ASX & MEDIA RELEASE **28 April 2016**

Return of Capital and Share Consolidation

Leading essential network services company Service Stream Limited (ASX: SSM) today released details of a capital management initiative comprising a return of capital to shareholders and a share consolidation. A notice has been issued for an Extraordinary General Meeting (EGM) to be held on 31 May 2016 for shareholders to consider and vote on the initiative.

Return of Capital to Shareholders

Consistent with the proposal announced with the 1H16 half-year results, the Board of Service Stream proposes a return of capital of 5 cents per share to shareholders. If approved, this proposal will result in a reduction of the share capital and cash balance of Service Stream by approximately $19.3m. The Record Date for the return of capital has been set as 7pm AEST on Friday 3 June 2016, with a Payment Date of Friday 10 June 2016.

Share Consolidation

The Board also proposes to implement an equal and proportionate share consolidation in a ratio of 0.9318 ordinary shares for every one Service Stream share held on the Record Date. Where the consolidation calculation results in a fraction of an entitlement, fractions will be rounded up to the next whole number of shares.

The combination of the return of capital to shareholders and the share consolidation is intended to ensure that all shareholders receive an equal cash distribution per share, whilst providing an earnings per share outcome similar to a share buy-back. The share consolidation is also expected to neutralise any expected share price reduction arising from the return of capital.

If shareholders approve the proposed share consolidation, the number of Service Stream shares on issue will be reduced from approximately 386.4 million to approximately 360.04 million.

ATO Class Ruling

Service Stream has received a draft Class Ruling from the Australian Tax Office (ATO) regarding the income tax consequences of the return of capital and share consolidation for shareholders which, if issued, will confirm that there will be no immediate tax liability for most Service Stream shareholders. Instead, the cost base of shares for capital gains tax purposes will be reduced by 5 cents per share.

The Explanatory Statement attached to the Notice of EGM contains full details of the expected tax implications of the return of capital and share consolidation. Shareholders are encouraged to review this section and to seek their own professional advice in relation to their tax position.

Service Stream expects the ATO to publish a binding Class Ruling after the return of capital has been paid to shareholders, a copy of which will be released to the ASX and made available to shareholders on the Service Stream website once received.

Shareholder Meeting

The capital management initiative is subject to shareholder approval and will only proceed if both the Capital Return Resolution and the Share Consolidation Resolution are approved by the required majority of shareholders.

A Notice of EGM containing all necessary information will be sent to shareholders today and a copy is attached to this announcement.

Timetable

The timetable for the proposed capital management initiative is as follows:

17 February 2016	Capital management initiative announced with 1H16 half-year results.
28 April 2016	Service Stream to complete dispatch of the Notice of EGM in respect of the proposed capital management initiative
31 May 2016	EGM, at which shareholders consider the Capital Return Resolution and the Share Consolidation Resolution
1 June 2016	Last day for trading in pre-consolidated shares on a pre-return of capital basis.
2 June 2016	Commencement of trading on an ex-return of capital basis and commencement of trading in consolidated shares on a deferred settlement basis.
3 June 2016	Record date for determining entitlement to participate in the return of capital to shareholders. Last day to register transfers of shares on a pre-consolidated basis and on a pre-return of capital basis.
6 June 2016	Share consolidation becomes effective.
10 June 2016	Last day for updating the share register. Payment date for the return of capital to shareholders and notices issued to shareholders including: • Confirmation of the number of shares held following the share consolidation; and • Return of capital to shareholders payment advice.
14 June 2016	Normal trading resumes.
16 June 2016	Settlement of trades conducted on a T+2 basis and the first settlement of on-market trades conducted on a deferred settlement basis.

ASX Trade Note: As the record date for the Share Consolidation and the Capital Return is the same date, ASX is not able to disseminate corporate action messages in relation to the Capital Return, and therefore trading on ASX Trade will not be tagged XC (ex- capital return).

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About Service Stream Limited:

Service Stream is a public company listed on the Australian Securities Exchange (Code: SSM). The Service Stream Group is a provider of essential network services to the telecommunications, energy and water industries. Service Stream operates out of more than 40 locations nationwide and maintains a workforce of around 1,500 employees and up to 3,000 active contractors. For more information please visit www.servicestream.com.au.