



# Southern Cross Electrical Engineering

H1 FY12 Results Presentation

27 February 2012



# Key messages

## transitional year of growth

### Financial

- Revenue up 78% on prior corresponding period to \$84 million
- Increasing profitability
- Overheads as percentage of revenue reducing
- Strong and debt free balance sheet

### Operational

- Employees increased from 300 to 1,000 – leading indicator of growth
- Investment in plant and equipment
- Development of project management systems

### Outlook

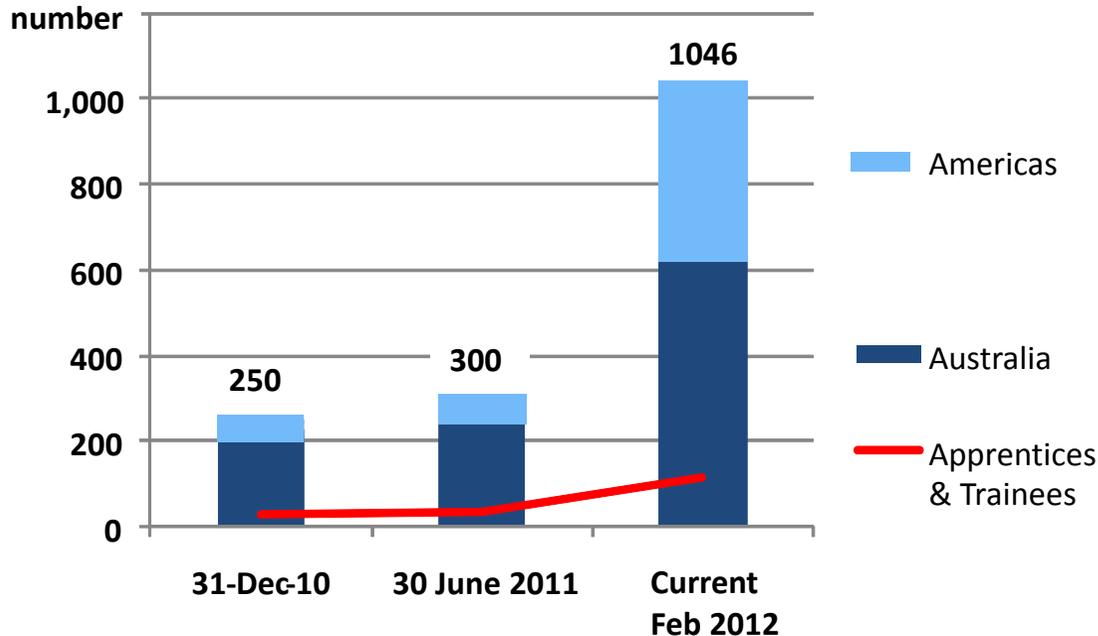
- Growing order book and project pipeline
- Key project wins have secured growth into H2
- Imminent awards anticipated to secure growth in FY13
- Early Contractor Involvement on Rio Tinto 333mtpa commenced
- All markets improving

# Financial overview – growth trajectory re-established

(\$m)	6 months to			change on p.c.p.
	Dec 2010	June 2011	Dec 2011	
Sales Revenue	47.3	54.5	<b>84.2</b>	↑
Gross profit	2.3	13.9	<b>17.8</b>	↑
EBITDA	(5.4)	6.1	<b>8.1</b>	↑
Statutory NPAT	(4.8)	3.1	<b>5.1</b>	↑
Statutory NPAT Margin	(10.1)%	5.7%	<b>6.1%</b>	↑
6 mth earnings per share (cps)	<b>(3.9)</b>	<b>1.9</b>	<b>3.2</b>	↑
6 mth Return on Equity	(12.9)%	4.6%	<b>6.5%</b>	↑
Operating Cash Flow	(4.4)	4.6	<b>(2.3)</b>	↑
Gearing (net debt / equity)	21.9%	net cash	<b>net cash</b>	↑

# Indicators of growth

employee numbers – attracting talent to deliver growth

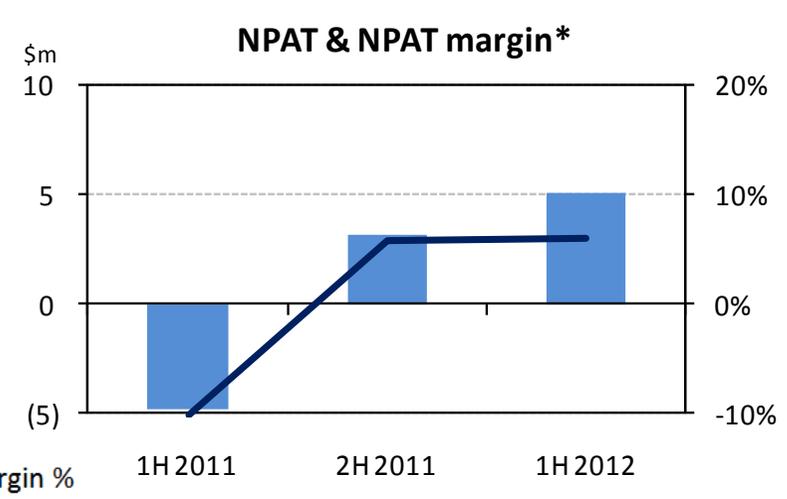
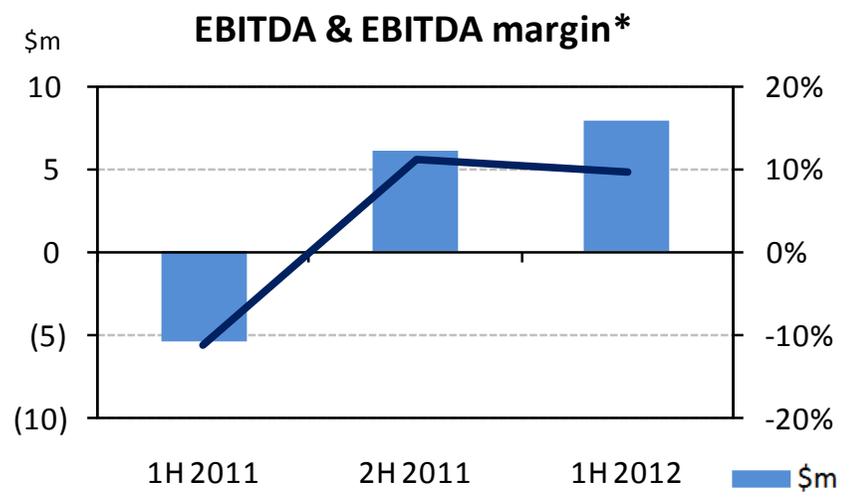
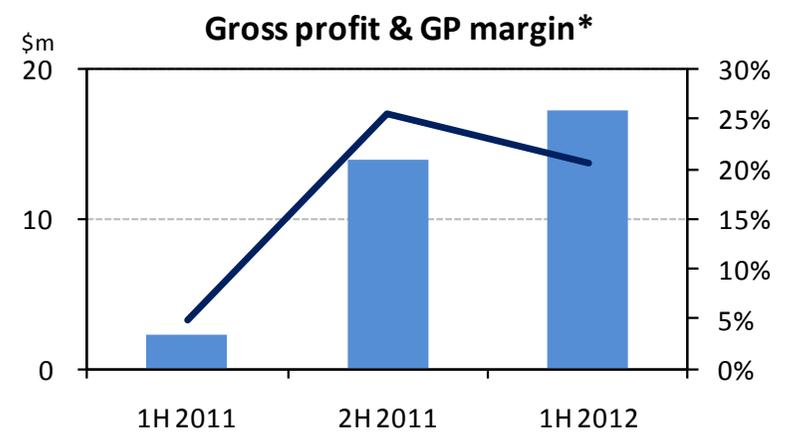
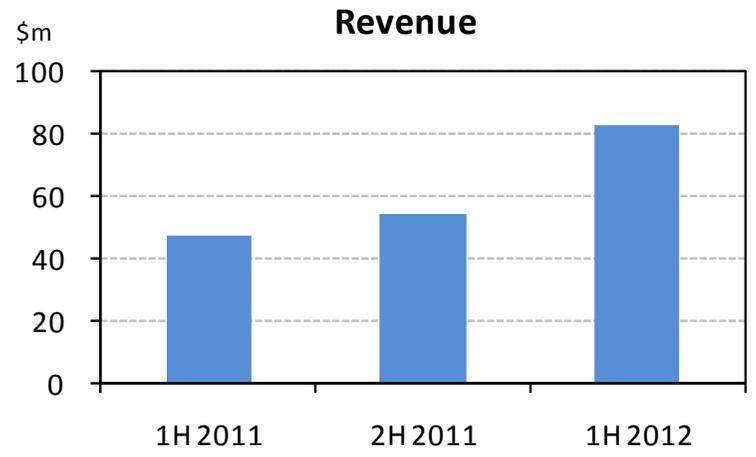


Significant investment in skills with 2 trainees and 23 apprentices appointed in the half

Growing employee numbers being mobilised into project wins with capacity for further growth

Overheads forecast to be below 10% of revenue for FY12

# Financials – positive trends



\* Margins in 2011 adversely impacted in H1 due to Pluto revision and positively impacted in H2 by recovery in Pluto

# Financials – cash flow

(\$m) 6 months to	Dec 2010	Jun 2011	Dec 2011
Operating cash flows	(4.4)	4.6	<b>(2.3)</b>
Investing cash flows	(0.1)	(1.1)	<b>(0.7)</b>
Financing cash flows	(6.4)	31.0	<b>(6.2)</b>
Net movement in cash	(10.9)	34.5	<b>(9.2)</b>
Opening cash balance	7.5	(3.6)	<b>26.3</b>
FX movement	(0.1)	0.4	<b>(0.0)</b>
Closing cash balance	(3.6)	31.3	<b>17.1</b>

- Operating cash outflow
  - Working capital funding growth
  - Systems investments
  - Recruitment costs
- Investing cash inflow
  - Sale of property for \$3.6 million
  - Purchase of plant and equipment of \$4.3 million
- Financing
  - Repaid borrowings
  - Increased restricted deposit by \$3m (released post 31 December)
  - Compliant with banking covenants

# Financials – balance sheet

(\$m)	31 Dec 2010	30 Jun 2011	31 Dec 2011
Current assets	23.3	59.8	<b>66.5</b>
Non-current assets	30.1	26.8	<b>30.1</b>
Total assets	53.4	86.6	<b>96.6</b>
Current liabilities	14.0	13.7	<b>15.7</b>
Non-current liabilities	2.3	0.2	<b>2.6</b>
Total liabilities	16.3	13.9	<b>18.3</b>
Shareholders equity	37.1	72.7	<b>78.3</b>

- Strong balance sheet with no debt
- Investment in plant and equipment
- Well positioned to fund growth

# Summary

## On track for a strong H2

- H1 revenue ahead of target and similar or greater levels expected for H2
  - Imminent major contract wins to flow into FY13
- Profit and margins to improve further into H2
  - FY12 a year of transition
  - lower margin contracts being completed
  - further investment in staff and systems
- Outlook continues to be strong
  - industry prospects strengthening further
  - well positioned to continue growth



# Disclaimer

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