

ASX & Media Release
27 February 2009
Service Stream delivers strong result

- **core activities set for full year growth**

Half-Year Highlights

- Record first half revenue of \$277.4 Million up 39.3%
- EBITDA up 12.1% to \$15.3 Million
- NPAT up 0.5% to \$6.6 Million
- Fully franked interim dividend of 3.5 cents per share
- Renewed and extended banking facilities with the introduction of a second major banking institution
- Long term contract wins across Australia, strengthening presence in Utilities sector

Leading industrial services provider Service Stream Limited (ASX: SSM) today announced its results for the half year ended 31 December 2008.

The Company recorded \$15.3 million EBITDA and \$6.6 million NPAT for the period on total revenue of \$277.4 million.

Financial Results

Half-Year to 31 December	31-12-2008 (\$'million)	31-12-2007 (\$'million)	% Change
Revenue	277.4	199.1	+ 39.3%
EBITDA	15.3	13.6	+ 12.1%
EBIT	11.7	10.8	+ 8.0%
NPAT	6.6	6.6	+ 0.5%
EPS (cents)	3.74	4.17	- 10.3%
Dividend (cents per share)	3.5	3.5	Maintained

Operational Highlights

- Strong operational performance particularly from the Tickets of Work segment
- Contact Centre Solutions segment delivers on earnings through contract and cost focus
- Utilities sector poised for growth in second half and beyond
- New contracts secured and existing contracts renewed particularly:
 - SA Water (5 year metering services)
 - Sydney Water (2 year + 6 year option metering maintenance)
 - Ipswich motorway (Multi-utility relocation)
 - APA Group (5 year gas meter services)
 - Phase 1 Smart Meter Exchange Victoria

Results Commentary

The results for the six months to December 2008 reflect a strong performance from all segments, notwithstanding the one off impact of losses incurred by McCourt Dando (part of the Infrastructure Services segment). EBITDA growth of over 12.1% during the current global economic conditions demonstrates the resilience of the business and confirms the underlying business is strong and sustainable.

Managing Director and Chief Executive Officer, Patrick Flannigan commented:

“Service Stream continues to deliver growth. Service Stream’s EBITDA of \$15.3M shows underlying growth with strong performance in core operations.

Our Contact Centre Solutions segment continues to meet operational objectives. An increase in the cost base for the segment was required to meet the needs of the enhanced Vodafone contract, as well as developing the centre to cater for future expansion. This segment is now taking advantage of developments with existing customers and new customers in similar industry verticals.

The Tickets of Work segment is meeting all expectations, including those associated with the AAS contract. Our performance with the AMRS business across water, gas and electricity sectors has been very pleasing and has also contributed to the results of this segment.

The Infrastructure Services segment has been affected by the losses primarily relating to project difficulties on some substantial infrastructure projects in Queensland, resulting from weather related delays and cost overruns. Despite the poor operating performance recorded by McCourt Dando, the business remains a valuable asset and strengthens the Group’s capabilities in the asset movement and recoverable works sector. Remedial action was implemented across the McCourt Dando business, and we are back on track with the acquisition – McCourt Dando remains a very important asset of the Company.”

Capital Management and Dividend Strategy

The Directors are committed to a sensible capital management strategy. The expansion and growth in the business over the past four years has seen an increase in the debt levels to an appropriate gearing level at December 2008. This level will be maintained whilst providing for organic and acquisitive growth and on-going dividends to shareholders. The strategy is aimed at providing superior returns for shareholders, whilst maintaining sufficient capital reserves to fund the business both now and into the future.

During the current financial period the Company renewed and extended banking facilities with the introduction of a second major banking institution.

Based on a strong first half financial performance and a solid outlook in the core activities of the Company, the Directors have declared a fully franked interim dividend of 3.5 cents per share. The record date for the dividend is 26 March 2009 and the Company will pay the dividend on 9 April 2009.

SSM is pleased to again provide the opportunity for all share holders to participate in a dividend reinvestment plan (DRP), and advises that the discount applicable to this dividend will be 5% to the average market price.

Outlook and Market Guidance

The Board remains confident that the Company will continue to operate profitably across all segments, at a level generally better than the earnings of the previous period for each segment.

While disappointed in the recent share price decline, the Board is pleased to advise the market that no director has sold any of their current holdings, and some directors are taking the opportunity to increase their stake in the Company.

Mr Flannigan commented:

“Our first half result supports our full year market guidance of EBITDA of \$38 million underpinned by a growing revenue base. We remain confident in the strength of the underlying business (reliant as it is on a strong bias toward client’s operating expenditure on essential infrastructure). We also believe that the next financial year will see the Company benefiting from a number of deferred new business projects to add to that core revenue.”

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About Service Stream Limited:

Service Stream is a public company listed on the Australian Stock Exchange (Code: SSM) with annualised revenues approaching A\$600 million. The company is an industrial services enterprise with proven outsourced infrastructure deployment, management and service capabilities across 52 locations throughout Australia. Service Stream’s technical staff of over 4,000 supports large asset owners on the deployment, management and servicing of essential network infrastructure in the telecommunication, electricity, water and gas sectors. For more information please visit the Company’s website at www.servicestream.com.au.