

Annual General Meeting

24 October 2018

Chairman's Address to Shareholders

Fellow Shareholders,

On behalf of Service Stream's Board and Management, I'm delighted to report that the financial year ending 30 June 2018 marked another extremely successful period for your company where we further enhanced group performance and strengthened returns to our shareholders.

Pleasingly, the business delivered earnings over and above the full-year guidance which we released mid-year, and achieved very significant improvement across all key financial measures.

The key financial highlights for FY18 included:

- EBITDA increased by 39% to \$67.3m
- Net Profit After Tax increased by 45% to \$41.1m
- Earnings per share of 11.29 cents, an increase of 45%
- Operating cashflow of \$79.7m was generated for the year, resulting in the company increasing its Net Cash balance to \$73m at year-end; and
- Total dividends for the year increased by 67% to 7.5 cents per share (fully-franked)

On the back of the year's outstanding results, the company's share price continues to perform strongly against our peers.

During the year the Board approved a number of capital management initiatives, given the business' strong balance sheet and increasing Net Cash balance. In that context, we purchased 8.7m shares on-market to satisfy the vesting of the company's FY17 and FY18 share-based incentive plans. Furthermore, in February 2018 we announced an on-market share buy-back, which has been subsequently implemented to the extent permitted by our Securities Trading Policy and resulted in a total of 5.0 million shares being bought-back and cancelled.

Looking ahead, the business continues to operate across growing markets and remains in an excellent position to deliver further earnings growth in FY19.

In respect of outlook we expect:

- Fixed Communications to continue to grow as the volume of customer activations and assurance works under our nbn contracts increases.
- Network Construction to be relatively flat with increased earnings from the nbn DCMA contract offsetting what may be a softer Wireless spending profile prior to the expected commencement of the 5G roll-out.
- Energy and Water to grow on the back of the recently secured field service contracts and continuing investment in new energy services such as commercial solar and battery storage systems.

The Board remains pleased with the progress made by management over the past 12 months, who continue to diligently execute against the Group's Strategic Plan.

I would like to thank my fellow board members for their contributions and commitment over the course of the year. I would also like to thank the management team and all of our valued staff and contractors for their hard work and dedication, and our long standing customers and Shareholders for their ongoing trust and support.



Brett Gallagher
Chairman