# Market Update

**25 October 2016**

**ASX & media announcement**

**ASX code: SXE**

- **Slower than expected ramp-up of work in H1**
- **Forecast H1 underlying NPAT loss of circa $2.0m**
- **SCEE remains confident in underlying flow of work in all sectors in which we operate**
- **Forecast profitable H2 resulting in full year FY17 underlying NPAT in range of $4.0m-$5.0m**

## Forecast

Southern Cross Electrical Engineering Limited (SCEE) advises that due to the slower than expected ramp-up of work in the first half it forecasts an underlying net loss after tax of circa $2.0m for the half year ended 31 December 2016.

This forecast result has been impacted negatively from several sectors in which SCEE operates:

- Significant mobilisation for our oil & gas projects has now commenced but was later than SCEE had originally envisaged;
- While tendering activity remains robust in the mining and utilities sectors, certain clients have been slower than anticipated to release contract packages; and
- Datatel, SCEE's newly acquired telecommunications subsidiary, has experienced a temporary slow-down of work in the roll-out of the NBN in Western Australia. Expansion on the East Coast into Tasmania, Victoria and Queensland has only recently commenced and is forecast to accelerate.

However the Company remains confident in the underlying flow of work in all sectors in which it operates and forecasts a profitable H2 leading to an anticipated result for the full year of an underlying FY17 NPAT in the range of $4.0m-$5.0m.

## CEO Comment

CEO Graeme Dunn commented "This is a period of transition for SCEE as it implements its strategy to evolve into a sustainable business in its historic resources markets and deliver growth through expansion into new geographies and adjacent and complementary sectors. We are positive that in all these sectors where we have experienced a slowdown or a delay to the commencement of work that activity levels will return to expectations.

The Company maintains a strong balance sheet, remains highly focussed on cost control and management is very active in investigating a number of potential acquisition opportunities in line with our strategy."


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