

Service Stream Limited

FY13 Results Presentation



Overview

- A disappointing FY13 with EBITDA loss of (\$13.4m)
- Fixed Communications' EBITDA loss of (\$32.0m) includes (\$19.9m) relating to SSM's share of the Syntheo Joint Venture.
- Mobile Communications and Energy & Water both delivered improved results in line with expectation.
- SSM's JV partner to assume control of Syntheo and to deliver Syntheo's remaining obligations to NBN Co.
- Fixed Communications' goodwill written-down by (\$89.8m).
- No bonuses paid across the Group for FY13.
- No final dividend declared for FY13.



Overview (continued)

- Banking refinance secured out to 31 August 2014.
- Key leadership changes made within Fixed Communications.
- Staff salaries held at FY13 level.
- Executive search process for Managing Director progressing well.



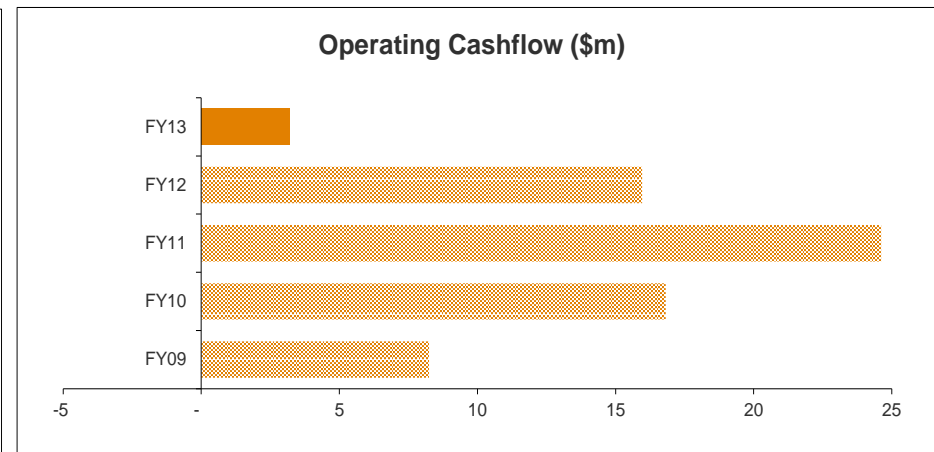
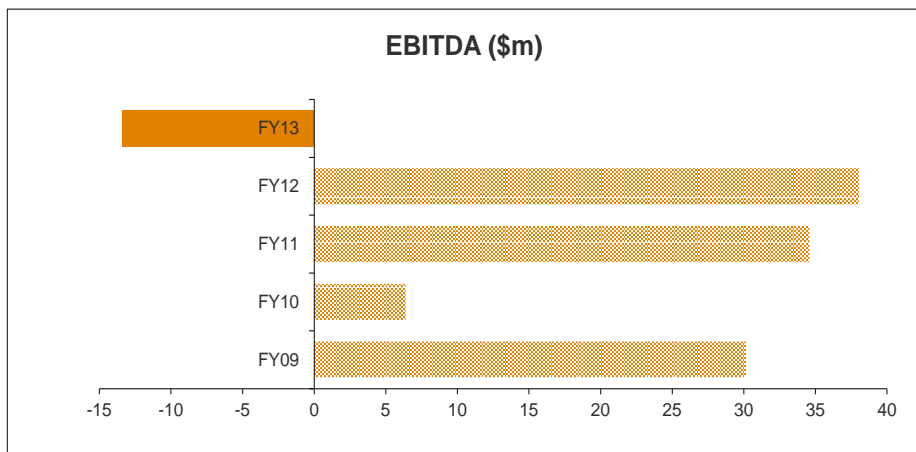
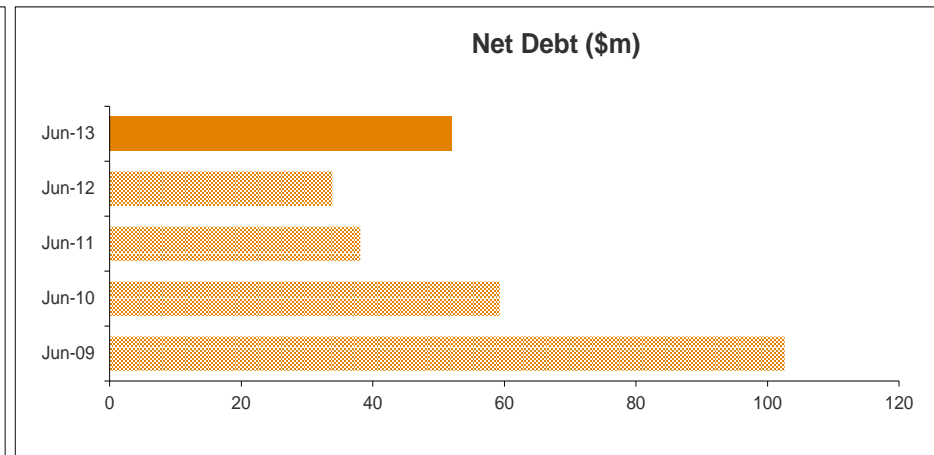
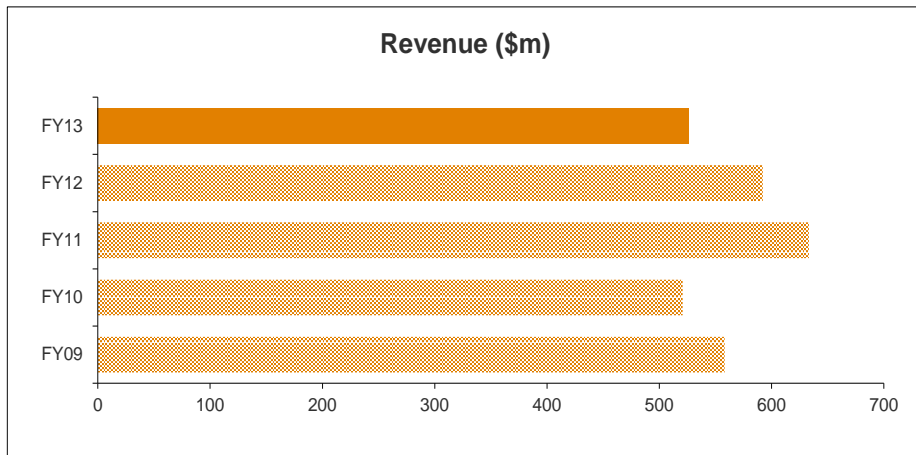
Refer to the Financial Statements for Y/E 30 June 2013 for further details on the results for the year, SSM's agreement with its Syntheo Joint Venture partner, and the banking refinance.

Key financial measures:

\$ million	Jun 2013	Jun 2012	Change \$m	Change %
Revenue	526.6	592.2	(65.6)	(11.1%)
EBITDA	(13.4)	38.0	(51.4)	(135.2%)
EBITDA %	(2.5%)	6.4%	n/a	(8.9%)
EBIT	(111.5)	30.6	(142.1)	(465.0%)
NPAT	(107.1)	18.7	(125.8)	(671.9%)
Operating cash flow	3.2	16.0	(12.8)	(80.0%)
Net debt ¹	52.0	33.9	10.2	30.1%
EPS (cents per share)	(37.77)	3.51	(41.28)	(1,174.3%)
DPS (cents per share)	1.00	2.00	(1.00)	(50.0%)

¹ Net debt = Current borrowings + Non-current borrowings - Cash on hand

Key financial trends:



Segment results:

	Jun 2013	EBITDA %	Jun 2012	EBITDA %	Net change	Change %
Fixed Communications	227.1		300.2		(73.1)	
Mobile Communications	124.7		124.7		(0.0)	
Energy & Water	174.2		169.1		5.1	
Inter-company revenue	(0.8)		(2.2)		1.4	
Interest received	1.4		0.4		1.0	
Total Revenue	526.6		592.2		(65.6)	(11.1%)
Fixed Communications	(32.0)	-14.1%	21.7	7.2%	(53.7)	
Mobile Communications	10.0	8.0%	8.5	6.8%	1.4	
Energy & Water	14.3	8.2%	12.9	7.6%	1.4	
Write-off FX reserve ¹	(0.6)		(0.7)		0.1	
Unallocated Corporate Services	(5.1)		(4.4)		(0.7)	
Total EBITDA	(13.4)	-2.5%	38.0	6.4%	(51.4)	(135.2%)
Depreciation / Amortisation	(8.3)		(7.5)		(0.9)	
Goodwill impairment	(89.8)		0.0		(89.8)	
EBIT	(111.5)		30.6		(142.1)	(465.0%)
Net interest expense	(2.0)		(3.9)		1.9	
Income tax expense	6.5		(7.9)		14.5	
NPAT	(107.1)		18.7		(125.8)	(671.9%)

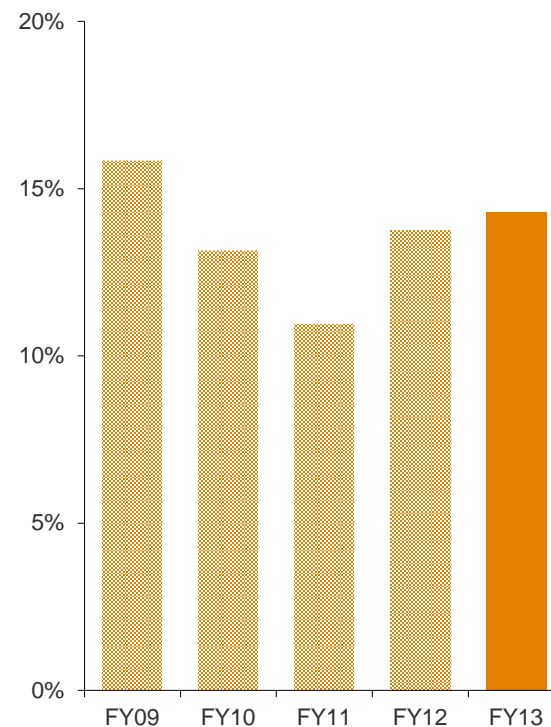
¹ Relates to the sale of investment in Total Comm Infra Services Pvt Ltd (India)

Cashflow results:

\$ million	Jun 2013	Jun 2012
EBITDA	(13.4)	38.0
+/- change in working capital etc	6.8	(10.5)
OCFBIT¹	(6.5)	27.6
Net tax refund/(paid)	12.0	(8.0)
Net interest paid	(2.3)	(3.6)
Operating cash flow	3.2	16.0
Proceeds from sale of assets/investments	0.5	0.1
Capital expenditure	(16.1)	(9.0)
Free cash flow	(12.5)	7.1

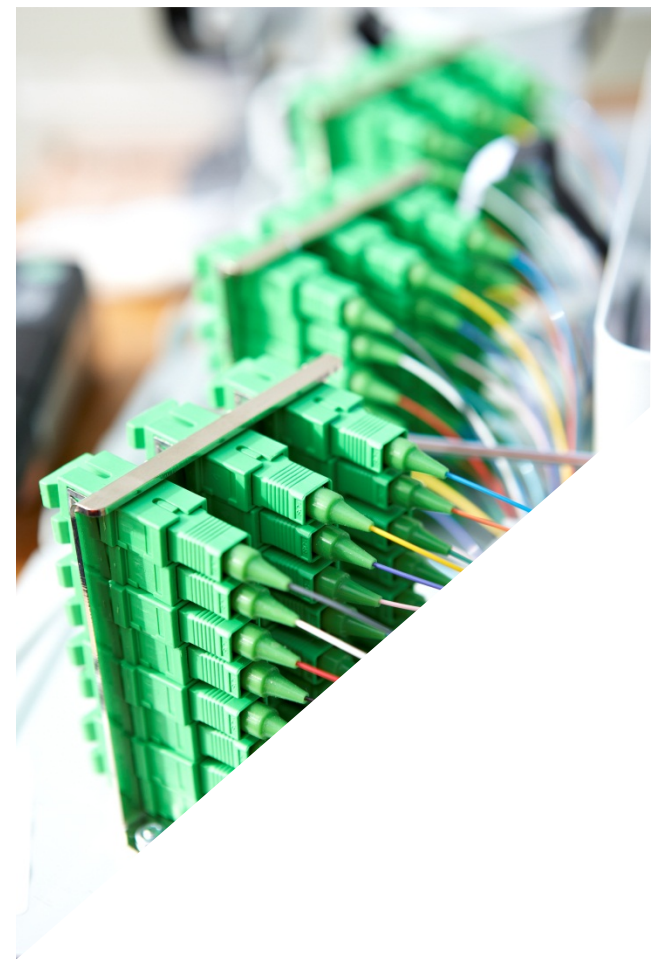
¹ Operating Cashflow before Interest & Tax

Working Capital % of Revenue



FY14 outlook

- No EBITDA impact of Syntheo in FY14 and agreed contributions have been factored into cash forecast.
- Fixed Communications' recent success in winning a number of Telstra and NBN contracts will provide a solid platform for FY14 ... ongoing focus on division re-structure, cost control and contract execution.
- Mobile Communications has secured a 2-year extension of its SAED contract with Telstra and is well placed for Construction growth in FY14.
- Energy & Water is confident of securing extensions to various metering contracts that expire in FY14. The division also expects to extend its relationship with Origin Energy for in-home-services.
- Board is confident of returning to a strong profitable position in FY14 anticipating EBITDA of around \$20.0m with bias to second half.



Our business' medium term prospects are strong

Fixed Communications

- Australian government's investment in NBN will continue to drive opportunities, particularly in the areas of SSM's proven competence of New Estates and Customer Connections.

Mobile Communications

- Increasing demand for mobile data will continue to drive the development and augmentation of the necessary supporting infrastructure.

Energy & Water

- Upward pressure on energy prices will continue to drive consumers to manage the consumption of energy more effectively, creating opportunities in smart metering, solar PV, hot water and heating etc.
- Owners of ageing energy networks will seek better demand side management solutions.

Appendices



Group overview

SERVICE STREAM LIMITED (ASX:SSM)

EBITDA (FY13)	(\$13.4m)
EPS (FY13)	(37.77)
DPS (FY13)	1.00cps
Net debt (Jun 2013)	\$52.0m
Total shareholders' equity (Jun 2013)	\$158.0m
Enterprise value (Net debt plus market cap)	\$87.4m
Shares on issue (Jun 2013)	283.4m
Market capitalisation ¹ (\$0.125/share @ 28-Aug-13)	\$35.4m

¹ Based on the last available share price

BOARD & MANAGEMENT

Peter Dempsey	Chairman
Brett Gallagher	Executive Director
Stephe Wilks	Non-Executive Director
Deborah Page AM	Non-Executive Director
Bob Grant	CFO, Alternate Director
Vicki Letcher	Company Secretary
Jessica Lyons	Company Secretary