



# **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

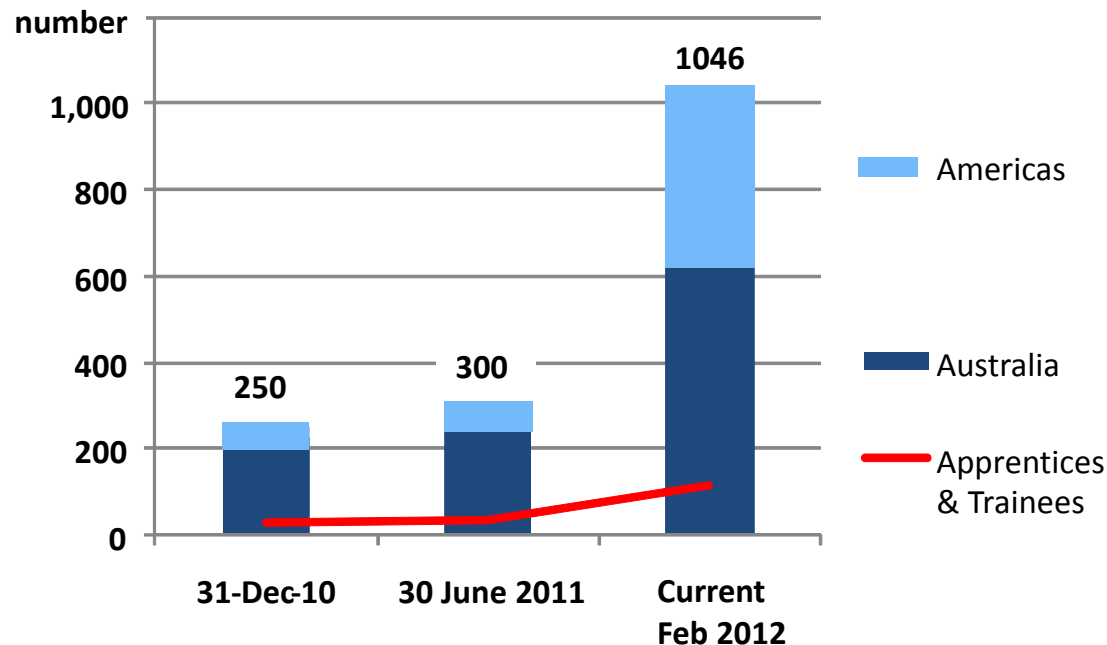
- Growing order book and project pipeline
- Key project wins have secured growth into H2
- Imminent awards anticipated to secure growth in FY13
- Early Contractor Involvement on Rio Tinto 333mtpa commenced
- All markets improving

# 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

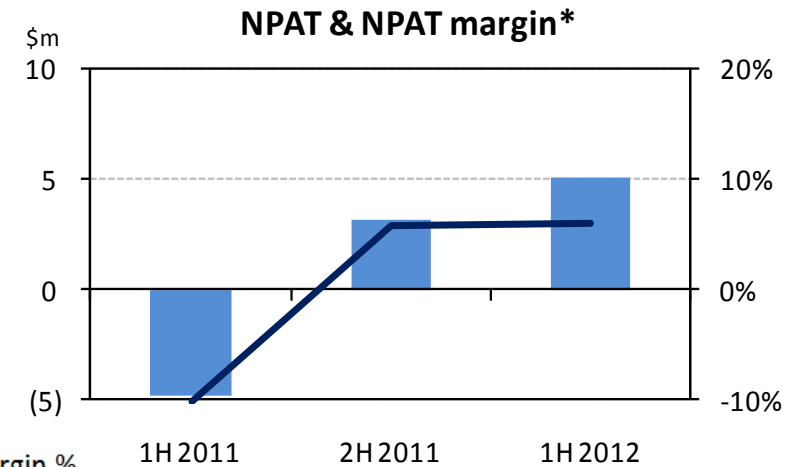
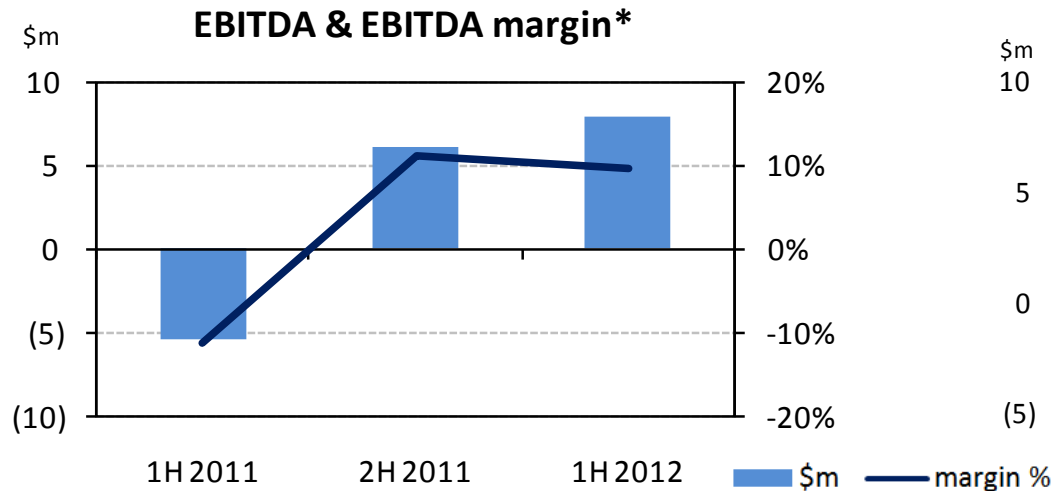
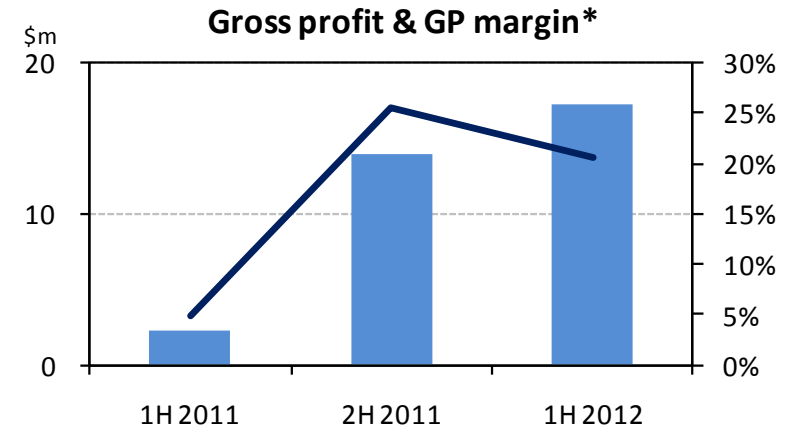
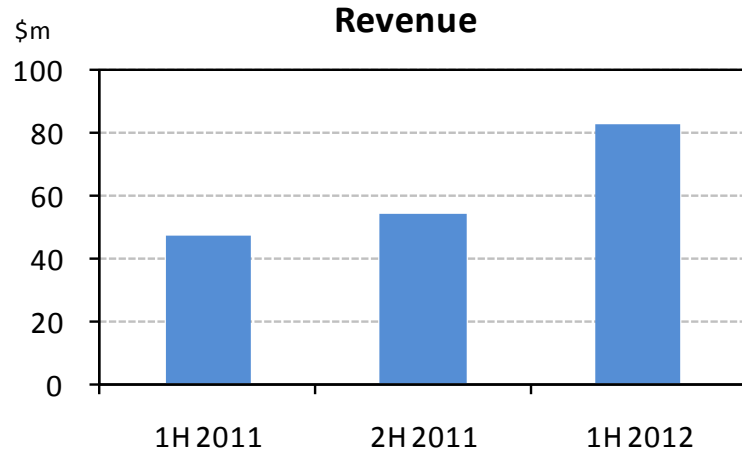


Significant investment in skills with 2 trainees and 23 apprentices appointed in the half

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

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.



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