Revenue**



**SCEE Five Year NPAT**



## National Electrical and Communication Association Awards



(2009) **National OH&S Excellence Category** – Cape Lambert Port Upgrade

(2009) **National Industrial Category** – Cape Lambert Port Upgrade

(2007) **National OH&S Excellence Category** – Ravensthorpe Nickel

(2007) **National Industrial Category** – Dampier Port Upgrade Phase B

(2007) **State Industrial Category** – Dampier Port Upgrade Phase B

(2006) **State Industrial Category** – Dampier Port Upgrade Phase A

(2005) **National Industrial Division** – Hismelt Steel Project

(2001) **National Gold** – Antamina Copper Concentrator

(2001) **National Industrial Division** – Antamina Copper Concentrator

(2001) **State Industrial Category** – Antamina Copper Concentrator

(2000) **National International Division** – Geita Gold Project Tanzania

(2000) **State Industrial Category** – Geita Gold Project Tanzania

**Best among peers**

# Strategic Objectives

## Strategic Objectives

## Status

### Grow Electrical Engineering Business

- Expand our capability
- Enter new market segments and geographies

- Hindles and Oceanic increases oil & gas capability
- KJJ increases power line capability
- Re-entry into east coast market and entry into the CSG market through Oceanic

### Reliable and Sustainable Performance

- Diversify revenue streams
- Enter counter cyclical markets
- Secure annuity income streams

- Hindles and Oceanic increases oil & gas capability
- Oceanic provides east coast presence
- Tendering commenced on water projects and other opportunities being pursued
- Focus is on recurrent clients such as Barrick, Rio Tinto, Queensland Gas Company and Songa

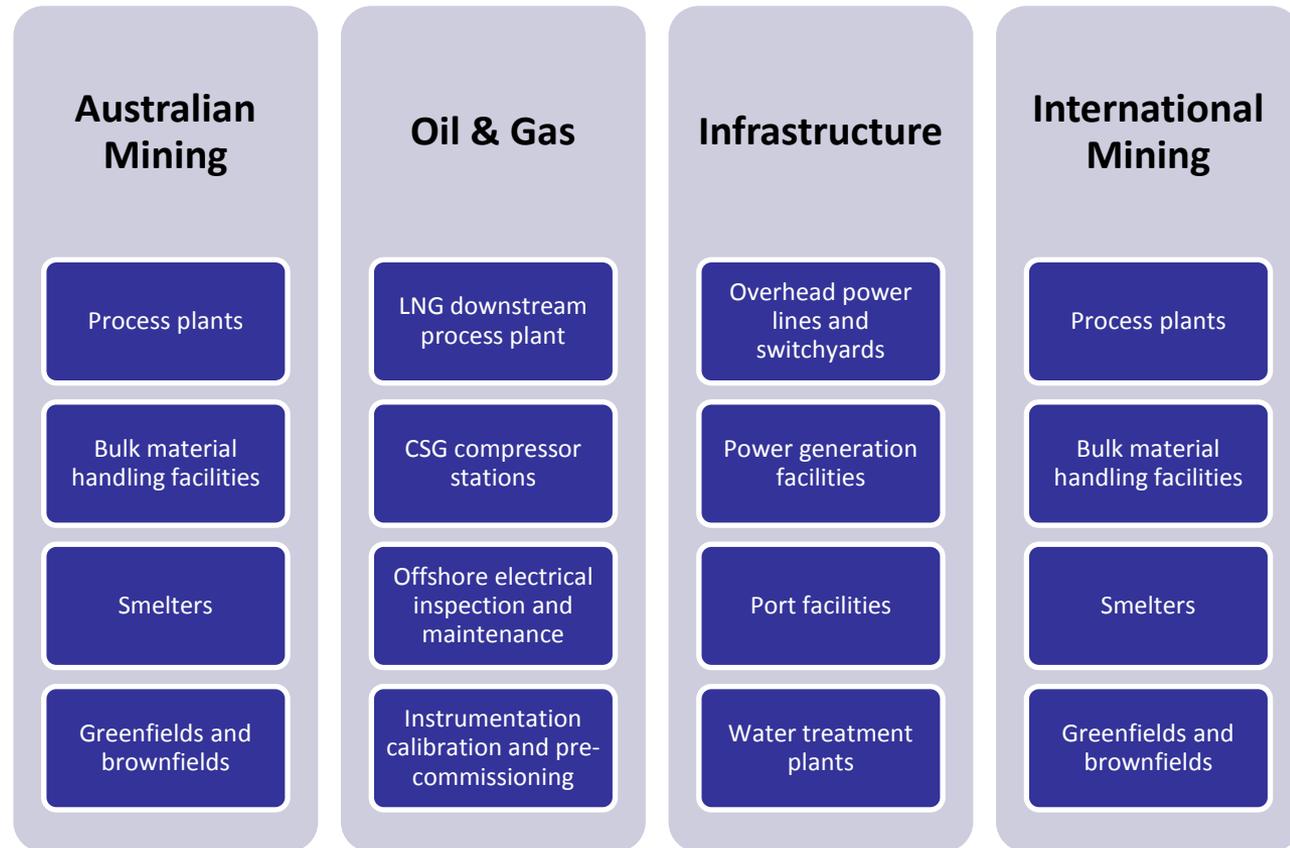
### Create New Growth Platforms

- Enter complimentary engineering segment

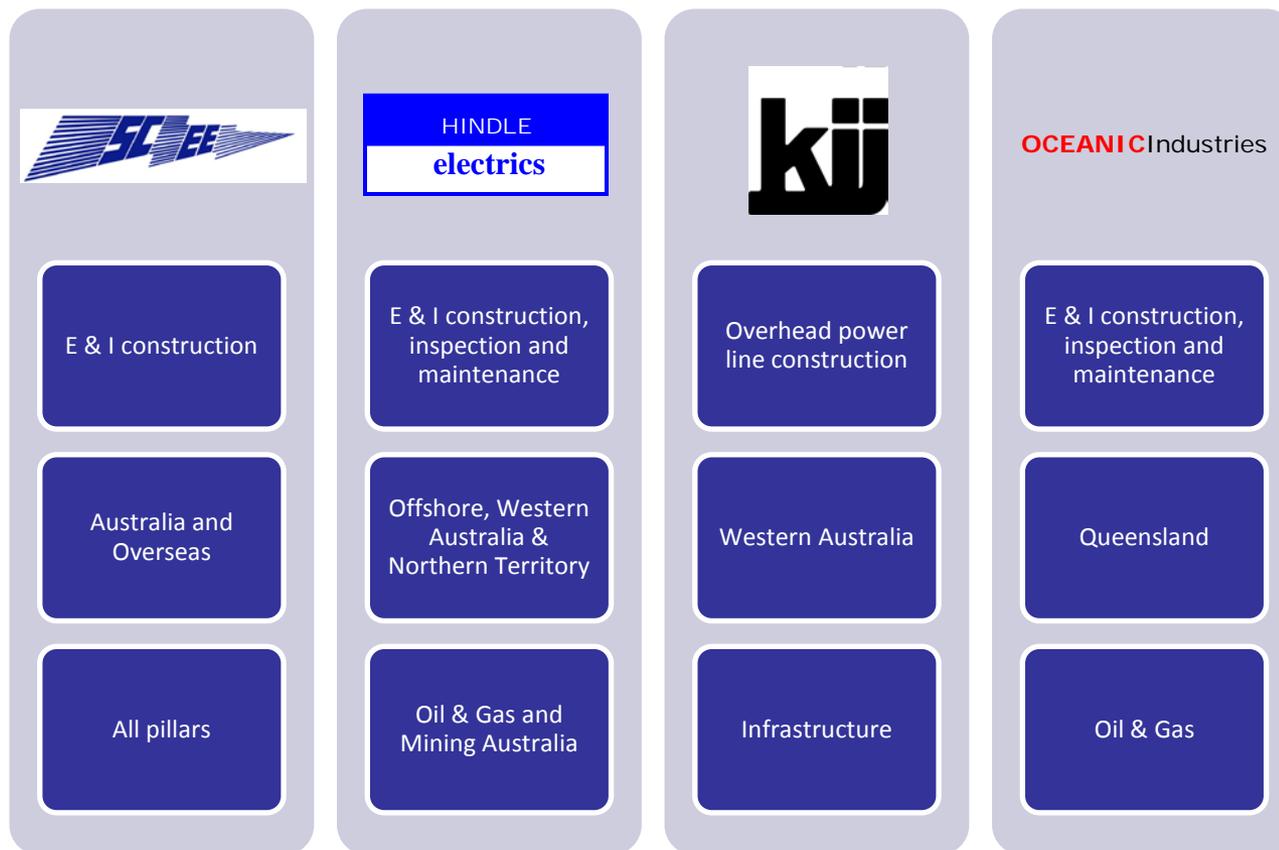
- In progress

**Building strong capacity and capability for the future**

## The Four Pillars



## Our Brands



**An excellent platform with strong capacity and capability**

# SCEE International Gold Contracts

Largest of any international E&I contractor



**ASIA & MIDDLE EAST**  
**7 contracts, 1987-2009**  
Indonesia 2, Kazakhstan 1, Mongolia 1,  
Papua New Guinea 1, Saudi Arabia 1,  
Uzbekistan 1  
Clients: Newmont and others

**AUSTRALIA & NEW ZEALAND**  
**140 contracts, 1982-2009**  
Australia 137, New Zealand 3  
Clients include: Barrick,  
Newmont, BHPB, Newcrest

**AMERICAS**  
**16 contracts, 1993-2009**  
Bolivia 2, Chile 4, Guatemala 1,  
Peru 8, Uruguay 1  
Clients include: Goldfields,  
Newmont, Barrick

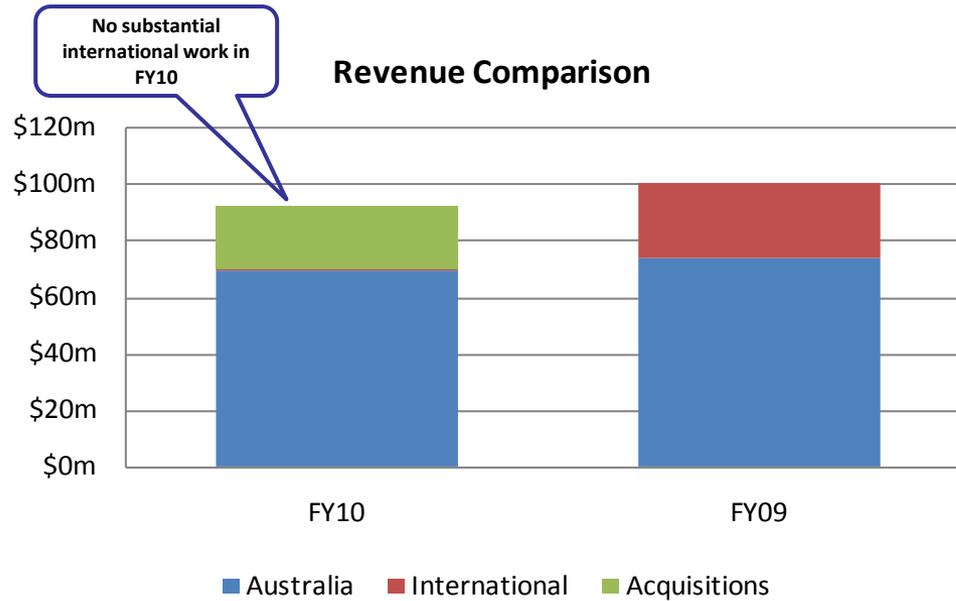
**AFRICA**  
**41 contracts, 1993-2009**  
Ghana 15, Mauritania 1,  
South Africa 1, Tanzania 24  
Clients include: Barrick,  
Newmont, Goldfields

**International projects expected to recommence in calendar 2011**

## First Half Financial Results

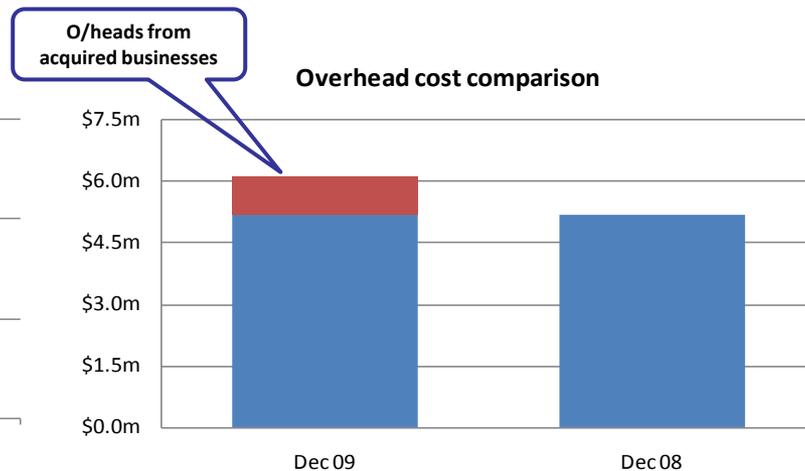
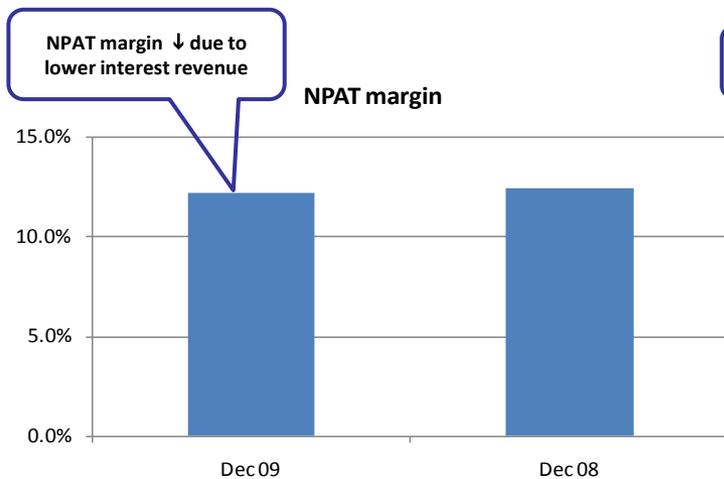
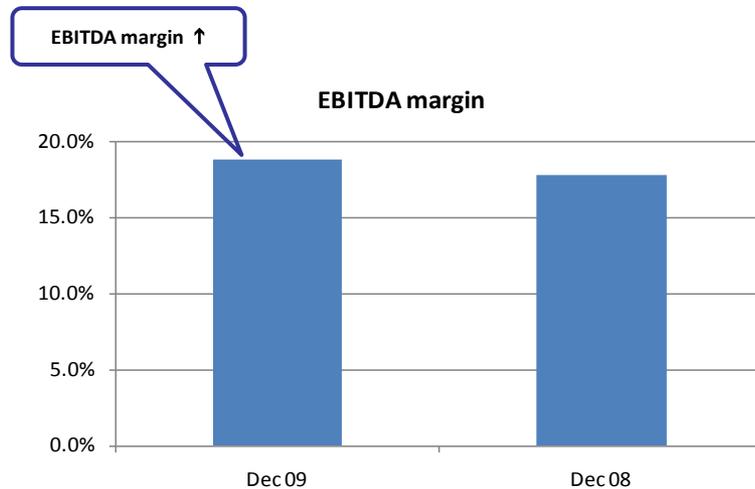
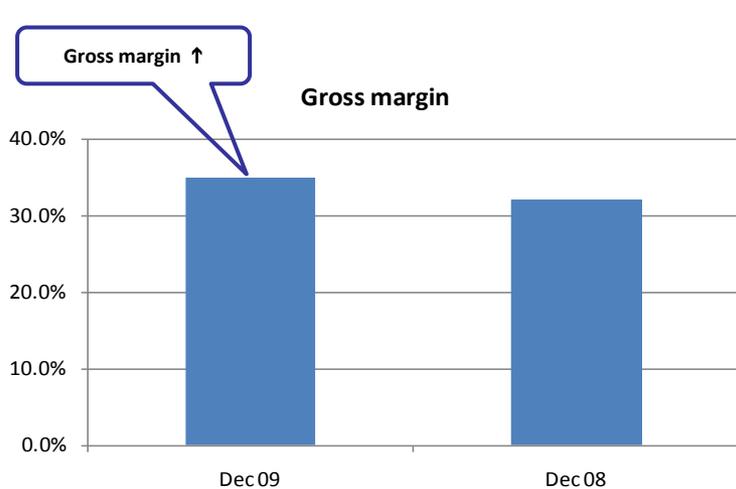
\$ millions	Dec 09	Dec 08
Revenue	39.2	57.7
<b>Gross Profit</b>	<b>13.7</b>	<b>18.6</b>
Foreign exchange losses & other income	(0.2)	(3.1)
Overheads	(6.1)	(5.2)
<b>EBITDA</b>	<b>7.4</b>	<b>10.3</b>
Depreciation	(0.7)	(0.5)
Net interest	0.2	0.6
Tax	(2.1)	(3.2)
<b>NPAT before business acquisition costs</b>	<b>4.8</b>	<b>7.2</b>
Business acquisition costs and amortisation	(1.7)	-
Tax benefit	0.2	-
<b>Statutory NPAT</b>	<b>3.3</b>	<b>7.2</b>

## FY10 Outlook



- FY10 second half revenue expected to be approximately \$11 million greater than first half
- Gross profit margins are expected to be similar to first half
- Overhead costs are expected to remain constant across the year
- Additional acquisition costs will be expensed in second half due to purchase of Oceanic
- Managing Director recruitment process well advanced

## Key Financial Metrics



**Key financial metrics remain robust**

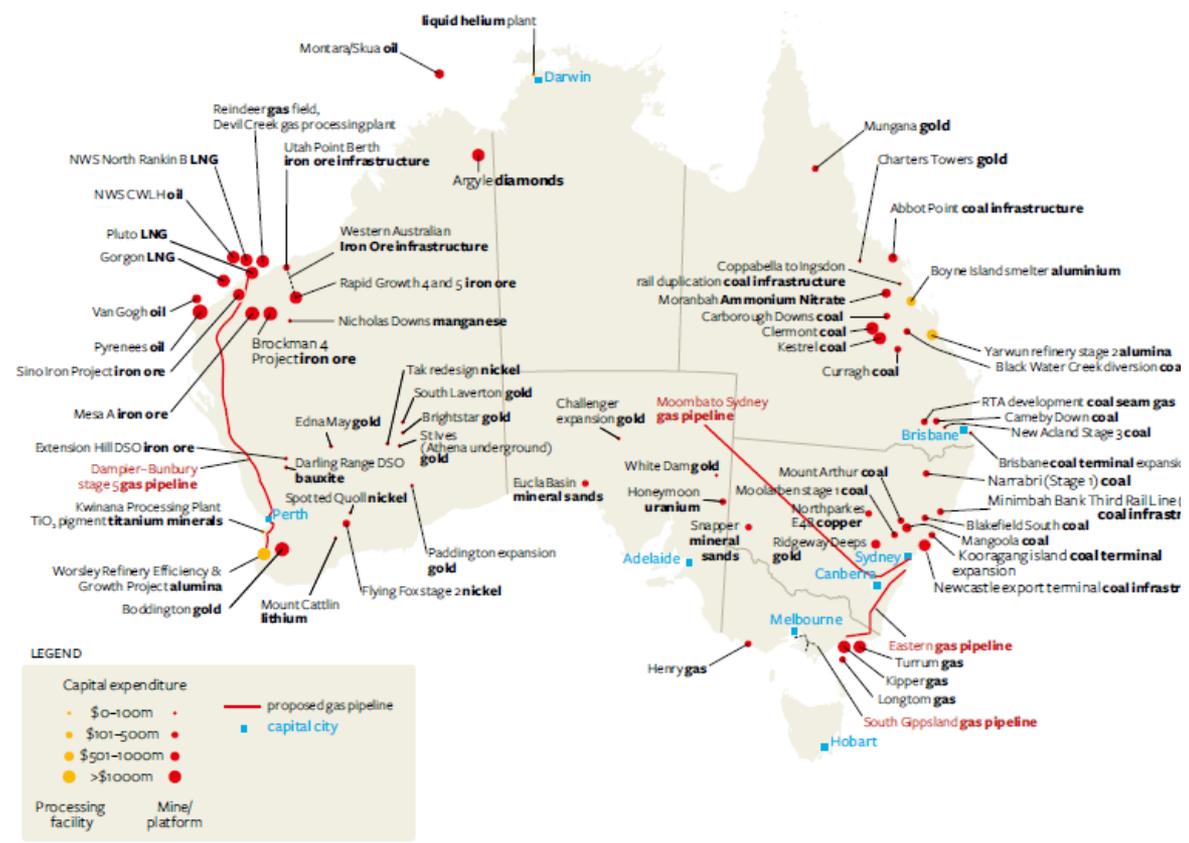
## Balance Sheet

The key balance sheet items are:

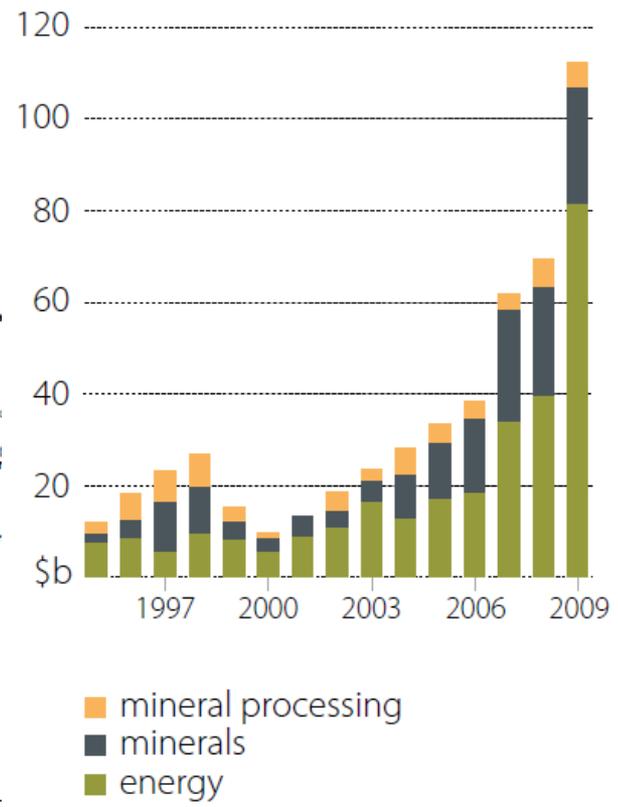
- Net cash \$16.1m.
- Receivables are lower as contracts are either just commencing or completing. Tier 1 clients mean no bad debts.
- Intangible assets and goodwill - due to acquisition on Hindles and K.J. Johnson & Co.
- Creditors position reflects status of contracts

**Strong cash position and robust balance sheet**

# Major Minerals and Energy Projects



## Value of Advanced Projects



Source: List of Major Minerals and Energy Projects, Abare Economics, October 2009

# Major Minerals and Energy Projects (cont)



Source: List of Major Minerals and Energy Projects, Abare Economics, October 2009

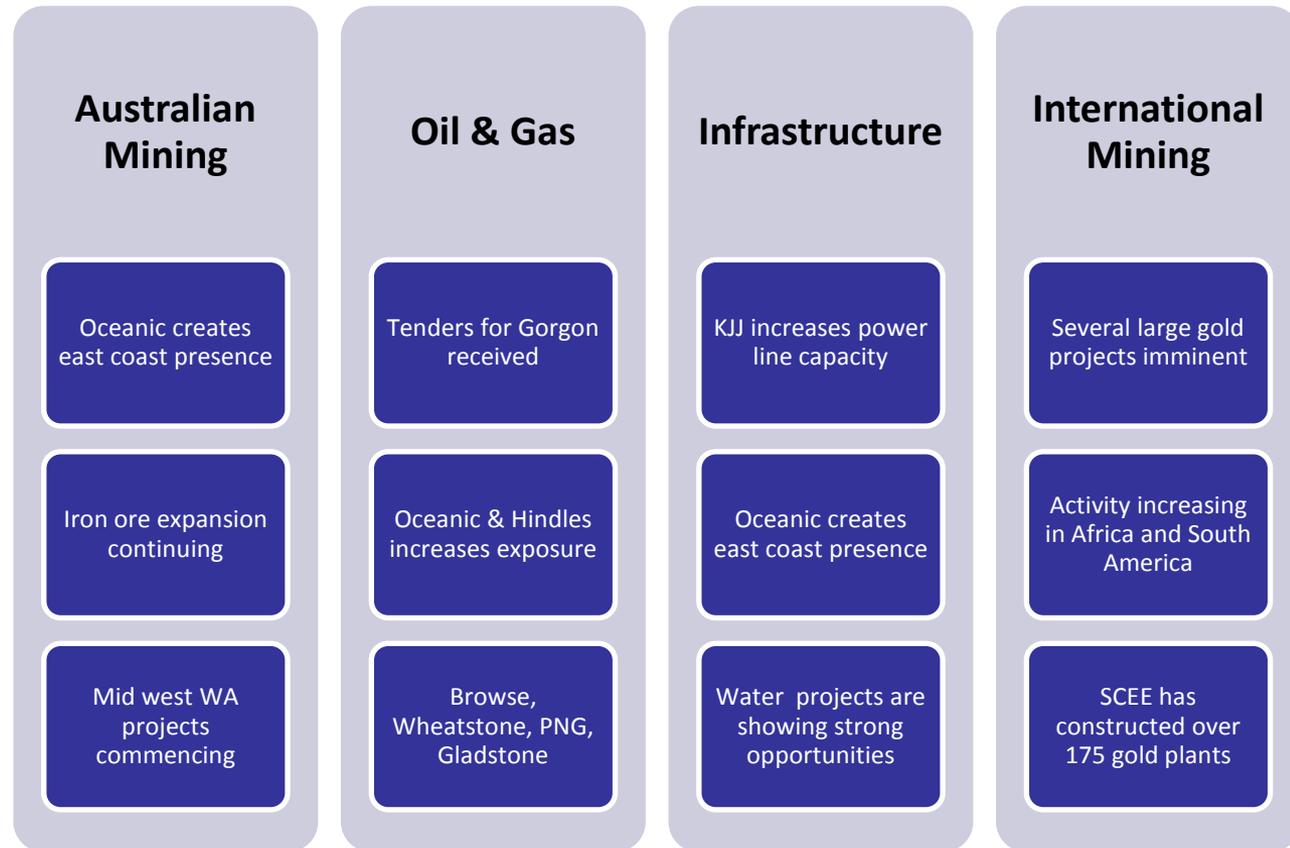
## The Electrical Contractors Component

Industry rule of thumb is 3% - 5% of project value is E & I revenue

\$bn	Western Australia		Queensland		Total	
	3%	5%	3%	5%	3%	5%
Range	3%	5%	3%	5%	3%	5%
Oil & Gas	2.0	3.4	0.2	0.3	2.2	3.7
Minerals	0.8	1.3	0.1	0.2	0.9	1.5
<b>Total</b>	<b>2.8</b>	<b>4.7</b>	<b>0.3</b>	<b>0.5</b>	<b>3.1</b>	<b>5.2</b>

**Advanced projects provide strong pipeline**

## Our Capacity



**An excellent platform with strong capacity and capability**

## Conclusion

- Outstanding reputation again recognised at national NECA awards
- Australian planned and anticipated projects provide strong organic pipeline
- International projects are recommencing
- Successfully built capability and capacity
- Key financial metrics remaining robust

**Well positioned for future pipeline**