

Service Stream Limited

FY19 First Half Results Presentation

Leigh Mackender
Managing Director

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Company Profile

Service Stream Limited (ASX:SSM) is an ASX-listed company providing **design, construction, installation** and **maintenance** services across essential infrastructure networks within the Telecommunication and Utility sectors



FIXED COMMUNICATIONS

Telecommunication network operations, maintenance and minor works



NETWORK CONSTRUCTION

Telecommunication network engineering, design and construction



ENERGY AND WATER

Utility network design, construction, installation, inspection and maintenance



Performance Highlights

Financial

- 1H19 EBITDA from Operations of \$38.6m ... up 21% on 1H18
- 1H19 NPATA of \$25.1m ... up 22% on 1H18
- 1H19 Adjusted EPS of 6.97 cps ... up 24% on 1H18,
- Net Cash of \$69.5m at 31-Dec-18 underpinning acquisition funding capacity
- Interim dividend increased to 3.50 cents per share (fully-franked)

Operational

- Responding to changes in technology mix and work-type mix on key nbn contracts
- Successful “go-live” on third (and final) phase of ERP system replacement program
- Successful mobilisation of multiple new E&W field service agreements
- Secured new three-year Business Services agreement with nbn

Strategic

- Acquisition of Comdain Infrastructure completed on 2-Jan-19, delivering scale, expanded service offerings and increased annuity-style revenue to the Group
- Future Group revenues now expected to reflect an approximate 55%:45% split between telecommunications and utility related operations
- Remaining technology-agnostic to take advantage of increasing investment across both fixed-line and wireless technologies



FINANCIAL PERFORMANCE

Financial Highlights

\$348.0m

Revenue up from \$294.1m

\$38.6m

EBITDA from Operations up from \$32.1m

\$25.1m

NPATA up from \$20.6m

6.97cps

Adjusted EPS up from 5.63 cps

\$69.5m

Net Cash down from \$73.0m at Jun-18

- Revenue up 18% on 1H18 with significant growth in each of Fixed Communications & Network Construction
- Revenue growth delivered once again across all three operating segments
- 1H19 is the 11th consecutive half-year delivering growth in all key profitability measures
- Reported EBITDA of \$38.0m after Comdain acquisition costs
- NPATA up 22% on 1H18 in line with increase in EBITDA from Operations
- Statutory NPAT of \$24.1m up 21%
- Adjusted EPS up 24% on 1H18
- Interim dividend increased to 3.50 cps (fully-franked)
- Working capital starting to revert to “normal” levels as previously forecasted
- EBITDA-to-OCFBIT conversion of 69% for the half-year with an OCFBIT of \$26.4m

Key Financial Measures

11th consecutive half-year delivering growth in key profit measures

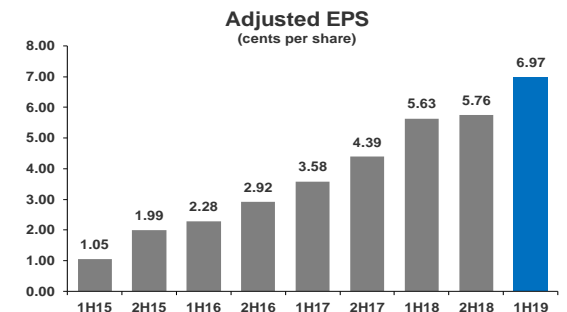
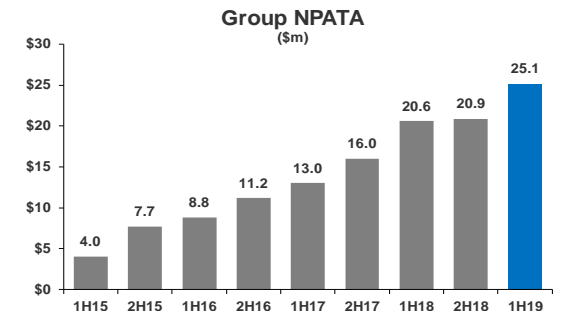
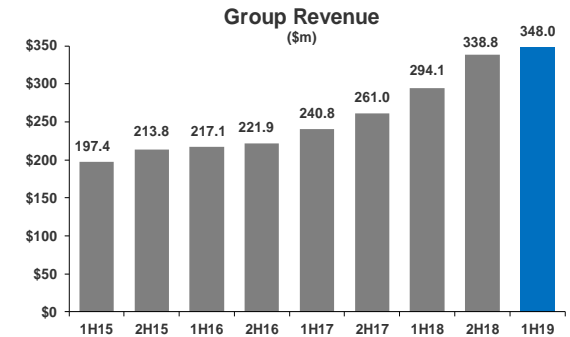
Key financial measures

\$ million	FY19 1st half	FY18 1st half	Change		
Profitability:					
Revenue	348.0	294.1	53.8	18%	▲
EBITDA from Operations ¹	38.6	32.1	6.6	21%	▲
EBITDA from Operations %	11.1%	10.9%	0.2%		▲
Adjusted EBIT (EBITA) ¹	35.6	29.3	6.3	21%	▲
Adjusted NPAT (NPATA) ¹	25.1	20.6	4.6	22%	▲
Adjusted EPS (cents) ¹	6.97	5.63	1.34	24%	▲
Cashflow & Capital Management:					
OCFBIT	26.4	57.1	(30.7)	(54%)	▼
Operating Cashflow	17.9	42.6	(24.8)	(58%)	▼
Net Cash	69.5	63.6 ²	5.9	9%	▲
Dividends declared per share (cents)	3.50	3.00	0.50	17%	▲
Statutory Profitability:					
Reported EBITDA	38.0	32.1	6.0	19%	▲
Reported EBIT	34.1	28.4	5.8	20%	▲
Statutory NPAT	24.1	19.9	4.2	21%	▲
Statutory EPS (cents)	6.68	5.45	1.23	23%	▲

¹ Refer Appendix 2 for reconciliation of statutory to adjusted profitability measures

² Net Cash at 31-Dec-17

All financial measures and period-on-period changes thereto are rounded to the displayed number of decimal places



Segment Results

Revenue & profit growth in all segments

Segment results

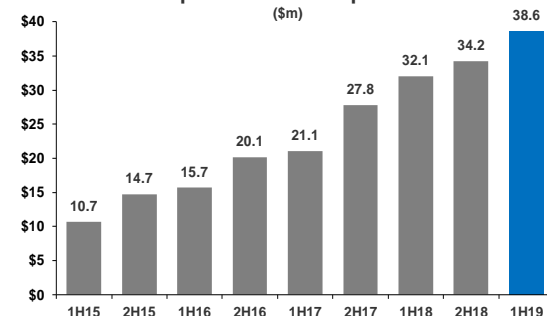
\$ million	FY19 1st Half		FY18 1st Half		Change	
Fixed Communications	168.5		145.7		22.8	
Network Construction	128.4		98.7 ²		29.7	
Energy & Water	56.3		54.7 ²		1.7	
Eliminations, interest & other revenue	(5.3)		(5.0)		(0.4)	
Total Revenue	348.0		294.1		53.8	
Fixed Communications	21.8	13.0%	18.9	12.9%	3.0	0.0%
Network Construction	13.7	10.7%	10.8	10.9% ²	2.9	(0.3%)
Energy & Water	5.9	10.4%	5.4	9.8% ²	0.5	0.6%
Unallocated corporate costs	(2.7)	(0.8%)	(3.0)	(1.0%)	0.2	0.2%
EBITDA from Operations ¹	38.6	11.1%	32.1	10.9%	6.6	0.2%
One-off / non-operational items	(0.6)		0.0		(0.6)	
Reported EBITDA	38.0	10.9%	32.1	10.9%	6.0	0.0%
Fixed Communications	19.6	11.6%	17.1	11.8%	2.5	(0.1%)
Network Construction	13.2	10.2%	10.3	10.4%	2.9	(0.2%)
Energy & Water	5.6	10.0%	4.9	9.0%	0.7	1.0%
Unallocated corporate costs	(2.7)	(0.8%)	(3.0)	(1.0%)	0.2	0.2%
EBITA ¹	35.6	10.2%	29.3	10.0%	6.3	0.3%
Financing costs	0.4		0.2		0.2	
Income tax expense ¹	(10.8)	30.1%	(8.9)	30.3%	(1.9)	(0.1%)
NPATA ¹	25.1	7.2%	20.6	7.0%	4.6	0.2%

¹ Refer Appendix 2 for reconciliation of statutory to adjusted profitability measures

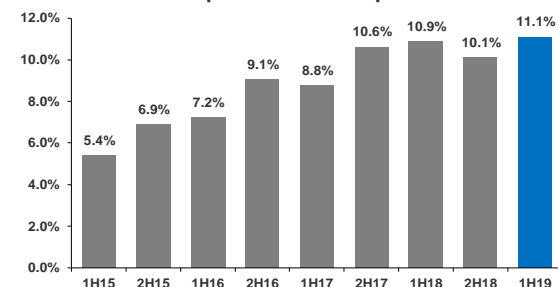
² FY18 first-half re-stated for transfer of the Radhaz business from Network Construction to Energy & Water

All financial measures and period-on-period changes thereto are rounded to the displayed number of decimal places

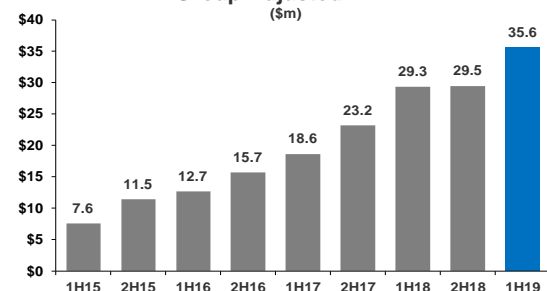
Group EBITDA from Operations



Group EBITDA from Operations %



Group Adjusted EBIT



Cashflow Results

Working capital reverting to normal levels as previously forecasted

Cashflow results

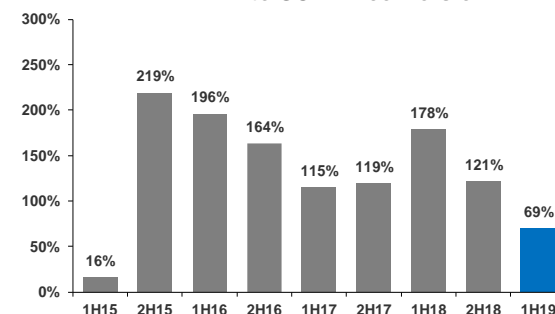
\$ million

	FY19 1st Half	FY18 1st Half	Change
Reported EBITDA	38.0	32.1	6.0
+/- non-cash items & change in working capital	(11.6)	25.0	(36.7)
OCFBIT¹	26.4	57.1	(30.7)
<i>EBITDA to OCFBIT¹ conversion %</i>	69%	178%	(109%)
Net interest and financing (paid) / received	0.0	0.2	(0.2)
Tax paid	(8.6)	(14.6)	6.1
Operating cashflow	17.9	42.6	(24.8)
Capital expenditure (net of proceeds from sales)	(5.2)	(3.3)	(1.9)
TechSafe acquisition (net of cash acquired)	0.0	(0.7)	0.7
Free cashflow	12.7	38.7	(26.0)
Dividends paid	(16.2)	(10.9)	(5.3)
Lease liability payments	(0.2)	(0.2)	0.0
Purchase of shares	0.0	(14.0)	14.0
Share buy-back	0.0	0.0	0.0
Net increase in cash	(3.7)	13.5	(17.2)

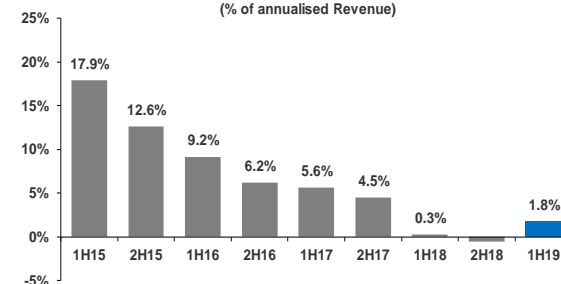
¹ Operating cashflow before interest & tax

All financial measures and period-on-period changes thereto are rounded to the displayed number of decimal places

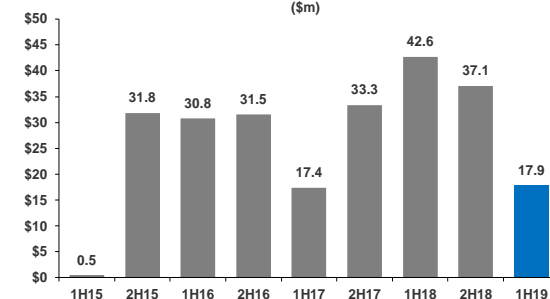
EBITDA to OCFBIT conversion



Working Capital
(% of annualised Revenue)



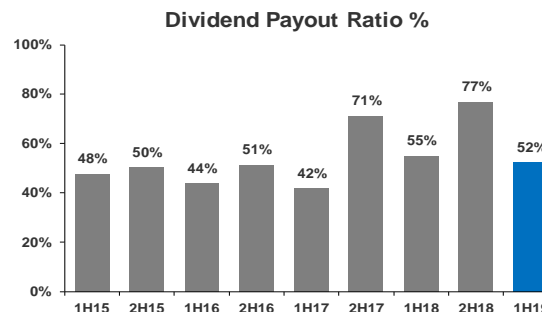
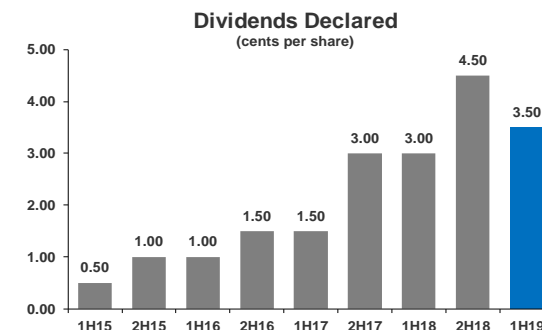
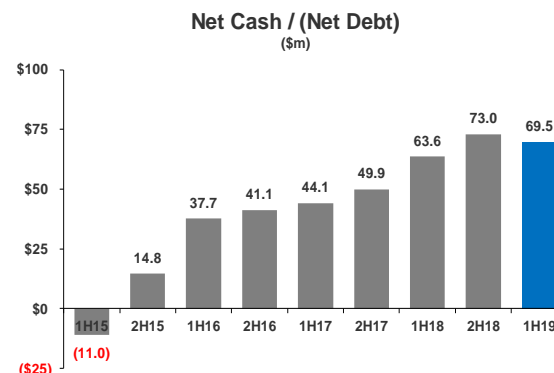
Operating Cashflow
(\$m)



Capital Management

Refinance completed & interim dividend increased

- The Group's balance sheet remained strong with Net Cash of \$69.5m at 31-Dec-18 underpinning its ability to subsequently complete the Comdain Infrastructure acquisition with a mix of cash, debt and scrip
- Share buy-back was suspended for the entirety of the first-half
- Refinance was completed in Dec-18, providing \$60.0m of new borrowings towards funding of the Comdain Infrastructure acquisition. Two years added to the term of the financing facility through to Sep-21
- Extraordinary General Meeting is being convened on 20-Mar-19 to obtain shareholder approval under the *financial assistance* provisions of the Corporations Act (s260B) in order to permit the recently acquired Comdain Infrastructure entities to become guarantors and security providers under the Group's financing facility
- Board has declared an increased interim dividend of 3.50 cps (fully-franked) payable on 21-Mar-19, and has approved a new Dividend Reinvestment Plan.





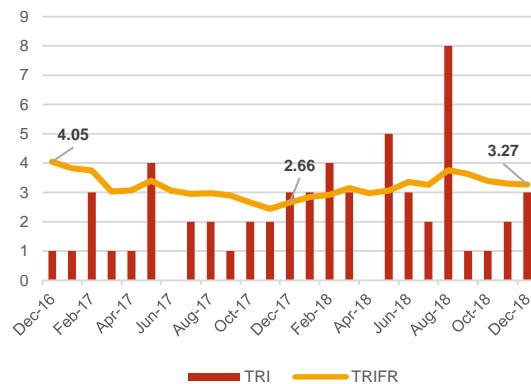
OPERATIONAL PERFORMANCE

Safety Performance

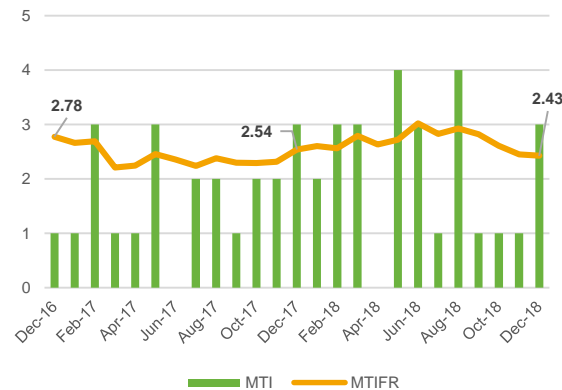
Maintaining our focus on the safety of our people, our customers and the community

- Maintaining a strong safety culture as operations across the business continue to grow and expand
- Continue working through a range of new initiatives to drive improvement across key performance metrics:
 - Increasing use of lead indicators to assess group performance across key risk areas
 - Targeted campaigns to review and improve HSE processes associated with higher-risk field activities

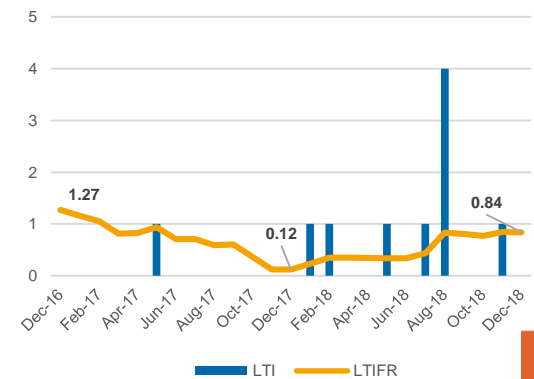
Total Recordable Injuries



Medical Treated Injuries



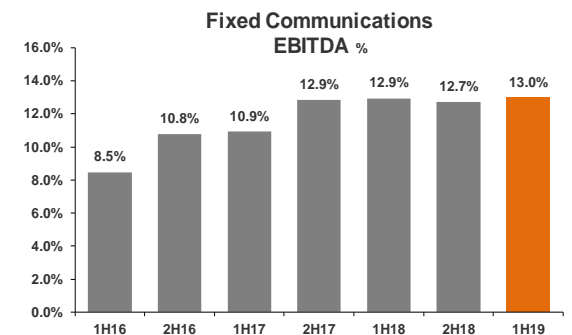
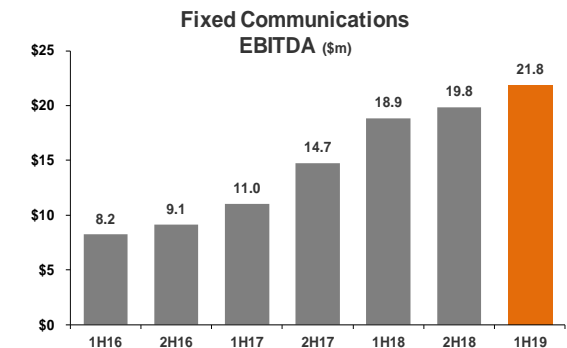
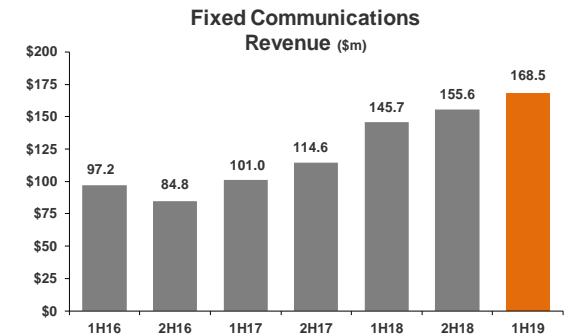
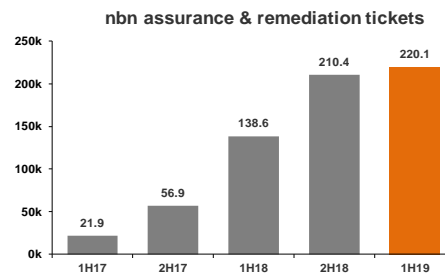
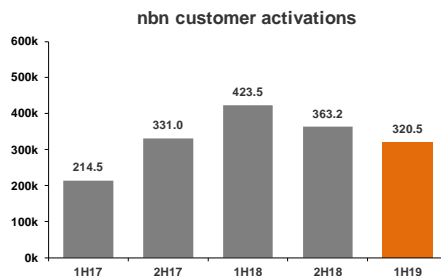
Lost Time Injuries



Fixed Communications

Telecommunication network operations, maintenance and minor works

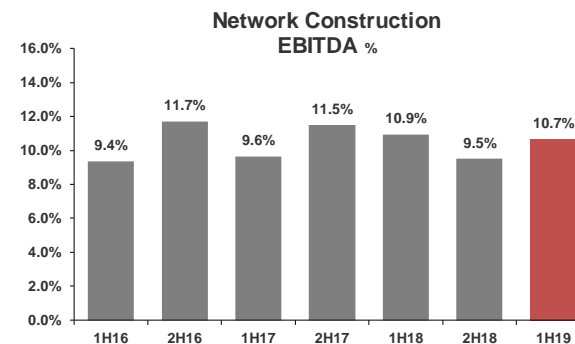
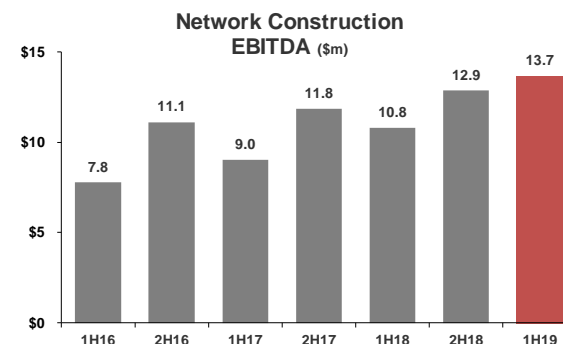
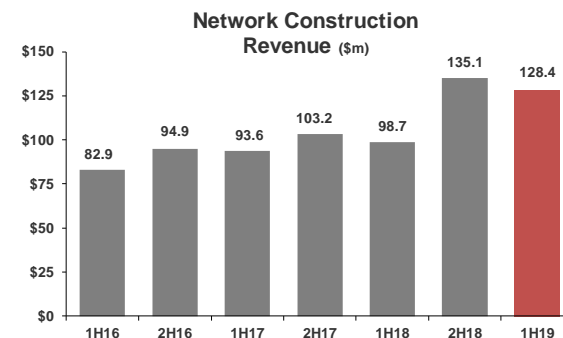
- Revenue up 16% on 1H18 with EBITDA margin steady in-line with recent half-year outcomes
- nbn activations: Increase in SSM market share compared to 1H18 and favourable technology mix offsets impact of lower total nbn activation volumes
- nbn assurance & remediation: Volume significantly greater than 1H18 as nbn footprint increases
- nbn minor projects: Revenue up 98% on 1H18
- Secured new three-year agreement for the deployment of nbn fibre infrastructure to support business services customers



Network Construction

Telecommunication network engineering, design and construction

- Revenue up 30% on 1H18 with EBITDA margin marginally lower
- Revenue of \$70.1m from nbn design & construction operations significantly up from \$45.7m in 1H18 as DCMA program ramps up construction activities
- Revenue of \$58.3m from wireless operations up from \$52.5m in 1H18
- Significant focus on DCMA Fibre-to-the-Curb operations with 14 x FTTC SAMs reaching practical completion during the half

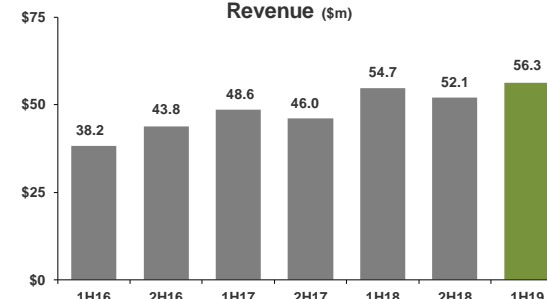


Energy & Water

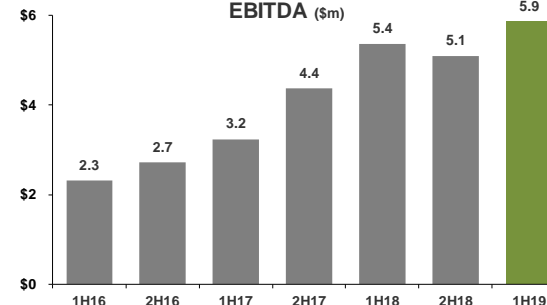
Utility asset design, construction, installation, inspection and maintenance

- Revenue up 3% on 1H18 with slightly improved EBITDA margin
- Better-than-expected contribution from new field service contracts due to well-managed mobilisation programs
- 4.8 MW of solar PV installed during the year, with a strong continuing bias to commercial end-users
- Resecured long-held metering service contracts with ATCO Gas and SA Water
- TechSafe continues to perform to expectation

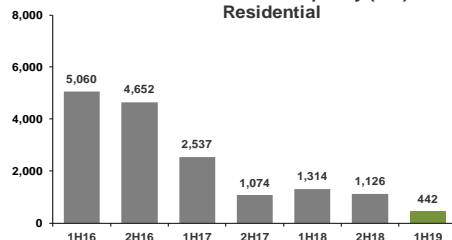
**Energy & Water
Revenue (\$m)**



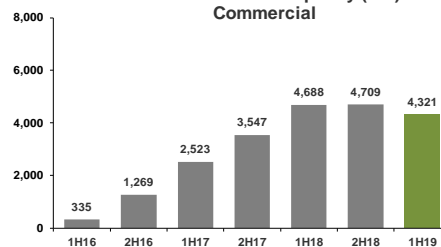
**Energy & Water
EBITDA (\$m)**



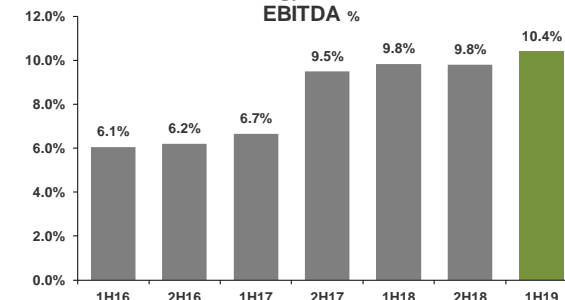
**Installed solar PV capacity (kW)
Residential**



**Installed solar PV capacity (kW)
Commercial**



**Energy & Water
EBITDA %**





GROUP STRATEGY & OUTLOOK

Group Strategic Pillars

We continue to focus on five fundamentals which drive operational effectiveness, continual improvement and support future growth. Particular focus and success in delivering on a number of target areas during the first-half.



SERVICE DELIVERY

- ▶ Continued focus on superior **service delivery** and **execution** for our valued clients
- ▶ Drive ongoing improvements across our **Safety performance**
- ▶ Maintain a **strong balance sheet** and continue to minimise working capital requirements
- ▶ Maintain or improve **Group EBITDA margins** through scale and operational efficiencies



CLIENT RELATIONSHIPS

- ▶ Continue to **develop and enhance** our existing client relationships
- ▶ Expand and secure **new relationships** to support ongoing business growth



OPTIMISE OUR DELIVERY MODEL

- ▶ Ongoing **investments in technology** to support growth and increase efficiency
- ▶ Implement **mature and scalable** business frameworks and processes
- ▶ Increase use of **data analytics** and **Business intelligence** tools to drive improved business outcomes



OUR PEOPLE

- ▶ Continual investment in **talent development** and **succession programs** to support our valued people
- ▶ Ongoing investment in programs to **attract and retain new talent**
- ▶ Continue to drive and support an **'owners mentality'** across the business
- ▶ Make it simple for our **field workforce** to engage with the business



DELIVER GROWTH

- ▶ Target additional **'annuity style'** revenues to support ongoing future growth
- ▶ Maximise organic **'value add'** opportunities across our existing client base
- ▶ Continue to assess **acquisitions** which provide **revenue diversity** and support growth across known / adjacent markets

Transaction Overview

Overview

- ▶ Service Stream completed the acquisition of Comdain Infrastructure on 2-Jan-19
- ▶ Comdain Infrastructure is a Victorian-based market leading provider of integrated asset lifecycle services to Australia's utility asset owners and operators
- ▶ Provider of engineering, design & construction (D&C) and operations & maintenance (O&M) of gas and water infrastructure services

Transaction Metrics

- ▶ Implied enterprise value of \$161.7 million ¹ on a cash and debt free basis
- ▶ Equates to an attractive FY19F EV/EBITDA multiple of 7.4x

Transaction Structure

- ▶ The consideration is structured as:
 - \$93.7 million cash paid at completion
 - \$68.0 million scrip paid at completion by way of 40.19 million Service Stream ordinary shares with a share escrow period of 12 months

Board Representation

- ▶ Comdain Infrastructure's Chairman, Mr. Tom Coen, has joined the Service Stream Board as a Non-Executive Director
- ▶ Mr. Coen holds a wealth of knowledge and industry experience which will be invaluable to the business' ongoing success

Funding Structure

- ▶ Cash consideration was funded through a combination of cash-on-hand and new bank borrowings of \$60 million following refinancing of facilities with Service Stream's existing financiers
- ▶ Finance facilities have been further expanded to cater for additional performance guarantees and increased short-term working capital funding capacity.
- ▶ Service Stream expects to maintain a conservative leverage position of <1.0x ²

¹ Subject to adjustment at and post completion for tax liability, net cash and movements in working capital

² (Net Debt + Bank Guarantees) / LTM EBITDA

Strategic Rationale

- ▶ **The acquisition is strategically attractive...**
 - Consistent with Service Stream's strategy of diversifying and increasing annuity-style revenues
 - Comdain Infrastructure operates across well-known utility markets and shares a familiar client base
 - Operations align with Service Stream's core capabilities being a mix of design, construction, operations and maintenance services
 - Presents significant opportunities to expand across additional geographies, grow future service offerings and broaden scope of works to cover other utility networks

Financial Impact

- ▶ **Financially compelling transaction...**
 - Comdain Infrastructure expected to generate revenue of \$320m and EBITDA of \$22m for the full-year FY19 with growth in FY20 and beyond
 - Capitalisation of customer contracts will arise from the post-completion purchase price allocation, with subsequent amortisation charges over each contract's term
 - Acquisition projected to be 11.2% EPS accretive in FY19 on a pro-forma basis¹

Integration

- ▶ Well developed integration plan designed to manage the transition and support Comdain Infrastructure's continued growth
- ▶ Leveraging the learnings from the recent successful TechSafe integration process

Other

- ▶ Transaction completed on 2 January 2019
- ▶ Transaction costs of up to \$2.0 million are expected to be incurred by Service Stream in FY19
- ▶ Previous Comdain owners now hold 10.0% of Services Stream's shares on issue

¹ Assuming the transaction had taken place on 1-Jul-18. Adjusted for one-time transaction costs and non-cash amortisation of customer contracts

FY19 Outlook

- We expect:
 - the second-half of FY19 to generate EBITDA from Operations from the core business at least in-line with the first-half
 - Comdain Infrastructure to deliver revenue of \$320 million and EBITDA of \$22 million for the full-year ... with approximately 50% thereof contributing to Service Stream earnings in the second-half
 - to incur transaction costs associated with the Comdain Infrastructure acquisition of approximately \$1.4 million in the second-half
- Priorities for the second-half include:
 - integration of the Comdain Infrastructure acquisition
 - mobilisation of new nbn Business Services contract
 - scaling field resource pool to assist with increased work volumes across nbn OMMA program
 - maintaining service delivery performance for nbn in respect of customer activations and assurance works
 - maintaining momentum on nbn DCMA construction program
 - resecuring contracts with wireless carriers





HISTORICAL FINANCIAL PERFORMANCE DATA

APPENDIX 1

PROFIT & LOSS

\$ million

	1H15	2H15	1H16	2H16	1H17	2H17	1H18	2H18	1H19		FY15	FY16	FY17	FY18
Fixed Communications	\$93.16	\$102.12	\$97.19	\$84.79	\$100.96	\$114.64	\$145.70	\$155.61	\$168.51		\$195.29	\$181.99	\$215.59	\$301.30
Network Construction	\$63.65	\$75.74	\$82.90	\$94.89	\$93.63	\$103.19	\$98.74	\$135.14	\$128.44		\$139.38	\$177.80	\$196.82	\$233.88
Energy & Water	\$40.93	\$36.34	\$38.19	\$43.76	\$48.58	\$46.04	\$54.67	\$52.07	\$56.35		\$77.26	\$81.96	\$94.62	\$106.73
Interest Income	\$0.05	\$0.08	\$0.20	\$0.50	\$0.32	\$0.35	\$0.43	\$0.50	\$0.63		\$0.13	\$0.70	\$0.67	\$0.93
Other & Eliminations	(\$0.36)	(\$0.44)	(\$1.43)	(\$2.07)	(\$2.72)	(\$3.17)	(\$5.40)	(\$4.50)	(\$5.97)		(\$0.79)	(\$3.50)	(\$5.89)	(\$9.89)
Total Revenue	\$197.43	\$213.84	\$217.06	\$221.88	\$240.77	\$261.04	\$294.14	\$338.81	\$347.95		\$411.27	\$438.94	\$501.81	\$632.95
Fixed Communications	\$8.35	\$8.89	\$8.23	\$9.13	\$11.02	\$14.74	\$18.85	\$19.81	\$21.83		\$17.24	\$17.36	\$25.76	\$38.67
Network Construction	\$2.74	\$6.66	\$7.77	\$11.10	\$9.03	\$11.85	\$10.81	\$12.85	\$13.68		\$9.40	\$18.87	\$20.88	\$23.66
Energy & Water	\$2.13	\$1.41	\$2.32	\$2.72	\$3.24	\$4.37	\$5.37	\$5.10	\$5.86		\$3.54	\$5.03	\$7.61	\$10.47
Unallocated Corporate Services	(\$2.56)	(\$2.22)	(\$2.63)	(\$2.81)	(\$2.20)	(\$3.18)	(\$2.98)	(\$3.52)	(\$2.74)		(\$4.78)	(\$5.45)	(\$5.38)	(\$6.50)
EBITDA from Operations	\$10.66	\$14.73	\$15.68	\$20.14	\$21.09	\$27.78	\$32.05	\$34.25	\$38.64		\$25.39	\$35.82	\$48.87	\$66.30
One-off Non-Operational Items	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$0.52)	\$0.00	\$1.00	(\$0.61)		\$0.00	\$0.00	(\$0.52)	\$1.00
Reported EBITDA	\$10.66	\$14.73	\$15.68	\$20.14	\$21.09	\$27.26	\$32.05	\$35.25	\$38.03		\$25.39	\$35.82	\$48.35	\$67.30
EBITDA from Operations %	5.4%	6.9%	7.2%	9.1%	8.8%	10.6%	10.9%	10.1%	11.1%		6.2%	8.2%	9.7%	10.5%
Depreciation & Amortisation	(\$3.05)	(\$3.28)	(\$2.96)	(\$4.45)	(\$2.46)	(\$4.57)	(\$2.72)	(\$4.80)	(\$3.03)		(\$6.33)	(\$7.41)	(\$7.02)	(\$7.51)
Amortisation of customer contracts	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$0.46)	(\$0.97)	(\$0.96)	(\$0.88)		\$0.00	\$0.00	(\$0.46)	(\$1.93)
Reported EBIT	\$7.61	\$11.46	\$12.73	\$15.68	\$18.64	\$22.24	\$28.37	\$29.49	\$34.12		\$19.06	\$28.41	\$40.87	\$57.85
Net financing costs	(\$1.43)	(\$0.52)	(\$0.13)	\$0.19	\$0.01	(\$0.18)	\$0.18	\$0.24	\$0.37		(\$1.95)	\$0.07	(\$0.17)	\$0.42
Income tax expense	(\$2.14)	(\$3.26)	(\$3.79)	(\$4.70)	(\$5.61)	(\$6.72)	(\$8.65)	(\$8.52)	(\$10.40)		(\$5.40)	(\$8.49)	(\$12.33)	(\$17.17)
Statutory NPAT	\$4.05	\$7.68	\$8.81	\$11.17	\$13.03	\$15.34	\$19.90	\$21.21	\$24.09		\$11.72	\$19.98	\$28.37	\$41.11
Effective Tax Rate	34.6%	29.8%	30.1%	29.6%	30.1%	30.5%	30.3%	28.7%	30.2%		31.5%	29.8%	30.3%	29.5%
Adjusted EBIT (EBITA)	\$7.61	\$11.46	\$12.73	\$15.68	\$18.64	\$23.21	\$29.33	\$29.45	\$35.61		\$19.06	\$28.41	\$41.85	\$58.78
EBITA %	3.9%	5.4%	5.9%	7.1%	7.7%	8.9%	10.0%	8.7%	10.2%		4.6%	6.5%	8.3%	9.3%
Adjusted NPAT (NPATA)	\$4.05	\$7.68	\$8.81	\$11.17	\$13.03	\$16.02	\$20.58	\$20.88	\$25.14		\$11.72	\$19.98	\$29.05	\$41.46
NPATA %	2.0%	3.6%	4.1%	5.0%	5.4%	6.1%	7.0%	6.2%	7.2%		2.8%	4.6%	5.8%	6.6%

APPENDIX 2

RECONCILIATION OF STATUTORY TO ADJUSTED PROFITABILITY MEASURES

\$ million

	1H15	2H15	1H16	2H16	1H17	2H17	1H18	2H18	1H19		FY15	FY16	FY17	FY18
Reported EBITDA	\$10.66	\$14.73	\$15.68	\$20.14	\$21.09	\$27.26	\$32.05	\$35.25	\$38.03		\$25.39	\$35.82	\$48.35	\$67.30
add-back adjustments:														
- Acquisition costs (TechSafe)	-	-	-	-	-	(\$0.52)	\$0.00	\$0.00	\$0.00		-	-	(\$0.52)	-
- Write-back of Deferred Consideration (TechSafe)	-	-	-	-	-	\$0.00	\$0.00	\$1.00	\$0.00		-	-	-	\$1.00
- Acquisition costs (Comdain)	-	-	-	-	-	\$0.00	\$0.00	\$0.00	(\$0.61)		-	-	-	-
EBITDA from Operations	\$10.66	\$14.73	\$15.68	\$20.14	\$21.09	\$27.78	\$32.05	\$34.25	\$38.64		\$25.39	\$35.82	\$48.87	\$66.30
Reported EBIT	\$7.61	\$11.46	\$12.73	\$15.68	\$18.64	\$22.24	\$28.37	\$29.49	\$34.12		\$19.06	\$28.41	\$40.87	\$57.85
add-back adjustments:														
- As above for EBITDA	-	-	-	-	-	(\$0.52)	\$0.00	\$1.00	(\$0.61)		-	-	(\$0.52)	\$1.00
- Amortisation of Customer Contracts (TechSafe)	-	-	-	-	-	(\$0.46)	(\$0.97)	(\$0.96)	(\$0.88)		-	-	(\$0.46)	(\$1.93)
Adjusted EBIT (EBITA)	\$7.61	\$11.46	\$12.73	\$15.68	\$18.64	\$23.21	\$29.33	\$29.45	\$35.61		\$19.06	\$28.41	\$41.85	\$58.78
Statutory NPAT	\$4.05	\$7.68	\$8.81	\$11.17	\$13.03	\$15.34	\$19.90	\$21.21	\$24.09		\$11.72	\$19.98	\$28.37	\$41.11
add-back adjustments:														
- As above for EBIT	-	-	-	-	-	(\$0.97)	(\$0.97)	\$0.04	(\$1.49)		-	-	(\$0.97)	(\$0.93)
- Tax effect of above (as relevant)	-	-	-	-	-	\$0.29	\$0.29	\$0.29	\$0.45		-	-	\$0.29	\$0.58
Adjusted NPAT (NPATA)	\$4.05	\$7.68	\$8.81	\$11.17	\$13.03	\$16.02	\$20.58	\$20.88	\$25.14		\$11.72	\$19.98	\$29.05	\$41.46
Avg number of shares on issue (millions)	386.390	386.390	386.390	382.770	363.846	365.189	365.189	362.695	360.785		386.390	384.590	364.512	363.952
Statutory EPS (cents)	1.05	1.99	2.28	2.92	3.58	4.20	5.45	5.85	6.68		3.03	5.20	7.78	11.30
Adjusted EPS (cents)	1.05	1.99	2.28	2.92	3.58	4.39	5.63	5.76	6.97		3.03	5.20	7.97	11.39
Dividends Declared (cents)	0.50	1.00	1.00	1.50	1.50	3.00	3.00	4.50	3.50		1.50	2.50	4.50	7.50
Dividend payout ratio (based on Statutory EPS)	47.8%	50.3%	43.9%	51.4%	41.9%	71.4%	55.0%	77.0%	52.4%		49.5%	48.1%	57.8%	66.4%
Dividend payout ratio (based on Adjusted EPS)	47.8%	50.3%	43.9%	51.4%	41.9%	68.4%	53.2%	78.2%	50.2%		49.5%	48.1%	56.5%	65.8%

APPENDIX 3

CASH FLOW

\$ million

	1H15	2H15	1H16	2H16	1H17	2H17	1H18	2H18	1H19		FY15	FY16	FY17	FY18
Reported EBITDA	\$10.66	\$14.73	\$15.68	\$20.14	\$21.09	\$27.26	\$32.05	\$35.25	\$38.03		\$25.39	\$35.82	\$48.35	\$67.30
+/- non-cash items & change in w/capital	(\$8.97)	\$17.53	\$15.03	\$12.83	\$3.25	\$5.26	\$25.05	\$7.57	(\$11.60)		\$8.57	\$27.86	\$8.51	\$32.62
OCFBIT	\$1.69	\$32.27	\$30.71	\$32.97	\$24.34	\$32.52	\$57.10	\$42.81	\$26.43		\$33.96	\$63.67	\$56.86	\$99.91
<i>EBITDA to OCFBIT conversion ratio</i>	<i>16%</i>	<i>219%</i>	<i>196%</i>	<i>164%</i>	<i>115%</i>	<i>119%</i>	<i>178%</i>	<i>121%</i>	<i>69%</i>		<i>134%</i>	<i>178%</i>	<i>118%</i>	<i>148%</i>
Net tax paid	\$0.00	\$0.00	\$0.00	(\$1.66)	(\$6.79)	\$0.70	(\$14.65)	(\$5.99)	(\$8.58)		\$0.00	(\$1.66)	(\$6.10)	(\$20.63)
Net interest & financing costs paid	(\$1.21)	(\$0.44)	\$0.08	\$0.23	(\$0.15)	\$0.12	\$0.17	\$0.23	\$0.02		(\$1.64)	\$0.31	(\$0.02)	\$0.40
Operating cashflow	\$0.48	\$31.83	\$30.79	\$31.54	\$17.40	\$33.34	\$42.63	\$37.05	\$17.87		\$32.31	\$62.33	\$50.75	\$79.68
Capital expenditure	(\$1.11)	(\$2.75)	(\$4.14)	(\$5.40)	(\$5.10)	(\$3.74)	(\$3.49)	(\$4.26)	(\$5.27)		(\$3.86)	(\$9.55)	(\$8.84)	(\$7.74)
Proceeds from the sale of assets	\$0.10	\$0.08	\$0.46	\$0.77	\$0.05	\$0.06	\$0.21	\$0.03	\$0.11		\$0.18	\$1.23	\$0.11	\$0.24
Business acquisitions	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$17.14)	(\$0.69)	\$0.00	\$0.00		\$0.00	\$0.00	(\$17.14)	(\$0.69)
Free cashflow	(\$0.53)	\$29.16	\$27.11	\$26.91	\$12.35	\$12.52	\$38.66	\$32.82	\$12.70		\$28.63	\$54.02	\$24.87	\$71.49
Dividends paid	\$0.00	(\$1.93)	(\$3.86)	(\$3.86)	(\$5.47)	(\$5.48)	(\$10.90)	(\$10.82)	(\$16.24)		(\$1.93)	(\$7.72)	(\$10.95)	(\$21.72)
Purchase of shares	(\$0.10)	(\$1.44)	(\$0.36)	(\$0.18)	(\$3.85)	(\$0.09)	(\$14.05)	(\$4.55)	\$0.00		(\$1.54)	(\$0.54)	(\$3.94)	(\$18.59)
Return of capital	\$0.00	\$0.00	\$0.00	(\$19.43)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00	(\$19.43)	\$0.00	\$0.00
Share Buy-back	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$8.01)	\$0.00		\$0.00	\$0.00	\$0.00	(\$8.01)
Proceeds / (Repayment) of borrowings	\$4.00	(\$21.00)	\$0.00	\$0.00	\$0.00	(\$0.18)	(\$0.20)	(\$0.15)	(\$0.18)		(\$17.00)	\$0.00	(\$0.18)	(\$0.35)
Increase / (Decrease) in Cash	\$3.37	\$4.80	\$22.89	\$3.44	\$3.03	\$6.78	\$13.51	\$9.29	(\$3.72)		\$8.17	\$26.33	\$9.81	\$22.80

NET CASH / (DEBT)

\$ million

	Dec-14	Jun-15	Dec-15	Jun-16	Dec-16	Jun-17	Dec-17	Jun-18	Dec-18		Jun-15	Jun-16	Jun-17	Jun-18
Cash and cash equivalents	\$9.96	\$14.76	\$37.65	\$41.09	\$44.12	\$50.90	\$64.41	\$73.70	\$69.98		\$14.76	\$41.09	\$50.90	\$73.70
Borrowings	(\$20.67)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00	\$0.00	\$0.00	\$0.00
Finance lease liability	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$1.01)	(\$0.81)	(\$0.66)	(\$0.48)		\$0.00	\$0.00	(\$1.01)	(\$0.66)
	(\$10.71)	\$14.76	\$37.65	\$41.09	\$44.12	\$49.89	\$63.60	\$73.04	\$69.50		\$14.76	\$41.09	\$49.89	\$73.04

APPENDIX 4

SEGMENT RESULTS

\$ million

	1H15	2H15	1H16	2H16	1H17	2H17	1H18	2H18	1H19		FY15	FY16	FY17	FY18
Fixed Communications														
nbn Activation & Assurance	\$43.27	\$54.32	\$61.63	\$57.81	\$66.80	\$79.54	\$109.94	\$108.11	\$124.37		\$97.60	\$119.45	\$146.33	\$218.05
nbn Minor Projects	\$2.50	\$4.92	\$5.88	\$6.86	\$6.76	\$6.59	\$12.50	\$22.44	\$24.80		\$7.42	\$12.74	\$13.34	\$34.94
Other customers	\$47.39	\$42.88	\$29.68	\$20.12	\$27.40	\$28.52	\$23.26	\$25.06	\$19.34		\$90.27	\$49.80	\$55.92	\$48.31
Revenue	\$93.16	\$102.12	\$97.19	\$84.79	\$100.96	\$114.64	\$145.70	\$155.61	\$168.51		\$195.29	\$181.99	\$215.59	\$301.30
EBITDA	\$8.35	\$8.89	\$8.23	\$9.13	\$11.02	\$14.74	\$18.85	\$19.81	\$21.83		\$17.24	\$17.36	\$25.76	\$38.67
EBITDA %	9.0%	8.7%	8.5%	10.8%	10.9%	12.9%	12.9%	12.7%	13.0%		8.8%	9.5%	11.9%	12.8%
Network Construction														
nbn MIMA & DCMA	\$0.00	\$0.00	\$0.00	\$8.92	\$13.16	\$27.96	\$45.69	\$60.03	\$70.10		\$0.00	\$8.92	\$41.13	\$105.72
nbn New Developments	\$17.46	\$16.68	\$20.08	\$23.73	\$21.01	\$13.11	\$0.51	\$0.06	\$0.00		\$34.14	\$43.81	\$34.12	\$0.57
Wireless	\$41.56	\$53.85	\$58.94	\$61.21	\$58.81	\$61.71	\$52.54	\$75.05	\$58.34		\$95.41	\$120.15	\$120.52	\$127.59
Other & Eliminations	\$4.63	\$5.21	\$3.88	\$1.03	\$0.65	\$0.40	\$0.00	\$0.00	\$0.00		\$9.83	\$4.92	\$1.06	\$0.00
Revenue	\$63.65	\$75.74	\$82.90	\$94.89	\$93.63	\$103.19	\$98.74	\$135.14	\$128.44		\$139.38	\$177.80	\$196.82	\$233.88
EBITDA	\$2.74	\$6.66	\$7.77	\$11.10	\$9.03	\$11.85	\$10.81	\$12.85	\$13.68		\$9.40	\$18.87	\$20.88	\$23.66
EBITDA %	4.3%	8.8%	9.4%	11.7%	9.6%	11.5%	10.9%	9.5%	10.7%		6.7%	10.6%	10.6%	10.1%
Energy & Water														
Metering Services	\$22.42	\$22.58	\$24.19	\$32.46	\$39.36	\$33.14	\$34.73	\$30.56	\$35.97		\$44.99	\$56.66	\$72.51	\$65.29
New Energy	\$12.19	\$9.41	\$9.40	\$6.74	\$4.61	\$5.29	\$5.75	\$8.02	\$6.76		\$21.60	\$16.14	\$9.90	\$13.77
TechSafe	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2.80	\$7.86	\$7.07	\$7.57		\$0.00	\$0.00	\$2.80	\$14.92
Customer Care & Other	\$6.32	\$4.35	\$4.60	\$4.56	\$4.61	\$4.81	\$6.33	\$6.42	\$6.05		\$10.67	\$9.16	\$9.42	\$12.75
Revenue	\$40.93	\$36.34	\$38.19	\$43.76	\$48.58	\$46.04	\$54.67	\$52.07	\$56.35		\$77.26	\$81.96	\$94.62	\$106.73
EBITDA	\$2.13	\$1.41	\$2.32	\$2.72	\$3.24	\$4.37	\$5.37	\$5.10	\$5.86		\$3.54	\$5.03	\$7.61	\$10.47
EBITDA %	5.2%	3.9%	6.1%	6.2%	6.7%	9.5%	9.8%	9.8%	10.4%		4.6%	6.1%	8.0%	9.8%

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