

Annual General Meeting

23 October 2019

Chairman's Address to Shareholders

Fellow Shareholders,

On behalf of Service Stream's Board and Management, I'm delighted to report that the financial year ending 30 June 2019 marked another extremely successful period for your company where we further enhanced group performance and increased returns to our shareholders.

Pleasingly, the Company delivered earnings over and above the full-year guidance which we released mid-year and achieved material improvements across all key financial measures. Additionally, the Company continued its strong safety performance and Leigh Mackender, the Managing Director, will discuss the Company's safety highlights in his presentation.

The key financial highlights for FY19 included:

- EBITDA increased by 41% to \$93.3m; with Comdain Infrastructure contributing \$11.2m in the six-months to June 30 FY19, in accordance with market guidance
- Net Profit After Tax increased by 39% to \$57.7m
- Earnings per share of 15.14 cents, an increase of 33%
- Operating cashflow of \$59.5 was generated for the year, notwithstanding the acquisition of Comdain Infrastructure
- Total dividends for the year increased by 20% to 9.0 cents per share (fully-franked)

On the back of the year's outstanding results, the Company's share price continues to perform strongly against our peers. That continued strong performance resulted in the Company achieving an important milestone in 2019 by entering into the ASX200.

On 3 December 2018, the Board approved the acquisition of Comdain Infrastructure, which aligned with the Company's strategy of diversifying and increasing annuity-style revenue and balancing the Company's revenues across the utilities and telecommunications sectors. The transaction was completed on 2 January 2019, allowing for six-months of Comdain revenue and margin to be included in the Group's FY19 accounts. In February 2019, the Company announced the introduction of a new dividend reinvestment plan to eligible shareholders to enable them to invest all or part of their dividend entitlements to acquire additional shares in Service Stream. The dividend reinvestment plan applied to both the FY19 interim and final dividends.

Looking ahead, the business continues to operate across growing markets and remains in an excellent position to deliver further earnings growth in FY20.

In respect of outlook we expect:

- Fixed Communications to continue to grow having secured extensions to the OMMA and NMRA agreements.
- Network Construction to be relatively flat with a slower than expected ramp-up of the 5G roll-out by our telecommunication clients. However, Service Stream was pleased to secure a new statement of work with Optus that will initially provide site acquisition, design and construction services on the Optus network nationally, in respect of 5G.
- Energy and Water to grow on the back of the 13 field services agreements resecured in FY19.

- Comdain Infrastructure to continue to experience strong demand for design and construction and operations and maintenance services, highlighted by the asset renewal programs agreement secured with South East Water.

The Board remains pleased with the progress made by Management over the past 12 months, who continue to diligently execute against the Group's Strategic Plan.

I would like to thank my fellow board members for their contributions and commitment over the course of the year. I note that Raelene Murphy ceases to be a director of the Company following the close of today's AGM, and on behalf of the Board I would like to thank Raelene for her contribution. Bob Grant, our CFO, has also announced his retirement and while he has provided us with a long notification period, I would like to take this opportunity to extend our best wishes to Bob and his family in his retirement and thank him for his contributions to the success of the Company.

I would also like to thank the Management team and all of our valued staff and contractors for their hard work and dedication, and our long-standing customers and Shareholders for their ongoing trust and support.



Brett Gallagher
Chairman