Service Stream Limited

FY12 Results Presentation

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ESSENTIAL NETWORK SERVICES

Agenda

1. **Results overview**

2. **Financial review**

3. **Strategy & outlook**

Results Overview

Graeme Sumner
Managing Director

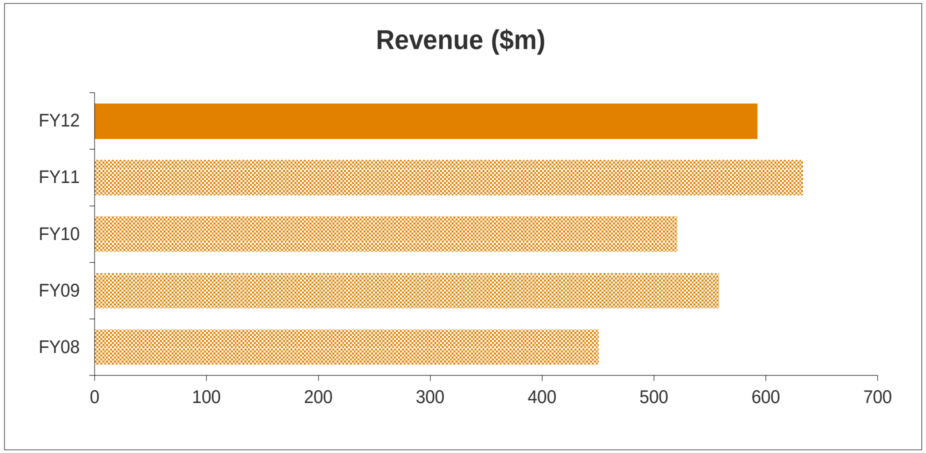
Highlights: Financials

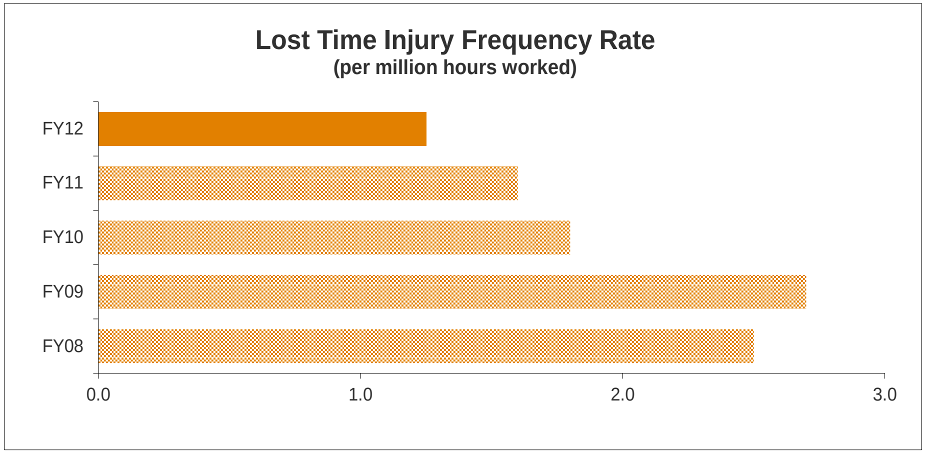
- EBITDA of $38.0m, up 10.0% on FY11 result.
- Increase in EBITDA margin from 5.5% to 6.4%.
- NPAT of $18.7m, up 13.8%.
- EPS of 6.60 cents, up 13.8%.
- Operating Cashflow result of $16.0m reflects resumption of tax payments.
- Declared a final dividend of 1.0 cent per share, taking FY12 DPS to 2.0 cent per share.

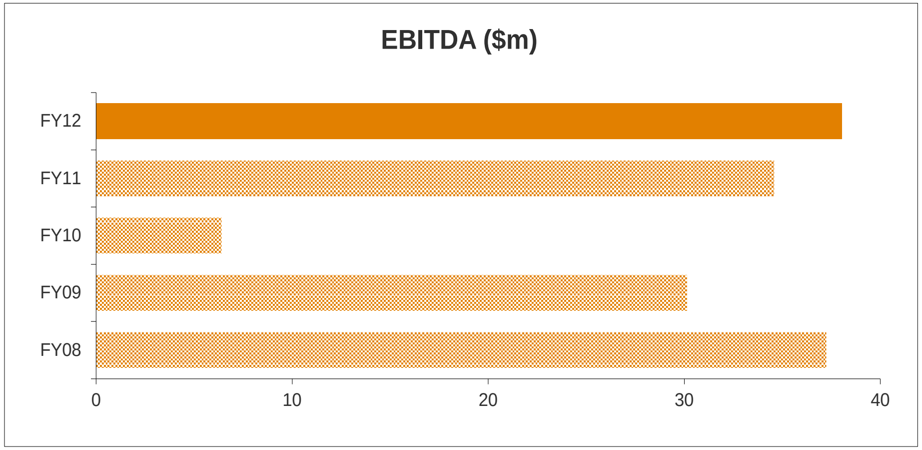
Highlights: Contracts

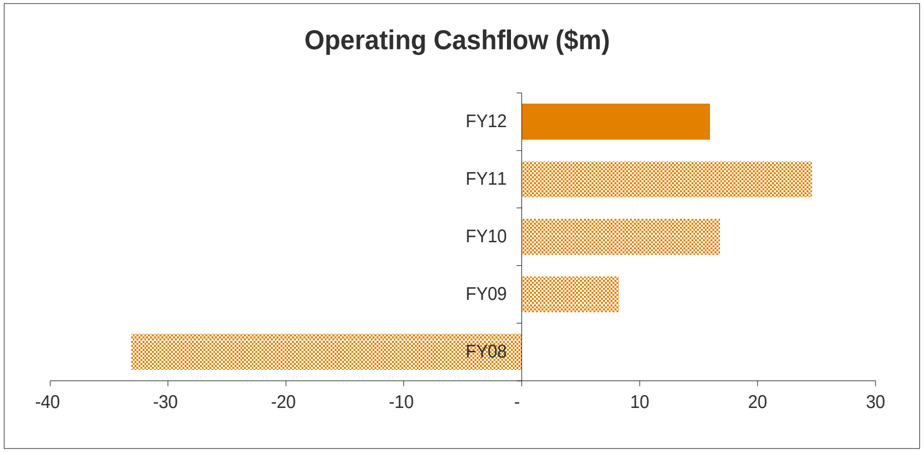
- Syntheo won contracts with NBN Co for the design and construction of the National Broadband Network:
  - WA region, $174m over an initial two-year term, with options for a further two years, bringing the total potential value to $484m; and
  - SA/NT region, $141m over an initial two year term, with options for a further two years, bringing the total potential value to $341m.
- Two-year extension to the Telstra National Wireless Construction contract, valued at approximately $80m.
- Service Stream won contracts with NBN Co for the construction of new estates in WA, SA, NT and NSW, estimated value of $100m over the next 18 months.

FY12 builds on recent track record of consistent earnings growth









Financial Overview

Bob Grant
Chief Financial Officer

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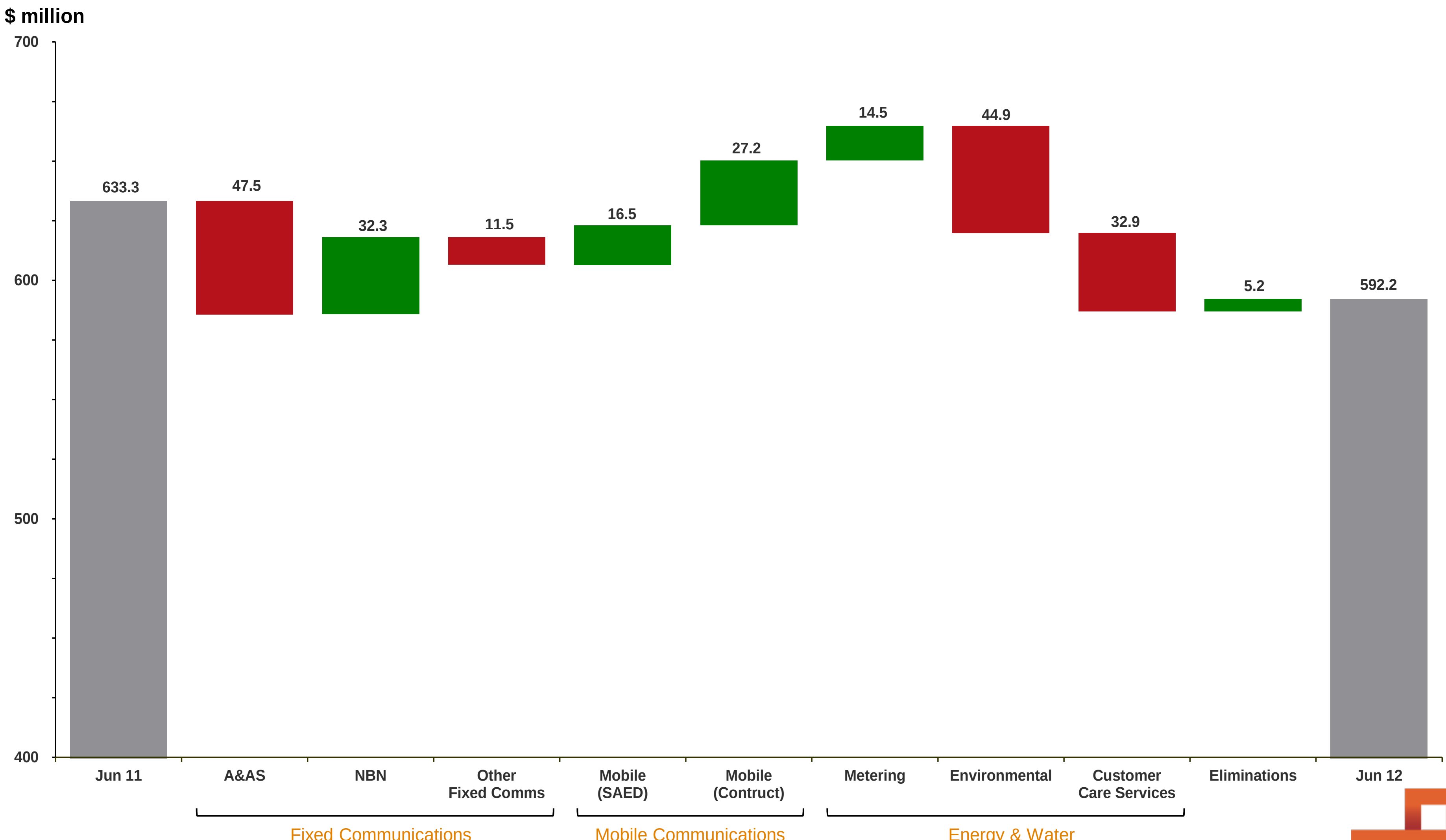
Stronger operational results and lower average debt drive solid EPS growth

$ million	Jun 2012	Jun 2011	Change $m	Change %
Revenue	592.2	633.3	(41.1)	-6.5%
EBITDA	38.0	34.6	3.5	10.0%
EBITDA %	6.4%	5.5%	0.9%	n/a
EBIT	30.6	28.1	2.4	8.6%
NPAT	18.7	16.5	2.3	13.8%
Operating cash flow	16.0	24.6	(8.7)	-35.2%
Net debt	33.9	38.1	4.3	11.2%
EPS (cents per share)	6.60	5.80	0.80	13.8%
DPS (cents per share)	2.00	0.00	2.00	

Improved EBITDA margin offsets revenue reduction

	Jun 2012	*EBITDA %*	Jun 2011	*EBITDA %*	Net change	*Change %*
Fixed Communications	300.2		326.9		(26.7)	
Mobile Communications	124.7		81.1		43.7	
Energy & Water	169.1		232.4		(63.3)	
Inter-company revenue	(2.2)		(7.4)		5.2	
Interest received	0.4		0.3		0.1	
Total Revenue	**592.2**		**633.3**		**(41.1)**	***-6.5%***
Fixed Communications	21.7	*7.2%*	16.4	*5.0%*	5.3	
Mobile Communications	8.5	*6.8%*	14.7	*18.1%*	(6.1)	
Energy & Water	12.9	*7.6%*	11.1	*4.8%*	1.8	
Unallocated Corporate Services	(5.1)		(7.6)		2.5	
Total EBITDA	**38.0**	***6.4%***	**34.6**	***5.5%***	**3.5**	***10.0%***
Depreciation / Amortisation	(7.5)		(6.4)		(1.1)	
Total EBIT	**30.6**		**28.1**		**2.4**	***8.6%***
Net interest expense	(3.9)		(5.5)		1.6	
Income tax expense	(7.9)		(6.2)		(1.7)	
Total NPAT	**18.7**		**16.5**		**2.3**	***13.8%***

Fewer solar installs and loss of I&M impact revenue, partially offset by new NBN revenues and mobile growth

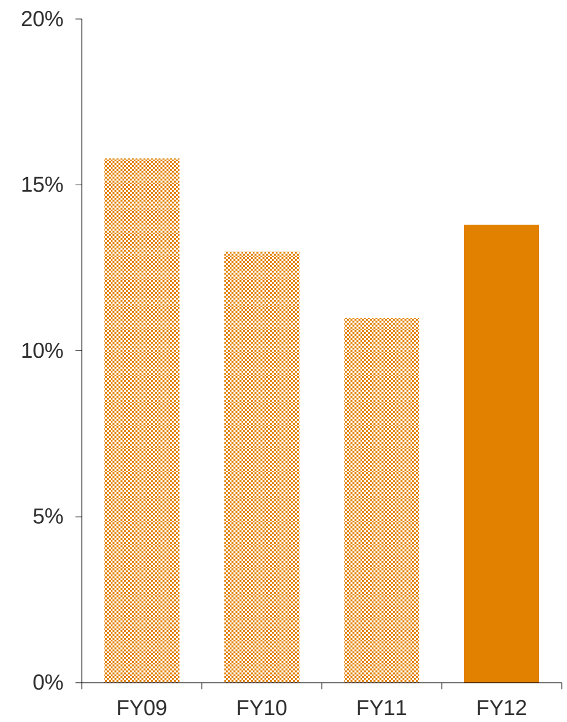


As expected, working capital has been impacted by a change in the mix of work

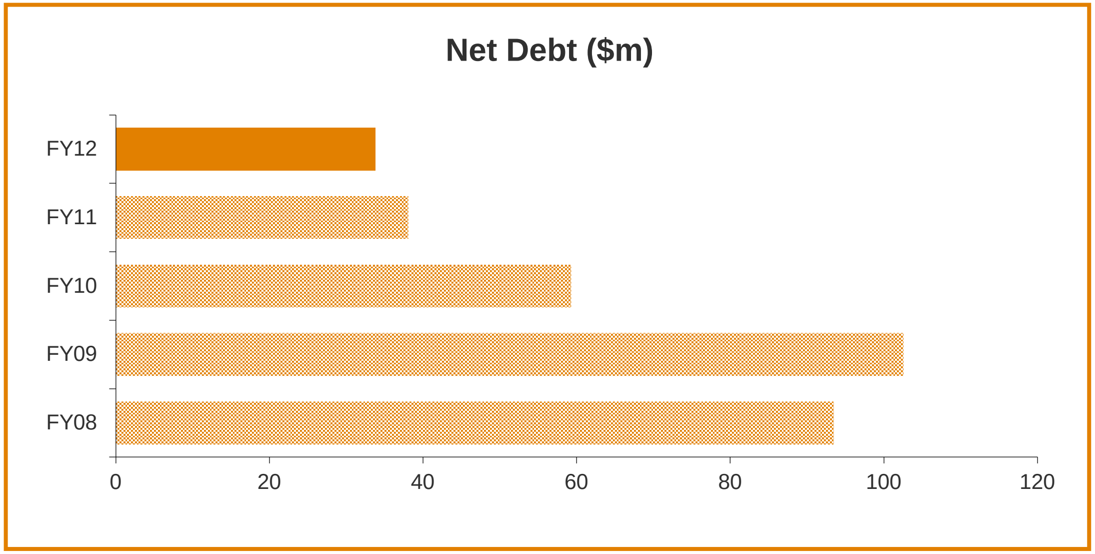
$ million	Jun 2012	Jun 2011
Reported EBITDA	38.0	34.6
+/- change in working capital	(10.5)	(2.8)
OCFBIT[1]	**27.6**	**31.8**
Net tax paid	(8.0)	(1.6)
Net interest paid	(3.6)	(5.6)
Operating cash flow	**16.0**	**24.6**
Proceeds from sale of assets	0.1	3.3
Capital expenditure	(9.0)	(6.7)
Free cash flow	**7.1**	**21.2**

[1] Operating Cashflow before Interest & Tax

Working Capital % of Revenue



Continued focus on cashflow and capital management pays dividends



Leverage = 0.9x

(Net Debt/EBITDA)

Interest Cover = 7.8x

(EBIT/Net interest expense)

- Target debt of 1.0x to 1.5x EBITDA going forward.
- New $140m two-year multi-option, multi-currency finance facilities in place.
- Continuation of dividends with 1c final dividend declared by the Directors.

Strategy & Outlook

Graeme Sumner
Managing Director

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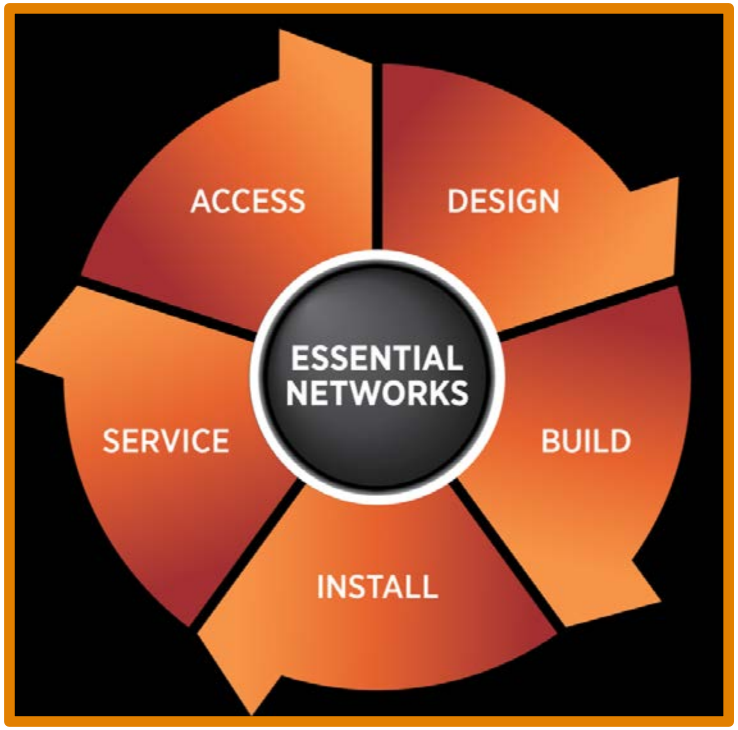
Service Stream: Who we are

- A leading provider of essential network services, including access, design, build, installation and maintenance.
- We operate principally in the essential networks of fixed telecommunications, mobile telecommunications, and energy & water.
- Blue chip customers include Telstra, Origin Energy, Jemena, Vodafone and NBN Co.
- More than 4,000 employees and contractors.



We’ve re-branded our divisions around three specialist brand names…

ENERGY AND WATER

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MOBILE COMMUNICATIONS

FIXED COMMUNICATIONS

…with all businesses on track for further growth

Fixed Communications

- NBN programs continue to ramp up.
- New Estates roll-out expected to reach 21,000 lots over the next 18 months.
- Mobilisation of Syntheo progressing well, with 54 work-orders received across WA, SA and NT.

Mobile Communications

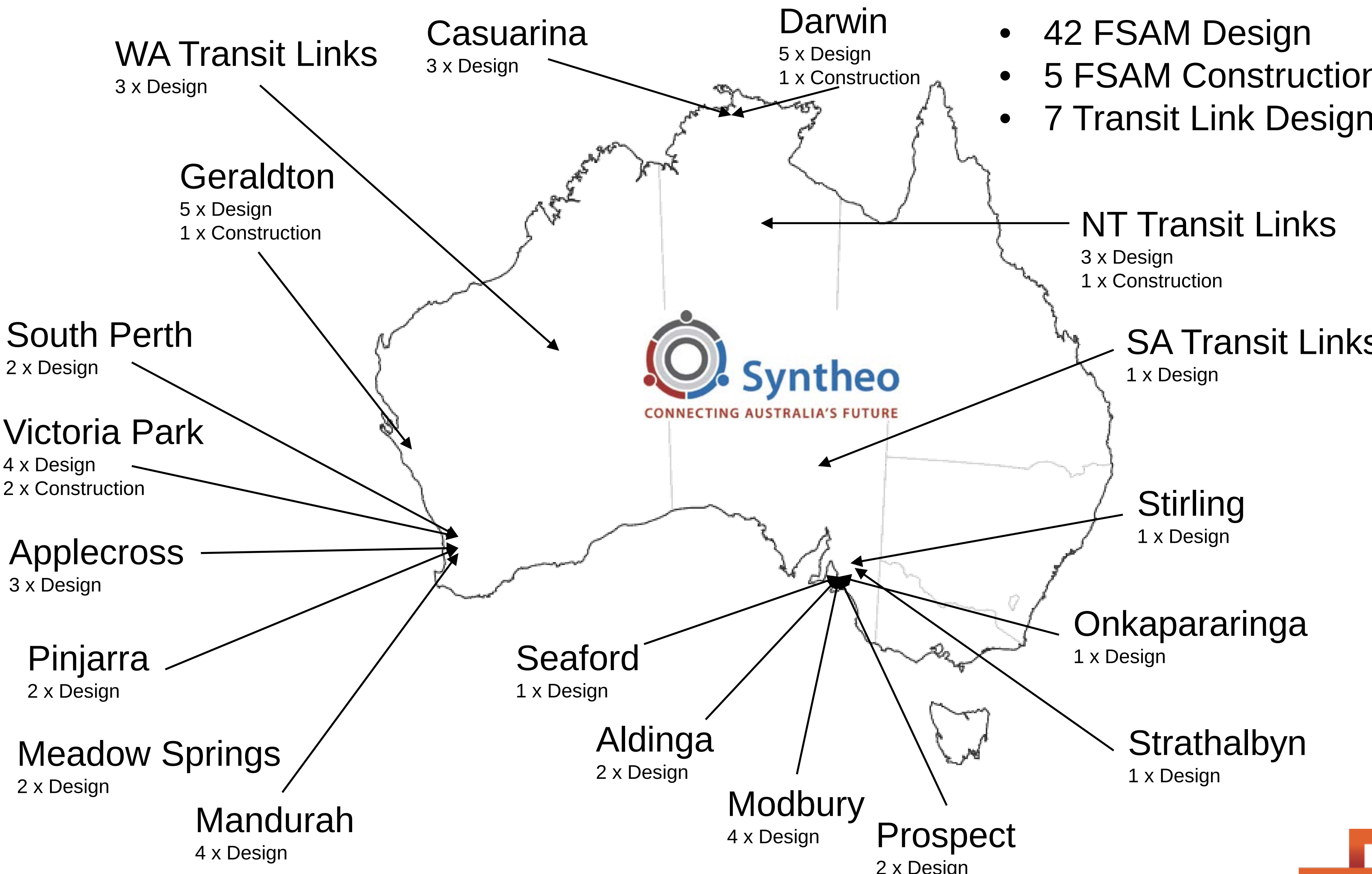
- High penetration of smart phones and tablets drives continued surge in demand for wireless data capacity.
- Carriers continuing to invest in latest technology – eg 4G.

Energy & Water

- Residential solar pv finished FY12 strongly, with large back-log of orders for H1 FY13. FY13 target ~ 10,000.
- Victorian smart meter program continues, with over 250,000 installations expected for FY13.
- Energy & Water customers providing fresh opportunities:
  - Residential solar hot water & other in-home services.
  - Entry into low-voltage electrical infrastructure market.

54 NBN work orders received thus far…

- 42 FSAM Design
- 5 FSAM Construction
- 7 Transit Link Design



Strong medium term outlook

- Tender process for NBN Co's brownfield work packages 5 to 9 in the Eastern states is currently underway via Syntheo, valued at ~$1.6 billion.
- Demonstrated ability to secure large NBN-related contracts - Work Packages 2 & 3, New Developments.
- Telstra network remediation expected to grow strongly.
- Mobile communications market drivers expected to remain strong for at least the next two years.
- Dividends expected to continue to reward shareholders now that sustainable profitability has returned.
- FY13 earnings expected to be in line with FY12, with weighting towards H2 as a result of NBN ramp up.

Questions?

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Appendices

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Group overview

SERVICE STREAM LIMITED (ASX:SSM)

EBITDA (FY12)	$38.0m
EPS (FY12)	6.60cps
DPS (FY12)	2.00cps
Net debt (Jun 2012)	$33.9m
Total shareholders' equity (Jun 2012)	$270.7m
Enterprise value (Net debt plus market cap)	$145.8m
EV/EBITDA	3.8x
PER	6.0x
Shares on issue (Jun 2012)	283.4m
Market capitalisation ($0.395/share @ 31-Jul-12)	$111.9m

BOARD & MANAGEMENT

Peter Dempsey	Chairman
Graeme Sumner	Managing Director
Stephe Wilks	Non-Executive Director
Brett Gallagher	Non-Executive Director
Deborah Page AM	Non-Executive Director
Bob Grant	CFO, Alternate Director
Jessica Lyons	Company Secretary

Fixed Communications

Fixed Communications provides a wide range of design, construction and maintenance services for copper and fibre optic telecommunications infrastructure assets. The division's principal activities are minor design and construction (D&C) projects under the Telstra Access & Associated Services (A&AS) contract, the roll-out of fibre into new housing estates for NBN Co, and D&C of the National Broadband Network through the Syntheo Joint Venture with Lend Lease.

Mobile Communications

Mobile Communications provides turn-key Project Management services for the access, design, and construction of wireless telecommunications infrastructure across Australia. The division provides these services to each of Australia's three major mobile network providers, Telstra, Vodafone-Hutchison and Singtel Optus and its capabilities make it the market leader in the provision of such services nationally.

Energy & Water

The Energy & Water division provides of a range of specialist metering and environmental services to utilities and government authorities nationally, and through the Customer Care business, the provision of contact centre services and end-to-end customer support for key contracts. Major customers include Origin Energy, Jemena, ETSA, Southeast Water, Citipower / Powercor and other utility companies nationally.