

Service Stream Limited

Managing Director's AGM Presentation

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Agenda

1. **FY15 Results Overview**

- Financial, Commercial & Operational Highlights

2. **Business Unit & Strategy Update**

3. **Business Outlook**



Financial Highlights FY15

\$411.3m

Revenue up from \$389.6m FY14



\$25.4m

EBITDA up from \$16.6m FY14




\$11.7m

NPAT up from \$2.3m FY14



\$14.8m

Net Cash v (Net Debt) of (\$10.4m) at 30.6.14



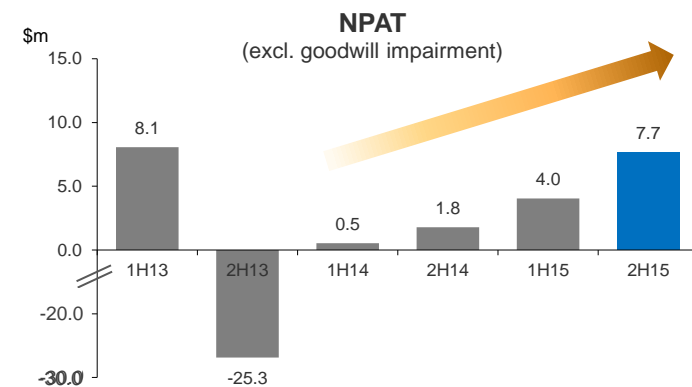
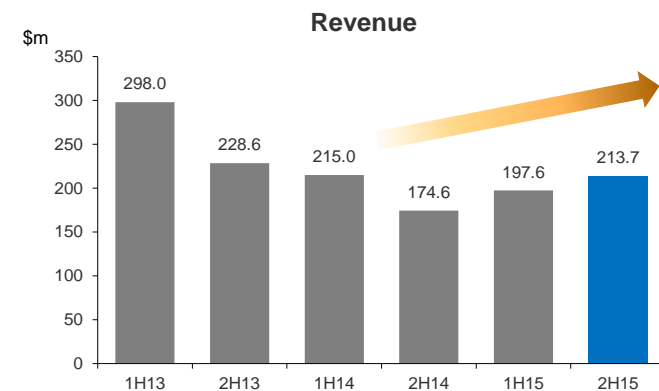
- Increase in revenue driven by growth in Fixed Communications associated with a ramp-up in nbn-related activities
- Offset by declines in Energy & Water in line with expectation due to conclusion of smart meter rollout in Victoria
- 2H15 is the fourth consecutive half-year delivering EBITDA growth
- EBITDA margin of 6.2% for FY15 continues to improve
- Strong NPAT growth due to increased EBITDA and lower D&A and financing costs
- Declaration of final (fully-franked) dividend of 1.0 cent per share taking total dividends for year to 1.5 cents
- Focus on working capital in 2H15 produced strong OCFBIT¹ for year of \$34.0m
- Cash-on-hand of \$14.8m and zero debt at year-end

¹ Operating cashflow before interest & tax

Key Financial Measures

Key financial measures

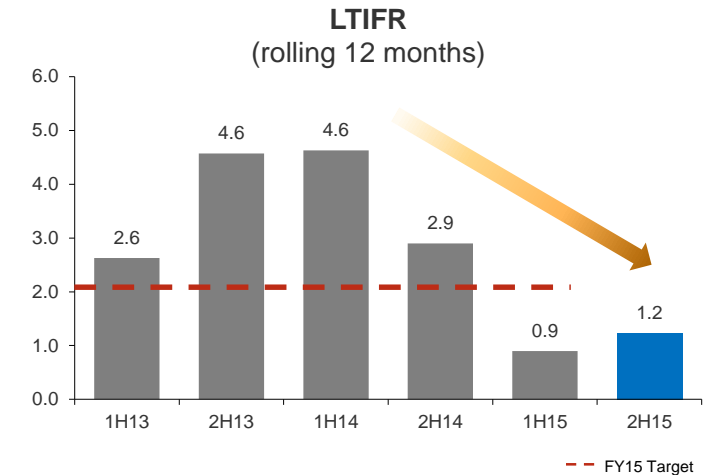
\$ million	FY15	FY14	Change		
Revenue	411.3	389.6	21.7	6%	▲
EBITDA	25.4	16.6	8.8	53%	▲
EBITDA %	6.2%	4.3%	1.9%		▲
Net profit after tax	11.7	2.3	9.4	408%	▲
Earnings per share (cents)	3.03	0.76	2.28	301%	▲
Operating cashflow	32.3	24.9	7.5	30%	▲
Net cash / (Net debt)	14.8	(10.4)	25.2	(242%)	▲
Total dividends declared (cents)	1.50	0.00	n/a	n/a	▲



Safety Highlights

Strong focus on safety is driving improvements across the business

- Continued focus on safety has resulted in improved performance across all key metrics:
 - Lost Time Injury Frequency Rate of 1.2 (down from 2.9)
 - Total Recordable Injury Frequency Rate of 17.34 (down from 26.51)
 - Lost Time Injury Severity Rate of 4.78 (down from 18.44)
- Strong leadership from executive, senior management team and the wider business to drive continuous improvement during FY16
 - Leadership Safety Walks
 - Serious safety incident reviews
 - 'Towards Zero Harm' focus



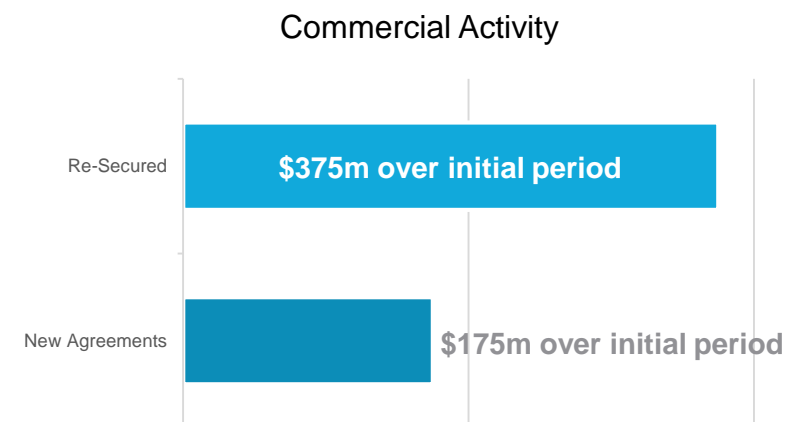
Commercial Highlights

Re-secured agreements expiring in FY15

Telstra	Wireless design & construction	3 years with 1 yr option
Vodafone	Wireless design & construction	2 years with 2 yr option
Origin Energy	Solar PV installation services	3 years with 2 x 1 yr options

New agreements secured

Active Stream (AGL)	Metering Services	3 years with 1 yr option
SAPN	Pole assessment works	2 years
ATCO Gas	Meter exchange services	2 years
NBN	MIMA FTTN, FTTB & FTTP Construction	5 years
New Customers	Wireless design & construction	Various

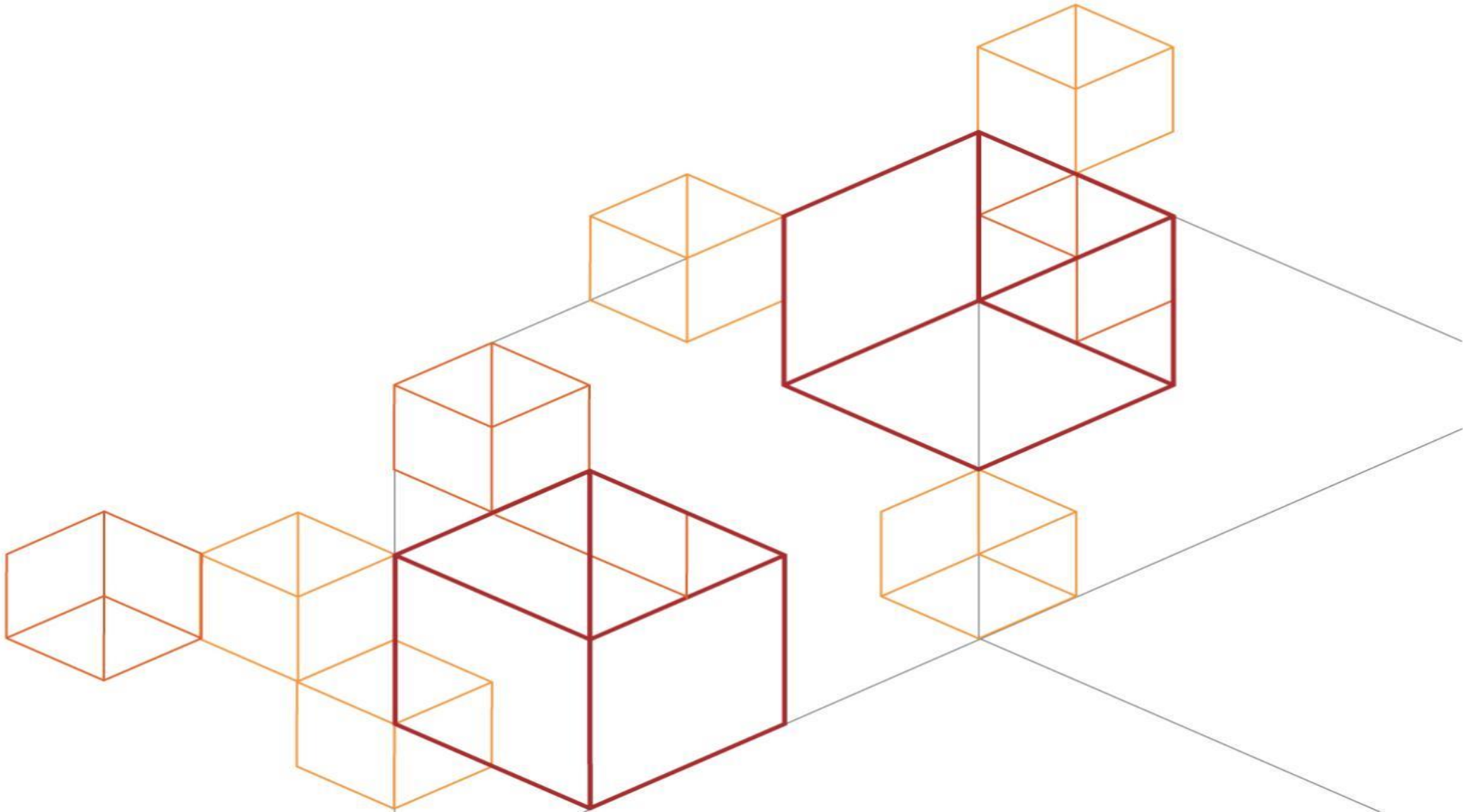


Operational Highlights

- Increase in revenue driven by ramp-up in nbn-related activities, most notably customer connections & activations
- Successfully undertook FTTN trials for nbn and Telstra (22 SAMs equating to ~60,000 premises)
- Maintained a steady focus on managing productivity & cost control as operations have grown
- Expanded our multi-skilled contractor workforce across our operations by 1,000+ additional resources
- Launched talent identification and succession program



Business Units Update



Fixed Communications

FY16 Priorities

- Successful mobilisation to support the new 5 year MIMA agreement with nbn to construct broadband infrastructure
- Secure additional nbn-related work programs including those associated with nbn's new multi-technology deployment model
- Secure renewal/extension of New Developments contract with nbn
- Continued focus on the recruitment, training and deployment of a multi-skilled workforce to support field operations



Mobile Communications

FY16 Priorities

- Build on recent customer diversity and work to secure future volumes:
 - Crown Castle;
 - NSW Telco; and
 - Nokia Networks
- Enhancement and expansion of centralised national design team
- Secure renewal of Telstra wireline contracts
- Worked closely with major customers to improve visibility across future works and flow of volumes



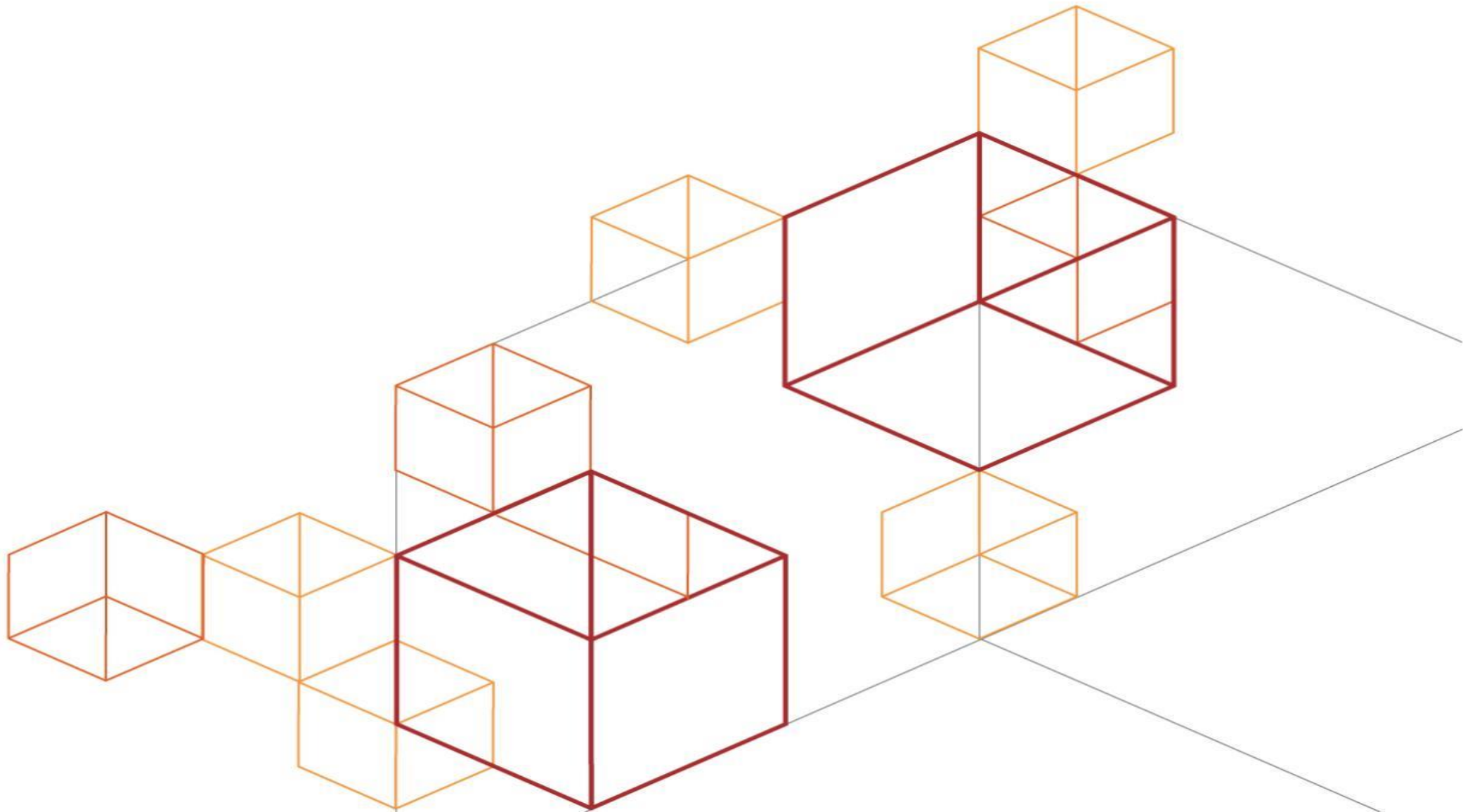
Energy & Water Update

FY16 Priorities

- Work with Active Stream to maximise year 1 work volumes under the new metering field services contract
- Work with Origin Energy to maximise volume under the renewed Solar PV installation contract
- Successful renewal of smaller metering service contracts which expire during the year
- Seek further customer and work type diversity
- Continue to build credentials and work with customers to accelerate the commercialisation of disruptive technology offerings e.g. battery solar grid systems



Group Strategy & Outlook



Delivered against our strategic plan

Continued execution against the strategic plan in FY15

UNLOCK

- Retention of contracts proceeding to market
- Improve contract and commercial management disciplines
- Implement variable direct cost structures to reduce risks of volume fluctuation

- ✓ Retained 100% of all major contracts that expired during the year
- ✓ Improved works-to-cash processes developed and being managed
- ✓ Centralised commercial division established
- ✓ Increased the use of contractor resources across field operations

RECONFIGURE

- Increased capability and focus on HSE performance
- Implement common business frameworks and processes
- Remuneration and recognition schemes
- Investment in our valued people

- ✓ HSE team transformed
- ✓ Significant improvement in safety performance
- ✓ Group level bid management framework implemented
- ✓ Executive team transitioned to share-based incentive programs, aligned with shareholder interests
- ✓ Talent identification and succession program launched

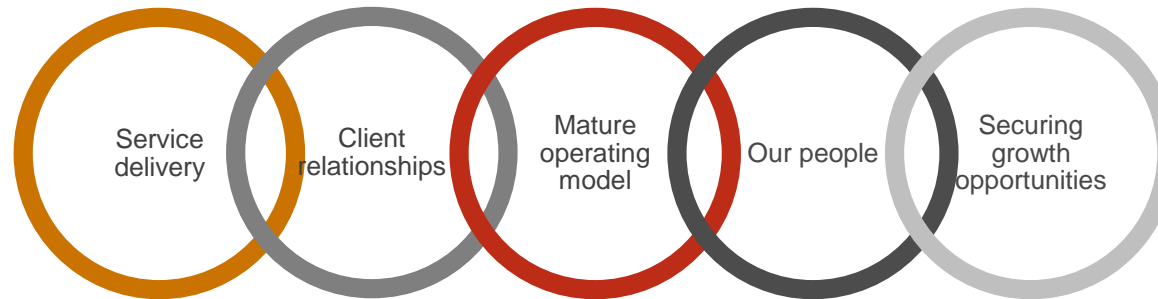
EXTEND

- Secure organic 'Value Add' opportunities
- Secure new contract growth opportunities across business
- Extension of core capabilities across known markets
- Build pipeline to support future growth

- ✓ New contract opportunities secured in Energy & Water
- ✓ Successful delivery of FTTN pilot programs
- ✓ Secured new 5 year MIMA Construction Agreement with nbn
- ✓ Expanded customer base across Mobile telecommunication providers
- ✓ Expanded our variable contractor workforce by 1,000+ resources

Group Strategy

Underpinning sustainable profitability and growing shareholder value in FY16



UNLOCK

value from existing
core businesses

- Retention of key contracts on improved pricing & commercial terms
- Continual improvement in group EBITDA margins
- Further improvement on 'works-to-cash' cycles
- Strengthen customer relationships through closer engagement

RECONFIGURE

and refine the operating
model

- Continued implementation of mature and scalable business frameworks and processes
- A measured increase in 'enterprise level' IT infrastructure to support growth
- Continued investment in our people through talent identification, succession and development planning

EXTEND

the reach of the
business model

- Secure organic growth opportunities across existing customer base
- Extension of core capabilities across known markets
- Investment in business development to maintain a healthy growth pipeline

FY16 Outlook

- The Group is targeting further earnings growth in FY16, subject to successfully expanding existing operations and securing new contract works across key clients
- Q1 FY16 is 'on target'
- Board is considering optimal means of returning value to shareholders due to the recent exhaustion of franking credits
- FY16 Key priorities:
 - Successful mobilisation of new contracts recently secured across the business
 - Securing additional works associated with nbn's new deployment and operating models
 - Achieving further customer and work type diversification across utilities market
 - Investment in enhanced IT platforms and applications to improve efficiency and effectiveness of operations



Questions?

