

SOUTHERN CROSS ELECTRICAL ENGINEERING

AGM Presentation - 29 October 2012

Simon High – Managing Director/CEO



ABOUT SCEE



One of Australia's leading providers of specialised E&I services

Focused on oil & gas and resource sectors

Founded in Western Australia in 1978

2012 revenue \$220 million

800 employees worldwide (700 based in Australia)

Eight years LTI free in Australia

Listed on the ASX under code SXE

Our key clients:



WHAT WE DO



Delivering life-of-project support through our three operating divisions

SCEE INFRASTRUCTURE



Activities

Design and construction of high voltage power line distribution, switchyards and substations

Key Sectors: CSG/LNG, Minerals and Metals, Coal

SCEE CONSTRUCTION



Activities

E & I installation and commissioning of Greenfield and major Brownfield upgrade projects

Key Sectors: LNG/CSG, Minerals and Metals, Coal

SCEE SERVICES



Activities

Operations support, maintenance and sustaining capital management; Brownfield Design & Construct services

Key Sectors: CSG/LNG, Minerals and Metals, Oil & Gas Refining, Offshore Support



FY12 –YEAR IN REVIEW

SINO - KARRATHA, WA



Peak workforce – 250

Status – ongoing



DAMPIER INCREMENTAL EXPANSION -WA



Peak workforce – 38

Status – wrap-up phase

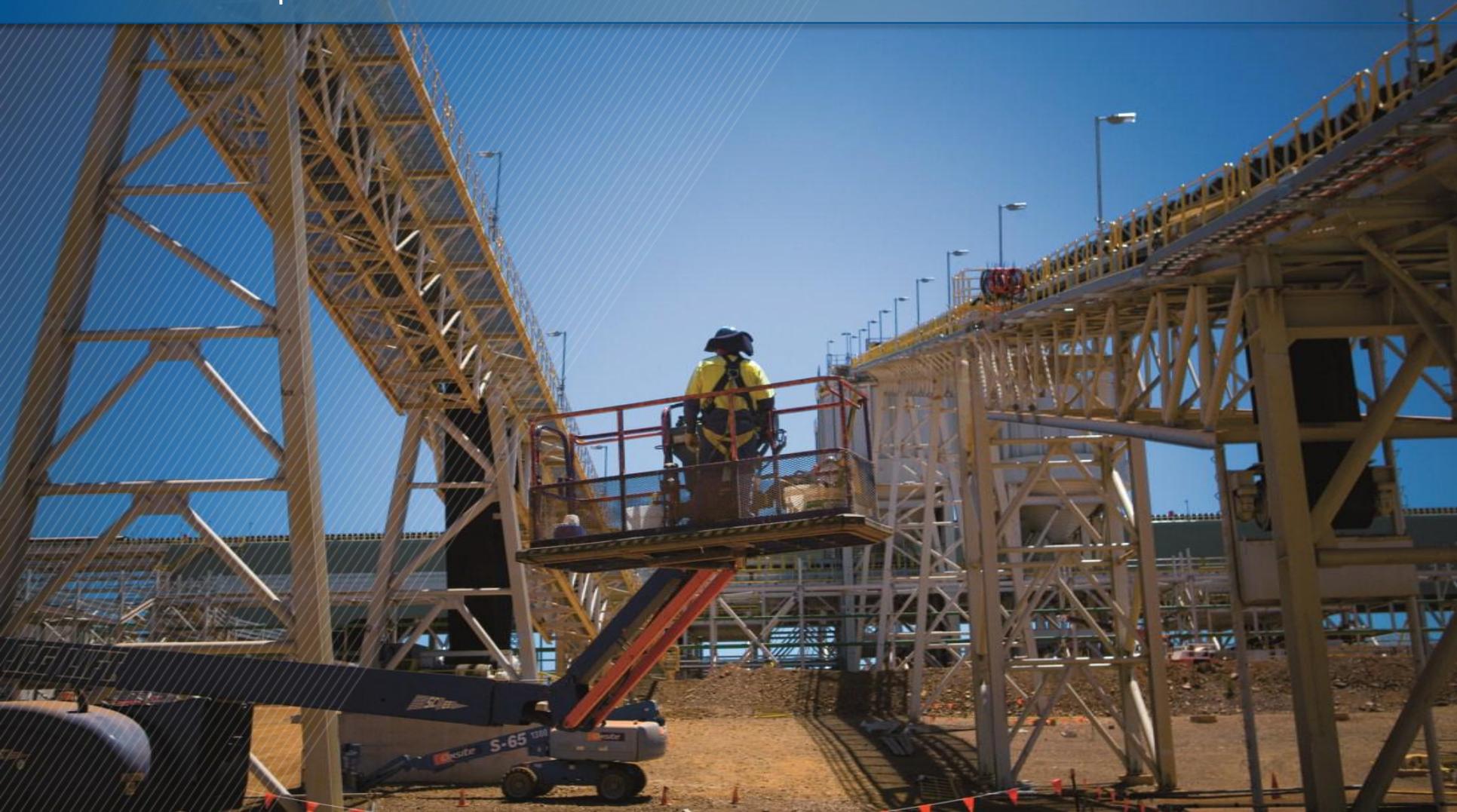


CADIA EAST - ORANGE, NSW



Peak workforce – 143

Status – complete



LAKE VERMONT COAL EXPANSION - QLD



Peak workforce – 95

Status – wrap-up phase



QCLNG UPSTREAM EARLY WORKS - QLD



Peak workforce – 120

Status – wrap-up phase



ANTAPACCAY - PERU



Peak workforce – 254

Status – wrap-up phase



PUEBLO VIEJO - DOMINICAN REPUBLIC



Peak workforce – 310

Status – complete



COASTAL WATERS - BUNGAROO VALLEY, WA



Peak workforce – 25

Status – on-going



RIO TINTO OPERATIONS - NWS, WA



Peak workforce – 18

Status – on-going



CAPE LAMBERT OVERHEAD LINES - WA



Southern Cross Electrical Engineering
Cape Lambert - Power Line Stringing

FY 12 HIGHLIGHTS



- Revenue increased 116% to \$220.0m (2011 - \$101.8m)
- Profit after tax of \$13.7m (2011 – loss of \$1.7m)
- Earnings per share 8.5cps (2011 – loss of 1.3cps)
- Dividend declared of 2.25c per share fully franked (2011 - no dividend)
- Cash at 30 June 2012 \$31.5m (30 June 2011 - \$26.3m)
- Banking and bonding capacity increased to \$60m (2011 - \$30m)
- Eight years LTI-free in Australia, two LTIs in overseas operations
- 30 June 2012 order book of \$79m secured orders and \$140m of preferred contractor status orders for Rio Tinto 353 and Yandi were in negotiations. Rio Tinto 353 and Yandi now awarded plus a further >\$40m on Tropicana.



SCEE's Australian operations are eight years LTI free

Numerous H&S certificates and awards:

- 2011 Worley Parsons Regional Managing Directors
- HSE Excellence Award, Australia and New Zealand (Pluto Project)
- 2010 & 2011 State NECA award winner for the Pluto LNG Project
- 2009 National NECA award winner for excellence in safety
- 2007 National NECA award winner for excellence in safety
- 2010: 7 Woodside Safety Awards for Woodside Pluto LNG Project



Growth and return to profitability

	Year ending 30 June 2012 \$m	Year ending 30 June 2011 \$m		% Change
Revenue	220.0	101.8	↑	116%
EBIT	19.4	(1.1)	↑	NA
Profit after tax	13.7	(1.7)	↑	NA
Earnings per share	8.50 cps	(1.28) cps	↑	NA
Dividends per share declared	2.25 cps	Nil	↑	NA
Cash	31.5	26.3	↑	20%
Net assets	86.9	72.7	↑	20%

PROJECT PERFORMANCE



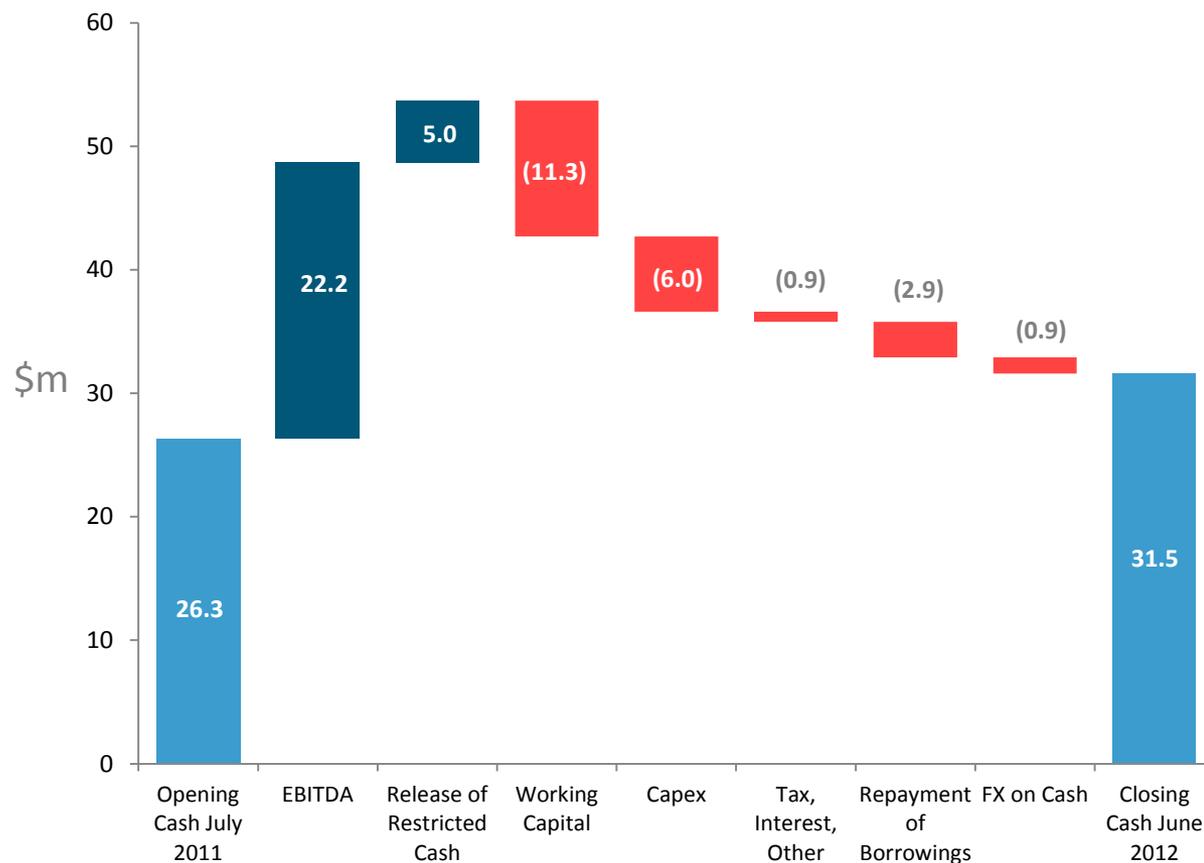
Growth trajectory

	6 months to			
	Dec 2010 \$m	Jun 2011 \$m	Dec 2011 \$m	Jun 2012 \$m
Revenue	47.3	54.5	84.2	135.8
Gross profit	2.3	13.9	17.8	25.6
<i>Gross profit margin</i>	4.9%	25.5%	21.1%	18.9%
Profit after tax	(4.8)	3.1	5.1	8.6
<i>Profit after tax margin</i>	(10.1)%	5.7%	6.1%	6.3%

CASH FLOW ANALYSIS



Return to cash generation



Highlights:

- Returned to net cash inflow in FY 2012
- Cash spend of \$9.7m on assets, mainly project plant and equipment
- Offset by proceeds from sale of property of \$3.7m
- Restricted deposit of \$5m released and bank borrowings repaid



LOOKING FORWARD WITH SCEE

SCEE objectives

Be recognised as a Tier 1 Electrical and Installation construction and operational support contractor in selected resources sectors:

- Minerals and metals (gold, copper, uranium, etc.)
- Iron Ore
- CSG
- LNG
- Coal

Full life cycle focus :

- Early works (SCEE Construction and SCEE Infrastructure)
- Construction (SCEE Construction and SCEE Infrastructure)
- Operations support (SCEE Services)



Market Outlook

- Gold continues to provide steady workload
 - Tropicana

Pipeline of Work

- Cadia Extension, Boddington Expansion
- Opportunities in Africa



Market Outlook

- Strong base from existing and new projects
 - Rio Tinto 353 mtpa
 - Sino Iron
- Scope for further growth from current projects and tenders

Pipeline of Work

- Rio Tinto Expansion, BHP Billiton Sustaining Capital, Sino Iron, Roy Hill, MAGJV Southdown



Market Outlook

- Well positioned for future work in the sector having completed QGC Early Works
- Expect the market to have a long life cycle
- Long term strategic objective to be leading CSG E&I contractor

Pipeline of Work

- QCLNG Upstream Facilities
- Arrow Upstream Facilities
- Gladstone LNG Upstream Facilities
- APLNG Upstream Facilities



Market Outlook

- From 2013 and onwards onshore LNG projects will provide unprecedented growth
- SCEE positioning itself to capitalise on these opportunities

Pipeline of Work

- Projects with FID:
 - Wheatstone/Ichthys/QCLNG/GLNG/APLNG/Gorgon (1,2&3)
- Projects in FEED:
 - Browse/Arrow LNG/Pluto (2&3)/Gorgon (4&5)



Market Outlook

- Successfully entered the market, completing first project
- Sector subdued in the short term
- Well positioned for future coal price recovery

Pipeline of Work

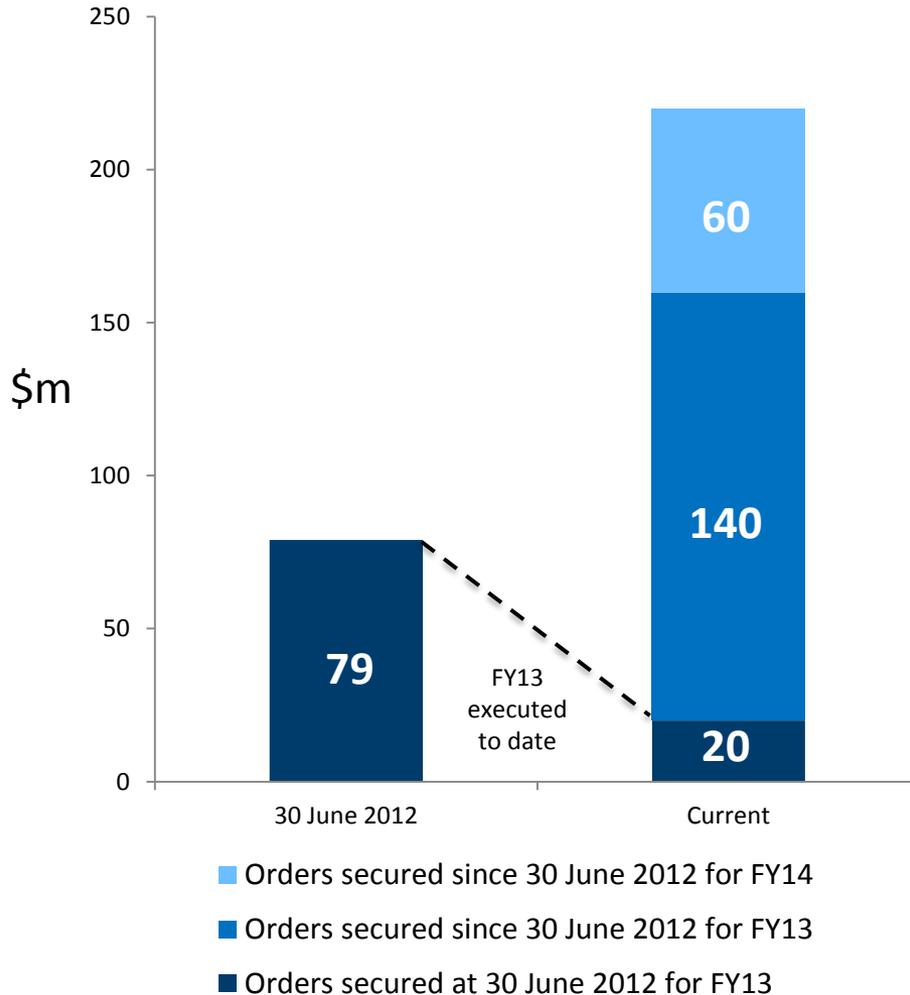
- BMA Caval Ridge, Whitehaven Maules Creek, Xstrata Wandoan



ORDER BOOK



Order book now \$220m



Ongoing Works:

- MCCM - Sino Iron
- Rio - Cape Lambert 33kv overhead line
- Rio - Yandi transmission lines
- Rio - Coastal Waters transmission lines

Contracts awarded post 30 June 2012 as expected:

- Rio – Yandi transmission lines second portion \$29m
- Tropicana Gold Project > \$40m
- Rio 353 mtpa - Cape Lambert Port B Scope ~\$100m

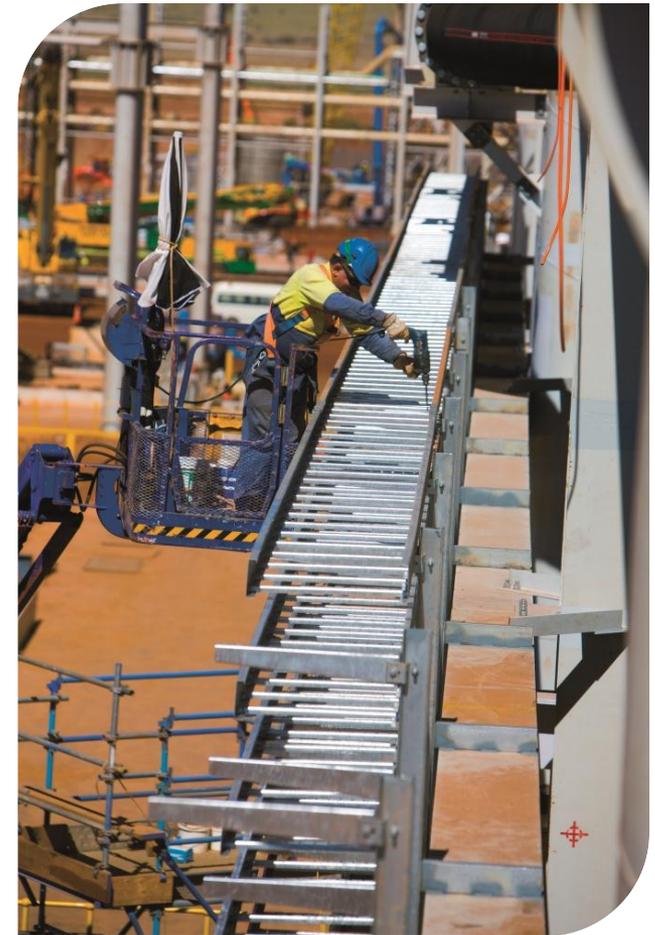
Order book excludes work under recurring framework agreements typically \$2m/month

Work continuing on further significant tenders

Second half performance expected to be significantly stronger than first half performance for both revenue and profit

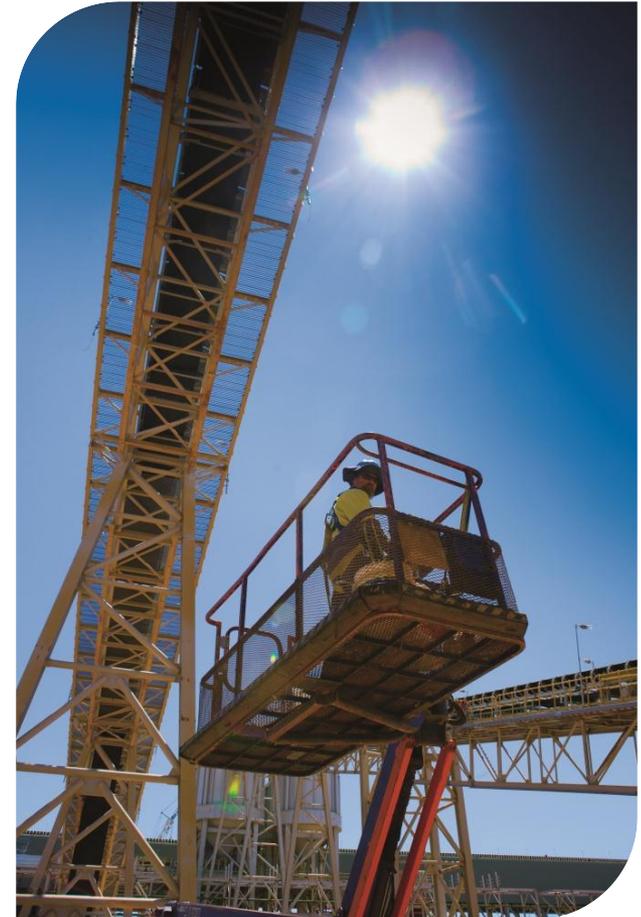
Rio Tinto – 353 mtpa expansion

- Cape Lambert Port B Scope
- Contract value of approximately \$100m
- Awarded under existing framework agreement
- Preferred contractor status for 5 years
- Work to commence immediately and conclude September 2013



Tropicana gold project

- Joint venture between AngloGold and Independence
- Electrical, instrumentation, communication and process control plant infrastructure package
- Contract value in excess of \$40m
- Forecast completion date May 2013



Rio Tinto – Yandi Transmission Lines

- Second portion of the Yandi sustaining project
- Design, supply and construct 330kV distribution overhead lines
- Second phase value in excess of \$29m
- Forecast completion date January 2014





FOUNDATIONS FOR GROWTH

Poised to continue sustainable growth

- Negligible debt
- Strong cash position and balance sheet
- Increased plant and equipment investment
- Banking and bonding capacity increased to \$60m

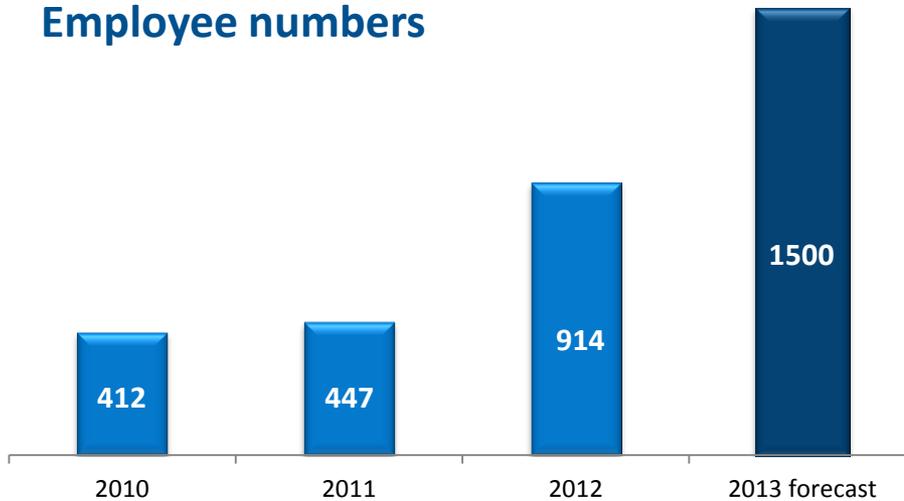


GROWING WORKFORCE



Staffing for success

Employee numbers

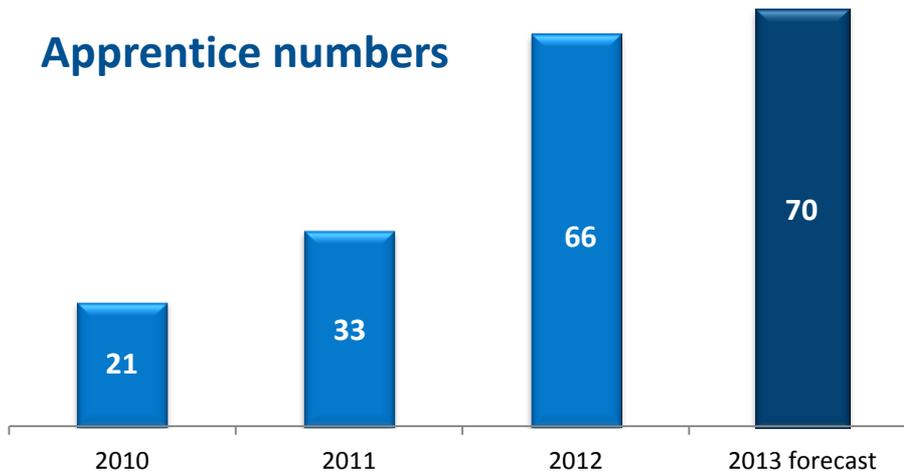


- Workforce more than doubled in 2012
- Continue to increase in line with growth strategy
- Recruitment and training are key focus



- Apprentice program has high retention rates
- Valuable part of company growth and development

Apprentice numbers





Training and Development

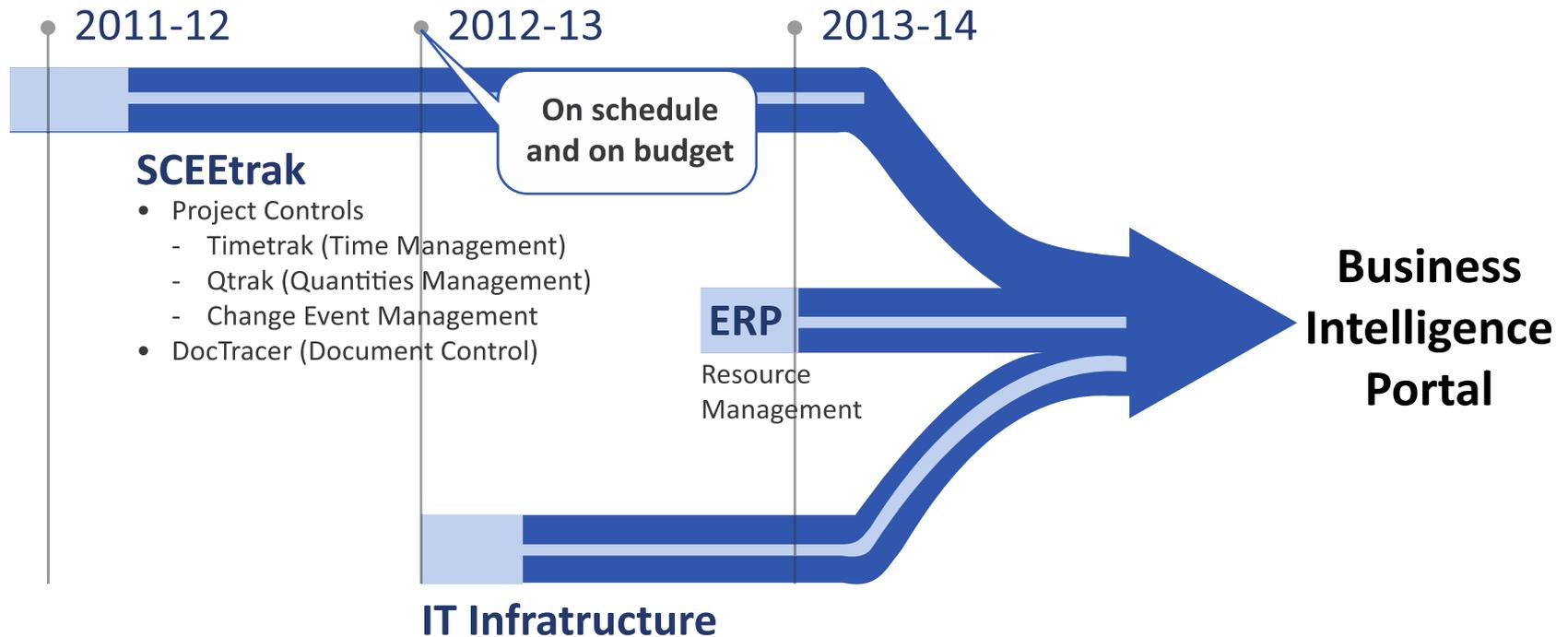
- Dedicated training managers, facilities and training management systems
- Leadership and mentoring program
- Purpose built training facilities
- High long-term skilled staff retention enables greater on the job mentoring support

Indigenous traineeships program

- Aim to provide meaningful and long term employment opportunities for Indigenous Australians
- Structured career pathways include warehousing, business administration and electrical apprenticeships
- Program commenced in 2010
- 37 trainees inducted to date, rising to 62 in 2013
- Cultural Awareness training for all SCEE Staff
- Close relationships with the Aboriginal Development Corporation, Wirrpanda Foundation and Kooya Enterprises



Business intelligence



Legend

- Development
- Implement and Customise
- Fully Utilised

Building recurring revenues

- Assistance with shutdowns and plant upgrades
- Growing a re-current revenue base to provide a level of stability in revenues
- A growing focus for management – dedicated management team now in place



EXPANDING REGIONAL PRESENCE



Efficiencies for projects and mobilisations

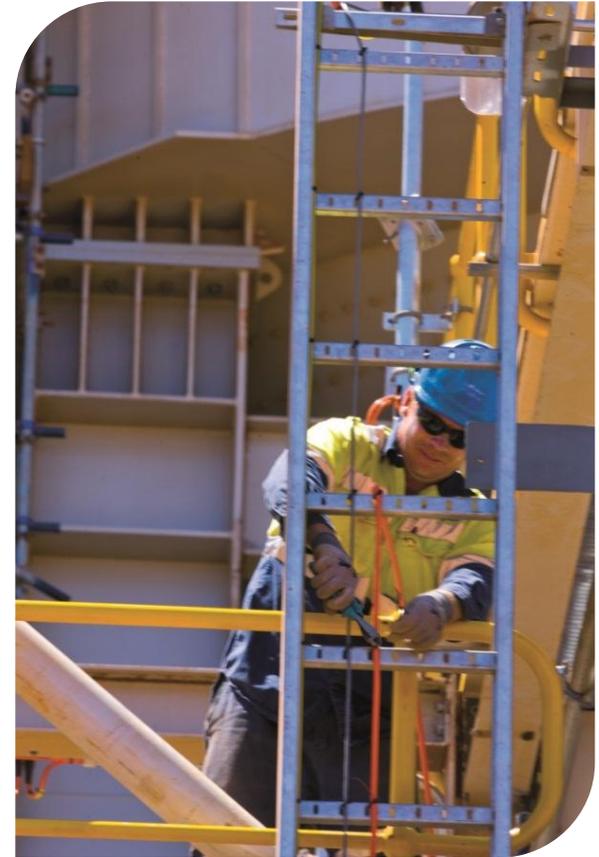
- Established a Rockhampton regional operation
- Considering other regional locations



CONCLUSIONS



- Solid progress in a transformational year
- Return to dividend payments on the back of healthy financial result and outlook
- Softening in current market conditions but three to five year outlook extremely positive
- Continue to build internal capacity to support ongoing growth
- Key focus on growing long term recurring workload



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.

QUESTIONS