

ASX & MEDIA RELEASE

3 December 2018

Service Stream announces acquisition of Comdain Infrastructure

Leading essential network services company Service Stream Limited (ASX:SSM) today announced it has entered into a binding agreement to acquire Comdain Infrastructure Pty Ltd (Comdain Infrastructure), a provider of engineering and asset management services to the gas and water utility sectors in the Australian eastern states.

Comdain Infrastructure is a leading provider of critical infrastructure services, specialising in the design, construction, operations and maintenance of utility network infrastructure assets across the gas and water industries. Comdain Infrastructure has extensive long-standing customer relationships with utility asset owners and operators throughout Victoria, New South Wales and Queensland, with many extending beyond 30 years.

Over recent years, Comdain Infrastructure has delivered consistent and sustainable annual growth, on the back of expanding its operations and integrated service offerings, as utility asset owners increase investment in infrastructure assets across the country. In FY19, Comdain Infrastructure is expected to generate approximately \$320m in Revenue and \$22m in EBITDA and has a solid pipeline of contract opportunities to support ongoing future growth.

Service Stream has agreed to a purchase price of \$161.7 million (subject to adjustments at and post completion for tax liabilities, net cash and movements in working capital) equating to an attractive FY19F EV/EBITDA multiple of 7.4x, with \$93.7 million payable in cash at completion and \$68.0 million of scrip payable at completion in Service Stream ordinary shares. Cash consideration will be funded through a combination of cash-on-hand and bank borrowings of \$60 million, whilst the scrip consideration will be delivered by the issuance of approximately 40.2 million new SSM shares based on the 1-month VWAP of \$1.692 per share.

The transaction is subject to the satisfaction of a number of conditions precedent, and is expected to complete on either 2 January 2019 or 1 February 2019.

Comdain Infrastructure's Chairman, Tom Coen, has been invited to join Service Stream's Board as a Non-Executive Director. Mr Coen will bring extensive industry knowledge and has an ongoing interest in supporting and growing the combined business.

Service Stream Managing Director, Leigh Mackender, stated *'In line with Service Stream's strategy to diversify the Group's revenues across adjacent, familiar and growing markets, the acquisition of Comdain Infrastructure follows an extensive search and detailed assessment process.'*

"This exciting transaction is compelling for Service Stream's shareholders. It positions the company as one of the largest utility and telecommunication service providers in the country with revenues of circa \$1 billion and with a relatively even distribution of revenues from the utility and telecommunications sectors. The combination of Service

Stream's and Comdain Infrastructure's capabilities will allow the business to provide our utility clients with a comprehensive and compelling asset life-cycle value proposition."

Comdain Infrastructure's Chief Executive Officer, Peter Coen, will continue in his role and join the Service Stream management team following completion of the transaction. Mr Coen has over 25 years' experience in the civil engineering, water, gas and construction industry. The business has a highly experienced senior management team and a field workforce of over 500 employees.

Commenting on today's announcement, Peter Coen said *"Having established Comdain Infrastructure as one of Australia's leading utility service providers, we're delighted to become part of Service Stream and to collectively drive Comdain Infrastructure's next phase of growth. Comdain Infrastructure will continue to build on its strong reputation in core gas and water markets, whilst pursuing new opportunities with Service Stream to provide clients with a truly 'whole of life' service offering across a range of sectors."*

"There is a strong cultural fit between the two organisations and we look forward to working together and establishing the Service Stream Group as Australia's largest and most trusted provider of critical infrastructure services."

Shareholder Webcast

Service Stream Managing Director, Leigh Mackender and Chief Financial Officer, Bob Grant, will host an on-line Briefing at 2:00 pm Tuesday, 4 December 2018.

The briefing will be webcast live, as well as archived on the Service Stream website, for the convenience of shareholders. To access the webcast, visit the *AGM & Results Presentations* page on the Service Stream website at <http://www.servicestream.com.au/investors/annual-general-meetings>

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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 1,800 employees and up to 3,500 active contractors. For more information please visit www.servicestream.com.au.