
HY2010 Results Presentation
Working
Together
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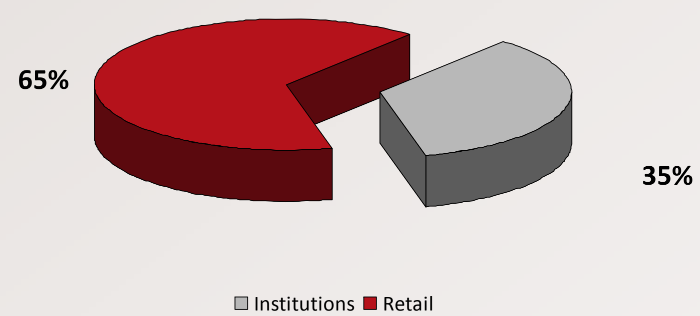
Corporate snapshot

Service Stream is a field services organisation, delivering technical services and small projects predominantly to the telecommunications and utilities sector. It is a niche provider of value added services & applications to government, utilities and public corporations

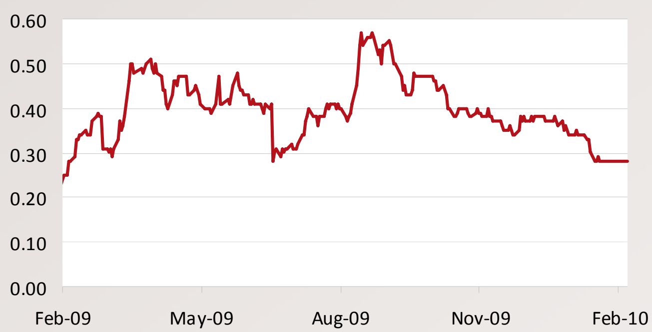
SERVICE STREAM LIMITED

ASX code	SSM
Underlying EBITDA (Dec 2009)	A$13.7m
Reported EBITDA (Dec 2009)	A($5.1)m
Net debt (Dec 2009)	A$77.6m
Total shareholders' equity	A$230.1m
Enterprise value	A$307.7m
Workforce (Dec 2009 FTEs)	4,000
Shares on issue (Dec 2009)	283M
Market capitalisation*	~A$80m

SHAREHOLDER PROFILE



SHARE PRICE PERFORMANCE



BOARD & MANAGEMENT

John Llewellyn (Lyn) Davies	Chairman
Graeme Sumner	Managing Director & CEO
Russell Small	Director
Stephe Wilks	Director
Max Findlay (commences 29 Apr 2010)	Director
Stephen Campbell	Company Secretary

* As at 25 February 2009

Financial summary

$266.4M

Revenue down from $277.4M

- $27.2m increase in service revenues
- $37.4m decline in project revenues

$13.7M

Underlying EBITDA down from $15.3M

- AMRS earnings up 124.1% on 1H FY09
- Project volumes & margins declined

($5.1M)

Reported EBITDA down from $15.3M

- $15.8m provision for GCDA Claim
- $3.0m in one-off expenses

($8.6M)

NPAT down from $6.6M

- Cautious optimism despite performance to date
- FY10 guidance of $24.3m EBITDA from operations maintained

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Operational summary

- Consolidation of core operations
- Solid operational performance particularly from the AMRS and Communications businesses
- New contracts secured and existing contracts renewed including:
  - Telstra
  - Western Power
  - CitiPower / Powercor
- Contact Centre Solutions maintains earnings despite loss of Vodafone contract
  - Insurance business on track
  - New opportunities emerging for hosted applications
  - Highly competitive Telco inbound customer care business largely exited

…….Service Stream remains a competitive operator

Financial results

A$ million	31 Dec 2009	31 Dec 2008	% change
Revenue	$266.4	$277.4	-3.9%
Underlying EBITDA	$13.7	$15.3	-10.4%
Underlying EBITDA from operations	$10.7	$15.3	-30.0%
Reported EBITDA	($5.1)	$15.3	n/a
EBIT	($8.6)	$11.7	n/a
NPAT	($8.6)	$6.6	n/a
EPS (cents per share)	(3.83)	3.74	n/a
Dividends (cents per share)	-	3.5	n/a

Balance Sheet strengthened

$ Million	31 December 2009	30 June 2009
Receivables and WIP	110.6	137.8
Plant and equipment – WDV	17.2	20.2
Inventory	13.6	13.5
Other	6.9	2.6
Goodwill	205.4	205.4
Total assets	**353.7**	**379.5**
Payables	35.7	64.2
Net debt (including cash $0.5M / $9.0M)	77.6	102.6
Provisions and other	10.3	9.6
Total liabilities	**123.6**	**176.4**
Net assets	**230.1**	**203.1**
Issued capital	227.5	192.0
Retained earnings and reserves	2.6	11.1
Equity	**230.1**	**203.1**
Gearing ratio *	**25.2%**	**33.6%**

* Net debt / Net debt + equity

Source: Company data

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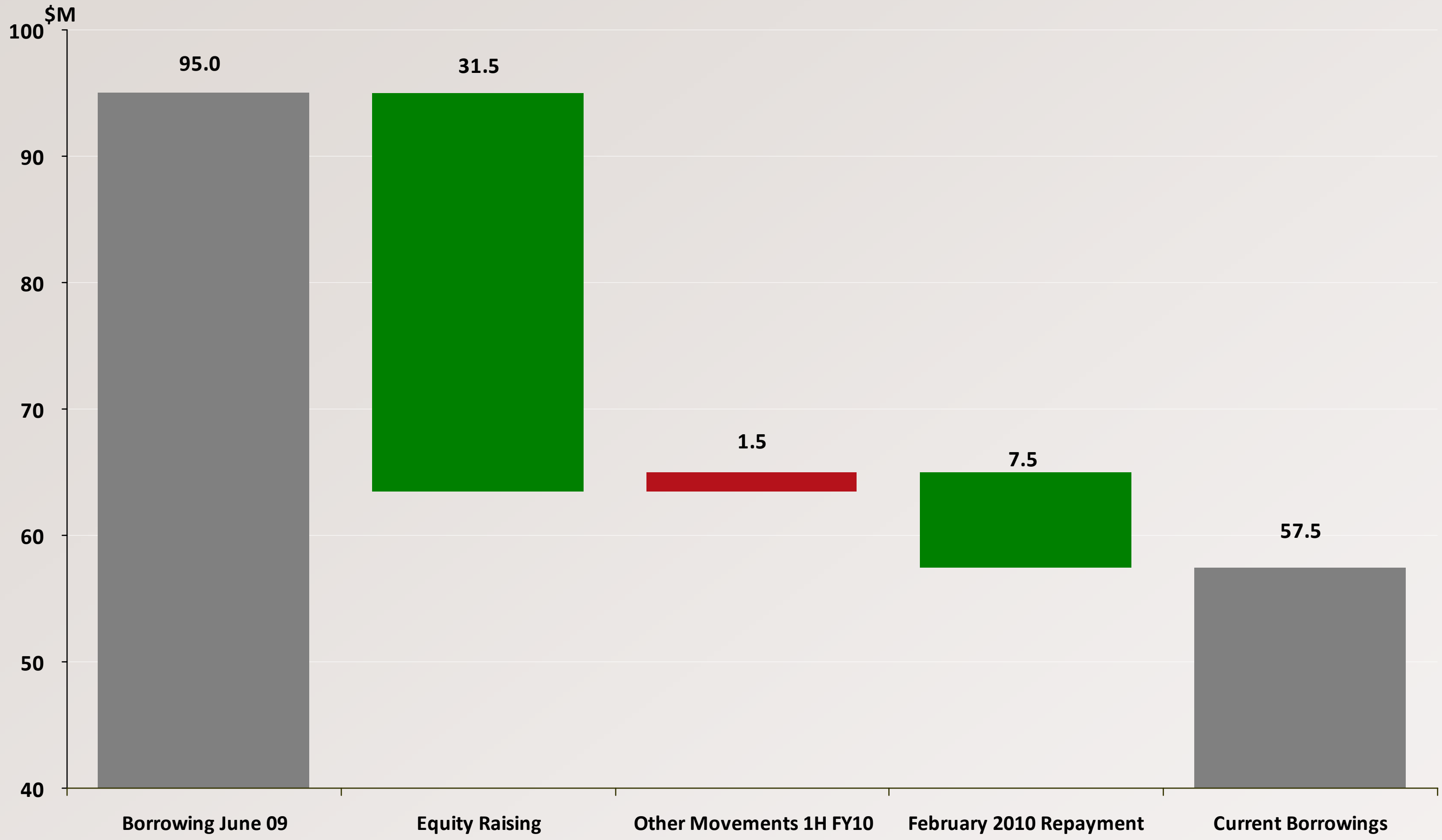
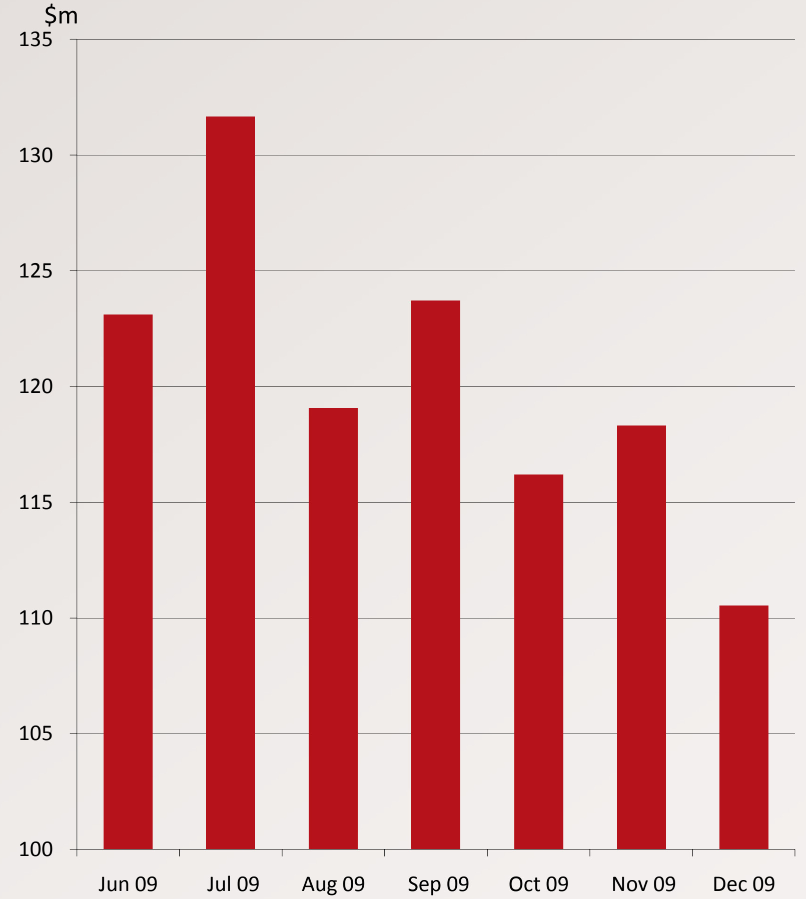
Borrowings trending downwards



Reduction in overdue debts

- Group-wide focus on debtor management, especially in high-volume communications space
- Group Credit function restructured – staff with strong telco experience brought on-board
- Improved integration of financial systems to improve timeliness and accuracy of high-volume invoicing

Receivables and WIP trend[1]



[1]All values exclude $14.6m for the GCDA project

Improvement in operating activities

A$ million	31 Dec 2009	31 Dec 2008
Receipts from customers	293.3	270.0
Payments to suppliers and employees	(288.2)	(277.9)
Interest and other finance costs	(3.5)	(4.2)
Income tax paid	(2.5)	(3.4)
Net cash used in operating activities	**(0.9)**	**(16.0)**
Net capital expenditure and payments for businesses	(5.5)	(4.4)
Net cash used in investing activities	**(5.5)**	**(4.4)**
Dividends paid	-	(5.2)
Net borrowings	(33.5)	39.9
Capital raising and exercise of options	31.4	0.1
Net cash provided by/(used in) financing activities	**(2.1)**	**34.9**
Net increase/(decrease) in cash held	(8.5)	14.6

Source: Company data

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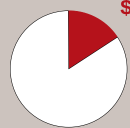
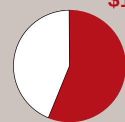
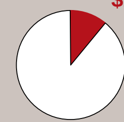
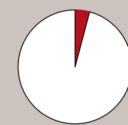
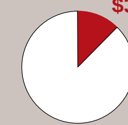
Building synergies across the business

Business Segment	CONTACT CENTRE SOLUTIONS	SPECIALIST FIELD SERVICES			
	CONTACT CENTRE SOLUTIONS	COMMUNICATIONS	TCI	INFRASTRUCTURE SERVICES	AMRS
Revenue split (31 Dec 2009)	$42.3M 	$149.7M 	$29.9M 	$11.4M 	$33.1M 
Business Description	**Provides call centre services to Vodafone and ACMA, Customer Claims Unit work for Optus, the MRTM platform for Macquarie Telecom, Vodafone and the Field Service s business**	**Primarily focused on installation and maintenance of fixed line payphone and broadband networks**	**Provides services in relation to the deployment of mobile telecommunications base solutions to greenfield locations, rooftops and specialist mobile infrastructure to in-building systems, HV towers, concealed sites and satellite earth stations**	**Specialises in infrastructure design build and maintenance and the provision of turn key solutions to the utility sectors**	**Meter reading, water and environmental management services**
Key Customers	AEGON, vodafone, Australian Government Australian Communications and Media Authority, 'yes' OPTUS	Telstra, 'yes' OPTUS, Alcatel·Lucent	vodafone, Telstra, 'yes' OPTUS	Largely project based work; Telstra	South East Water, Jemena, AGL, SA Water

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Source: Management Accounts

Business unit performance overview

A$ million	REVENUE			UNDERLYING EBITDA		
	31 Dec 2009	31 Dec 2008	% change	31 Dec 2009	31 Dec 2008	% change
SPECIALIST FIELD SERVICES						
- Communications	149.7	153.5	-2.4%	7.6	11.0	-31.1%
- AMRS	33.1	21.2	55.9%	3.8	1.7	124.2%
- TCI	29.9	33.5	-10.8%	3.1	7.3	-57.5%
- Infrastructure Services	11.4	34.4	-66.9%	(0.7)	(4.3)	n/a
CONTACT CENTRE SOLUTIONS						
- Contact Centre Solutions	42.3	34.0	24.4%	2.9	2.9	1.7%
Corporate / Other	0.0	0.7	n/a	(3.1)	(3.3)	n/a
TOTAL SERVICE STREAM GROUP	266.4	277.4	-3.9%	13.7	15.3	-10.4%

Strategic direction

- **Renewed focus on core activities**
  - Our field services model is flexible and low cost. We continue to succeed with this model and we will maintain a strong focus on this business activity
  - Continue to deliver projects and programs to the telecommunications and utilities sectors
  - Exiting large civil contracting
  - Technology & contact centre focusing on niche value added services
- **Simplifying our business model**
  - Infrastructure services being reorganised
  - Consolidation of our corporate services

Outlook - reasons for cautious optimism

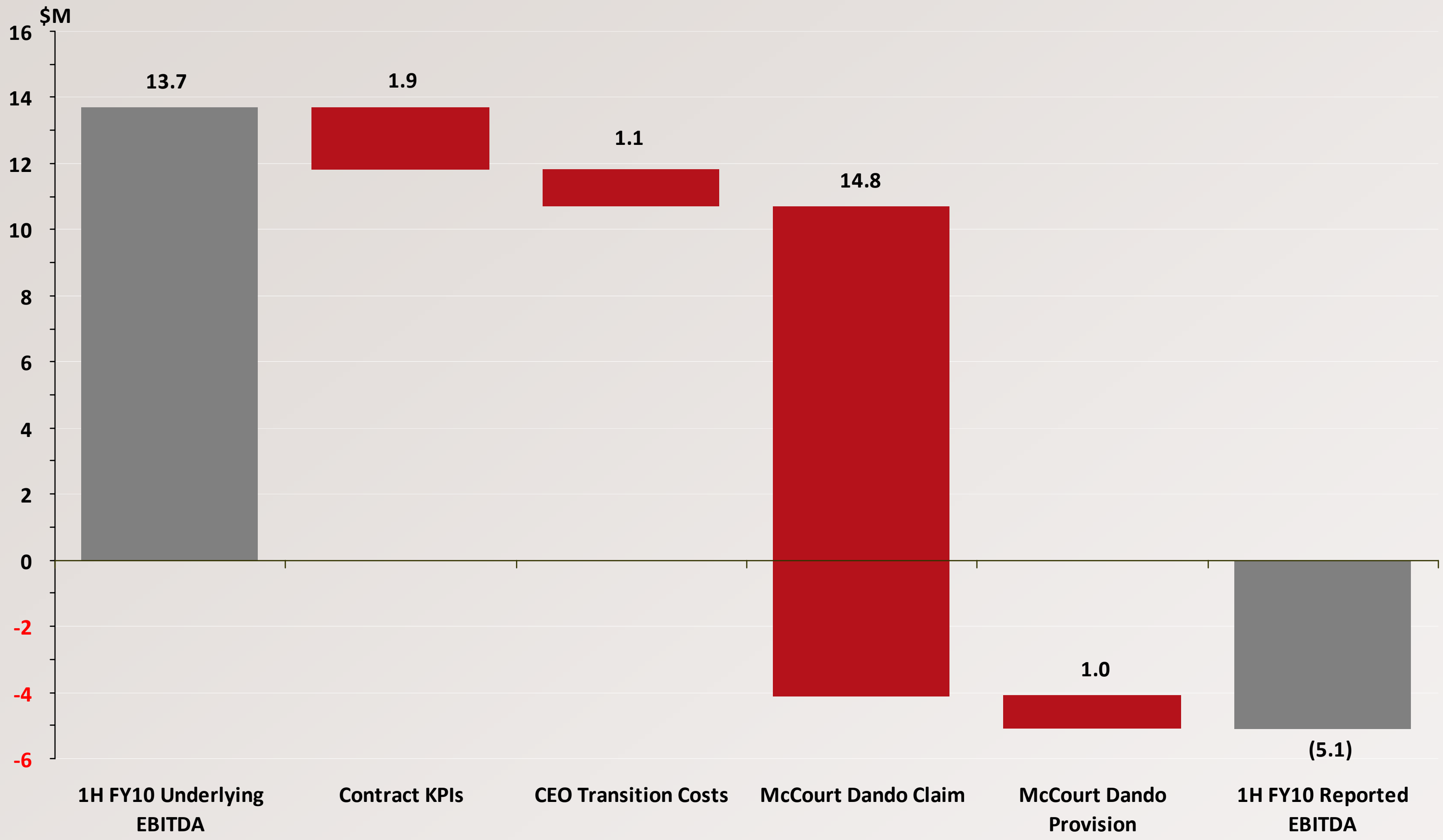
- **Market demand for Service Stream core services strengthening**
  - Environmental services
  - Mobile Infrastructure market set for investment upturn
  - NBN trials to commence this calendar year. Field service and distribution network demand FY10/11
  - Smart Metering / AMI
  - $90 million pa renewal contracts under final negotiation at present
- **Opportunities for Service Stream niche value added services**
  - Insurance services and specialist applications are attracting new customers
- **Further cost opportunities remain**
  - Supply chain, property and systems reviews will yield further savings

Outlook - reasons for cautious optimism (contd)

- **Legacy risks recognised & dealt with**
  - McCourt Dando issue now behind us. Parts of claim to be pursued
  - Other write downs being managed appropriately going forward
- **However some risks remain..**
  - AAS Contract renewal (advice expected on renewal during April 2010)
  - Ongoing Telstra volumes
  - Commitment of governments to environmental sustainability programs
- **FY10 guidance of $24.3m EBITDA from operations maintained**

Appendices

Reconciliation of Underlying EBITDA to Reported Results



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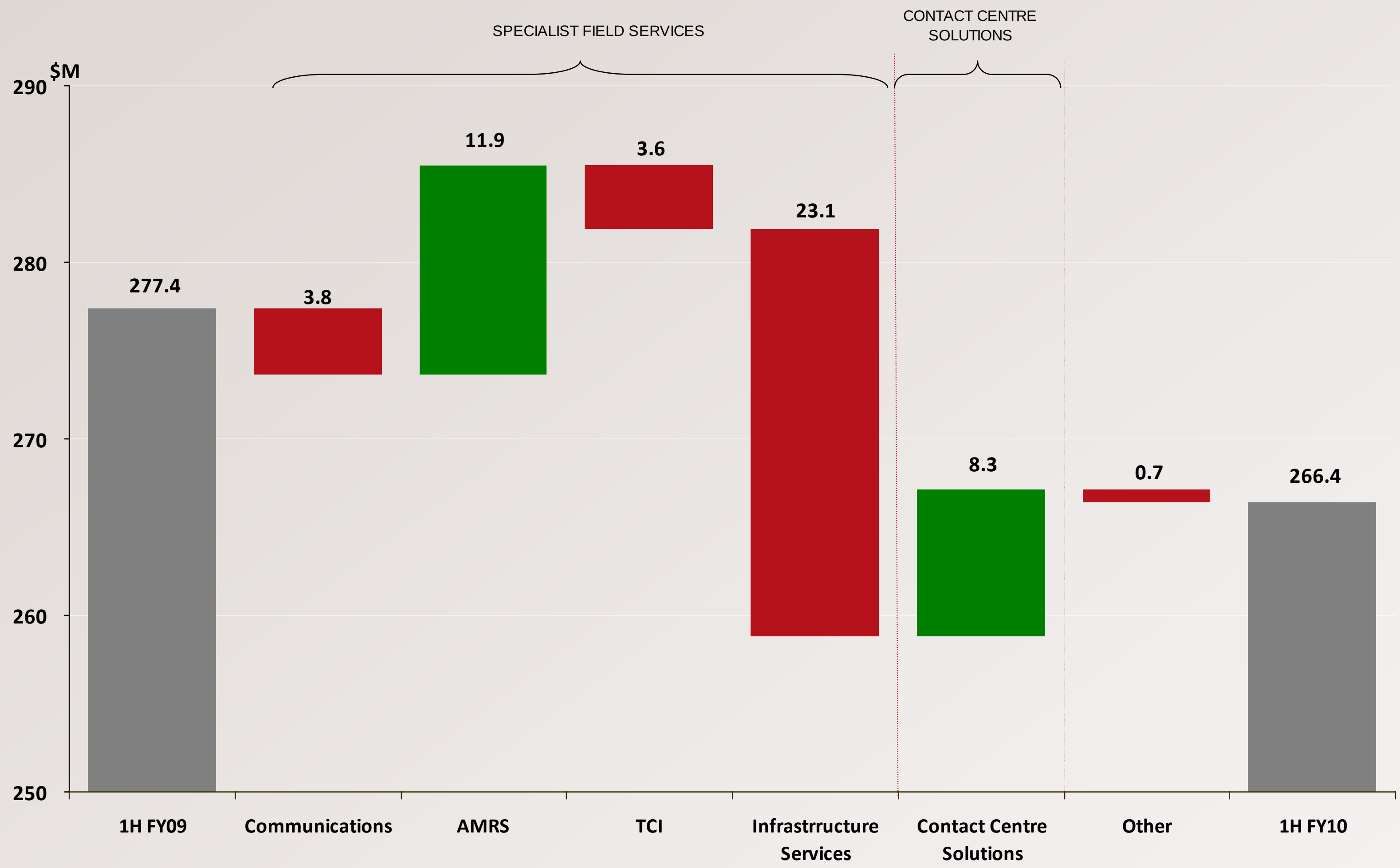
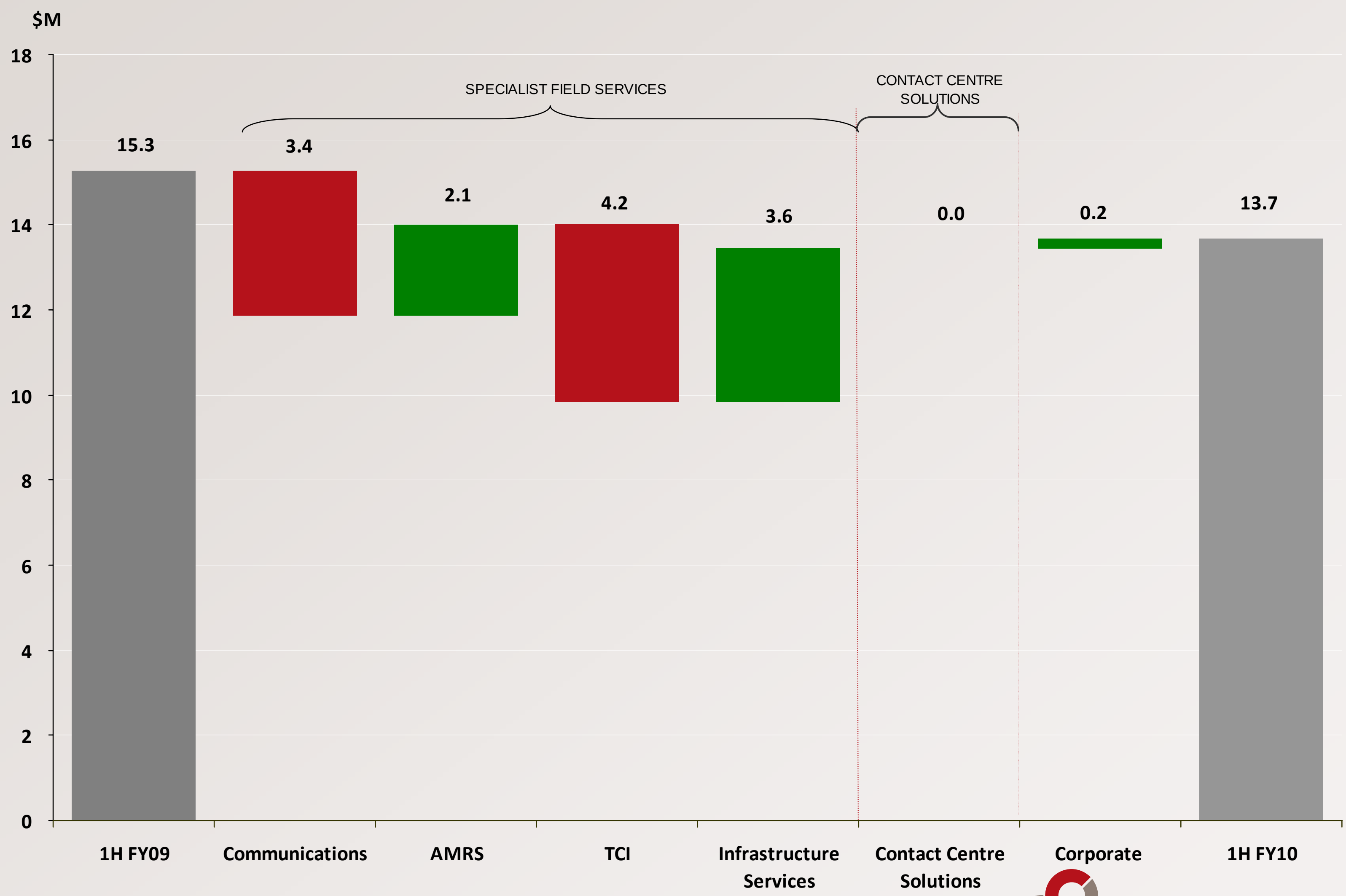
Revenue movement by business unit



Underlying EBITDA movement by business unit



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Graeme Sumner

Chief Executive Officer
Phone: +61 3 9677 8888

Email: graeme.sumner@servicestream.com.au

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