



ServiceStream

22 August 2023

Office of Company Secretary

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Company Announcements
Australian Securities Exchange Limited
Level 4, 20 Bridge Street
SYDNEY NSW 2000
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Dear Sir/Madam

Re: Service Stream FY23 Full-Year Results

In accordance with the Listing Rules, I attach a market release/announcement, for release to the market.

Yours faithfully,

Chris Chapman
Company Secretary
Service Stream Limited



ServiceStream

ASX Announcement

22 August 2023

SERVICE STREAM ANNOUNCES FY23 FULL YEAR RESULTS

Leading essential network service provider Service Stream Limited (ASX: SSM) today released its financial results for the full year ended 30 June 2023.

Group Highlights

- **Group Total Revenue of \$2,151 million, up 38% on pcip**
- **Underlying EBITDA from Operations of \$114.1 million, up 25% on pcip**
- **Adjusted NPAT of \$36.8 million, up 17.2% on pcip**
- **Exceptional cash flow performance, Underlying EBITDA to OCFBIT conversion of 81%**
- **Strong balance sheet position, with net debt of \$35.7m and net leverage of 0.78x (post AASB-16)**
- **Queensland utility project provision remains unchanged and sufficient**
- **Strong safety performance, with a 46% reduction in High Potential Incident Rates**
- **Final dividend of 1.0 cent per share declared (fully franked)**

Managing Director, Leigh Mackender said:

"I am pleased with the Group's performance over the past year, highlighted by a significantly improved balance sheet on the back of strong cashflow generation and a material tax refund of \$50.2m in June 2023.

Notwithstanding a period of heightened macro-economic risks and a challenging period for construction projects, I am proud that the Group has achieved a number of major milestones during the past 12 months. These include re-signing 100% of expiring term contracts, securing new organic growth opportunities on the back of our expanded capabilities, and delivering improvements to the financial performance of our Utilities Division during the second half."

Service Stream Limited ABN 46 072 369 870

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Telecommunications

Telecommunications' revenue for the full-year was \$970.4 million, an increase of \$330.4 million or 51% on the prior year. The significant growth reflected strong demand across both fixed and wireless services and a full year's contribution from Lendlease Services (LLS).

Telecommunications' EBITDA was \$85.5 million, an increase of \$24.0 million or 39% on the prior year. The EBITDA margin was steady at 8.8%, consistent with that delivered in the first half.

The Division continues to maintain a strong market position, entering FY24 with a significant base of contracted work- in-hand and a buoyant market driven by increased infrastructure investment to support network upgrades and expansion.

Utilities

Utilities' revenue for the full-year was \$888.4 million, an increase of \$191.4 million or 27% on the prior year. The improved revenue growth was supported by expanded power and industrials operations and maintenance services and a full year's contribution from LLS.

Utilities' underlying EBITDA was \$28.4 million, an increase of \$8.9m or 45% on the prior year. The EBITDA margin was 3.2%, reflecting improved performance on the 2.8% delivered in the prior year.

During the year, the Division successfully pivoted its growth strategy towards lower-risk operation, maintenance and minor capital works aligned with the Group's revised risk tolerance profile, to ameliorate the challenging economic and commercial conditions impacting the broader utilities sector. Leveraging recently expanded capabilities and service offerings, the Division was successful in securing new works, such as the 5-year Loy Yang A Station Maintenance Agreement with AGL.

Transport

Transport's revenue for the full-year was \$292.2 million, an increase of \$72.2 million or 32% on the prior year. Strong revenue growth was supported by expanded operations across the Connect Sydney JV, additional Intelligent Transport System (ITS) deployments and road upgrade works being delivered across Western Australia.

Transport's EBITDA was \$14.8m million, an increase of \$4.9m or 49% on the prior year. The EBITDA margin was 5.1% reflecting an improvement from the 4.5% delivered in the prior year.

Cashflow and Capital Management

The Group generated \$92.4 million of underlying operating cashflow before interest and tax (OCFBIT) for the year. The exceptional operating cashflows resulted in an Underlying EBITDA to OCFBIT conversion rate of 81%, exceeding expectations.



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The strong cash flow outcome, in addition to the material tax refund of \$50.2m, resulted in net debt as at 30 June 2023 of \$35.7m million and closing net leverage of 0.78x (post AASB-16). The Company's balance sheet reflects a strong and improved position, with significant headroom to support future growth.

Industry Leading Safety Performance

The business continues its focus on fostering a strong and positive safety performance culture and is pleased to report major improvements across all lag indicator safety metrics during the last 12-months. The significant improvements include a Total Recordable Incident Frequency Rate of 2.33, reflecting a reduction of 21% on the prior year.

Dividends

The Board has declared a final fully franked dividend of 1.0 cent per share, taking total dividends for the year to 1.5 cps (fully franked), reflecting an increase of 50% on the prior year.

Key dates for the final dividend are:	Ex-dividend date	19 September 2023
	Record date	20 September 2023
	Payment date	5 October 2023

Service Stream's Chairman, Brett Gallagher, said:

"Notwithstanding the macroeconomic headwinds and the financial impacts associated with the onerous contract provision in Queensland, Service Stream has delivered solid underlying financial performance underpinned by our strong portfolio of contracted operations.

The Board is confident that the business remains well positioned to continue to grow and further diversify into FY24 and is pleased to declare a final dividend of 1.0 cps."

Group Outlook

In respect of the outlook for the Group, Leigh Mackender said:

"The Group has come together following the successful completion of the Lendlease Services integration and formulated a comprehensive Group strategy focussed on 3 strategic pillars designed to support the delivery of improved, consistent and incremental value to our stakeholders.

The Group expects further profit growth in FY24, supported by continued infrastructure led investment across our core markets and our internal priorities to deliver improved financial performance."

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Results webcast

Service Stream Managing Director, Leigh Mackender and Chief Financial Officer, Linda Kow, will host an on-line 'FY23 Full Year Results Briefing' at 10.00am (AEDT) on 22 August 2023.

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 <https://edge.media-server.com/mmc/p/pjrpwzrq/>

For further information on this announcement, please contact:

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Service Stream Limited

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This document has been authorised for release by the Board of Directors.

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, utility and transport sectors. Service Stream operates across all States and Territories, has a workforce of ~5,000 employees and access to a pool of ~10,000 specialist contractors. For more information visit www.servicestream.com.au