



## Annual General Meeting

13 November 2008

### Chairman's Address to Shareholders

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Dear Shareholders,

Last year I spoke of the significant development and impressive growth of the business in 2007. This year I am pleased to announce record earnings performance for Service Stream for the 2008 financial year. This year revenue grew to \$450 million, an increase of 82% from the previous year, with net profit after tax increasing 61% from the previous year to \$18 million.

Our Managing Director and CEO, Mr Patrick Flannigan will provide a more detailed review of the results, so I will briefly mention some of the highlights during the year:

- Operating revenue up 82.3% to \$450.6M
- EBITDA up 75.6% to \$37.2M
- Reported NPAT up 61.1% to \$18.1M
- \$1B Telstra AAS contract performing to expectations
- Annualised revenues approaching \$650M
- \$2B work-in-hand for next 4 years
- All business units performing profitably
- Material organic growth opportunities in core infrastructure business streams
- Strong balance sheet and capacity to fund growth
- Full year DPS maintained at 7.5 cents
- Positive FY09 outlook

Service Stream's ongoing success is driven by the Board's commitment to diversify through strategic acquisitions. Demonstrating the Group's strategy to diversify into the utilities sector, Service Stream acquired AMRS, McCourt Dando, Serviceworks metering, Alinta Sub Metering and South East Qld Underroad Drillers (SEQUD) during the year. The AMRS, Serviceworks metering and Alinta Sub Metering businesses have positioned Service Stream as a leading player in meter reading services space. While the McCourt Dando and SEQUD acquisitions will deliver multi utility civil contracting services to a diverse range of industries. With these acquisitions, the Group's size and national presence dramatically increased. Service Stream now has a workforce of over 4,000 people spread over 52 locations.

Our largest contract to date, the \$1billion Telstra Access and Associated Services contract, demonstrated Service Stream's shift to being a national supplier to Australia's largest telecommunications corporation. Extending Telstra's coverage of their wireless network in Australia, the Total Communications Infrastructure (TCI) division were awarded a 2 year national contract to build mobile base stations for the telecommunications giant. Our recent acquisition, AMRS, will provide meter reading services to the residents of South Australia after winning a contract with the South Australian Water Corporation. The five year contract will see AMRS field staff read more than 2.3 million water meters per annum.

Shareholders who have been with us when Service Stream was first listed in 2004 on the Australian Stock Exchange have seen:

- Nine major acquisitions over the past four years successfully consolidated into the Group structure
- Growth in turnover from \$60.6M to \$450.6M
- Growth in net profit after tax from \$0.6M to \$18.1M
- Growth in workforce from 1,500 in June 2005 to currently over 4,000 people
- Growth in national footprint from 11 to 52 sites

Today, Service Stream is recognised as a leading supplier of end-to-end solutions in the telecommunications and utilities sectors.

Each year I have stated that safety is critical and will continue to remain as a strong focus of Board attention. It is vital that all workplace hazards are identified, the associated risks assessed and suitable control measures put in place on all worksites. During the year risk assessment, job safety analysis and environmental emergency response training has been carried out in all mainland states. In addition Quality, Safety and Environment internal audits have been conducted at all certified locations.

The Corporate Review, on pages 22 and 23, sets out some information on our procedures, audit systems and the goal to achieve zero injuries.

We recognise the growing expectation of the community in terms of environmental corporate responsibility. In order to ensure industry best practices and minimise our risk profile, Service Stream has implemented an integrated management system complying with the Australian and International Standards for Quality, Safety and Environment.

As Service Stream acquires and integrates new businesses, we will continue to maintain industry best practice in quality, safety and environmental management. With the majority of our operations management systems now being certified, the Board has approved plans to strategically roll out certified systems across the group.

Our staff are vital to the success of the Company and we would like to thank all of the staff over the past year. The period of great change continues and we would like to applaud their enormous contribution.

It is with great pleasure that I can advise that we have had an excellent response to the first Employee Share Ownership Plan Offer, you will recall that shareholders approved this plan at last year's AGM. The offer closed on 31 October 2008 with over 24% of permanent staff taking up the offer to become shareholders of Service Stream. This response rate compares well to the expectations of Computershare, who manage this Plan on our behalf, as well as hundreds of similar plans for companies throughout Australia.

This is great way to reward the staff for their hard work and dedication in delivering the best possible results for shareholders.

The Company is committed to working towards best practice in Corporate Governance. The Board now has four Committees that meet regularly, being an Audit and Governance Committee, a Remuneration and Nomination Committee, an Investment and Strategy Committee and an Environment, Risk and Safety Committee.

The Company's corporate governance procedures are outlined on pages 1 to 6 of the Annual Financial Report.

We have recently announced the key contract wins with APA Group, Sydney Water and SA Water all within our utilities infrastructure services division. Our Managing Director will comment in more detail on these exciting opportunities.

On behalf of our Shareholders and the Board, I would like to take this opportunity to thank all employees for their continued support and achievements. On behalf of all shareholders I would like to extend my gratitude to Mr Patrick Flannigan, Mr Michael Doery, Mr Rod Stanton and my fellow members of the Board for their commitment and leadership culminating in a great year's result.

Thank you.



**JOHN LLEWELLYN (Lyn) DAVIES**  
Chairman