

Service Stream Limited

FY15 First Half Results Presentation

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Managing Director

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Financial Highlights

\$197.4m

Revenue up from \$174.6m FY14 H2

\$10.7m

EBITDA up from \$9.0m FY14 H2

\$4.0m

NPAT up from \$1.8m FY14 H2

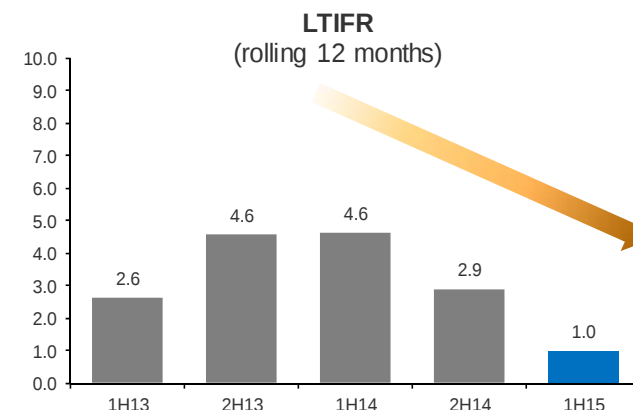
\$11.0m

Net Debt steady with \$10.4m FY14 H2

- Increase in revenue driven from growth across Fixed Communications
- Offset declines within Energy & Water due to conclusion of smart meter rollout in Victoria
- Return to sustainable profitability continues with solid EBITDA result for the half
- EBITDA margin of 5.4% continues to improve
- Strong NPAT growth benefits from lower D&A and financing costs
- Interim fully franked dividend of 0.5 cents per share declared
- Net Debt of \$11.0m and banking facility utilisation of \$32.7m continues to be low
- Increase in working capital in line with change in mix of revenues

Operational Highlights

- Continued focus on safety delivers improved LTIFR of 0.98
- Continued focus on operational execution and client relationships delivering results:
 - Currently undertaking successful trials with both NBN & Telstra on the deployment of Fibre-to-the-Node (FTTN)
 - Expanded service offerings secured in Energy & Water across WA and SA
- Commercial discussions currently in progress with NBN Co. on future 'FTTX' work programs for FY16 and beyond
- Execution against the corporate strategic plan continues to progress well



Key Financial Measures

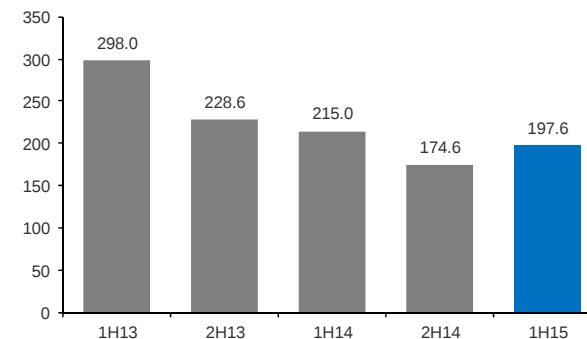
Key financial measures

compared to immediately preceding period

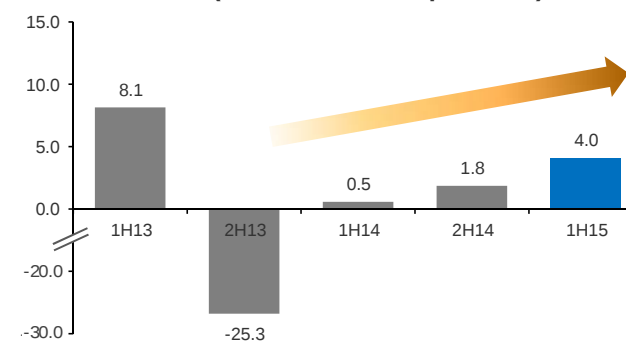
\$ million	FY15 1st half	FY14 2nd half	Change		
Revenue	197.4	174.6	22.8	13%	▲
EBITDA	10.7	9.0	1.6	18%	▲
EBITDA %	5.4%	5.2%	0.2%		▲
Net profit after tax	4.0	1.8	2.3	127%	▲
Earnings per share (cents)	1.05	0.54	0.50	92%	▲
Dividends per share (cents)	0.5	-	0.5		▲
Operating Cashflow	0.5	10.1	(9.6)	(95%)	▼
Net Debt	11.0	10.4	0.6	6%	▲
Leverage Ratio x ¹	1.15	1.33	(0.17)	(13%)	▼

¹ (Net Debt + Bank Guarantees) / 12 mth rolling EBITDA

Revenue



NPAT (excl. Goodwill impairment)



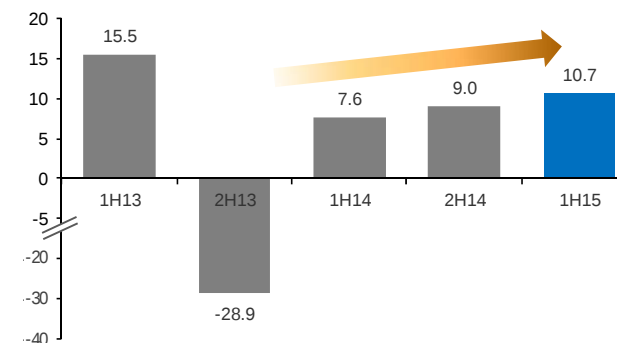
The Board has determined that comparison of the financial results to the immediately preceding period (six months ending 30-Jun-14) may be more beneficial to shareholders than a comparison to the prior comparative period (six months ending 31-Dec-13). Comparisons to the prior comparative period are contained in both the Financial Statements and the appendix to the Results Presentation.

Segment Results

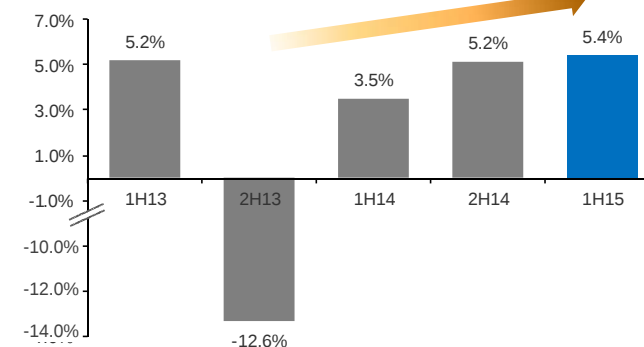
Segment results compared to immediately preceding period

\$ million	FY15 1st half	FY14 2nd half	Change
Fixed Communications	84.3	55.7	28.6
Mobile Communications	72.5	67.7	4.8
Energy & Water	40.9	50.7	(9.8)
Eliminations & Interest Rec'd	(0.3)	0.5	
Total Revenue	197.4	174.6	22.8
Fixed Communications	6.9 8.1%	5.6 10.0%	1.3 (1.9%)
Mobile Communications	4.2 5.8%	1.2 1.8%	3.0 4.0%
Energy & Water	2.1 5.2%	4.5 9.0%	(2.4) (3.8%)
Unallocated Corporate Services	(2.6) (1.3%)	(2.3) (1.3%)	(0.2) 0.0%
Total EBITDA	10.7 5.4%	9.0 5.2%	1.6 0.2%
Depreciation & Amortisation	(3.0)	(4.1)	1.0
EBIT	7.6 3.9%	4.9 2.8%	2.7 1.0%
Financing costs	(1.4)	(3.0)	1.6
Income tax expense	(2.1)	(0.1)	
Net profit after tax	4.0 2.0%	1.8 1.0%	2.3 1.0%

EBITDA



EBITDA %



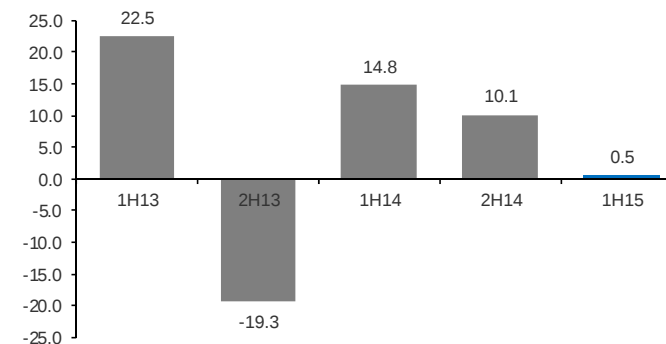
Cashflow Results

Cashflow results

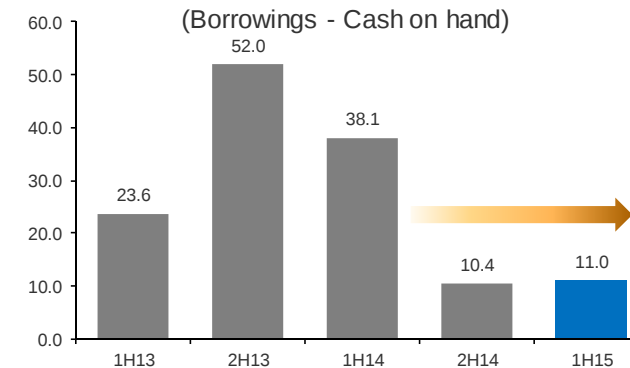
compared to immediately preceding period

\$ million	FY15 1st half	FY14 2nd half	Change
EBITDA	10.7	9.0	1.6
+/- change in working capital	(9.0)	3.1	(12.1)
OCFBIT	1.7	12.1	(10.4)
Net tax paid	(0.0)	0.0	(0.0)
Net interest and financing costs	(1.2)	(2.0)	0.8
Operating Cashflow	0.5	10.1	(9.6)
Capital expenditure (net of proceeds from sales)	(1.0)	(1.3)	0.3
Free cashflow	(0.5)	8.8	(9.3)
Proceeds from capital raise	0.0	18.9	(18.9)
Dividends paid	0.0	0.0	0.0
Purchase of shares	(0.1)	0.0	(0.1)
(Increase) / Decrease in net debt	(0.6)	27.7	(28.3)

Operating Cashflow



Net Debt (Borrowings - Cash on hand)



Business Unit Update



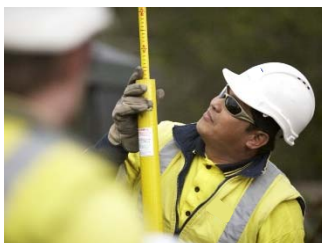
Fixed Communications

- Continued growth as works associated with rollout of NBN continues to gain momentum, together with a focus on working capital management
- Currently undertaking successful trials with both NBN & Telstra on the deployment of Fibre-to-the-Node (FTTN)
- In commercial discussions with NBN Co. on work packages and geography to support the re-booted multi-technology deployment commencing in mid-late 2015



Mobile Communications

- Focussed on securing wireless network design & construction contracts with Telstra and VHA in H2
- Receipt of consistent wireless work packages remains challenging
- Diversification plans progressing well with small opportunities secured in road lighting and signalling during H1

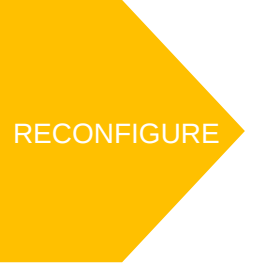


Energy & Water

- Revenue decline in line with budget expectations due to conclusion of smart meter rollout in Victoria, however retailer-lead deployments gaining momentum for FY16 commencement
- New contracts with ATCO Gas (Meter Exchange) and SAPN (Asset Inspection) secured during H1
- Solar PV installations remained steady during H1 as increasing electricity prices supports continuing demand

Delivery against our Strategic Plan

Underpinning sustainable profitability and growing shareholder value

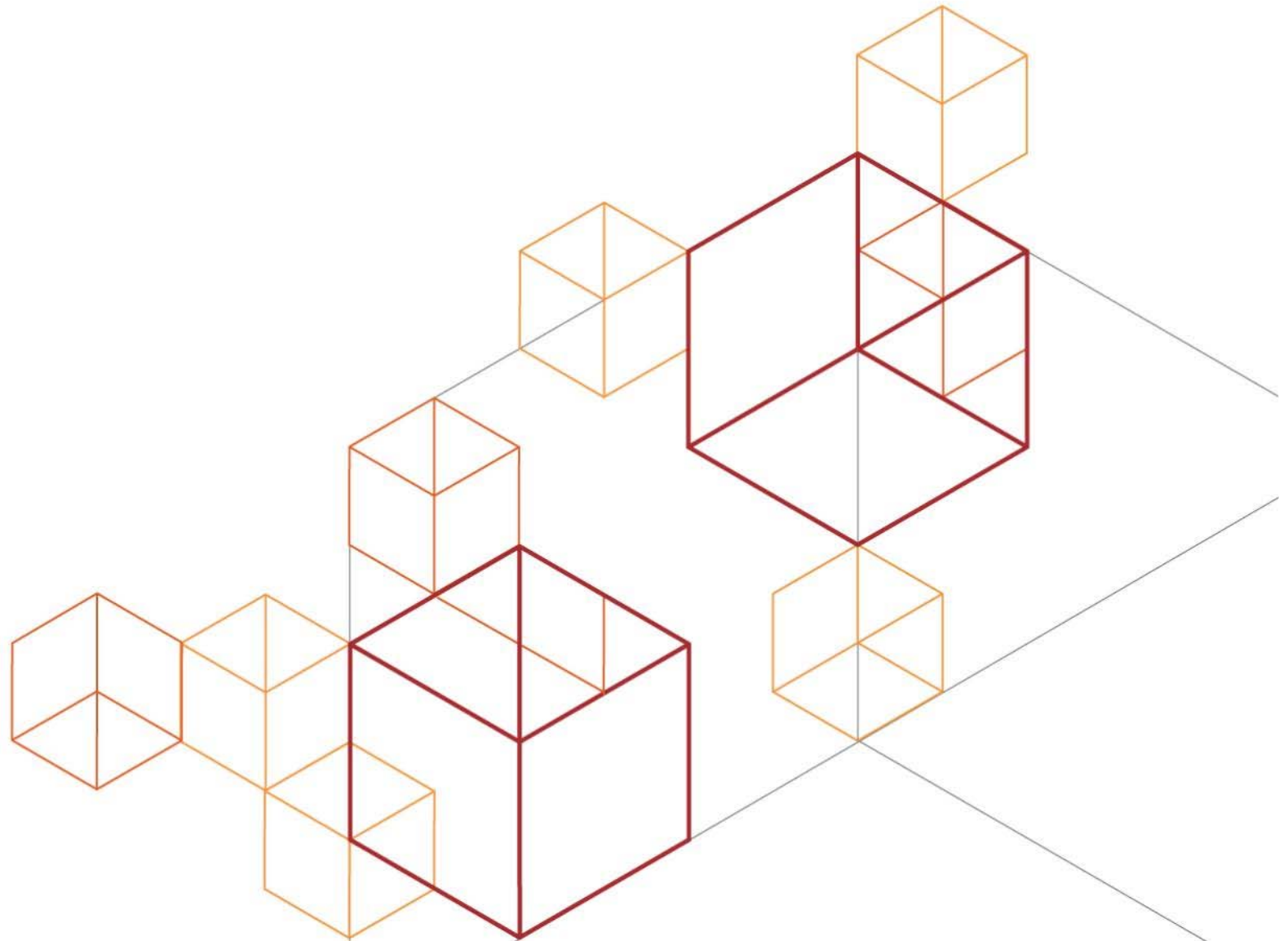
 UNLOCK	▪ Contract retention ▪ Improve contract and commercial management disciplines ▪ Implement variable direct cost structures to reduce risks of volume fluctuation	✓ Focussed on securing wireless contract opportunities with Telstra and VHA in H2 ✓ Centralised commercial function established ✓ Increased the use of contracted resources across field operations
 RECONFIGURE	▪ Increased capability and focus on HSE ▪ Implement common business frameworks and processes ▪ Remuneration and recognition schemes	✓ HSE Team transformed and aligned to support each business unit ✓ Group level bid management framework implemented ✓ Talent identification and succession management program launched
 EXTEND	▪ Secure organic 'Value Add' opportunities ▪ Extension of core capabilities across known markets ▪ Build pipeline to support future growth	✓ Service expansion across Energy & Water and Fixed Communications ✓ New contract opportunities in Energy & Water ✓ Stable business development pipeline across all 3 segments

FY15 Outlook

- We expect that the second-half of FY15 will continue to consolidate on the Company's recent trend of delivering solid operating and financial performance
 - Continued focus on converting 'works-to-cash' across Fixed Communications
 - Wireless work volumes remain fluid and difficult for management to predict month-on-month
- H2 priorities include:
 - Secure the renewal of Wireless Design and Construction agreements with Telstra and VHA
 - Secure FTTN volumes with NBN Co. to support commencement for FY16
 - Continue to explore organic diversification opportunities for Mobile Communications
 - Commence trials for deployment of smart metering infrastructure within Energy & Water



Appendices



Key Financial Measures

Key financial measures compared to prior corresponding period

\$ million	FY15 1st half	FY14 1st half	Change	
Revenue	197.4	215.0	(17.5)	(8%) ▼
EBITDA	10.7	7.5	3.1	41% ▲
EBITDA %	5.4%	3.5%	1.9%	▲
Net profit after tax	4.0	0.5	3.5	670% ▲
Earnings per share (cents)	1.05	0.18	0.86	467% ▲
Dividends per share (cents)	0.5	-	0.5	▲
Operating Cashflow	0.5	14.8	(14.3)	(97%) ▼
Net Debt	11.0	38.1	(27.0)	(71%) ▼
Leverage Ratio x ¹	1.15	n/a	n/a	n/a ▼

¹ (Net Debt + Bank Guarantees) / 12 mth rolling EBITDA

Segment Results

Segment results

compared to prior corresponding period

\$ million	FY15 1st half		FY14 1st half		Change	
Fixed Communications	84.3		42.7		41.6	
Mobile Communications	72.5		99.2		(26.7)	
Energy & Water	40.9		73.5		(32.6)	
Eliminations & Interest Rec'd	(0.3)		(0.4)			
Total Revenue	197.4		215.0		(17.5)	
Fixed Communications	6.9	8.1%	(3.2)	(7.5%)	10.0	15.6%
Mobile Communications	4.2	5.8%	6.5	6.5%	(2.3)	(0.7%)
Energy & Water	2.1	5.2%	6.6	9.0%	(4.5)	(3.8%)
Unallocated Corporate Services	(2.6)	(1.3%)	(2.4)	(1.1%)	(0.2)	(0.2%)
Total EBITDA	10.7	5.4%	7.5	3.5%	3.1	1.9%
Depreciation & Amortisation	(3.0)		(4.9)		1.9	
EBIT	7.6	3.9%	2.6	1.2%	5.0	2.6%
Financing costs	(1.4)		(1.9)		0.5	
Income tax expense	(2.1)		(0.2)			
Net profit after tax	4.0	2.0%	0.5	0.2%	3.5	1.8%

Cashflow Results

Cashflow results

compared to prior corresponding period

\$ million	FY15 1st half	FY14 1st half	Change
EBITDA	10.7	7.5	3.1
+/- change in working capital	(9.0)	10.7	(19.6)
OCFBIT	1.7	18.2	(16.5)
Net tax paid	(0.0)	0.0	(0.0)
Net interest and financing costs	(1.2)	(3.4)	2.2
Operating Cashflow	0.5	14.8	(14.3)
Capital expenditure (net of proceeds from sales)	(1.0)	(0.8)	(0.2)
Free cashflow	(0.5)	13.9	(14.5)
Proceeds from capital raise	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0
Purchase of shares	(0.1)	0.0	(0.1)
(Increase) / Decrease in net debt	(0.6)	13.9	(14.6)