Euroz Hartleys
Rottnest Island Conference 2020

10 March 2021

About SCEE

Electrical Contractor

Southern Cross Electrical Engineering (SCEE) is an ASX listed electrical, instrumentation, communication and maintenance services company recognised for our industry leading capabilities

Diversification

Established in 1978 in WA, and primarily servicing the resources sector, the combination in 2016 with Datatel Communications and in 2017 with NSW & ACT-focussed Heyday created a national group. The acquisition of the Trivantage Group in 2020 brought further diversification into the retail sector, security services and switchboard design and manufacturing, with a significant geographic presence in Victoria and SA

Markets

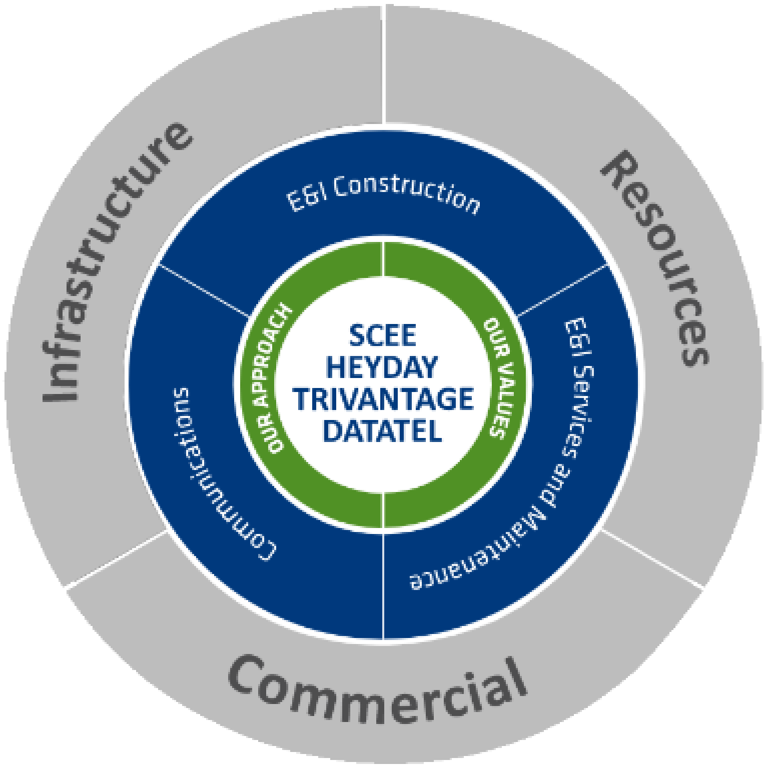
SCEE now operates across three broad sectors of Infrastructure, Commercial and Resources

People

Over 1,400 employees, including over 190 electrical apprentices and trainees

Safety

Original SCEE business 16 million man-hours and over 16 years Lost Time Injury free in Australia



Highlights

Financial

Half year revenue of $135.4m down 27% on previous period

Revenue reduced in half due to later than expected award of Rio Tinto Gudai-Darri and delays in execution of other resources projects into second half

EBITDA* of $9.7m down 9%, EBIT* of $7.3m down 9% and NPAT of $4.5m down 15% on previous period

Coronavirus still having multiple minor but insidious impacts on productivity

Good working capital collection means balance sheet remains strong with cash of $53.3m at 31 December 2020 ($55.3m at 30 June 2020) despite net cash outflow of $21.3m for Trivantage acquisition in period

No debt at 31 December 2020

Operational

Acquisition of Trivantage Group completed on 16 December

Significant contract wins included Rio Tinto Gudai-Darri ($65m) and circa $40m of commercial and datacentre projects in Sydney and Canberra

Continuing work at Wynyard Place and Pitt Street Metro is at early stages

Demobilised at Parramatta Squares 3 & 4 and Westmead Hospital

Major resources projects ramp-up slower than originally forecast but visibility of work for second half

Following NBN completion Datatel business restructured and refocused on electrical communications and data services & maintenance

Decmil arbitration process continuing with conclusion expected this calendar year

Outlook

Expecting significantly expanded H2 with works carried over from H1 and contribution from Trivantage

Mobilising significant resources to Rio Tinto Gudai-Darri and Kemerton Lithium Plant from January onwards

Targeting FY21 revenues of $420m

Record order book of $500m includes $60m from Trivantage

Pipeline remains strong with over $700m of submitted tenders

Resources sector activity continues to intensify

Infrastructure strengthening including targeting NSW opportunities such as Sydney Metro and second airport

Integration activities with Trivantage commencing

** EBITDA and EBIT are non-IFRS financial measures, for a reconciliation to statutory results see Appendix*

Reduced first half activity, greater second half expected

Half year revenue of $135.4m down 27% on previous period

Later than expected award of Rio Tinto Gudai-Darri and delays in execution of other resources projects into second half reduced levels of activity

Result includes significant one-off or unusual items including JobKeeper receipts of $7.4m, acquisition-related costs for Trivantage of $1.9m and restructuring costs of $0.9m in Datatel as post-NBN is refocused towards services business (see slide 15)

COVID continues to have multiple minor but insidious impacts on productivity evaluated at costing circa $2-3m in H1, including inter-State travel restrictions, unproductive time, additional recruitment requirements, changes to methodologies, and additional cleaning and PPE costs

This resulted in an EBITDA* of $9.7m down 9%, EBIT* of $7.3m down 9% and NPAT of $4.5m down 15% on previous period

In second half and onwards JobKeeper receipts expected to significantly reduce and will start to incur amortisation charges for intangible assets acquired from Trivantage

Summary financials:

	H1 21	H2 20	H1 20
	$m	$m	$m
Revenue	135.4	184.8	230.3
Gross Profit	21.7	20.7	23.8
Gross Margin %	*16.0%*	*11.2%*	*10.3%*
Overheads	12.2	10.3	13.2
EBITDA	9.7	10.7	10.9
EBITDA %	*7.2%*	*4.5%*	*4.7%*
EBIT	7.3	8.0	8.4
EBIT %	*5.4%*	*4.3%*	*3.6%*
NPAT	4.5	5.3	5.5
NPAT %	*3.3%*	*2.9%*	*2.4%*

** EBITDA and EBIT are non-IFRS financial measures, for a reconciliation to statutory results see Appendix*

Strong balance sheet and debt free

Balance sheet remains strong with cash of $53.3m at 31 December 2020 ($55.3m at 30 June 2020) despite net cash outflow of $21.3m for Trivantage acquisition and $7.2m FY20 final dividend paid in period

No debt at 31 December 2020

Acquisition of Trivantage resulted in $6.6m of net tangible assets and $39.6m of intangible assets consolidated onto balance sheet

Further analysis of Trivantage intangible assets into goodwill and other intangible assets to be performed for full year results

$68.4m of bank guarantees and surety bonds on issue out of a total group capacity of $100m leaving a headroom of $31.6m

Franking account balance of $15.1m

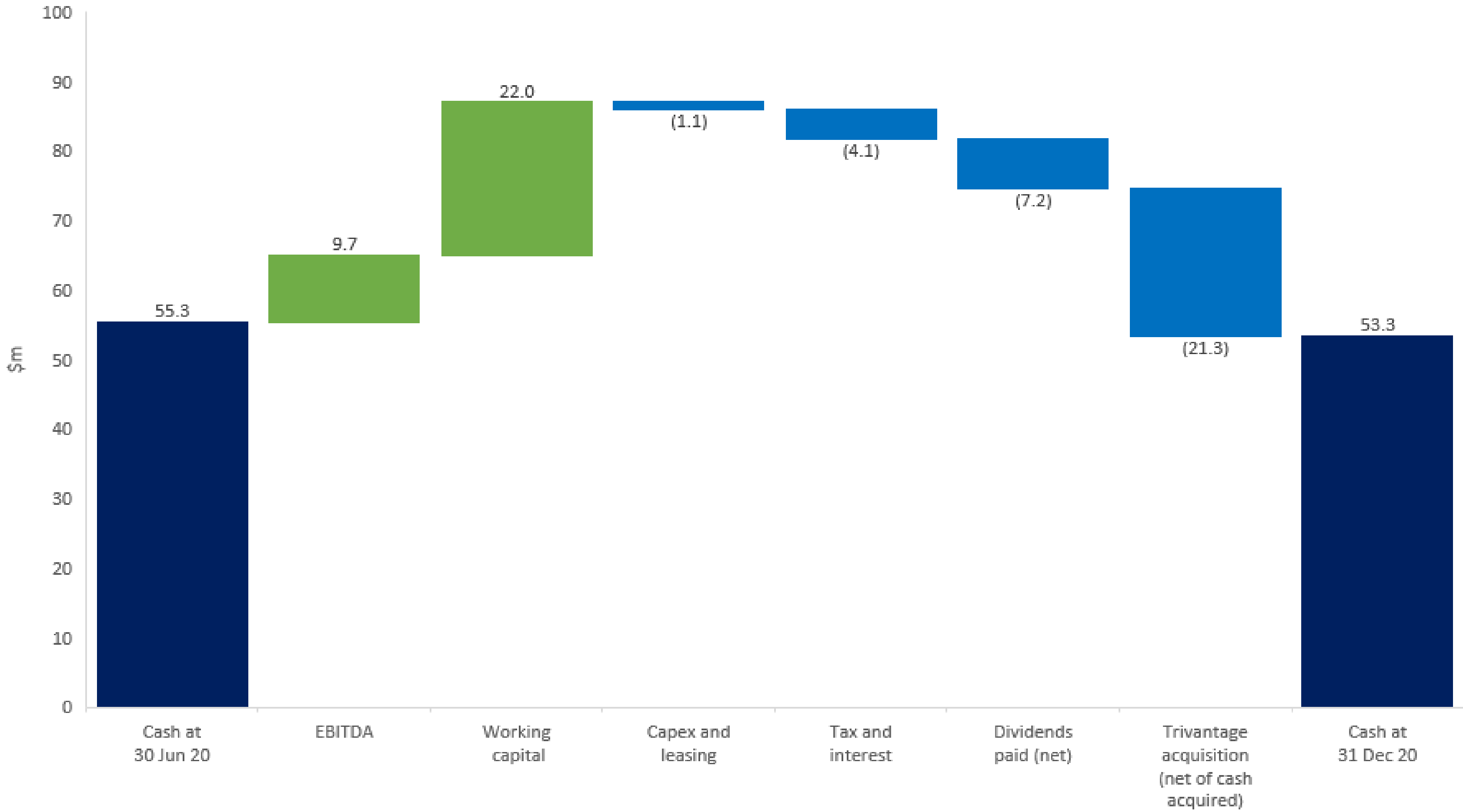
Balance sheet summary:

	Dec 20	Jun 20
	$m	$m
Current assets	180.0	170.8
Non-current assets	137.1	90.9
TOTAL ASSETS	317.2	261.7
Current liabilities	127.9	90.2
Non-current liabilities	27.9	13.2
TOTAL LIABILITIES	155.8	103.4
EQUITY	161.4	158.4

Cash flow

$22.0m working capital inflow from closing out completed FY20 projects and receipt of advance payments on new resources projects

Net cash payment of $21.3m for Trivantage acquisition and $7.2m FY20 final dividend paid



Order book reaches record half billion dollars

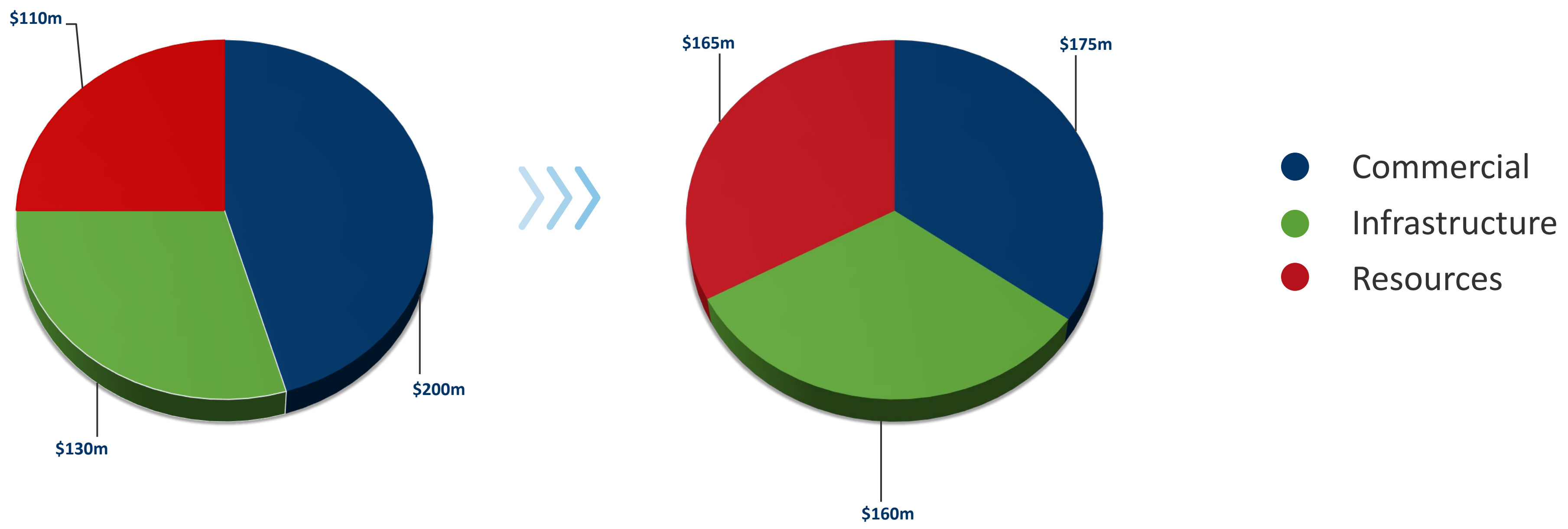
Record secured order book of $500m includes $60m contribution from Trivantage

Resources work continues to grow

Future works balanced across the three sectors

Jun 20 **$440m**

Dec 20 **$500m**



Strategy and sector outlooks

Strategy

SCEE primarily sees itself as an electrical and associated services contractor diversified across the resources, commercial and infrastructure sectors

Our growth strategy falls in two parts:

- To continue to deepen our presence and broaden our geographic diversity in those sectors, noting the strong outlooks for resources and infrastructure

- To grow our services, maintenance and recurring earnings offerings to complement our construction capabilities

We will achieve this through both organic initiatives and by continuing to actively pursue acquisition opportunities

Sector outlooks

Resources activity has rebounded since the low levels of FY20

Kemerton Lithium Plant, Rio Tinto Gudai-Darri and Rio Tinto Gove will be strong revenue contributors in second half

Pipeline continues to grow as commodity prices high – seeing significant opportunities in iron ore, lithium and renewables developments alongside resources projects (see slide 13)

Commercial remains largest component of order book and Wynyard Place and Ribbon Project will be largest revenue generators In second half

Medium term outlook for commercial strong as developments around infrastructure hubs commence

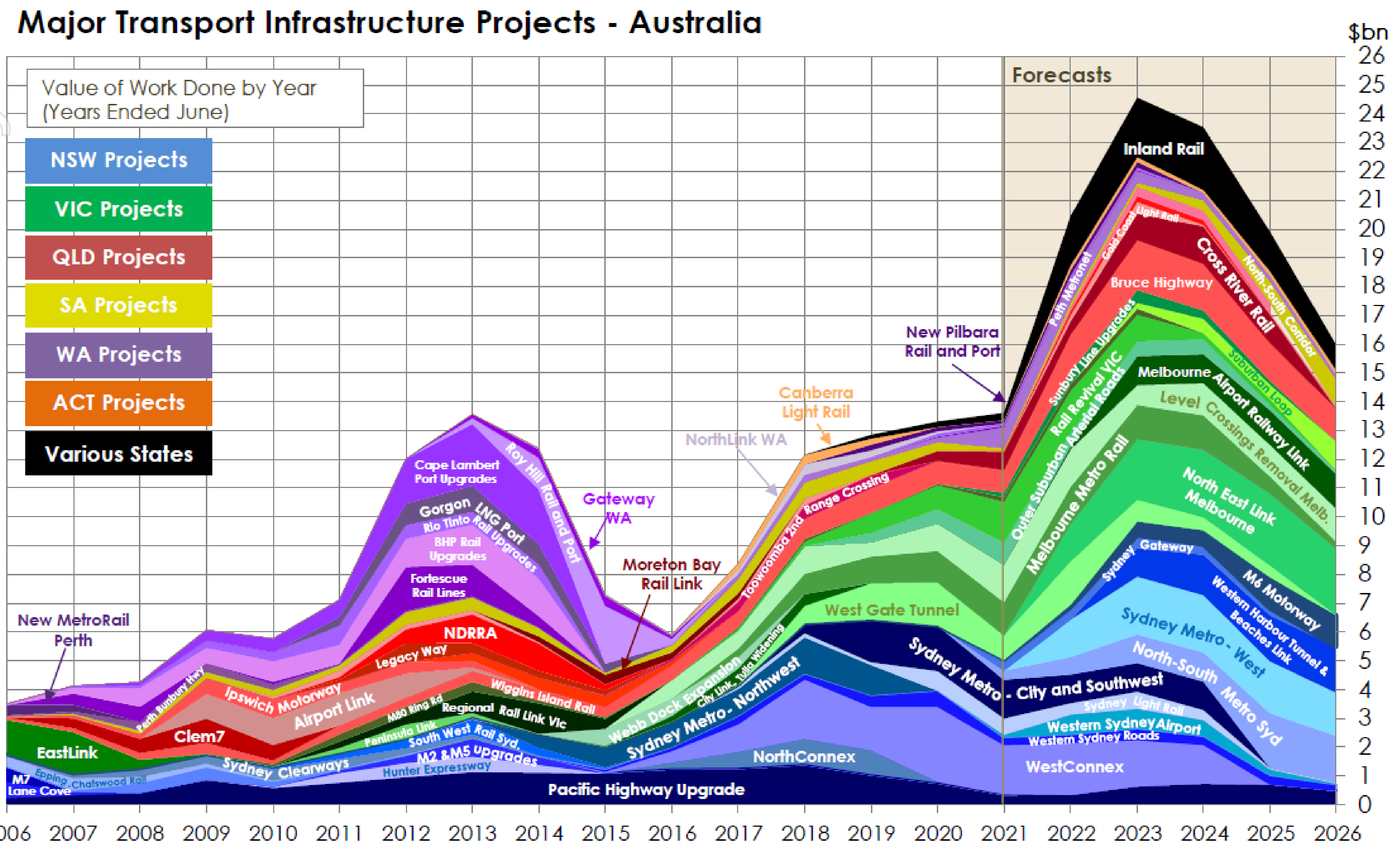
Infrastructure less significant contributor in FY21 as WestConnex, RAAF Tindal and Westmead Hospital largely completed

However significant investment sanctioned, with peak activity to come and electrical work generally later in cycle

Pitt Street Metro will ramp up in FY22 and bidding further opportunities on Sydney Metro

Bidding other hospital, transport and defence opportunities

Infrastructure peak coming



Macromonitor, January 2021

Trivantage

Acquisition substantially increases SCEE's exposure to recurring and service & maintenance style work

Offers considerable cross-selling opportunities:

- Supplying Trivantage switchboards across the SCEE, Datatel and Heyday businesses
- Widened scopes in supermarkets and retail sectors
- Trivantage security and access control systems into commercial projects
- Further services to Datatel's government and educational customer base
- Datatel can deliver fibre related works currently subcontracted out by Trivantage

Synergies expected from:

- Knowledge sharing across combined group in business development and estimation
- Integration of back-office functions

Trivantage is a leading specialised electrical services provider and operates under three divisions:

S.J. Electric: electrical services to the commercial and retail sector

SEME Solutions: electronic security services to resources, law enforcement, custodial, industrial, and health sectors

Trivantage Manufacturing: leading manufacturer of premium quality switchboards to a range of end users

Resources decarbonisation

Decarbonisation of resources sector commencing

Battery, solar and wind projects under development

Initiatives under way by multiple mining companies including Rio, BHP and FMG

Energy and raw materials availability driving related Pilbara developments – hydrogen, fertilisers, urea

SCEE positioned to offer electrical and instrumentation, powerline, network and communications services

As well as long history in Pilbara, SCEE's credentials include:

- NSW solar farms – Parkes, Griffiths, Dubbo and Narromine
- EDL Agnew Battery Energy Storage System and windfarm
- Tan Burrup completion and commissioning works

SCEE leveraged across many aspects of decarbonisation chain – multiple lithium and copper projects, supermarket refrigeration power efficiencies, metal recycling plants, green buildings

Conclusion and outlook

- Half year revenue of $135.4m down 27% on previous period
- Major resources projects ramp-up slower than originally forecast but visibility of work for second half
- EBITDA* of $9.7m down 9%, EBIT* of $7.3m down 9% and NPAT of $4.5m down 15% on previous period
- Cash of $53.3m and no debt at 31 December 2020
- Acquisition of Trivantage Group completed on 16 December
- Expecting significantly expanded H2 with works carried over from H1 and contribution from Trivantage
- Mobilising significant resources to Rio Tinto Gudai-Darri and Kemerton Lithium Plant from January onwards
- Targeting FY21 revenues of $420m
- Record order book of $500m includes $60m from Trivantage
- Resources sector activity continues to intensify
- Infrastructure strengthening including targeting NSW opportunities such as Sydney Metro and second airport

** EBITDA and EBIT are non-IFRS financial measures, for a reconciliation to statutory results see Appendix*

Corporate summary

Capital Structure	
ASX Code	SXE
Share Price (22 February 2021)	56.0c
No. of ordinary shares	248.1m
Market Capitalisation (22 February 2021)	$138.9m
Number of performance rights	4.2m
Total Cash (31 December 2020)	$53.3m
Debt (31 December 2020)	Nil
Enterprise Value (22 February 2021)	$85.6m

Shareholders at 11 February 2021	
Thorney Investments	17.8%
First Sentier Investors	9.3%
Perennial Value Management	5.3%
Other Institutions in Top 30 Shareholders	12.9%
Frank Tomasi	18.9%
Others (Retail, Private, Employees, Directors)	35.8%
Total	100.0%

Appendix – IFRS reconciliation

SCEE's results are reported under International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. The Company discloses certain non-IFRS measures that are not prepared in accordance with IFRS and therefore considered non-IFRS financial measures. The non-IFRS measure should only be considered in addition to, and not as a substitute for, other measures of financial performance prepared in accordance with IFRS.

EBIT and EBITDA are a non-IFRS earnings measure which do not have any standard meaning prescribed by IFRS and therefore may not be comparable to EBIT and EBITDA presented by other companies. EBIT represents earnings before interest and income tax. EBITDA represents earnings before interest, income tax, depreciation and amortisation. A reconciliation of profit before tax to EBIT and EBITDA is presented in the table on this slide.

	H1 21	H2 20	H1 20
	$m	$m	$m
Contract revenue	135.4	184.8	230.3
Contract expenses	(113.7)	(164.1)	(206.5)
Gross Profit	**21.7**	**20.7**	**23.8**
Other income	0.2	0.3	0.2
Overheads	(12.2)	(10.3)	(13.2)
EBITDA	**9.7**	**10.7**	**10.9**
Depreciation and amortisation	(2.3)	(2.7)	(2.5)
EBIT	**7.3**	**8.0**	**8.4**
Net finance expense	(0.5)	(0.4)	(0.5)
Profit before tax	**6.8**	**7.6**	**7.9**
Income tax expense	(2.3)	(2.2)	(2.4)
Profit from continuing operations	**4.5**	**5.3**	**5.5**

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 the current intentions, plans, expectations, assumptions and beliefs of Southern Cross Electrical Engineering Limited (“SCEE”) about future events and are subject to risks, uncertainties and other factors, many of which are outside the control of SCEE.

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 SCEE's current intentions, plans, expectations, assumptions and beliefs about the future, you are urged to view all forward-looking statements contained in this presentation with caution and not to place undue reliance on them. No representation is made or will be made that any forward-looking statements will be achieved or will prove to be correct.

SCEE does not undertake to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. Past performance information given in this presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

This presentation is for information purposes only. It is not financial product or investment advice or a recommendation, offer or invitation by SCEE or any other person to subscribe for or acquire SCEE shares or other securities. The presentation has been prepared without considering the objectives, financial situation or needs of the reader. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek the appropriate professional advice.

Statements made in this presentation are made as at the date of the presentation unless otherwise stated. The information in this presentation is of a general background nature and does not purport to be complete. It should be read in conjunction with SCEE's other periodic and continuous disclosure announcements.