Service Stream

FY24 Full Year Results Presentation

21 August 2024

ServiceStream

Acknowledgment of Country

Service Stream acknowledges the traditional custodians of country throughout Australia and their continuing connections to land, water and communities.

We pay our respects to their elders past and present.

Key Messages

Scalable and attractive business operating across growing markets

ServiceStream

1. Exceptional financial results across all key metrics
2. Strong cash flows and return to net cash position
3. Utilities strategic repositioning substantially complete
4. Continued value creation for Shareholders
5. Strong platform for growth in FY25 and beyond

Group Financial Highlights

Exceeding expectations across all key financial metrics

ServiceStream

Total Revenue

$ 2,392m

Increase of 11.2% up on pcp

Underlying EBITDA

$ 129.2m

Increase of 13.2% on pcp

NPATA

$ 50.1m

Increase of 36.4% on pcp

Cashflow Conversion

101.6%

OCFBIT

Net Cash

$ 7.9m

Increase of $43.6m on pcp

FY24 Total Dividend

4.5 cps

Increase of 200% on pcp

Operational & Strategic Highlights

Creating value through disciplined execution of our strategy

Secured Contract Works

$2.2bn

Retaining **97%** of existing contracts which proceeded to market

Expanded WIH

$5.5bn

Secured over the initial contract terms

People

Improving Labour Market

Resource availability and attrition continues to improve

Improved Utility Performance

3.5% EBITDA Margin

Up **30 basis points**, with further improvement expected

Safety Performance

23% Reduction

in High Potential Incident Rates

Attractive & Growing Markets

11% Annual Organic Growth

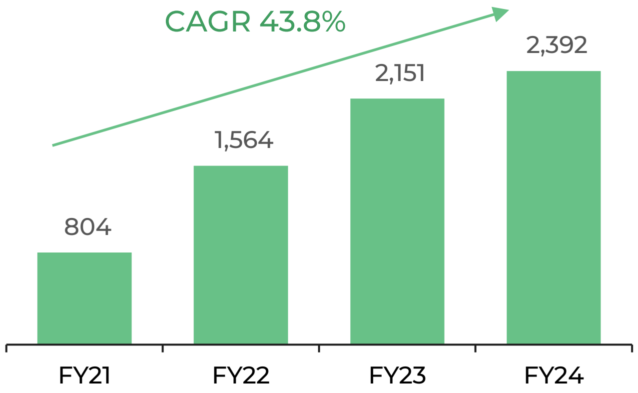
Providing strong momentum for growth in FY25 and beyond

Creating significant shareholder value

ServiceStream

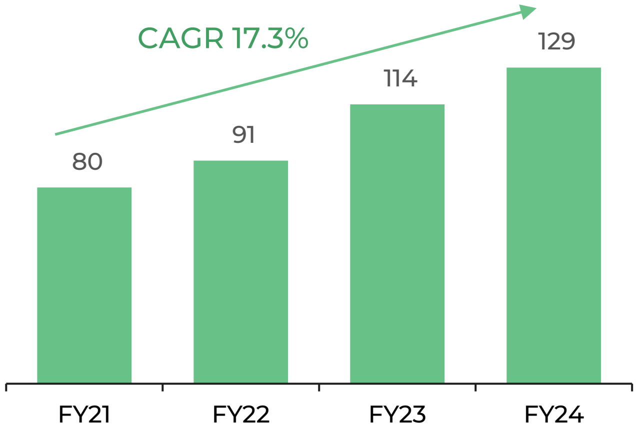
The acquisition and integration of Lendlease Services has dramatically changed the Group's profile

Total Revenue ($m)



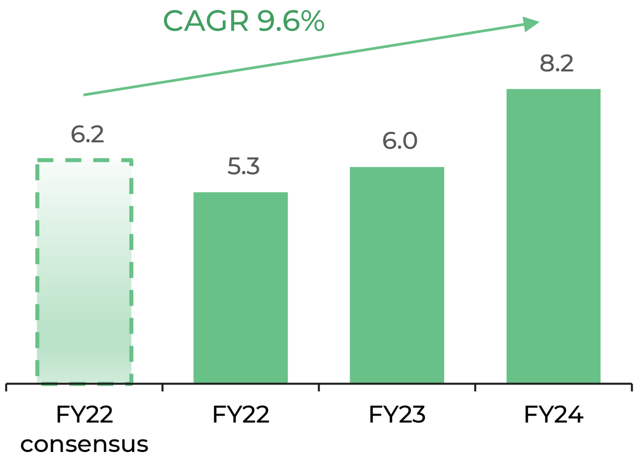
- Expanded market exposure from ~$7bn to ~$25bn in recurring annual maintenance expenditure
- Delivered strong annual revenue growth of 43.8% CAGR over past 3 years
- Enhanced portfolio of diversified blue-chip clients and market sectors

EBITDA from Operations ($m)



- EBITDA growth of 17.3% CAGR over the past 3 years
- Improved quality of earnings through increased diversification
- Reduced reliance on D&C projects, whilst still positively exposed to clients' capital investment
- Synergies well in excess of expectations

EPS-A ($m)



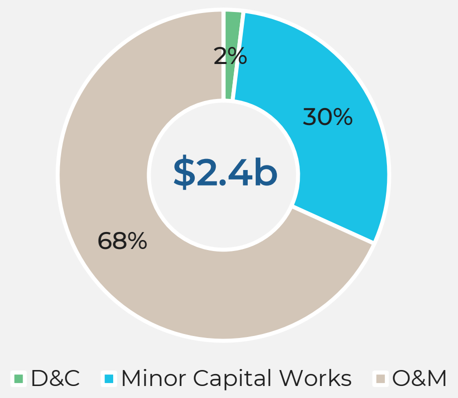
- Acquisition EPS-A accretion target of 30% vs FY22 broker consensus met, albeit one year late

High Quality Diversified Revenues

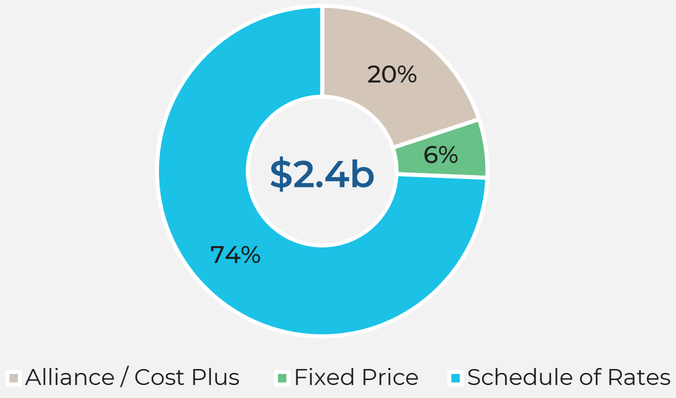
Positive work mix aligned to the Group's growth strategy and risk appetite

- Further enhancements to the Group's revenue profile in line with our strategy
  - New works secured in FY24 heavily biased to annuity style, lower-risk maintenance agreements
  - Multi-year O&M operations now reflecting **~70%** (63% in FY23) of Group revenues
  - Continued delivery of selective Minor Capital Works (small projects) under multi-year panel agreements, aligned to the Group's revised risk appetite
- Average contract term 5 years, with average tenure of 17 years
- Group holds many long-standing ~30-year relationships
- Increased portion of revenues secured under lower-risk cost reimbursable / alliance style frameworks
- Minor Capital works provides positive exposure to client's increasing capital investment cycles, balancing stable base of O&M works
- Operations span a favourable mix of industry sectors each providing significant opportunities for organic growth

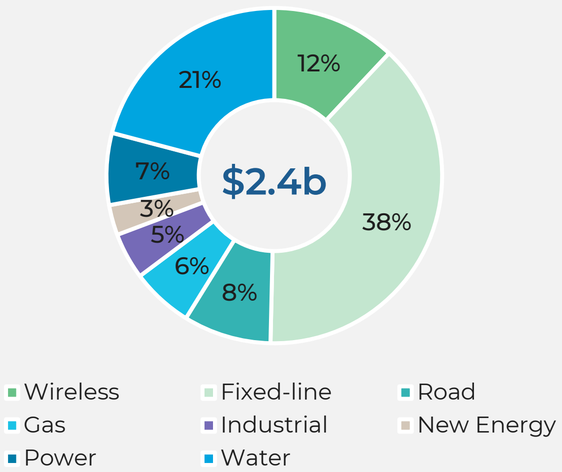
Work Type



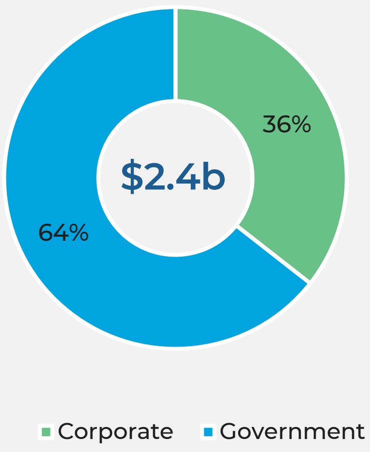
Commercial Models



Industry Sectors



Customer / Client



Reporting Segment Insights

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Telecommunications

- Segment revenue has significantly diversified over the past 3 years, underpinning a tripling of revenue
- Strong contribution from the nbn N2P network upgrade program
  - Demand for customer connections steadily increasing, providing program longevity
- Continue to strengthen position as the leading provider of wireless services nationally
- Strong momentum to continue with full order book for FY25

Utilities

- Segment repositioning continues to make solid progress
  - Successful exit of unprofitable legacy operations
  - Renegotiation and/or repair of underperforming contracts continuing
- Demonstrating incremental improvement in EBITDA margin over successive reporting periods
- New contracts secured reflect revised risk appetite and preference towards recurring O&M operations
- Queensland Pipeline construction completed with handover activities in final stages

Transport

- Secured new long-term maintenance agreement with Dept Transport & Planning, servicing Melbourne's South-East
- Inland rail demobilisation finalised during H1
- Segment rebased following the demobilisation from WA regional operations in FY23
- Positive exposure to growing maintenance expenditure by State Authorities
- Several new growth opportunities coming to market in FY25

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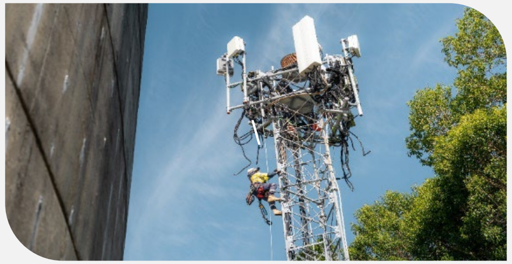
Major Contract Renewals and New Business

Secured $2.2bn+ in major multi-year agreements, further enhancing a diversified portfolio

Renewing and expanding core agreements, providing a stable base

Multinet
Victorian Maintenance
Gas
3 Year Term



Optus
National 5G Wireless
Telecommunications
3 Year Term

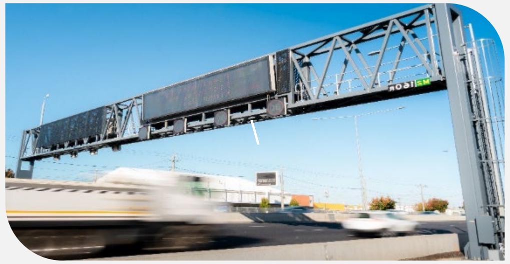
South East Water
Metering Services
Water
3 Year Term

Energy Queensland
Metering Services
Electricity
3 Year Term

Securing new works to support growth and diversification

NBN
Network Evolution
Telecommunications
2 Year Term

Yarra Valley Water
Network Renewals
Water
9 (+3) Year Term



Dept Transport & Planning
Victorian Road Maintenance
Transport
4 (+2 x 2) Year Term

AGL
Loy Yang Station Maintenance
Industrial
5 Year Term

Safety Performance

Continuing to deliver industry leading safety performance

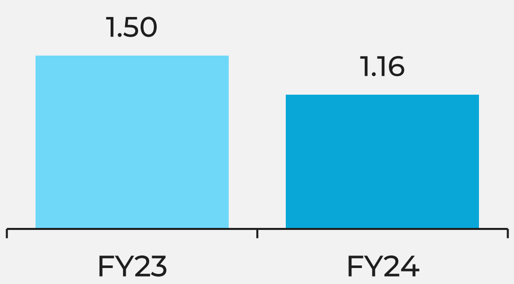
ServiceStream

- 23% reduction in High Potential Incidents
- Increased investment and proactive leadership driving several initiatives:
  - Service Stream Safety Leadership Model

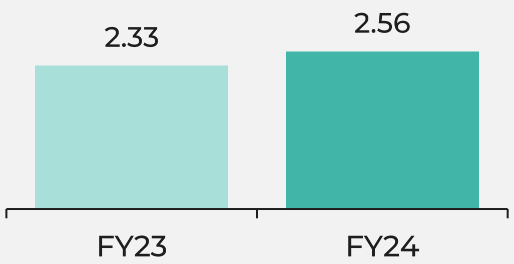
    Walk | Talk | Lead | Care

    Safety
  - Critical Control awareness program across higher-risk work activities
  - Front-line supervisor support, training and development program

High Potential Incident Frequency Rate



Total Recordable Injury Frequency Rate



Sustainability

Making a meaningful contribution across each of the Group's 5 Sustainable Pathways

ServiceStream

Safety
The wellbeing of our workforce, clients and communities we operate across

People
Improving how we attract, retain and develop our employees as an employer of choice

Community
Maintaining positive relationships and providing a meaningful contribution to communities we operate within

Environment
Mitigating negative impacts on the environment, whilst driving measured improvements to reduce our footprint

Governance
Robust corporate governance framework and practices

First Nations Support
1.2% ($19.1m) of Group Revenue
spent with First Nation Businesses across local communities

Fleet Optimisation
120 Hybrid Vehicles
on order for delivery over next 18 months, complementing the ~55 currently deployed

Currently assessing
Science Based Targets Initiative
to guide emission reductions by 2030 and 2050

Emission Reductions
~10% Reduction
across Scope 1 & 2 emissions compared with FY23 performance

Indigenous Workforce Participation
7.8% Increase
in FY24 compared with FY23

Community Support
50,000+ meals
donated via our partnership with Pony Up for Good

Financial Performance

Financial Headlines

ServiceStream

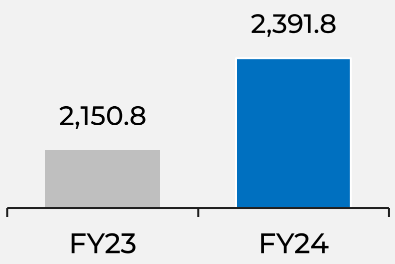
Total Revenue[1]

$2,392m

+11.2% vs pcp

- Strong growth across all Telco and Utility market sectors and services
- Telco operations have now surpassed $1bn

Total Revenue[1] ($m)



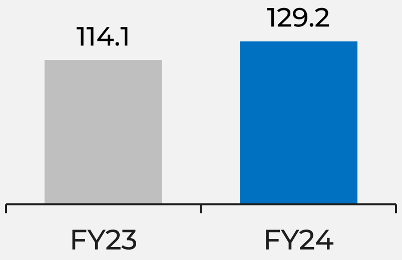
Underlying EBITDA from Operations[2]

$129.2m

13.2% vs pcp

- Group EBITDA margin of 5.4%
- Includes one-time cost investment in organic business development, e.g. Defence BST

EBITDA from operations[2] ($m)



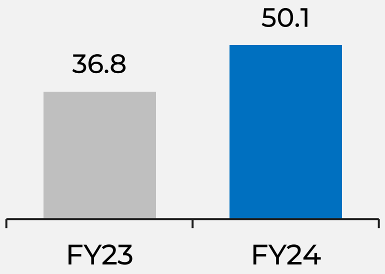
Adjusted NPAT

$50.1m

+36.4% vs pcp

- Statutory NPAT $32.3m includes:
  - Amortisation of customer contracts $15.7m
  - $9.8m QLD project provision recognised in H1

NPAT-A ($m)



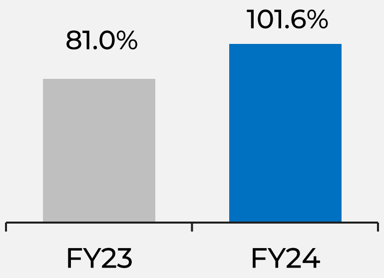
Underlying Operating Cashflow (OCFBIT)

$131.2m

+42.0% vs pcp

- Exceptional OCFBIT conversion of 101.6%
- Net cash $7.9m
- Comfortable return to net cash position 24 months post acquisition
- Net leverage 0.42x (post AASB-16)

OCFBIT conversion (%)



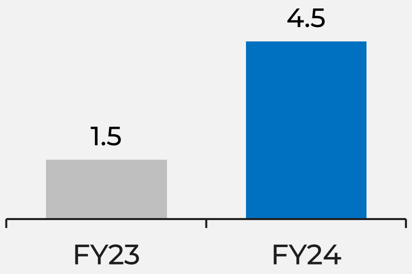
Total FY24 Dividend

4.5cps

200.0% vs pcp

- Final dividend 2.5 cps
- Significant step-up underpinned by continuing strong financial performance
- Fully franked, payable 4 October 2024

Dividend (cps)



Notes:
1. Includes proportionate revenue take-up of incorporated joint ventures. Refer to the Appendix for a reconciliation of Total Revenue to Statutory Revenue
2. Underlying EBITDA from Operations excludes acquisition transaction and integration costs, and further costs associated with the QLD project

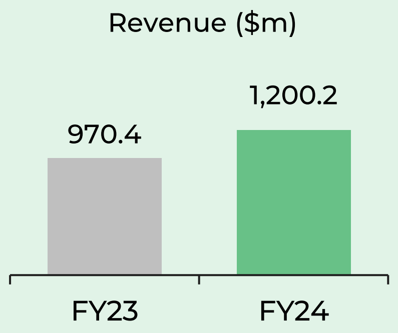
Telecommunications

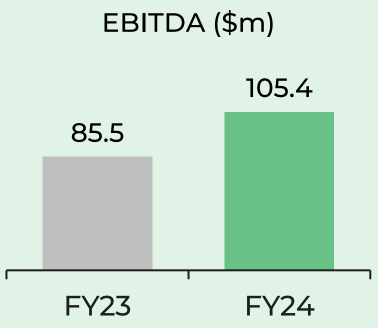
Highlights

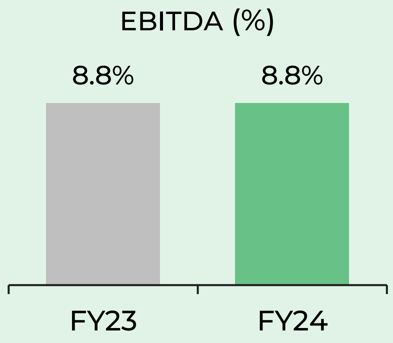
- Strong sector momentum has continued throughout the full year, despite some project works being pulled forward into 1H FY24:
  - Adverse weather rectification works over Q3 provided additional earning opportunities
  - 2H FY24 revenue and earnings on par with 1H despite earlier expectation of a 1H skew

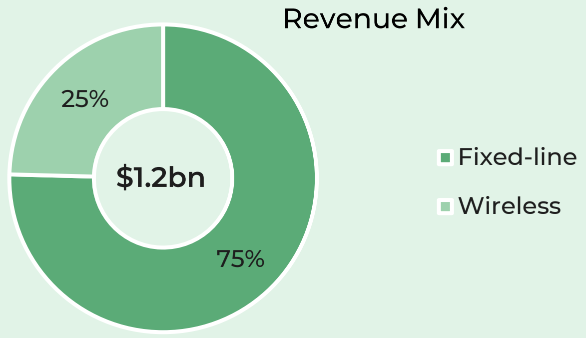
- Revenue of $1,200m, up $229.8m (23.7%):
  - Revenue growth delivered across fixed line and wireless operations, across O&M and capital programs
  - Additional connection volumes flowing from the nbn fibre overbuild program

- EBITDA of $105.4m, up $19.9m (23.3%):
  - EBITDA margin of 8.8% is consistent with prior periods and in line with expectations









Utilities

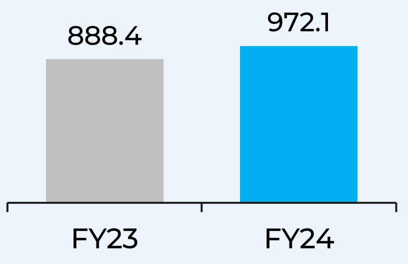
Highlights

- Strategic repositioning of the Utilities segment has largely been completed

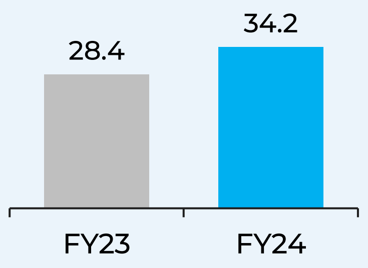
- Revenue of $972.1m up $83.7m (9.4%)
  - Strong revenue growth despite cycling off revenue from discontinued operations and shift away from large scale fixed price lump sum D&C projects
  - Multiple new O&M contract wins and organic growth opportunities within existing contracts
  - Growth achieved across all market sectors

- Underlying EBITDA of $34.2m, up $5.8m (20.4%) from prior year
  - Exceptional performance from core O&M contracts has enabled H2 margin improvement to 3.6% (H1: 3.4%), ahead of expectations
  - Completion of legacy projects and contracts has progressively cleared the path for improved future financial performance

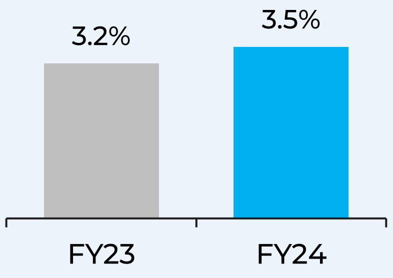
Revenue ($m)



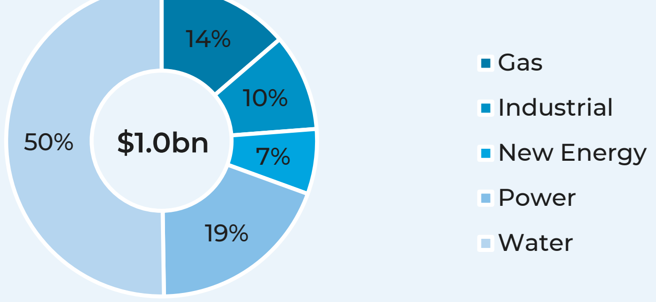
Underlying EBITDA ($m)



Underlying EBITDA margin (%)



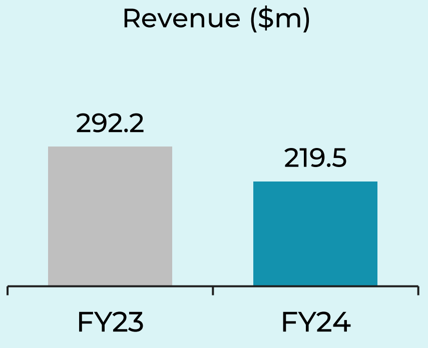
Revenue Mix

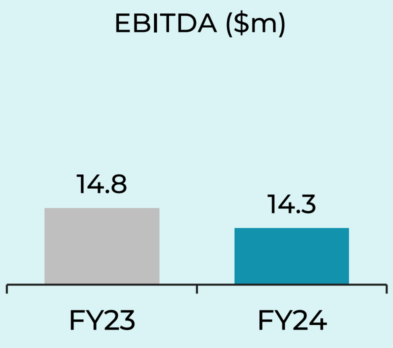


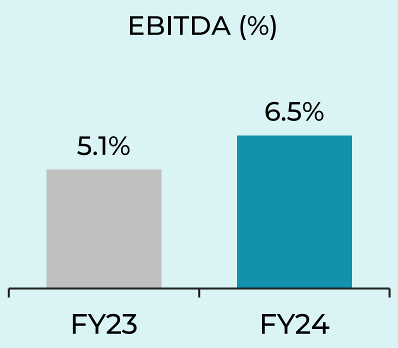
Transport

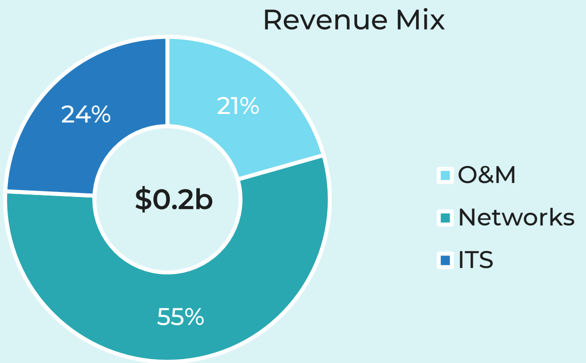
Highlights

- Transport operations rebased following the de-mobilisation of WA regional road operations in FY23
- New long-term Victorian Road Maintenance contract commenced 1 July 2024
- Revenue of $219.5m, down $72.7m (24.9%) driven by inclusion of WA revenue in FY23
- EBITDA of $14.3m, a minor reduction of $0.5m from FY23:
  - Impact of WA revenue reduction cushioned through overhead cost reduction
  - Strong performance from remaining operations enhancing EBITDA margin
  - Segment result includes Inland Rail PPP demobilisation agreement reached during FY24









Group Profit and Loss

Comparison of results for the period ended 30 June 2024

ServiceStream

$m	FY24	FY23	$
Revenue	**2,291.6**	**2,052.8**	**238.8**
EBITDA	**116.8**	**86.9**	**29.9**
Depreciation & amortisation	(42.8)	(52.6)	9.9
Amortisation of customer contracts	(15.7)	(15.4)	(0.3)
EBIT	**58.3**	**18.8**	**39.5**
Net financing costs	(11.4)	(13.6)	2.2
Income tax expense	(14.6)	(0.8)	(13.8)
Net profit after tax	**32.3**	**4.5**	**27.8**

Adjusted profitability

Total Revenue	**2,391.8**	**2,150.8**	**241.0**
Underlying EBITDA from Operations*	**129.2**	**114.1**	**15.1**
Underlying EBITDA from Operations %	*5.4%*	*5.3%*	*0.1%*
Adjusted NPAT (NPAT-A)*	**50.1**	**36.8**	**13.4**
Adjusted EPS (cents)	8.2	6.0	2.2

- **Total Revenue +11.2%:**
  - Driven by continued strong sector tailwinds across Telco and Utility operations
  - Revenue growth well in excess of contractual pricing adjustments
- **Underlying EBITDA from Operations +13.2%:**
  - Group EBITDA-A margin of 5.4%
  - Includes additional Defence bid costs and some benefits flowing from continuing optimisation programs
- **NPAT-A +36.4%:**
  - FY23 D&A includes write-off of LLS acquired software ($6.6m).
  - Leasehold consolidation and tight capex discipline also driving lower D&A
  - Net financing cost reduction due to improved leverage position
  - Substantial EPS-A improvement to 8.2 cps (+36.5%)

Refer to the Appendix for a reconciliation of reported to statutory metrics, including details of non-operational costs and the amortisation of customer contracts schedule

** Underlying EBITDA from Operations and Adjusted NPAT (NPAT-A) excludes the impact of the QLD project*

Cashflow

Comparison of results for the period ended 30 June 2024

ServiceStream

$m	FY24	FY23	Change $
Underlying EBITDA from Operations	129.2	114.1	15.1
+/- non-cash items & change in working capital	6.4	(16.8)	23.1
Adjustments for joint ventures	(4.4)	(5.0)	0.6
OCFBIT [1]	**131.2**	**92.4**	**38.8**
EBITDA from Ops to OCFBIT conversion %	*101.6%*	*81.0%*	
Non-operational costs	(12.5)	(31.2)	18.6
Net interest and financing paid	(9.5)	(10.9)	1.4
Tax paid	(11.9)	44.5	(56.4)
Operating cashflow	**97.2**	**94.8**	**2.4**
Capital expenditure	(10.5)	(8.0)	(2.5)
Business acquisitions (net of cash acquired)	-	(12.9)	12.9
Proceeds from sale of assets	4.1	4.0	0.1
Free cashflow	**90.8**	**77.9**	**12.9**
Dividends paid	(18.4)	(9.2)	(9.2)
Lease liability payments	(24.6)	(23.1)	(1.5)
Purchase of shares	(4.1)	-	(4.1)
Movement in Net Debt	**43.7**	**45.6**	**(1.9)**
Opening Net Debt	**(35.7)**	**(81.3)**	**45.5**
Closing Net Debt	**7.9**	**(35.7)**	**43.6**

[1] Operating cashflow before interest, tax, non-operational items and impact of the QLD project

- Exceptional full year operating OCFBIT conversion of 101.6%:
  - Continued strong focus on working capital optimisation throughout the business
  - Repatriation of cash from JVs also an area of focus; Connect Sydney JV now providing half yearly dividend payments
- Cash outflow from the Queensland onerous project was $12.5m
- Return to payment of tax instalments following loss carryback claim and refund in FY23
- Combined capex/leasing outflows of 1.5% of revenue remains well below 2.0 – 2.5% target:
  - Focus on property and fleet optimisation programs
  - Fleet refresh progressing but continuing to be influenced by availability
  - Systems consolidation projects underway but costs to date have largely been opex

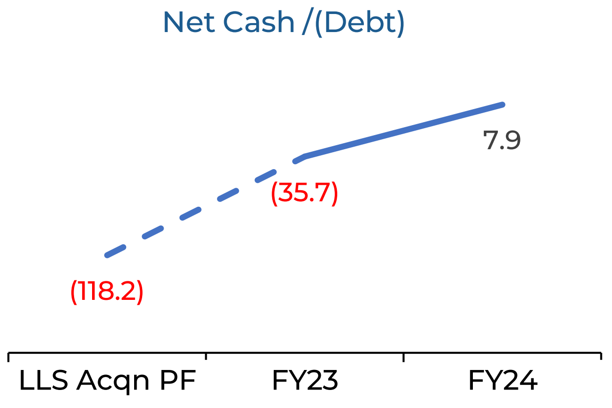
Balance Sheet & Capital Management

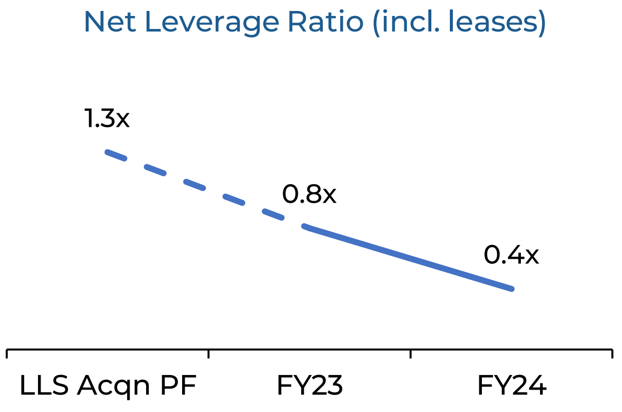
Strong financial position supporting a material increase to the final dividend

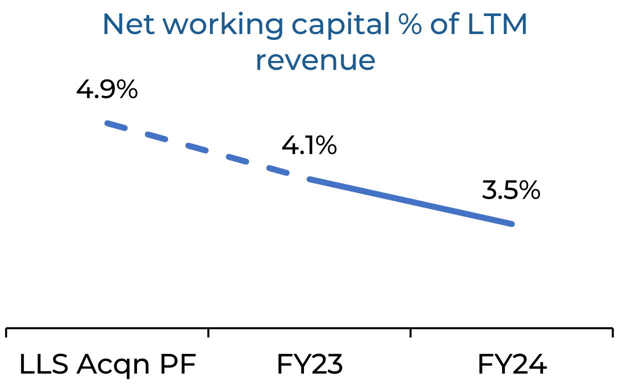
$m	Jun-24
Syndicated debt facilities	395.0
Bonding facility	25.0
Total available facilities	**420.0**
Net cash	7.9
Bonding issued	135.1
Available liquidity	**292.8**

- Net cash position achieved in December has been retained and improved
- Balance sheet now comfortably in net cash swim lane
- Increase in final FY24 dividend to 2.5cps (full year 4.5cps) reflects strong cash position
- Capex investment in FY25 is expected to revert to guidance range to support new growth, asset refresh and ongoing optimization/productivity initiatives

- Syndicated debt facilities expire Nov-25
  - All facility covenants have been comfortably met
  - Refinance expected to be complete 1H FY25





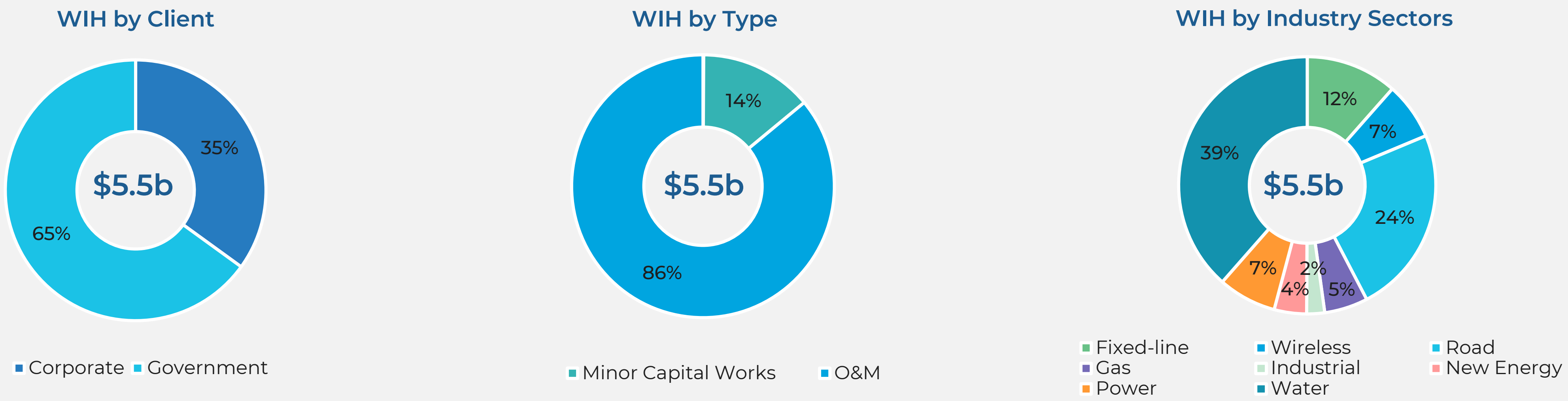


Group Outlook

Work In Hand

High quality, multi-year order book across attractive industry sectors

- Business secured $2.2bn of work during FY24
- $5.5bn WIH excludes extension options, equating to an additional $4bn if options fully executed
- ~85% of WIH for FY25 secured under contract or contract extension options
- Long-dated WIH providing a solid platform for future growth and expansion
- Well diversified across growing industry sectors
- Tendering activity remains strong, reflecting heightened levels of infrastructure related investment by clients
- Enviable client base reflecting government entities and blue-chip industrial asset owners / operators



Group Outlook

Strong full-year results providing positive momentum into FY25

FY25 Outlook

- Positive momentum during FY24 providing a strong foundation for growth and improvement in FY25
- Expect further improvements in quality of earnings across Utility operations
- ~85% of WIH for FY25 secured under contract or extension options
- High quality order book with expanded WIH providing improved visibility across short to medium-term revenues (albeit limited work volume guarantees remains a constant risk)
- Strong pipeline of infrastructure investments across all major markets to support organic growth

The Group expects earnings growth in FY25, supported by a strong order book and favourable market opportunities

FY25 Priorities

Creating long-term sustainable value for our Shareholders

1. Maintain industry leading safety performance
2. Realise further improvements across Utility Division earnings
3. Secure organic growth opportunities aligned to Group's strategy and risk appetite
4. Assessment of external growth and diversification opportunities

Appendices

1. Reconciliation of statutory to adjusted profitability measures

ServiceStream

Reconciliation of Underlying EBITDA from Ops to NPAT

$m	FY24	FY23	$
Underlying EBITDA from Operations	**129.2**	**114.1**	**15.1**
Onerous contract provision for QLD project	(9.8)	(20.1)	10.3
EBITDA from Operations	**119.4**	**94.0**	**25.4**
Joint venture adjustments	(2.6)	(2.0)	(0.6)
Non-operational costs	-	(5.1)	5.1
EBITDA	**116.8**	**86.9**	**29.9**
Depreciation and amortisation	(58.5)	(68.0)	9.6
Net finance costs	(11.4)	(13.6)	2.2
Income tax expense	(14.6)	(0.8)	(13.8)
Net profit after Tax	**32.3**	**4.5**	**27.8**

Reconciliation of NPAT-A to Net profit after Tax

$m	FY24	FY23	$
Net Profit after Tax	**32.3**	**4.5**	**27.8**
Addback:			
Amortisation of customer intangibles (tax effected)	11.0	10.8	0.2
Non-operational costs after tax	-	7.4	(7.4)
Onerous contract provision for QLD project (tax effected)	6.9	14.1	(7.2)
NPAT-A	**50.1**	**36.8**	**13.4**

2. Other information

ServiceStream

Reconciliation of Total Revenue to Revenue

$m	FY24	FY23	$
Total Revenue	**2,391.8**	**2,150.8**	**241.0**
Joint venture adjustments	100.2	98.0	2.2
Revenue	**2,291.6**	**2,052.8**	**238.8**

Amortisation of customer contracts & relationship

$m	FY23	FY24	FY25	FY26	FY27	Balance 30-Jun-24
Comdain Infrastructure	8.0	8.0	5.7	5.7	5.7	32.4
Lendlease Services	7.3	7.6	7.6	7.6	7.6	76.2
Total amortisation	**15.4**	**15.7**	**13.3**	**13.3**	**13.3**	**108.6**

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