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

- Increase in revenue driven from growth across Fixed Communications
- Offset declines within Energy & Water due to conclusion of smart meter rollout in Victoria

$10.7m

EBITDA up from $9.0m FY14 H2

- Return to sustainable profitability continues with solid EBITDA result for the half
- EBITDA margin of 5.4% continues to improve

$4.0m

NPAT up from $1.8m FY14 H2

- Strong NPAT growth benefits from lower D&A and financing costs
- Interim fully franked dividend of 0.5 cents per share declared

$11.0m

Net Debt steady with $10.4m FY14 H2

- 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

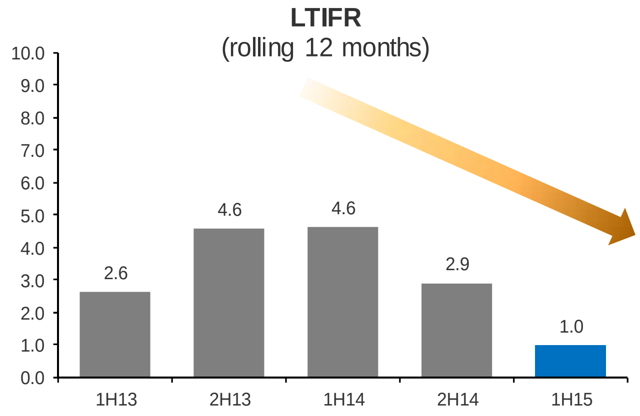
- Continued focus on operational execution and client relationships delivering results:

  – 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



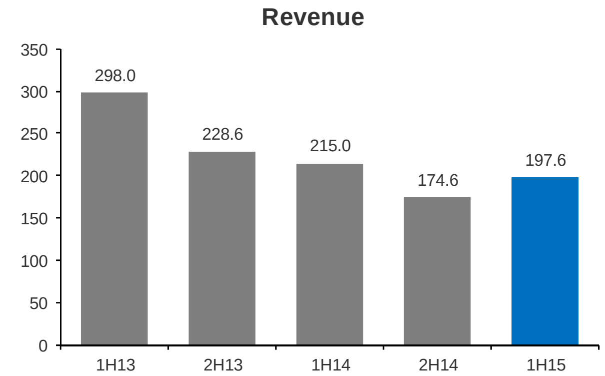
Key Financial Measures

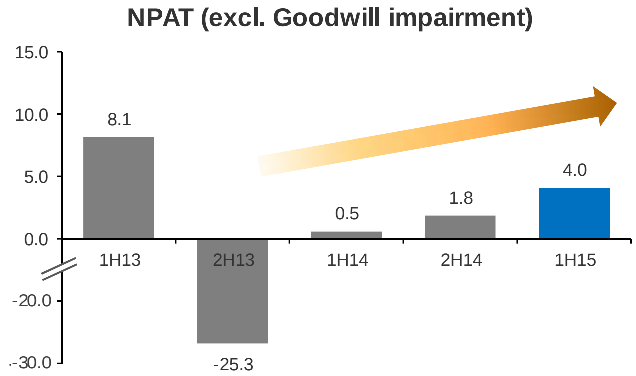
Key financial measures

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



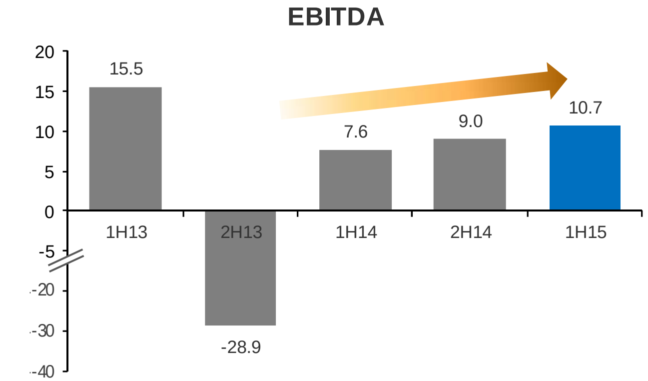


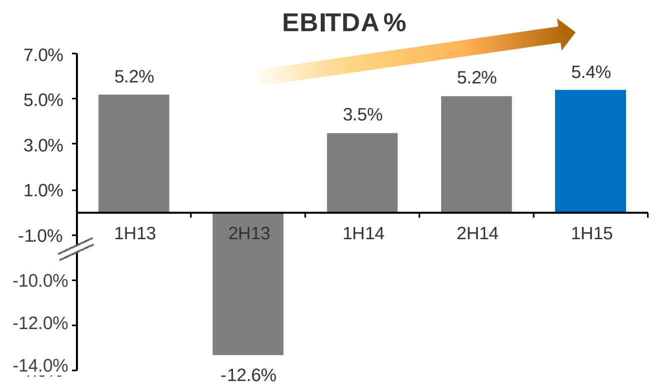
The Board has determined that comparison of the financial results to the immediately preceding period (six months ending 30-Jun-14) may be more beneficial to shareholders than a comparison to the prior comparative period (six months ending 31-Dec-13). Comparisons to the prior comparative period are contained 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%**

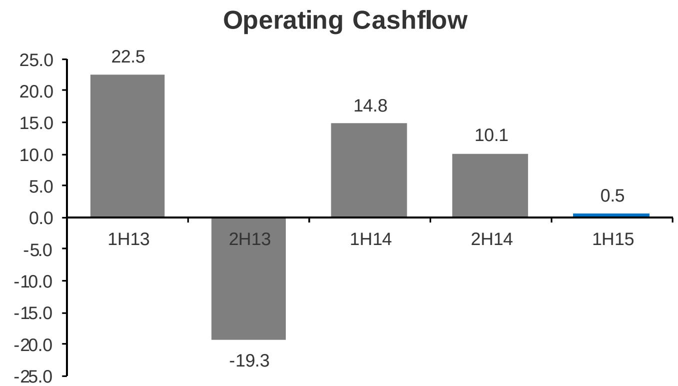


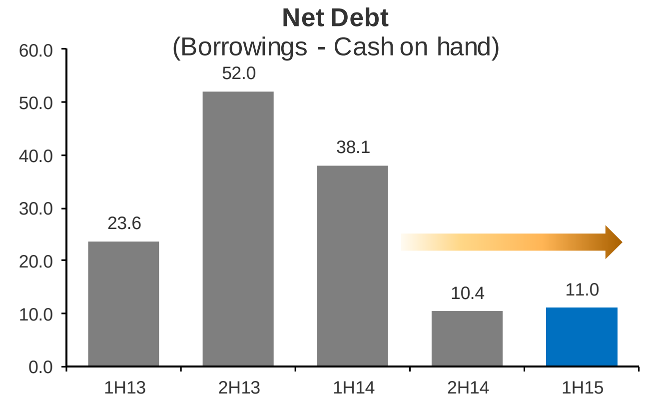


Cashflow Results

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)**





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)**