27 February 2024

Half Year Results Announcement

- **Revenue $255.6m (H1 FY23: $255.4m) matched PCP**
- **NPAT $9.6m (H1 FY23: $9.7m) matched record H1 profit performance of PCP**
- **Cash balance $65.0m and no debt**
- **Fully franked 1.0 cps interim dividend declared**
- **Maintaining FY24 profit guidance**
- **Significant pipeline of near-term data centre and infrastructure opportunities**
- **Range of acquisition targets being actively explored**

Southern Cross Electrical Engineering Limited ("SCEE Group") today released its results for the half year ended 31 December 2023.

Financial Results

Revenue for the half year of $255.6m matched the prior corresponding period revenue of $255.4m and is consistent with guidance of targeting full year revenue of over $500m.

Infrastructure sector revenue grew 50.8% on the prior corresponding period to cover for the lower resources activity following the completion of major projects in the sector in FY23.

Recurring revenues from services, maintenance and framework agreements contributed over 40% of activity in the period.

Revenue contribution by sector was as follows:

- Infrastructure – revenue for the period was $103.8m, up from $68.8m in the prior corresponding period and was the largest sector in the first half. Work on the Multiplex Western Sydney International Airport project ramped up during the period and is now at high levels of activity. There are ongoing works at the NEXTDC SYD03 data centre and the Pitt Street Sydney Metro station project in NSW and the Ergon Energy Queensland Service Agreement. The supply of the Westgate Tunnel switchboards in Victoria is nearing completion.
- Commercial – revenue for the period was $78.9m, compared to $82.5m in the prior corresponding period. Trivantage's national supermarket services business continues to deliver strong results. Heyday has various ongoing projects in NSW and the ACT including the Pitt Street

Sydney Metro station commercial and residential towers.

- Resources – revenue for the period was $72.8m down from $104.1m in the prior corresponding period with the large-scale construction projects at Rio Tinto Gudai-Darri and the MARBL JV Kemerton lithium plant having successfully completed in FY23. Key projects in the period included the security upgrade works at the Dysart, Moranbah and Stayover Dysart accommodation villages in the Bowen Basin in Queensland, the CPB Mount Keith debottlenecking project and various ongoing works for BHP, Rio Tinto and Sino Iron.

Gross profit for the period of $37.7m was down slightly by 3.3% on the prior corresponding period gross profit of $38.9m. Gross margins were 14.7% compared to the prior corresponding period gross margins of 15.3%.

The group continues to monitor and manage the broader economic environment. There have been no material impacts on our operations from inflationary cost pressures or labour market issues to date.

Overheads of $20.9m remained consistent with the prior corresponding year, both in absolute terms and as a percentage of revenue.

EBITDA for the half year of $17.1m was down 10.1% and EBIT of $13.3m was down 7.7% on the prior corresponding period.

Net profit after tax of $9.6m matched the group record H1 profit performance in the prior corresponding period of $9.7m and included $1.1m amortisation of intangibles relating to the FY21 acquisition of Trivantage (H1 FY23 amortisation was also $1.1m).

The Board has declared a fully franked interim dividend of 1.0 cent per share to be paid on 10 April 2024.

The cash balance at 31 December 2023 remained strong at $65.0m (30 June 2023: $77.7m). There were significant cash outflows in the period for the final Trivantage acquisition earn-out which was achieved in full ($7.3m), the final FY23 dividend ($10.2m) and income tax instalments ($13.6m) of which a significant portion related to the successful close out of the major FY23 resources projects.

The group remains debt free.

Outlook

The group is targeting FY24 revenue of over $500m and similar EBITDA to FY23 with growth anticipated in FY25 and beyond.

The order book at 31 December was $550m, up 4.8% on the prior corresponding period. Awards in the period included the NEXTDC SYD03 Data Centre, the Australian Border Force's integrated fit out at Western Sydney International Airport, the City Tattersall's Club redevelopment project in NSW, and the accommodation village security upgrade works in Queensland. We continue to secure regular works under our key framework agreements including various supermarket roll-outs.

The infrastructure sector contributes over half of the order book and is expected to remain the largest sector in the second half. The Western Sydney International Airport project is now at a high level of activity. The project has already seen significant scope increases with further growth anticipated. The Pitt Street Sydney Metro station and towers projects are ongoing with further opportunities on the Sydney Metro programme. The Shoalhaven Hospital redevelopment project will ramp up during the second half and we are targeting other hospital opportunities. There is a growing pipeline of over $500m of data centre developments that we are bidding already or positioning for in NSW where we have a strong track record of delivering such projects.

In the commercial sector ongoing projects include the Pitt Street station towers and the City Tattersall's Club redevelopment project. Activity on the Atlassian HQ Building electrical services contract secured in the prior year will start to ramp up in the second half.

Activity in the resources sector is expected to remain at similar levels in the second half in the absence of any large construction projects. A number of opportunities are emerging beyond FY24.

The electrification and decarbonisation of the Australian and global economies present the group with opportunities across all the markets in which it operates. The group is exposed to these opportunities through three avenues, being supporting the decarbonisation of resources operations, assisting in meeting the demand for commodities required for decarbonisation, and offering services across a diverse and growing range of initiatives including green buildings, solar farms, refrigeration power and electric vehicle charging systems.

Strategy

SCEE Group primarily sees itself as an electrical contractor diversified across the resources, commercial and infrastructure markets.

Our growth strategy continues to be to deepen our presence in those sectors and broaden our geographic diversity through expanding our core competencies and adding adjacent and complementary capabilities, either organically or by acquisition.

We have increasing exposure to service and maintenance style work with recurring revenues now over 40% of activity.

We are actively exploring a range of acquisition targets offering further geographic diversification and new capabilities.

We are positioned to service the decarbonisation and electrification initiatives shaping our markets.

Comment

Commenting on the full year results, SCEE Group Managing Director Graeme Dunn said "This result is in line with expectations and particularly pleasing in the context that, given for the time being there are no replacements for those major resources projects completed in FY23, we have been able to make that difference up with growing levels of activity in the infrastructure sector.

There is a further and near-term strong pipeline of data centre and infrastructure opportunities that we expect to capitalise on and with significant exposure to the electrification and decarbonisation initiatives across the economy we expect significant growth in FY25 and beyond."

Results webcast

Investors and analysts are invited to attend a results presentation webcast with Graeme Dunn (SCEE Group CEO and Managing Director) and Chris Douglass (SCEE Group CFO) today, Tuesday 27 February 2024 at 11am WST.

Investors and analysts wishing to attend the webcast are required to register prior to the event at the following link:

https://edge.media-server.com/mmc/p/cdgvp9mj

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