

Service Stream Limited

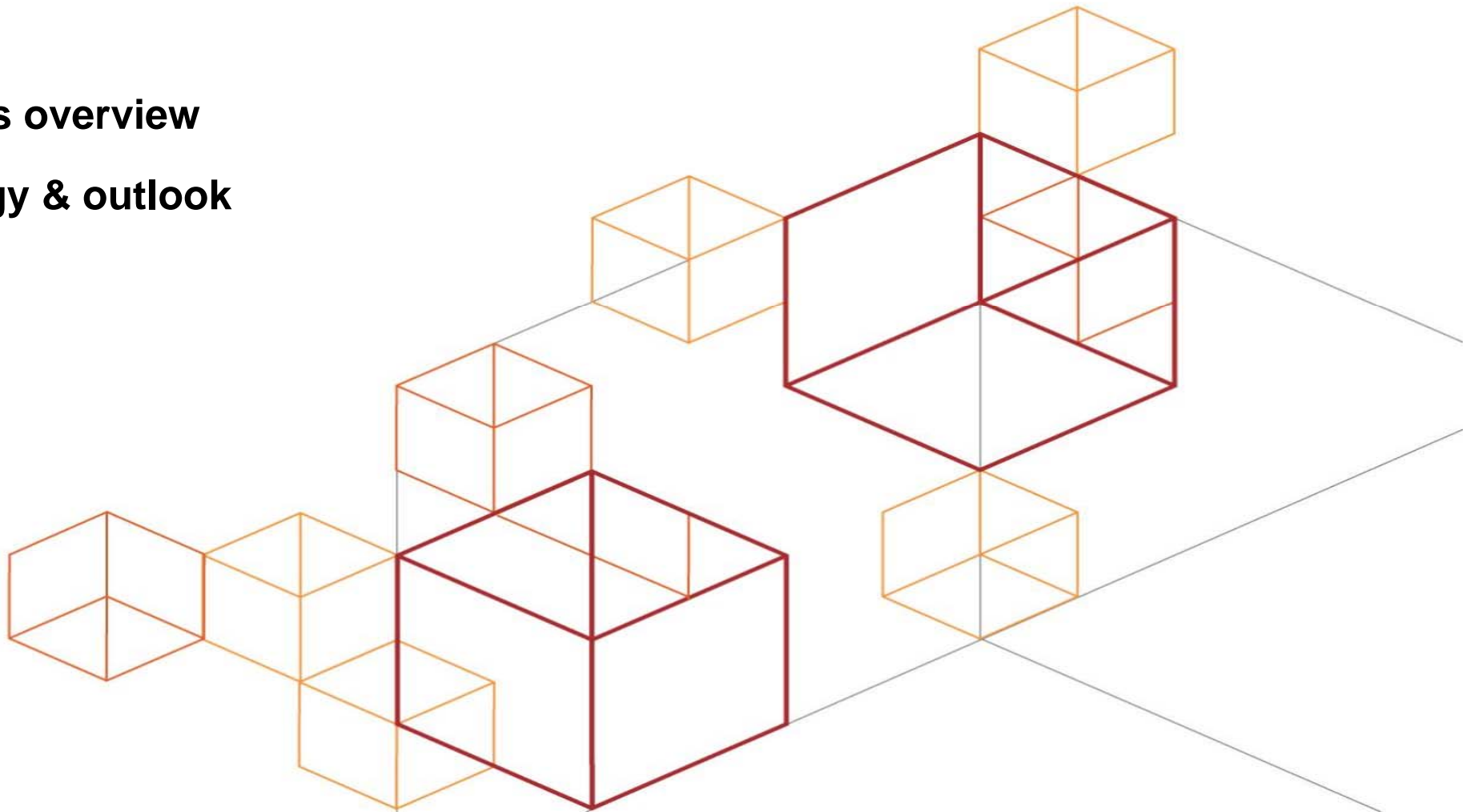
Managing Director's AGM Presentation

Leigh Mackender
22 October 2014



Agenda

1. **Results overview**
2. **Strategy & outlook**



Results Overview

Leigh Mackender
Managing Director



Highlights (1 of 2)

FY14 Financials

- EBITDA of \$16.6 million in line with revised guidance
- Operating Cashflow before Interest & Tax of \$50.7 million
- Successful capital raise nets \$18.9 million proceeds
- Year-end net debt down to \$10.4 million
- Payments to Syntheo JV of \$20.4 million to finalise liability ahead of schedule
- Refinancing of banking facilities out to September 2016 on improved terms



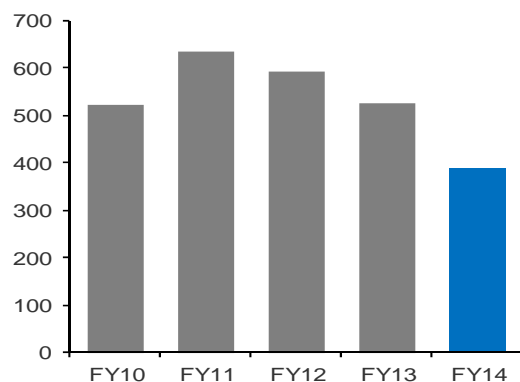
Highlights (2 of 2)

- Fixed Communication restores profitability and operational effectiveness
- Safety performance improves with LTIFR of 2.93
- Group completes Strategic Plan
- Key Contracts renewed across all three Business Units:
 - NBN Co. for New Developments and Customer Connections (FSD)
 - Telstra Wireless Construction
 - Energy & Water metering service contracts in SA, WA, VIC, QLD



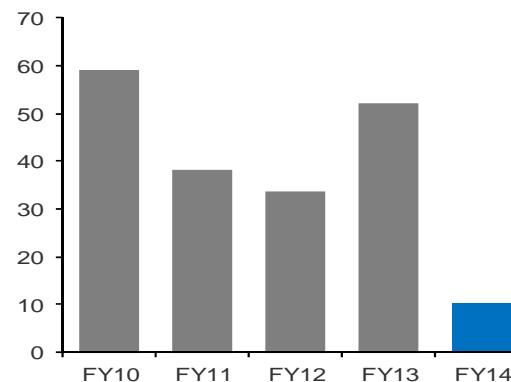
Key financial trends

Revenue (\$m)



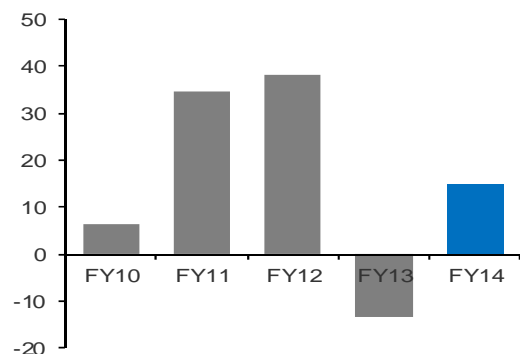
Revenue of \$389.6m, down from prior period primarily due to cessation of contracts not yet offset by NBN related ramp up.

Net Debt (\$m)



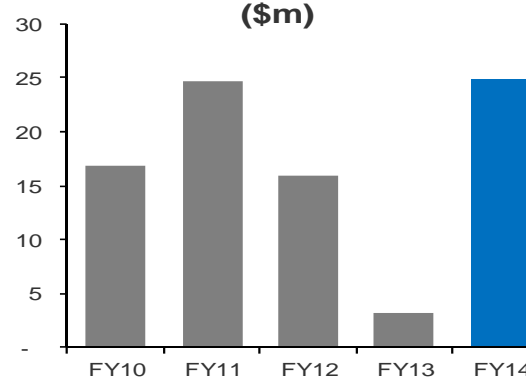
Net debt reduced to \$10.4m, a reduction of \$41.6m over the year.

EBITDA (\$m)



Returning to profitability with EBITDA of \$16.6m

Operating Cashflow (\$m)



Strong cash flow performance with an operating cashflow of \$24.9m, after payments of \$20.4m to finalise Syntheo JV liability.

BU Overview: Fixed Communications

Recovery in line with expectations

- More effective operating structure implemented
- Focus on fixed-cost reduction to reduce exposure to volume variability with contractor workforce
- Continue to work closely with NBN & Telstra to meet emerging network demand
- NBN New Developments contract renewed in May 2014 - Initial two-year term
- NBN Field Services Delivery contract renewed in June 2014 – Initial two-year term



“Service Stream has been NBN Co’s leading partner in providing Greenfield New Development design and construction services for the past few years. This new agreement further cements Service Stream’s ongoing relationship with NBN Co and shows our continued commitment to one of the nation’s leading infrastructure projects.”

Service Stream Managing Director, 19 May 2014

BU Overview: Mobile Communications

Meeting customer infrastructure plans

- We are focussed on:
 - increasing market-share and providing expanded service offering to telecommunications customers
 - broadening work mix to include design and construction services within electricity, road infrastructure and other infrastructure sectors
- Telstra Wireless Construction contract renewed in June 2014 - two-year extension
- Currently in discussions with Vodafone on the extension of our agreement for design and construction of wireless services



"The [wireless construction] extension represents a continuation of the very strong working relationship between Service Stream and Telstra as this is now the third consecutive renewal of this important contract"

Service Stream Managing Director, 13 June 2014

BU Overview: Energy & Water

Successfully secured contract renewals and extensions

- Secured renewals and extensions of core metering contracts during the year, and continues to be a metering service provider of choice across key regions and clients:
 - Western Power: Three-year initial term with two one-year extension options to 2019
 - APA Gas: Five-year term to 2019 in QLD, VIC & SA
 - SA Power Networks: Five-year term to 2019
- Secured renewal of solar PV contract with Origin Energy, as well as new deployment opportunities with other solar market participants
- Positioned well to capitalise on emerging opportunities in asset inspection works and the roll-out of AMI (smart meters) nationally



“The renewal of these [metering] contracts affirms Service Stream as the major provider of meter reading and field services to utility distribution businesses throughout Australia. Renewed contracts provide a foundation for recurring revenue of approximately \$140 million over their respective terms, and their renewal continues to strengthen our position as the provider of choice in Western Australia, South Australia, Victoria and Queensland”

Service Stream Managing Director, 21 July 2014

Strategy & Outlook

Leigh Mackender
Managing Director



Focused strategy going forward

to underpin sustainable profitability and to grow shareholder value

UNLOCK

- Retention of key contracts
- Negotiate improved pricing and commercial terms
- Renewed focus on operational delivery & contract execution
- Improved Contract and Commercial Management disciplines
- Variable direct cost structures implemented where possible

RECONFIGURE

- Reduction of business overheads & delivery of 'cost-out' opportunities
- Establishment of Business Support Services
- Increased capabilities across Commercial Management, Market & Business Development and OHSE
- Implementation of common business frameworks and processes
- Realignment of remuneration and recognition schemes to drive long term shareholder value

EXTEND

- Identify and secure organic 'Value Add' opportunities
- Extension of core capabilities across known markets / existing customers
- Pilot / seed opportunities across all three Business Units
- Growth in revenues expected at a Group level

Positive outlook

with each segment positioned well to take advantage of opportunities

- **Fixed Communications**

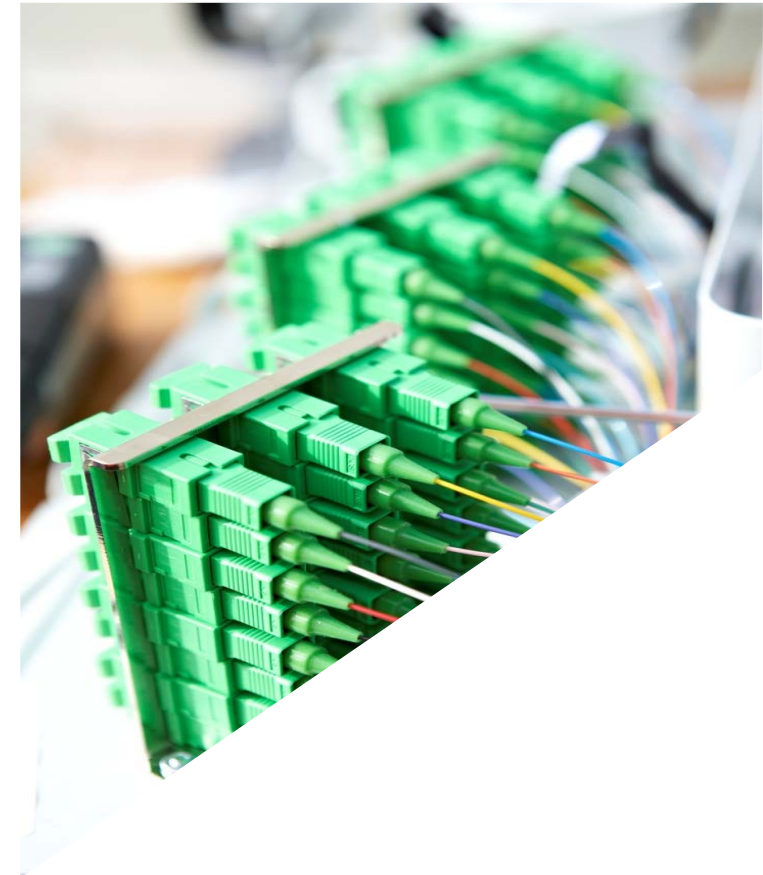
Australian government's investment in the NBN will present new opportunities on the back of its mixed technology strategy as well as in areas of proven competence such as New Estates and Customer Connections

- **Mobile Communications**

Increasing demand for mobile data will continue to drive the development and augmentation of the necessary supporting infrastructure

- **Energy & Water**

Energy network owners, retailers and governments will continue to pursue better demand side management, use of consumption data and distributed generation presenting significant opportunities in smart metering, in-home services and asset maintenance



Questions?

