

ASX & Media Release

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Market Update

Syntheo signs agreement with NBN Co to hand-back Northern Territory

Service Stream advises that Syntheo, a 50/50 joint venture with Lend Lease, has reached agreement with NBN Co to hand back the remainder of its design and construction activities in the Northern Territory. Syntheo is committed to working with NBN Co to complete its work in Western Australia and South Australia.

FY13 EBITDA guidance reduced to \$20m

Service Stream also advises that third quarter earnings from its Fixed Communications segment, which includes Syntheo, have been adversely impacted by higher costs and by lower than anticipated volumes particularly in the early phase of its New Developments contract. Whilst a pick-up in volume is expected in the fourth quarter, this segment is anticipated to be marginally loss making for the year.

Reported EBITDA for the Group for FY13 is now expected to be in the order of \$20m. This result includes one-time charges of around \$3m associated with Syntheo's exit from the Northern Territory and with business restructuring, in addition to the one-time charges totalling \$3.8m that were recognised in the first half in respect of the final settlement on the Ericsson Jersey dispute and the write-off of Foreign Currency Translation Reserve.

Impairment of Fixed Communications goodwill

Service Stream is committed to ensuring that any changes in its operating environment are assessed in a prudent and timely manner. The carrying value of Service Stream's Fixed Communications segment includes \$117m of goodwill reflecting acquisitions made by the Group prior to 2008. Having reviewed a preliminary reassessment of growth assumptions, weighted average cost of capital and discounted cash flow calculations, Service Stream anticipates that a non-cash impairment charge of \$70m to \$90m will be incurred in the second half of the year to June 2013. The amount of the impairment charge will be finalised following the updating of forward business plans, including the budget for FY14.

Service Stream Managing Director Graeme Sumner said "The company's approach to construction activities will be reviewed following these impacts on the business. The company continues to be well positioned in each of its major markets, with a solid outlook for FY14 and beyond".

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About Service Stream Limited:

Service Stream is a public company listed on the Australian Securities Exchange (Code: SSM) with annual revenue of approximately \$600 million. 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 50 locations nationwide and maintains a workforce of over 4,000 employees and contractors. For more information please visit www.servicestream.com.au.