



Annual General Meeting

26 October 2011

Managing Director's Address to Shareholders

Fellow Shareholders,

The 2010/11 year marked a significant turnaround in Service Stream's performance and was testimony to the hard work of the whole Service Stream team. The year was punctuated by a number of financial & operational highlights which included

- An increase in revenue of 21.6% to \$633 million
- A net profit of \$16.45 million following a net loss of \$2.6 million last year
- A 46.4% increase in operating cash flow
- A 35.7% reduction in net debt

The good financial performance in 2010/11 stemmed from the ability of the company to execute existing contracts safely and effectively and, just as importantly, secure new work to diversify the company's customer base. During the course of the past year I was pleased to be able to report to our shareholders a number of operational successes, including:

- The 18 month extension of our contract with Local Government Infrastructure Services in Queensland
- The signing of a contract with Fujitsu to provide new estate build services for the National Broadband Network
- The agreement with NBN Co to commence the construction of the Western Australian portion of the National Broadband Network in conjunction with our partner, Lend Lease.
- A significant supply and installation contract for residential solar systems with Origin energy
- An extension and expansion of the smart meter installation programme with Jemena
- A reduction in our LTIFR rate to 1.2 from 2 in 2009/10

In addition, we saw steadily increasing demand for our mobile infrastructure services as our key customers continued to create more capacity in their networks.

On the flip side, it was very disappointing to be advised last month of the loss of our Installation & Maintenance work for Telstra. It has served as a timely reminder that our customers are always prepared to consider new options and that the market remains very competitive.

Service Stream has maintained its focus in the past year on becoming a better field services organisation, delivering technical services, programs and small projects to the telecommunications and utility sectors. These have been enhanced by a range of customer care options.

While this will remain a core strategy for our business, we will increasingly see a greater proportion of our revenue coming from larger project activity in the form of the roll out of the National Broadband Network.

Outlook

I continue to have an optimistic view of most of the major markets in which Service Stream operates. The National Broadband Network is now well advanced and we continue to see strong demand for mobile infrastructure deployment. While the solar market has been more subdued this year, we continue to see new opportunities in environmental services especially in light of the carbon tax.

Finally, I would like to thank the Board, Management and the whole Service Stream team for their contribution to the 2010/11 result. We are all looking forward to another challenging and rewarding year ahead.

A handwritten signature in black ink, appearing to read 'Graeme Sumner', with a long horizontal stroke extending to the right.

Graeme Sumner
Managing Director