

Service Stream Limited

Managing Director's AGM Presentation

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Agenda

1 FY16 Group Performance

2 Business Unit Update

3 Group Strategy & Outlook

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FY16 Group Performance

Group Highlights

Financial

- EBITDA of \$35.8m (up 41% on FY15)
- Group NPAT of \$20.0m
- Operating Cash Flow of \$62.3m
- Increased cash on hand to \$41.1m, maintained zero debt
- 5.0 cps capital return completed in June
- Increased interim and final dividends for year to total 2.5 cps (fully-franked)

Operational

- Continued to deliver solid performance across major HSE metrics
- Secured new contracts during the year across each business unit, underpinning future growth
- Mobilisation of recently secured contracts proceeding 'on schedule'
- Continued focus on business fundamentals: 'execution and service delivery'

Strategic

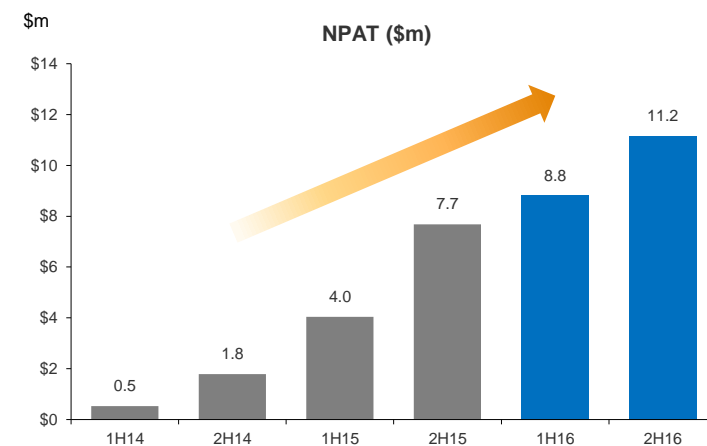
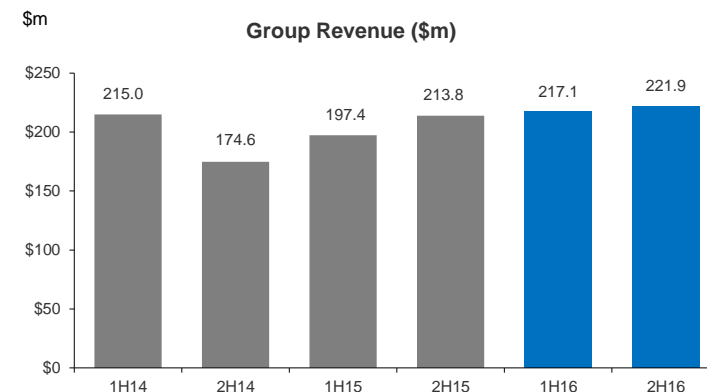
- Expanded annuity-style revenue base via four-year O&M contract with nbn
- Expanded mobile telecommunications client-base
- Recently secured new contracts within Energy & Water (solar pv + battery storage trial, electric vehicle charge station deployment, and meter reading services)
- Execution against Group's Strategic Plan progressing 'on schedule'

Financial Performance

Key financial measures

\$ million	FY16	FY15	Change		
Revenue	438.9	411.3	27.7	7%	▲
EBITDA	35.8	25.4	10.4	41%	▲
EBITDA %	8.2%	6.2%	2.0%	n/a	▲
Net profit after tax	20.0	11.7	8.3	71%	▲
Earnings per share (cents)	5.20	3.03	2.16	71%	▲
Operating cashflow	62.3	32.3	30.0	93%	▲
Net cash	41.1	14.8	26.3	178%	▲
Total dividends declared (cents)	2.50	1.50	1.0	67%	▲

All financial measures and year-on-year changes thereto, are rounded to the displayed number of decimal places

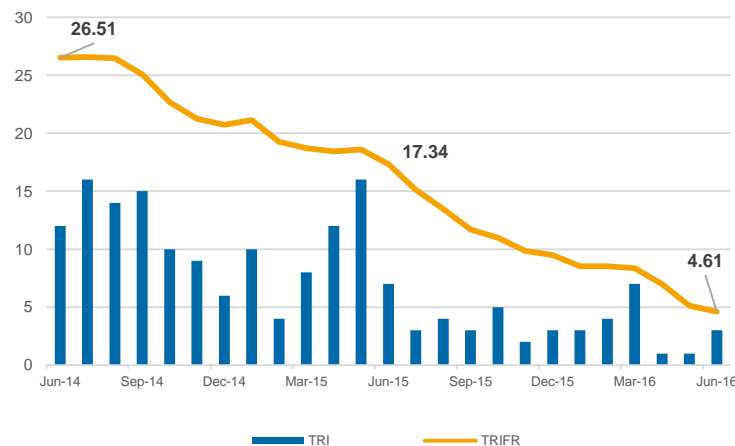


Safety Performance

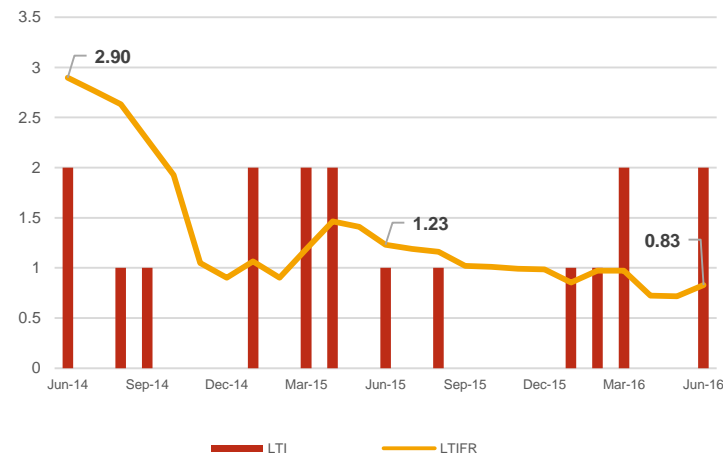
Continuing to deliver on our commitment to safety through driving improvements across the business

- Improved results across all major HSE performance metrics:
 - Lost Time Injury Frequency Rate of 0.83 (down from 1.23)
 - Medically Treated Incident Rate of 3.66 (down 13.92)
 - Total Recordable Injury Frequency Rate of 4.61 (down from 17.34)

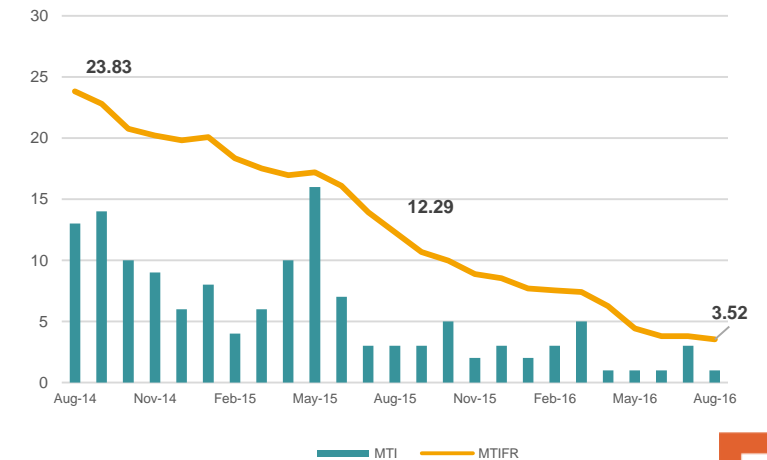
Total Reportable Injuries



Lost Time Injuries



Medically Treated Injuries



Operational Performance

- Mobilisation of new contracts secured during FY16 is in progress:
 - nbn MIMA construction contract underway, secured FTTN volume increases for FY17
 - nbn OMMA Operations and Maintenance contract underway, operations to grow inline with nbn's network deployment
 - AGL Active Stream smart meter deployment currently maintaining installation volumes, circa 10,000 per month
- Mobile Communications has commenced initial works which each of its recently secured clients
 - Nokia Networks (work on Optus' wireless network)
 - NSW Telco Authority
 - PIPE Networks (part of the TPG group)
 - Axicom (previously known as Crown Castle Australia)
- Energy & Water recently secured trial programs and service contracts:
 - Solar PV + Battery Storage and Electric Vehicle Charge Station trials with AGL (Oct-16)
 - Meter Reading Services contract with Ergon Energy (Oct-16)



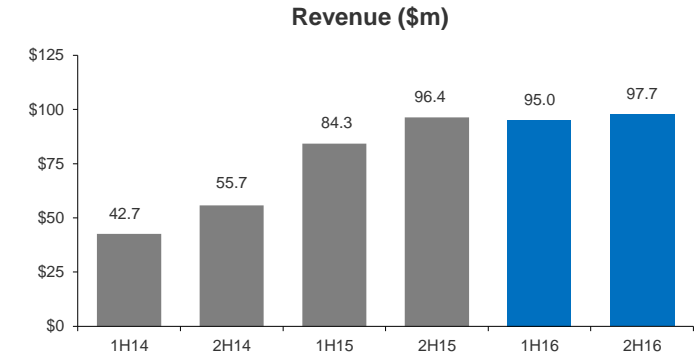


Business Unit Performance

Fixed Communications

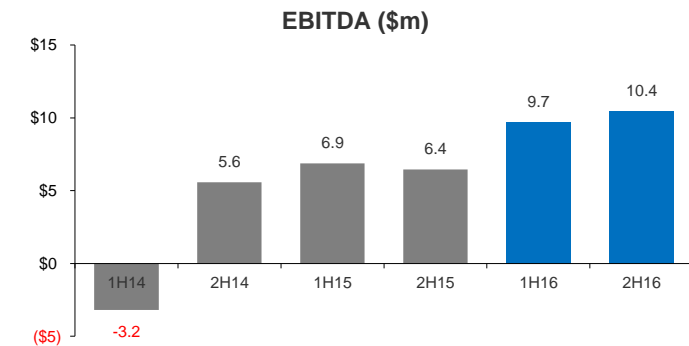
FY16 Highlights

- Significant progress in further improving the “works-to-cash” cycle and reducing ongoing working capital requirements
- Mobilisation of new Operations & Maintenance contract with nbn ‘on-track’
- Secured increase to FTTN allocation under nbn’s FY17 construction plan, moving from \$20m pa to \$40m+ pa
- Maintained a steady focus on managing productivity & cost control as operations have grown
- Improved EBITDA margins due to favourable work mix and one-off benefits associated with the successful close-out of certain programs of work and trials during the year



FY17 Priorities

- Continued mobilisation of Operations & Maintenance contract with nbn as network deployment expands
- Scaling of resources to meet increased FTTN construction program secured for delivery during FY17
- Recruitment, training and deployment of a multi-skilled workforce to support scaling field operations



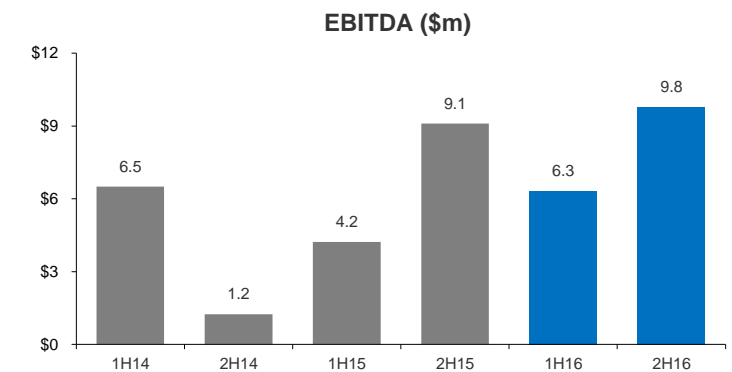
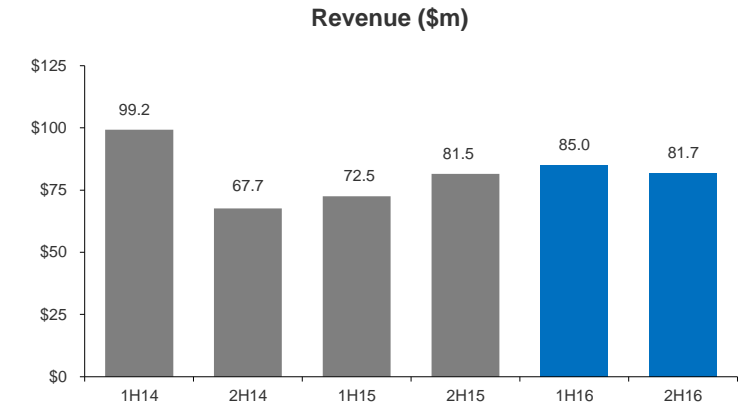
Mobile Communications

FY16 Highlights

- Expanded client-base and revenue diversity across the wireless and recoverable works operations:
 - Nokia Networks, NSW Telco Authority, PIPE Networks, Axicom
- Mobilisation of new contracts with work programs underway across each new client
- Maintained improved EBITDA margins

FY17 Priorities

- Enhancement and expansion of internal delivery teams, to support a multi-client operating environment
- Mobilisation and bolstering of additional personnel to support recently expanded client base
- Continue working with key clients to improve future visibility, continuity and timing of wireless work package releases across major programs



Energy & Water

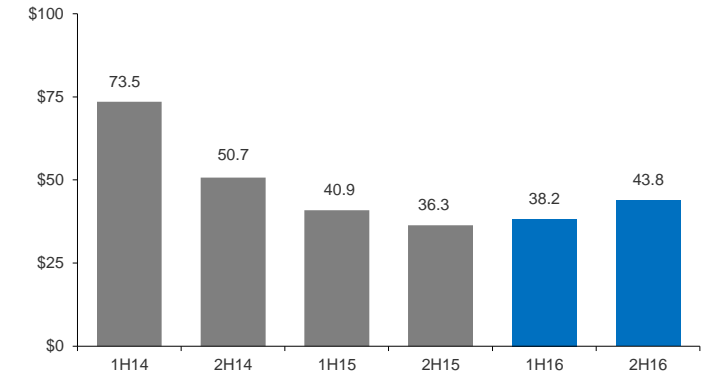
FY16 Highlights

- Effective mobilisation of new contract with AGL's Active Stream - installed 40,000+ electricity smart meters
- Completed 2,445 residential & commercial Solar PV installations with aggregate capacity of 11.3 megawatts
- Secured and mobilised new meter reading and meter replacement contracts with Hunter Water (Jan-16)
- Completed a number of trials associated with disruptive technologies (battery storage & solar PV) across new and existing client base

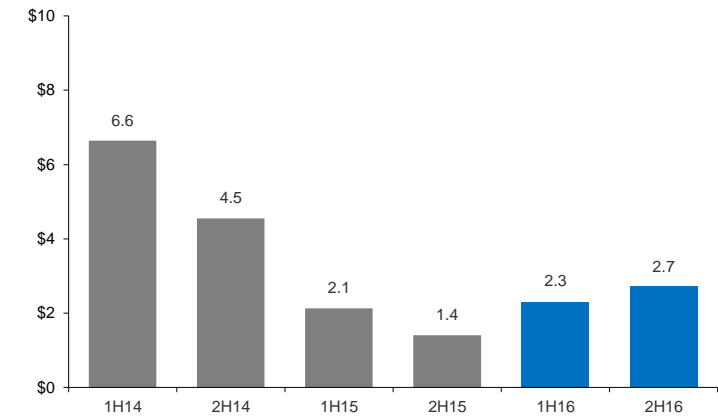
FY17 Priorities

- Maintain smart meter installation volumes with AGL's Active Stream throughout FY17
- Increase commercial solar pv operations across an expanded client base
- Continue to build credentials and work pipeline with customers to accelerate the commercialisation of disruptive technology offerings e.g. battery-solar pv grid systems
- Successful mobilisation of recently secured contracts:
 - Solar PV + Battery Storage trials, and Electric Vehicle Charge Station installations with AGL
 - Ergon Energy Meter Reading

Revenue (\$m)



EBITDA (\$m)





Group Strategy & Outlook

Group Strategy

Continue to deliver against our strategic plan during FY17 by focusing on the fundamentals of our business



SERVICE DELIVERY



CLIENT RELATIONSHIPS



OPTIMISE DELIVERY MODEL



OUR PEOPLE



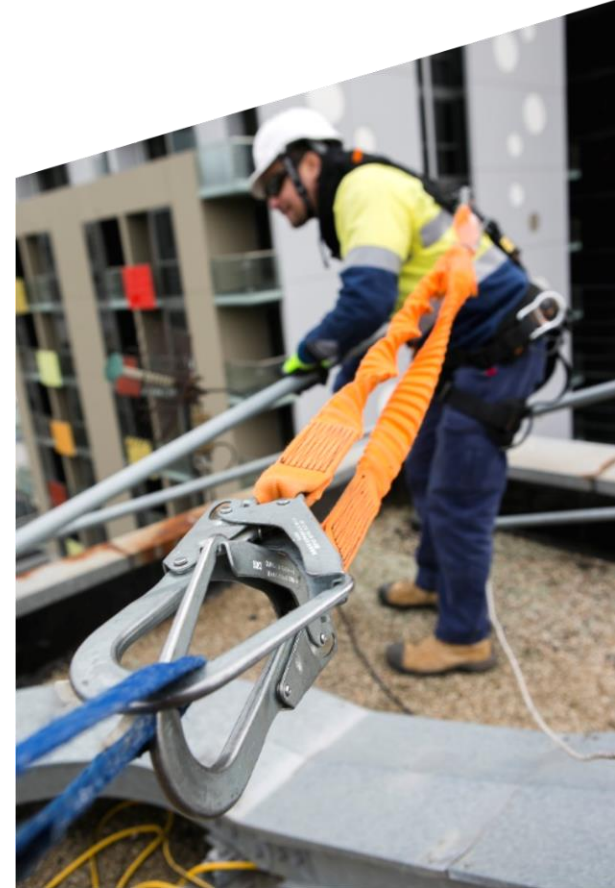
FUTURE GROWTH



- Continued focus on service delivery and execution
- Ongoing management of Group's works-to-cash cycles
- Maintain strong balance sheet and reduced working capital requirements
- Continue to maintain and develop our client relationships
- Implementation of mature and scalable business frameworks and processes
- Strategic investments in 'enterprise level' IT infrastructure to support growth and increase efficiency
- Target additional 'annuity style' revenues to support ongoing future growth
- Maximise organic growth opportunities across our existing markets and client base
- Assess external growth opportunities across known / adjacent markets

Outlook

- The Group is focussed on delivering earnings growth in FY17, subject to anticipated customer demand and ongoing success in mobilising recently-secured contracts
- Q1 FY17 is 'on track'
- FY17 Group priorities:
 - Continue to mobilise resources to support our Operations & Maintenance contract with nbn, inline with the network deployment
 - Scale our delivery capability to support recently secured increases in FTTN construction volumes with nbn during H2 FY17
 - Continue working with key clients to improve continuity and timing of work package releases across major wireless programs
 - Secure further trials and programs associated with disruptive technology across the utilities market
 - Deliver initial phase of IT platform and application enhancements, to improve efficiency and effectiveness of operations
 - Successful mobilisation and delivery of recently secured contracts across Energy & Water division





Questions