

FY20 Full-Year Results Presentation



Leigh Mackender
Managing Director

SERVICE STREAM LIMITED
August 2020

Company Profile

Service Stream Limited (ASX:SSM) is a S&P/ASX200 company providing integrated end-to-end asset life-cycle services across essential infrastructure networks within the Telecommunications and Utilities sectors



TELECOMMUNICATIONS

FIXED-LINE



WIRELESS



UTILITIES



GAS



ELECTRICITY



WATER



NEW ENERGY



Design, construct, operate and maintain

Life-cycle infrastructure management



36+ million

Property visits per annum



5,200+

Strong workforce of employees and skilled contractors



34+ locations

Offices and warehouse nationally



>\$930 million

Annual revenue



Blue-chip client base

Network owners and operators, regulators and government organisations



>84% Annuity Revenues

Long-term, low-risk agreements

Performance Highlights

Demand for essential network services remains resilient, despite COVID-19, attesting to the strength of the Group's business model and strategy



Financial

- Record revenue and earnings achieved, with EBITDA from Operations of \$108.1m
- Further improvement to Group EBITDA margins
- Return to net cash position, with balance sheet well positioned to support future growth
- Final dividend of 5.0 cps, taking full-year to 9.0 cps (fully franked)



Operational

- Continued to deliver industry leading safety performance
- Currently negotiating an extension to OMMA (service activation and assurance) agreement with nbn, due to expire in Dec-20
- New long-term contracts with Sydney Water and Queensland Urban Utilities secured and successfully mobilised during FY20
- Completion and successful demobilisation of DCMA and MIMA construction programs with nbn



Strategic

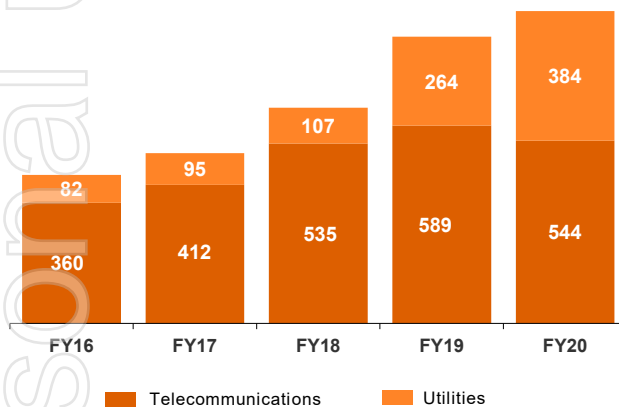
- Successfully renewed / secured in excess of \$200m in annual utility contracted revenues in FY20
- Expanding Comdain's utility operations into western states with new operations commencing in FY21
- Solid pipeline of organic growth opportunities across core markets
- Business continues to identify and assess M&A expansion opportunities

Group Strategy

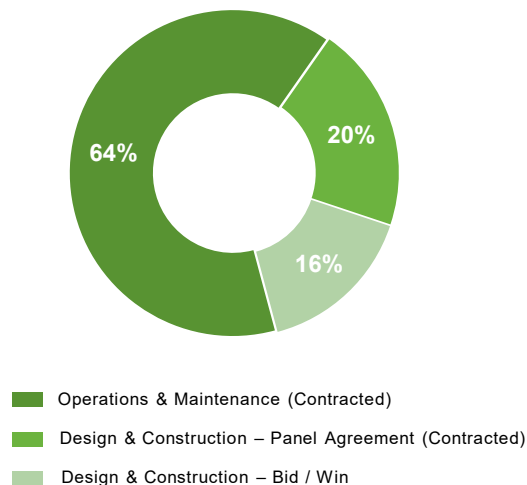
Continuing to grow and diversify the Group's recurring revenue base across known markets

- Service Stream's strategy of diversifying Group revenues across essential infrastructure markets continues to position the business positively:
 - expansive client base of leading network owners and operators, regulators and government organisations
 - exposure to a broad range of regulated essential infrastructure markets
 - resilient base of long-term, capital light, low-risk contractual agreements
 - more than 84% of Group revenues associated with O&M (annuity-style) work programs or low-risk, multi-year panel agreements

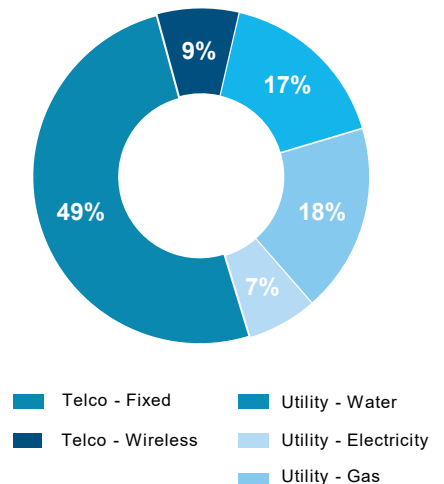
Group Revenue by Division (\$m)



FY20 Revenue Breakdown By Contract Type



FY20 Revenue Breakdown By Industry Type



COVID-19

Positive exposure to essential network infrastructure has limited the impact of COVID-19 to Group earnings

- Exposure to essential infrastructure networks has provided a solid revenue base and sustained resilience through the COVID-19 pandemic
- The Group's balance sheet, cashflow and liquidity remain very strong
- The Group has not drawn upon JobKeeper or other government support packages
- Impact to earnings has been limited to:
 - Increased costs to support specific safety-related protocols across business operations
 - Moratorium on electricity and gas disconnections (and subsequent reconnections)
 - Reduced residential land development activity (new housing estates)
 - Deferral of some maintenance activities by asset owners to ensure networks remain available to consumers working from home
 - Delay in some projects due to shortage of client-supplied free-issue materials, travel and access restrictions



ersonal use only

FINANCIAL PERFORMANCE



Financial Highlights

Revenue:

\$929.1m

▲ 9.0% v FY19

- Record Group Revenue, up 9.0% on \$852.2m in FY19
- Revenue split \$544.2m (58.6%) from Telecommunications and \$384.1m (41.4%) from Utilities

EBITDA from Operations:

\$108.1m

▲ 15.9% v FY19

- Record EBITDA from Operations, up 15.9% on \$93.3m in FY19
- Before incurring non-operational costs of \$2.5m associated with assessment of M&A opportunities and integration of the Comdain Infrastructure acquisition

EBITDA Margin:

11.4%

▲ 0.9% v FY19

- Solid EBITDA margin growth, up 0.9% on 10.5% in FY19
- EBITDA margin improvement across Telecommunications

Net Cash:

\$19.5m

▲ 85.1% v FY19

- Full-year EBITDA to OCFBIT conversion rate of 81.9%, with 2H20 at 108.0%
- Group returns to Net Cash position

Dividends:

\$9.0cps

Maintained with FY19

- Final dividend of 5.0 cps, taking full-year to 9.0 cps (fully franked)
- Increased payout ratio of 74.2% based on Statutory EPS

Key Financial Measures

Continuing to deliver strong and consistent results across key profit measures

\$m	FY20	FY19	Change (%)
-----	------	------	------------

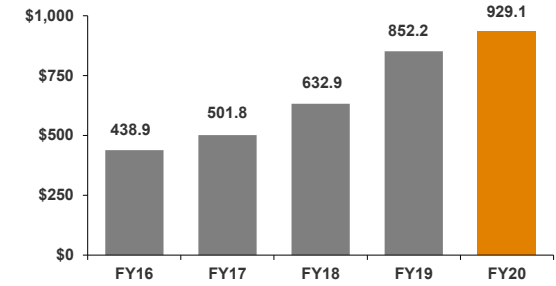
Profitability:

Revenue	929.1	852.2	9.0%	^
EBITDA from Operations	108.1	93.3	15.9%	^
EBITDA from Operations %	11.6%	10.9%	0.7%	^
Adjusted EBIT (EBITA)	87.4	84.5	3.5%	^
Adjusted NPAT (NPATA)	58.8	57.7	1.9%	^
Adjusted EPS (cents)	14.46	15.14	(4.5%)	v

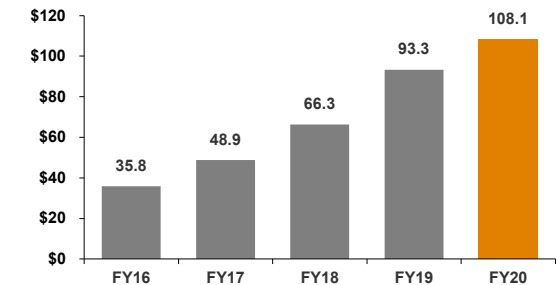
Statutory Profitability:

Reported EBITDA	105.6	89.5	17.9%	^
Reported EBIT	73.9	73.3	0.8%	^
Statutory NPAT	49.3	49.9	(1.1%)	v
Statutory EPS (cents)	12.13	13.09	(7.4%)	v

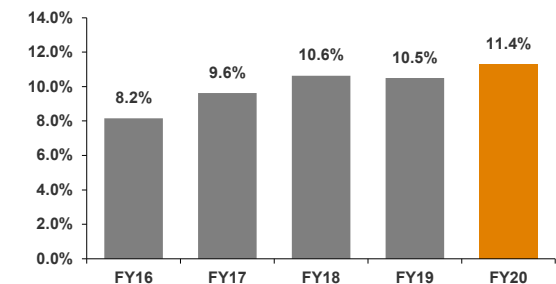
Group Revenue (\$m)



Group EBITDA from Operations (\$m)



Group Reported EBITDA %

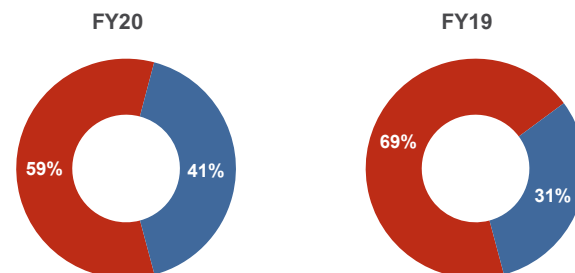


Segment Results

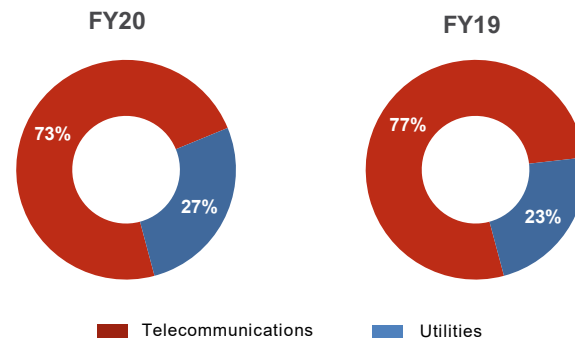
Expansion of utility related revenues bolstering the Group's resilience

\$m	FY20	FY19	Change (%)
Telecommunications	544.2	589.4	(7.7%)
Utilities	384.1	264.3	45.3%
Eliminations, interest & other revenue	0.9	(1.5)	
Total Revenue	929.1	852.2	9.0%
Telecommunications	83.1	77.1	7.8%
Utilities	30.8	22.5	36.7%
Unallocated corporate costs	(5.8)	(6.4)	
EBITDA from Operations	108.1	93.3	15.9%
One-off / non-operational items	(2.5)	(3.7)	
Reported EBITDA	105.6	89.5	17.9%
Depreciation & Amortisation	(11.2)	(8.8)	
Depreciation - Leases	(9.5)	0.0	
EBITA	87.4	84.5	3.5%
Financing costs	(2.5)	(1.2)	
Financing costs - Leases	(0.9)	0.0	
Income tax expense	(25.2)	(25.6)	
NPATA	58.8	57.7	1.9%

Revenue by Segment



EBITDA by Segment



Impact from AASB16 Leases

EBITDA	↑	\$10.3m
EBITDA %	↑	1.1%
NPAT	↓	\$0.1m

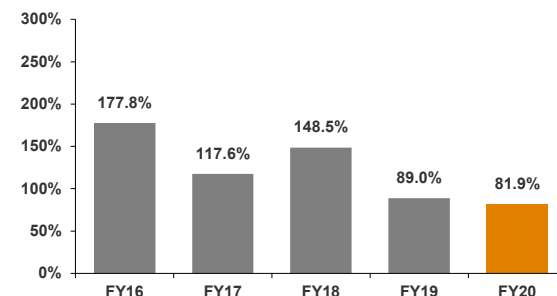
Cashflow Results

Solid operating cashflows, and 6th consecutive year of profit-to-cash conversion in excess of 80%

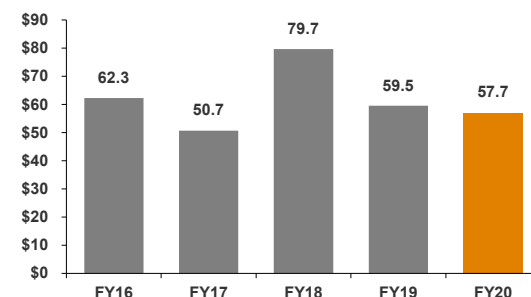
- Maintaining solid OCFBIT conversion rate of 81.9%, with 2H20 at 108.0%
- No factoring adopted across receivables, and sub-contractors & suppliers paid as they fall due
- IFS ERP implementation across Comdain Infrastructure placed on hold due to COVID-19, due to recommence in Q1 FY21

\$m	FY20	FY19	Change
Reported EBITDA	105.6	89.5	16.0
+/- non-cash items & change in working capital	(19.1)	(9.8)	(9.3)
OCFBIT	86.4	79.7	6.7
EBITDA to OCFBIT conversion %	81.9%	89.0%	(7.1%)
Net interest and financing (paid) / received	(3.6)	(1.4)	(2.2)
Tax paid	(25.2)	(18.8)	(6.4)
Operating cashflow	57.7	59.5	(1.8)
Capital expenditure (net of proceeds from sales)	(6.5)	(9.4)	2.9
Business acquisitions (net of cash acquired)	0.0	(82.8)	82.8
Free cashflow	51.2	(32.6)	83.8
Dividends paid	(36.3)	(29.8)	(6.5)
Principal elements of lease payments	(9.7)	(0.4)	(9.3)
Lease incentives received	4.2	0.0	4.2
Purchase of shares	(0.7)	0.0	(0.7)
Proceeds from borrowings	0.0	60.0	(60.0)
Net increase in cash	8.7	(2.9)	11.6

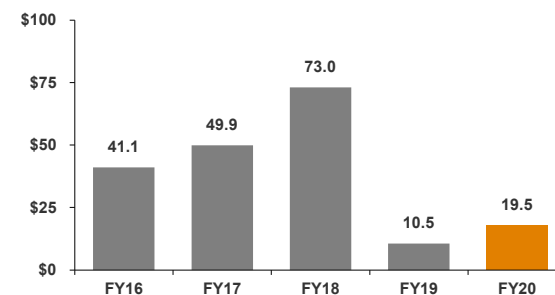
Reported EBITDA to OCFBIT conversion



Operating Cashflow (\$m)



Net Cash (\$m)



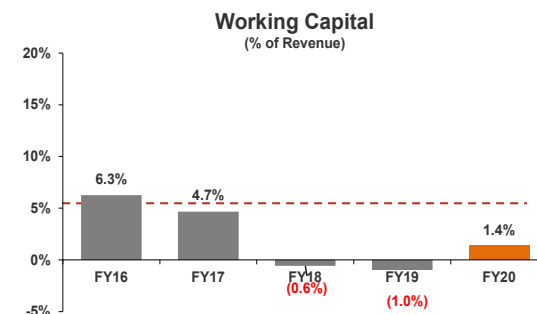
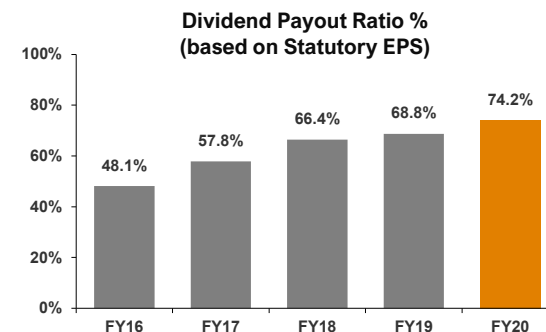
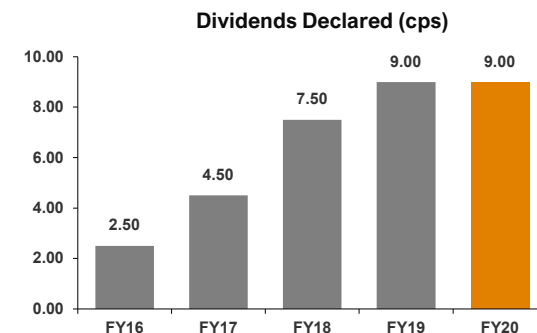
Capital Management

Working capital light operations, and Group maintaining stable dividends to shareholders

- Final dividend of 5.0 cps, maintaining full year at 9.0 cps, reflecting payout ratio of 74.2% based on Statutory EPS
- Dividend payable on 1 October 2020 with DRP continuing to apply
- Working Capital remains highly efficient at 1.4% of annualised revenue
- Group maintains strong liquidity position, providing support for ongoing investment in growth and strategic expansion
- Bank facilities largely undrawn, refinancing process underway with targeted completion during Q2 FY21

\$m	Jun-20	Jun-19
Cash and cash equivalents	79.5	70.8
Borrowings	(60.0)	(60.0)
Lease liabilities ¹	0.0	(0.3)
Net Cash	19.5	10.5

¹ Jun-20 Net Cash excludes lease liabilities arising from the application of AASB 16 Leases.





ersonal use only

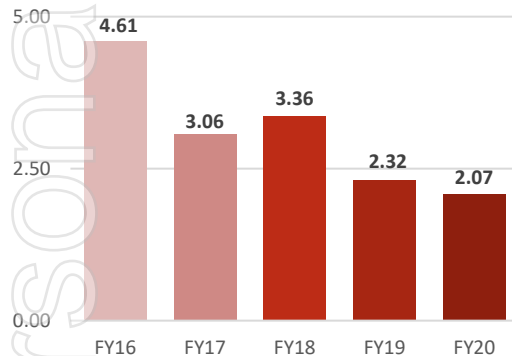
OPERATIONAL PERFORMANCE

Safety Performance

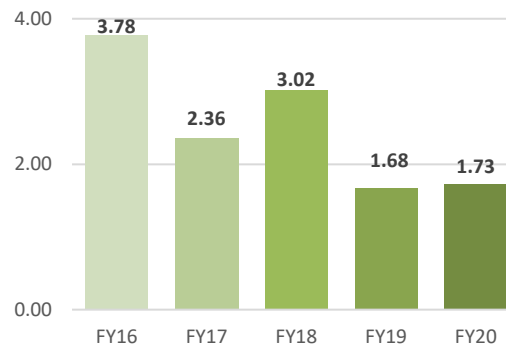
Maintaining our focus on the safety of our people, our customers and the community

- Continued to deliver industry leading safety performance, demonstrating a strong safety culture throughout the organisation
- Superior safety performance continues to be a key differentiator for the business
- Performance across key lag-indicators either improved or remained steady at low levels
- Management continue to target high-risk work activities, identifying opportunities to drive further improvements

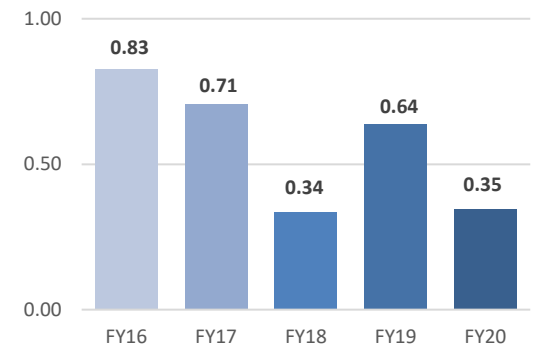
Total Recordable Injury Frequency Rate



Medically Treated Injury Frequency Rate



Lost Time Injury Frequency Rate



ersonal use only

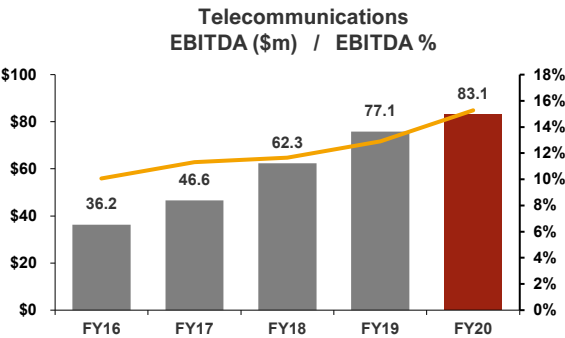
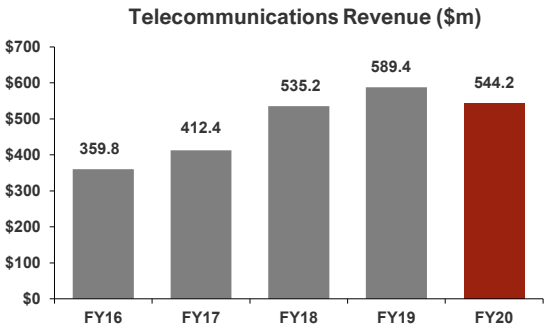
TELECOMMUNICATIONS



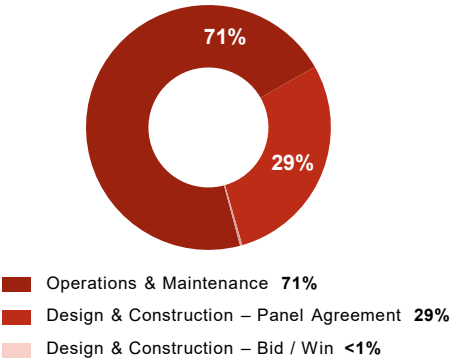
Telecommunications

Telecommunication network engineering, design & construction, maintenance and operations

- Revenue down \$45.2m on pcp, due to successful conclusion of nbn D&C operations, and minor COVID-19 related impacts during 2H20:
 - Revenue of \$471.0m across fixed line infrastructure works, with increased revenues associated with nbn activation and network maintenance activities, despite COVID-19 reducing some O&M programs
 - Wireless revenue of \$73.1m down \$14.4m on pcp, due to slow ramp-up of 5G expenditure by mobile carriers and COVID-19 impacts delaying the commencement of some project works
- Strong contracted Telecommunications revenue base, with >99% of works delivered through long-held O&M contracts, or low-risk multi-year panel agreements
- Improvement in EBITDA margin to 15.3% due to; adoption of AASB 16 Leases, the profitable wind-up of nbn D&C operations and a favourable O&M work mix



FY20 Revenue Breakdown By Contract Type



Telecommunications

Telecommunication network engineering, design & construction, maintenance and operations

- Strong demand for nbn customer activations in FY20, coupled with retained market share assisting to reduce COVID-19 related impacts in H2
- Maintenance work volumes continue to increase as the nbn connections grow and network footprint expands
- Currently negotiating an extension to OMMA (service activation and assurance) agreement with nbn, due to expire in Dec-20
- Reached conclusion of all D&C operations with nbn, operations successfully de-mobilised
- Wireless work programs experienced minor delays during 2H20, associated with client initiated delays due largely to COVID-19 restrictions and material supply



UTILITIES

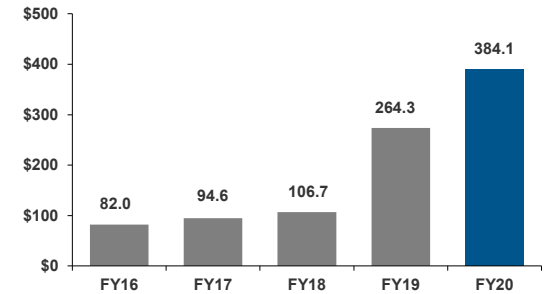


Utilities

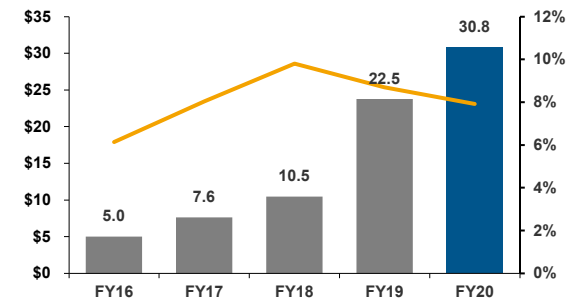
Utility network engineering, design & construction, maintenance and operations

- Revenue up \$119.8m (+45.3%) on pcp, due to the full-year inclusion of Comdain Infrastructure, with some minor COVID impacts in 2H20:
- Comdain Infrastructure revenue of \$288.1m up 79.8% on pcp
- Metering Services, New Energy & Inspection Services revenue largely flat with pcp, with New Energy down 36% due to fluctuating volumes across commercial solar and battery storage work programs
- Strong contracted utility revenue base, with ~63% of works delivered through predictable, low-risk O&M contracts or multi-year panel agreements
- EBITDA Margins of 8.0%, in-line with Management's expectations, reflecting consolidation of Comdain Infrastructure into existing utility operations

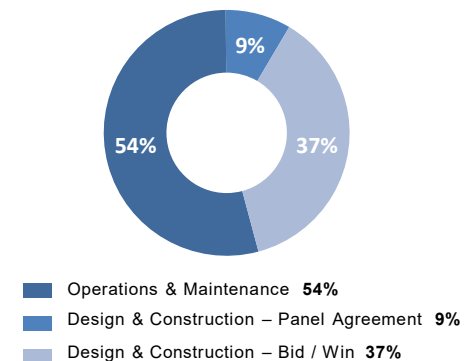
Utilities Revenue (\$m)



Utilities
EBITDA (\$m) / EBITDA %



FY20 Revenue Breakdown
By Contract Type



Utilities

Utility network engineering, design & construction, maintenance and operations

- Strong demand for utility projects, despite some delays in 2H20 due to COVID restrictions and associated client-initiated delays
- Successfully renewed / secured in excess of \$200m in annual contracted utility revenues in FY20
- Successfully expanded Comdain's operations across western states, with initial works secured in Western Australia to commence in 1H21
- D4C Joint Venture with partners Lend Lease Services, John Holland and WSP Australia, supporting 10-year asset management agreement with Sydney Water, successfully mobilised with operations commencing on 1 July 2020
- Common leadership capability established and restructure completed across Group utility operations
- Strong pipeline of gas and water utility projects being bid, associated with urban development and upgrade/ replacement of aging infrastructure



ersonal use only

GROUP OUTLOOK

Servicestream
ESSENTIAL NETWORK SERVICES



FY21 Outlook

- Service Stream expects continued demand for its services across critical infrastructure networks throughout the Utilities and Telecommunications industries.
- Earnings are expected to remain resilient, supported by the Group's long-term contracts, but dependent on:
 - Continued work volumes from clients across existing contracts
 - No further client initiated delays to planned programs of work
 - Resumption of programs of work previously delayed by clients due to COVID-19 restrictions
- FY21 priorities include:
 - Securing an agreement with nbn for Unified Field Operations (previously NMRA) to support ongoing operations and maintenance revenues
 - Securing organic growth opportunities across utility operations and further bolstering the geographic expansion of Comdain's operations
 - Implementation of the Group's ERP system into the Comdain Infrastructure business to support sustainable growth
 - Continued assessment of external market opportunities supporting further growth and diversification of Group revenue





ersonal use only

HISTORICAL FINANCIAL PERFORMANCE DATA

Appendix 1

PROFIT & LOSS

\$ million

	1H16	2H16	1H17	2H17	1H18	2H18	1H19	2H19	1H20	2H20	FY16	FY17	FY18	FY19	FY20
Telecommunications ¹	\$180.10	\$179.69	\$194.59	\$217.83	\$244.44	\$290.74	\$298.07	\$291.32	\$297.90	\$246.28	\$359.78	\$412.41	\$535.18	\$589.39	\$544.17
Utilities ¹	\$38.19	\$43.76	\$48.58	\$46.04	\$54.67	\$52.07	\$51.32	\$212.96	\$199.16	\$184.93	\$81.96	\$94.62	\$106.73	\$264.28	\$384.08
Interest Income	\$0.20	\$0.50	\$0.32	\$0.35	\$0.43	\$0.50	\$0.63	\$0.07	\$0.09	\$0.01	\$0.70	\$0.67	\$0.93	\$0.70	\$0.10
Other & Eliminations	(\$1.43)	(\$2.07)	(\$2.72)	(\$3.17)	(\$5.40)	(\$4.50)	(\$2.07)	(\$0.12)	\$0.62	\$0.16	(\$3.50)	(\$5.89)	(\$9.89)	(\$2.19)	\$0.78
Total Revenue	\$217.06	\$221.88	\$240.77	\$261.04	\$294.14	\$338.81	\$347.95	\$504.22	\$497.76	\$431.37	\$438.94	\$501.81	\$632.95	\$852.18	\$929.13
Telecommunications ¹	\$16.00	\$20.24	\$20.05	\$26.59	\$29.66	\$32.67	\$35.94	\$41.16	\$45.31	\$37.81	\$36.23	\$46.64	\$62.33	\$77.10	\$83.13
Utilities ¹	\$2.32	\$2.72	\$3.24	\$4.37	\$5.37	\$5.10	\$5.44	\$17.09	\$15.45	\$15.36	\$5.03	\$7.61	\$10.47	\$22.54	\$30.81
Unallocated Corporate Services	(\$2.63)	(\$2.81)	(\$2.20)	(\$3.18)	(\$2.98)	(\$3.52)	(\$2.74)	(\$3.63)	(\$2.68)	(\$3.14)	(\$5.45)	(\$5.38)	(\$6.50)	(\$6.37)	(\$5.82)
EBITDA from Operations	\$15.68	\$20.14	\$21.09	\$27.78	\$32.05	\$34.25	\$38.64	\$54.63	\$58.08	\$50.04	\$35.82	\$48.87	\$66.30	\$93.27	\$108.12
<i>EBITDA from Operations %</i>	<i>7.2%</i>	<i>9.1%</i>	<i>8.8%</i>	<i>10.6%</i>	<i>10.9%</i>	<i>10.1%</i>	<i>11.1%</i>	<i>10.8%</i>	<i>11.7%</i>	<i>11.6%</i>	<i>8.2%</i>	<i>9.7%</i>	<i>10.5%</i>	<i>10.9%</i>	<i>11.6%</i>
Non-Operational Items	\$0.00	\$0.00	\$0.00	(\$0.52)	\$0.00	\$1.00	(\$0.61)	(\$3.12)	(\$1.65)	(\$0.88)	\$0.00	(\$0.52)	\$1.00	(\$3.72)	(\$2.53)
Reported EBITDA	\$15.68	\$20.14	\$21.09	\$27.26	\$32.05	\$35.25	\$38.03	\$51.51	\$56.43	\$49.16	\$35.82	\$48.35	\$67.30	\$89.54	\$105.59
Depreciation & Amortisation	(\$2.96)	(\$4.45)	(\$2.46)	(\$4.57)	(\$2.72)	(\$4.80)	(\$3.03)	(\$5.77)	(\$5.66)	(\$5.55)	(\$7.41)	(\$7.02)	(\$7.51)	(\$8.80)	(\$11.21)
Depreciation - Leases ²	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$4.50)	(\$4.97)	\$0.00	\$0.00	\$0.00	\$0.00	(\$9.47)
Amort of customer contracts - TechSafe	\$0.00	\$0.00	\$0.00	(\$0.46)	(\$0.97)	(\$0.97)	(\$0.88)	(\$0.89)	(\$0.66)	(\$0.67)	\$0.00	(\$0.46)	(\$1.93)	(\$1.77)	(\$1.33)
Amort of customer contracts - Comdain	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$5.66)	(\$4.84)	(\$4.84)	\$0.00	\$0.00	\$0.00	(\$5.66)	(\$9.68)
Reported EBIT	\$12.73	\$15.68	\$18.64	\$22.24	\$28.37	\$29.48	\$34.12	\$39.20	\$40.77	\$33.14	\$28.41	\$40.87	\$57.85	\$73.32	\$73.91
Net financing costs	(\$0.13)	\$0.19	\$0.01	(\$0.18)	\$0.18	\$0.24	\$0.37	(\$1.55)	(\$1.30)	(\$1.20)	\$0.07	(\$0.17)	\$0.42	(\$1.18)	(\$2.51)
Net financing costs - Leases ²	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$0.02)	(\$0.46)	(\$0.48)	\$0.00	\$0.00	\$0.00	(\$0.02)	(\$0.94)
Income tax expense	(\$3.79)	(\$4.70)	(\$5.61)	(\$6.72)	(\$8.65)	(\$8.52)	(\$10.40)	(\$11.85)	(\$11.71)	(\$9.44)	(\$8.49)	(\$12.33)	(\$17.17)	(\$22.26)	(\$21.15)
Statutory NPAT	\$8.81	\$11.17	\$13.03	\$15.34	\$19.90	\$21.21	\$24.09	\$25.77	\$27.29	\$22.02	\$19.98	\$28.37	\$41.11	\$49.86	\$49.31
<i>Effective Tax Rate</i>	<i>30.1%</i>	<i>29.6%</i>	<i>30.1%</i>	<i>30.5%</i>	<i>30.3%</i>	<i>28.7%</i>	<i>30.2%</i>	<i>31.5%</i>	<i>30.0%</i>	<i>30.0%</i>	<i>29.8%</i>	<i>30.3%</i>	<i>29.5%</i>	<i>30.9%</i>	<i>30.0%</i>
Adjusted EBIT (EBITA)	\$12.73	\$15.68	\$18.64	\$23.21	\$29.33	\$29.45	\$35.61	\$48.85	\$47.92	\$39.52	\$28.41	\$41.85	\$58.78	\$84.47	\$87.44
<i>EBITA %</i>	<i>5.9%</i>	<i>7.1%</i>	<i>7.7%</i>	<i>8.9%</i>	<i>10.0%</i>	<i>8.7%</i>	<i>10.2%</i>	<i>9.7%</i>	<i>9.6%</i>	<i>9.2%</i>	<i>6.5%</i>	<i>8.3%</i>	<i>9.3%</i>	<i>9.9%</i>	<i>9.4%</i>
Adjusted NPAT (NPATA)	\$8.81	\$11.17	\$13.03	\$16.02	\$20.58	\$20.88	\$25.14	\$32.53	\$32.30	\$26.49	\$19.98	\$29.05	\$41.46	\$57.66	\$58.79
<i>NPATA %</i>	<i>4.1%</i>	<i>5.0%</i>	<i>5.4%</i>	<i>6.1%</i>	<i>7.0%</i>	<i>6.2%</i>	<i>7.2%</i>	<i>6.5%</i>	<i>6.5%</i>	<i>6.1%</i>	<i>4.6%</i>	<i>5.8%</i>	<i>6.6%</i>	<i>6.8%</i>	<i>6.3%</i>

¹ Customer Care in Utilities up to 30-6-18 and in Telecommunications from 1-7-18

² Arising from the adoption of AASB 16 Leases

Appendix 2

RECONCILIATION OF STATUTORY TO ADJUSTED PROFITABILITY MEASURES

\$ million	1H16	2H16	1H17	2H17	1H18	2H18	1H19	2H19	1H20	2H20	FY16	FY17	FY18	FY19	FY20
Reported EBITDA	\$15.68	\$20.14	\$21.09	\$27.26	\$32.05	\$35.25	\$38.03	\$51.51	\$56.43	\$49.16	\$35.82	\$48.35	\$67.30	\$89.54	\$105.59
add-back adjustments:															
- Acquisition costs (TechSafe)	-	-	-	(\$0.52)	-	-	-	-	-	-	-	(\$0.52)	-	-	-
- Write-back of Deferred Consideration (TechSafe)	-	-	-	-	-	\$1.00	-	-	-	-	-	-	\$1.00	-	-
- Integration costs (Comdain Infrastructure)	-	-	-	-	-	-	-	(\$1.25)	(\$0.41)	(\$0.81)	-	-	-	(\$1.25)	(\$1.22)
- Acquisition costs (Comdain Infrastructure)	-	-	-	-	-	-	(\$0.61)	(\$1.87)	-	-	-	-	-	(\$2.47)	-
- Due diligence costs on acquisition opportunities	-	-	-	-	-	-	-	-	(\$1.25)	(\$0.07)	-	-	-	-	(\$1.31)
EBITDA from Operations	\$15.68	\$20.14	\$21.09	\$27.78	\$32.05	\$34.25	\$38.64	\$54.63	\$58.08	\$50.04	\$35.82	\$48.87	\$66.30	\$93.27	\$108.12
Reported EBIT	\$12.73	\$15.68	\$18.64	\$22.24	\$28.37	\$29.48	\$34.12	\$39.20	\$40.77	\$33.14	\$28.41	\$40.87	\$57.85	\$73.32	\$73.91
add-back adjustments:															
- As above for EBITDA	-	-	-	(\$0.52)	\$0.00	\$1.00	(\$0.61)	(\$3.12)	(\$1.65)	(\$0.88)	-	(\$0.52)	\$1.00	(\$3.72)	(\$2.53)
- Amortisation of Customer Contracts (TechSafe)	-	-	-	(\$0.46)	(\$0.97)	(\$0.97)	(\$0.88)	(\$0.89)	(\$0.66)	(\$0.67)	-	(\$0.46)	(\$1.93)	(\$1.77)	(\$1.33)
- Amortisation of Customer Contracts (Comdain)	-	-	-	-	-	-	-	(\$5.66)	(\$4.84)	(\$4.84)	-	-	-	(\$5.66)	(\$9.68)
Adjusted EBIT (EBITA)	\$12.73	\$15.68	\$18.64	\$23.21	\$29.33	\$29.45	\$35.61	\$48.85	\$47.92	\$39.52	\$28.41	\$41.85	\$58.78	\$84.47	\$87.44
Statutory NPAT	\$8.81	\$11.17	\$13.03	\$15.34	\$19.90	\$21.21	\$24.09	\$25.77	\$27.29	\$22.02	\$19.98	\$28.37	\$41.11	\$49.86	\$49.31
add-back adjustments:															
- As above for EBIT	-	-	-	(\$0.97)	(\$0.97)	\$0.03	(\$1.49)	(\$9.66)	(\$7.15)	(\$6.38)	-	(\$0.97)	(\$0.93)	(\$11.15)	(\$13.53)
- Tax effect of above (as relevant)	-	-	-	\$0.29	\$0.29	\$0.29	\$0.45	\$2.90	\$2.15	\$1.91	-	\$0.29	\$0.58	\$3.34	\$4.06
Adjusted NPAT (NPATA)	\$8.81	\$11.17	\$13.03	\$16.02	\$20.58	\$20.88	\$25.14	\$32.53	\$32.30	\$26.49	\$19.98	\$29.05	\$41.46	\$57.66	\$58.79
Avg number of shares on issue (millions)	386.390	382.770	363.846	365.189	365.189	362.695	360.785	401.301	405.512	407.665	384.590	364.512	363.952	380.877	406.647
Statutory EPS (cents)	2.28	2.92	3.58	4.20	5.45	5.85	6.68	6.42	6.73	5.40	5.20	7.78	11.29	13.09	12.13
Adjusted EPS (cents)	2.28	2.92	3.58	4.39	5.63	5.76	6.97	8.11	7.96	6.50	5.20	7.97	11.39	15.14	14.46
Dividends Declared (cents)	1.00	1.50	1.50	3.00	3.00	4.50	3.50	5.50	4.00	5.00	2.50	4.50	7.50	9.00	9.00
Dividend payout ratio (based on Statutory EPS)	43.9%	51.4%	41.9%	71.4%	55.0%	77.0%	52.4%	85.7%	59.4%	92.6%	48.1%	57.8%	66.4%	68.8%	74.2%
Dividend payout ratio (based on Adjusted EPS)	43.9%	51.4%	41.9%	68.4%	53.2%	78.2%	50.2%	67.9%	50.2%	76.9%	48.1%	56.5%	65.8%	59.4%	62.3%

Appendix 3

SEGMENT RESULTS

\$ million

TELECOMMUNICATIONS

nbn Activation & Assurance

nbn Minor Projects

Other Fixed-line customers ¹

Fixed Communications Revenue

nbn MIMA & DCMA

nbn New Developments

Wireless

Other & Eliminations

Network Construction Revenue

Segment Revenue

Segment EBITDA

EBITDA %

1H16	2H16	1H17	2H17	1H18	2H18	1H19	2H19	1H20	2H20
\$61.63	\$57.81	\$66.80	\$79.54	\$109.94	\$108.11	\$124.37	\$151.69	\$176.95	\$156.69
\$5.88	\$6.86	\$6.76	\$6.59	\$12.50	\$22.44	\$24.80	\$34.77	\$28.97	\$41.54
\$29.68	\$20.12	\$27.40	\$28.52	\$23.26	\$25.05	\$20.46	\$18.04	\$14.47	\$13.88
\$97.19	\$84.79	\$100.96	\$114.64	\$145.70	\$155.60	\$169.63	\$204.50	\$220.39	\$212.11
\$0.00	\$8.92	\$13.16	\$27.96	\$45.69	\$60.03	\$70.10	\$57.56	\$40.58	(\$2.05)
\$20.08	\$23.73	\$21.01	\$13.11	\$0.51	\$0.05	\$0.00	\$0.02	\$0.00	\$0.00
\$58.94	\$61.21	\$58.81	\$61.71	\$52.54	\$75.05	\$58.34	\$29.24	\$36.93	\$36.22
\$3.88	\$1.03	\$0.65	\$0.40	\$0.00	\$0.01	\$0.00	\$0.00	\$0.00	\$0.00
\$82.90	\$94.89	\$93.63	\$103.19	\$98.74	\$135.14	\$128.44	\$86.82	\$77.51	\$34.17
\$180.10	\$179.69	\$194.59	\$217.83	\$244.44	\$290.74	\$298.07	\$291.32	\$297.90	\$246.28
\$16.00	\$20.24	\$20.05	\$26.59	\$29.66	\$32.67	\$35.94	\$41.16	\$45.31	\$37.81
8.9%	11.3%	10.3%	12.2%	12.1%	11.2%	12.1%	14.1%	15.2%	15.4%

FY16	FY17	FY18	FY19	FY20
\$119.45	\$146.33	\$218.05	\$276.06	\$333.63
\$12.74	\$13.34	\$34.94	\$59.57	\$70.51
\$49.80	\$55.92	\$48.31	\$38.51	\$28.35
\$181.99	\$215.59	\$301.30	\$374.13	\$432.49
\$8.92	\$41.13	\$105.72	\$127.66	\$38.53
\$43.81	\$34.12	\$0.56	\$0.02	\$0.00
\$120.15	\$120.52	\$127.59	\$87.58	\$73.15
\$4.92	\$1.06	\$0.01	\$0.00	\$0.00
\$177.80	\$196.82	\$233.88	\$215.26	\$111.68
\$359.78	\$412.41	\$535.18	\$589.39	\$544.17
\$36.23	\$46.64	\$62.33	\$77.10	\$83.13
10.1%	11.3%	11.6%	13.1%	15.3%

UTILITIES

Metering Services

New Energy

Inspection Services

Customer Care ¹ & Other

Energy & Water Revenue

1H16	2H16	1H17	2H17	1H18	2H18	1H19	2H19	1H20	2H20
\$24.19	\$32.46	\$39.36	\$33.14	\$34.73	\$30.56	\$35.97	\$35.17	\$35.47	\$33.39
\$9.40	\$6.74	\$4.61	\$5.29	\$5.75	\$8.02	\$6.76	\$8.89	\$7.32	\$2.63
\$0.00	\$0.00	\$0.00	\$2.80	\$8.99	\$7.99	\$8.57	\$8.73	\$9.08	\$8.06
\$4.60	\$4.56	\$4.61	\$4.81	\$5.19	\$5.50	\$0.02	(\$0.06)	\$0.00	(\$0.01)
\$38.19	\$43.76	\$48.58	\$46.04	\$54.67	\$52.07	\$51.32	\$52.74	\$51.87	\$44.08
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$160.22	\$147.29	\$140.84
\$38.19	\$43.76	\$48.58	\$46.04	\$54.67	\$52.07	\$51.32	\$212.96	\$199.16	\$184.93
\$2.32	\$2.72	\$3.24	\$4.37	\$5.37	\$5.10	\$5.44	\$17.09	\$15.45	\$15.36
6.1%	6.2%	6.7%	9.5%	9.8%	9.8%	10.6%	8.0%	7.8%	8.3%

FY16	FY17	FY18	FY19	FY20
\$56.66	\$72.51	\$65.29	\$71.14	\$68.86
\$16.14	\$9.90	\$13.77	\$15.65	\$9.95
\$0.00	\$2.80	\$16.98	\$17.30	\$17.14
\$9.16	\$9.42	\$10.69	(\$0.03)	(\$0.01)
\$81.96	\$94.62	\$106.73	\$104.06	\$95.95
\$0.00	\$0.00	\$0.00	\$160.22	\$288.13
\$81.96	\$94.62	\$106.73	\$264.28	\$384.08
\$5.03	\$7.61	\$10.47	\$22.54	\$30.81
6.1%	8.0%	9.8%	8.5%	8.0%

¹ Customer Care in Utilities up to 30-6-18 and in Telecommunications from 1-7-18

Appendix 4

CASH FLOW

\$ million

	1H16	2H16	1H17	2H17	1H18	2H18	1H19	2H19	1H20	2H20		FY16	FY17	FY18	FY19	FY20
Reported EBITDA	\$15.68	\$20.14	\$21.09	\$27.26	\$32.05	\$35.25	\$38.03	\$51.51	\$56.43	\$49.16		\$35.82	\$48.35	\$67.30	\$89.54	\$105.59
+/- non-cash items & change in w/capital	\$15.03	\$12.83	\$3.25	\$5.26	\$25.05	\$7.57	(\$11.60)	\$1.76	(\$23.65)	\$4.51		\$27.86	\$8.51	\$32.62	(\$9.84)	(\$19.14)
OCFBIT	\$30.71	\$32.97	\$24.34	\$32.52	\$57.10	\$42.81	\$26.43	\$53.27	\$32.78	\$53.67		\$63.67	\$56.86	\$99.91	\$79.70	\$86.45
<i>EBITDA to OCFBIT conversion ratio</i>	<i>196%</i>	<i>164%</i>	<i>115%</i>	<i>119%</i>	<i>178%</i>	<i>121%</i>	<i>69%</i>	<i>103%</i>	<i>58%</i>	<i>108%</i>		<i>178%</i>	<i>118%</i>	<i>148%</i>	<i>89%</i>	<i>82%</i>
Net tax paid	\$0.00	(\$1.66)	(\$6.79)	\$0.70	(\$14.65)	(\$5.99)	(\$8.58)	(\$10.24)	(\$20.57)	(\$4.60)		(\$1.66)	(\$6.10)	(\$20.63)	(\$18.81)	(\$25.18)
Net interest & financing costs paid	\$0.08	\$0.23	(\$0.15)	\$0.12	\$0.17	\$0.23	\$0.02	(\$1.38)	(\$2.00)	(\$1.59)		\$0.31	(\$0.02)	\$0.40	(\$1.37)	(\$3.59)
Operating cashflow	\$30.79	\$31.54	\$17.40	\$33.34	\$42.63	\$37.05	\$17.87	\$41.66	\$10.21	\$47.48		\$62.33	\$50.75	\$79.68	\$59.52	\$57.68
Capital expenditure	(\$4.14)	(\$5.40)	(\$5.10)	(\$3.74)	(\$3.49)	(\$4.26)	(\$5.27)	(\$4.60)	(\$3.55)	(\$4.27)		(\$9.55)	(\$8.84)	(\$7.74)	(\$9.87)	(\$7.82)
Proceeds from the sale of assets	\$0.46	\$0.77	\$0.05	\$0.06	\$0.21	\$0.03	\$0.11	\$0.35	\$1.10	\$0.24		\$1.23	\$0.11	\$0.24	\$0.45	\$1.34
Business acquisitions	\$0.00	\$0.00	\$0.00	(\$17.14)	(\$0.69)	\$0.00	\$0.00	(\$82.75)	\$0.00	\$0.00		\$0.00	(\$17.14)	(\$0.69)	(\$82.75)	\$0.00
Free cashflow	\$27.11	\$26.91	\$12.35	\$12.52	\$38.66	\$32.82	\$12.70	(\$45.35)	\$7.75	\$43.45		\$54.02	\$24.87	\$71.49	(\$32.65)	\$51.20
Dividends paid	(\$3.86)	(\$3.86)	(\$5.47)	(\$5.48)	(\$10.90)	(\$10.82)	(\$16.24)	(\$13.57)	(\$21.01)	(\$15.30)		(\$7.72)	(\$10.95)	(\$21.72)	(\$29.82)	(\$36.30)
Purchase of shares	(\$0.36)	(\$0.18)	(\$3.85)	(\$0.09)	(\$14.05)	(\$4.55)	\$0.00	\$0.00	(\$0.74)	\$0.00		(\$0.54)	(\$3.94)	(\$18.59)	\$0.00	(\$0.74)
Share issue costs	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$0.06)	\$0.00	\$0.00		\$0.00	\$0.00	\$0.00	(\$0.06)	\$0.00
Return of capital	\$0.00	(\$19.43)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		(\$19.43)	\$0.00	\$0.00	\$0.00	\$0.00
Share Buy-back	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$8.01)	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00	\$0.00	(\$8.01)	\$0.00	\$0.00
Principal elements of lease payments	\$0.00	\$0.00	\$0.00	(\$0.18)	(\$0.20)	(\$0.15)	(\$0.18)	(\$0.19)	(\$4.83)	(\$4.83)		\$0.00	(\$0.18)	(\$0.35)	(\$0.37)	(\$9.66)
Lease incentives received	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$4.16	\$0.00		\$0.00	\$0.00	\$0.00	\$0.00	\$4.16
Proceeds / (Repayment) of borrowings	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$60.00	\$0.00	\$0.00		\$0.00	\$0.00	\$0.00	\$60.00	\$0.00
Increase / (Decrease) in Cash	\$22.89	\$3.44	\$3.03	\$6.78	\$13.51	\$9.29	(\$3.72)	\$0.83	(\$14.66)	\$23.32		\$26.33	\$9.81	\$22.80	(\$2.89)	\$8.66

NET CASH / (DEBT)

\$ million

	Dec-15	Jun-16	Dec-16	Jun-17	Dec-17	Jun-18	Dec-18	Jun-19	Dec-19	Jun-20		Jun-16	Jun-17	Jun-18	Jun-19	Jun-20
Cash and cash equivalents	\$37.65	\$41.09	\$44.12	\$50.90	\$64.41	\$73.70	\$69.98	\$70.81	\$56.15	\$79.47		\$41.09	\$50.90	\$73.70	\$70.81	\$79.47
Borrowings	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$60.00)	(\$60.00)	(\$60.00)		\$0.00	\$0.00	\$0.00	(\$60.00)	(\$60.00)
Lease liabilities ¹	\$0.00	\$0.00	\$0.00	(\$1.01)	(\$0.81)	(\$0.66)	(\$0.48)	(\$0.29)	(\$0.10)	\$0.00		\$0.00	(\$1.01)	(\$0.66)	(\$0.29)	\$0.00
\$37.65	\$41.09	\$44.12	\$49.89	\$63.60	\$73.04	\$69.50	\$10.52	(\$3.95)	\$19.47		\$41.09	\$49.89	\$73.04	\$10.52	\$19.47	

¹ Jun-20 Net Cash excludes lease liabilities arising from the application of AASB 16 Leases.

Appendix 5

CAPITAL EXPENDITURE

\$ million

	1H16	2H16	1H17	2H17	1H18	2H18	1H19	2H19	1H20	2H20		FY16	FY17	FY18	FY19	FY20
Leasehold Improvements	\$0.25	\$0.65	\$0.22	\$0.11	\$0.08	\$0.20	\$0.45	\$0.10	\$0.22	\$0.15		\$0.90	\$0.33	\$0.28	\$0.55	\$0.37
Motor Vehicles	\$0.11	\$0.03	\$0.10	\$0.00	\$0.00	\$0.00	\$0.00	\$0.04	\$0.00	\$0.34		\$0.13	\$0.10	\$0.00	\$0.04	\$0.34
Plant & Equipment (non-IT)	\$0.29	\$0.60	\$0.06	\$0.97	\$0.31	\$0.34	\$0.40	\$1.64	\$0.65	\$0.06		\$0.89	\$1.03	\$0.65	\$2.04	\$0.71
Capital Expenditure (non-IT)	\$0.65	\$1.27	\$0.37	\$1.08	\$0.38	\$0.55	\$0.85	\$1.77	\$0.88	\$0.55		\$1.93	\$1.45	\$0.93	\$2.62	\$1.43
Plant & Equipment (IT-related)	\$0.18	\$0.27	\$0.38	\$0.33	\$0.21	\$0.44	\$0.26	\$0.70	\$0.31	\$0.49		\$0.45	\$0.71	\$0.65	\$0.96	\$0.80
ERP Replacement	\$1.39	\$1.90	\$3.33	\$1.94	\$1.80	\$1.62	\$3.42	\$0.55	\$0.44	\$1.48		\$3.29	\$5.26	\$3.42	\$3.97	\$1.92
Other Software Applications	\$1.92	\$1.97	\$1.03	\$0.39	\$1.10	\$1.64	\$0.73	\$1.59	\$1.93	\$1.75		\$3.89	\$1.42	\$2.75	\$2.32	\$3.68
Capital Expenditure (IT-related)	\$3.49	\$4.13	\$4.74	\$2.65	\$3.11	\$3.70	\$4.41	\$2.83	\$2.68	\$3.72		\$7.62	\$7.39	\$6.81	\$7.25	\$6.40
Total Capital Expenditure	\$4.14	\$5.40	\$5.10	\$3.74	\$3.49	\$4.25	\$5.27	\$4.60	\$3.55	\$4.27		\$9.55	\$8.84	\$7.74	\$9.87	\$7.82
ERP Replacement	\$1.39	\$1.90	\$3.33	\$1.94	\$1.80	\$1.62	\$3.42	\$0.55	\$0.44	\$1.48		\$3.29	\$5.26	\$3.42	\$3.97	\$1.92
All Other	\$2.75	\$3.51	\$1.78	\$1.80	\$1.69	\$2.63	\$1.85	\$4.06	\$3.11	\$2.79		\$6.26	\$3.58	\$4.32	\$5.90	\$5.90
Total Capital Expenditure	\$4.14	\$5.40	\$5.10	\$3.74	\$3.49	\$4.25	\$5.27	\$4.60	\$3.55	\$4.27		\$9.55	\$8.84	\$7.74	\$9.87	\$7.82

Disclaimer

Important information for Investors

This presentation has been prepared by Service Stream Limited (SSM).

Whilst the information in this presentation has been prepared in good faith and with reasonable care, no representation or warranty, express or implied, is made as to the accuracy or reliability of any statements, estimates, opinions or other information contained in this presentation.

To the extent this presentation contains forward looking statements, those forward looking statements have been made based upon SSM's expectations and beliefs concerning future developments and their potential effect upon SSM and are subject to risks and uncertainty which are, in many instances, beyond SSM's control.

No assurance is given that future developments will be in accordance with SSM's expectations. Actual results could differ materially from those expected by SSM.

The information contained in this presentation is not intended to be relied upon as advice to investors or potential investors, who should consider seeking independent professional advice depending upon their specific investment objectives, financial situation or particular needs.

In this presentation, unless otherwise stated or the context otherwise requires, references to 'dollar amounts' or '\$' are to Australian dollars.

SERVICE STREAM LIMITED

ABN: 46 072 369 870

Level 4, 357 Collins Street, Melbourne VIC 3000

www.servicestream.com.au

