

Service Stream

FY23 First-Half Results Presentation

For the six months ended 31 December 2022



ServiceStream



Acknowledgement of Country



Service Stream acknowledges the Traditional Owners of the land on which we meet today, the Wurundjeri People of the Kulin nation and we pay our respects to Elders past and present

Group highlights

Strategically repositioned to deliver consistent and reliable growth

Financial

- Strong underlying first-half financial performance
 - Total Revenue \$993.6m, tracking towards \$2bn in FY23
 - Underlying EBITDA from Operations of \$55.0m, excluding the Queensland onerous contract provision
 - Solid balance sheet position with closing net debt of \$91.2m

\$993m+
1H23 revenue

Operational

- Operational integration of Lendlease Services complete
 - \$17m pa synergy target exceeded by Dec-22
- Standout Telecommunications result with strong tailwinds across the sector
- Utility operations de-risked to reduce ongoing exposure to major Design & Construction (D&C) projects:
 - Single Queensland utility D&C project progressed to construction phase providing increased cost and time certainty; additional \$20m provision recognised
 - Proactive close-out and descoping of other D&C projects

\$17m+
synergies delivered

Strategic

- Continuing to deliver against the Group's strategic objectives – Lendlease Services acquisition objectives achieved
- Diversified portfolio has enabled delivery of strong underlying earnings despite the challenges in Utilities
- Service Stream now positioned as a meaningful, large-scale Tier 1 national multi-network service provider facing into significant and growing infrastructure sectors

Diversified
Group portfolio

Tier 1
multi-network
services provider

Strategically repositioned the Business



Integration of Lendlease Services 100% **completed**



Strong forward order book of **~\$6bn+** WIH



Expanded **capabilities** and **service offerings**



Low capital-intensive operations



Robust balance sheet and conservative gearing



Strong **cash-flow** conversion



>80% work contracted with **Government**



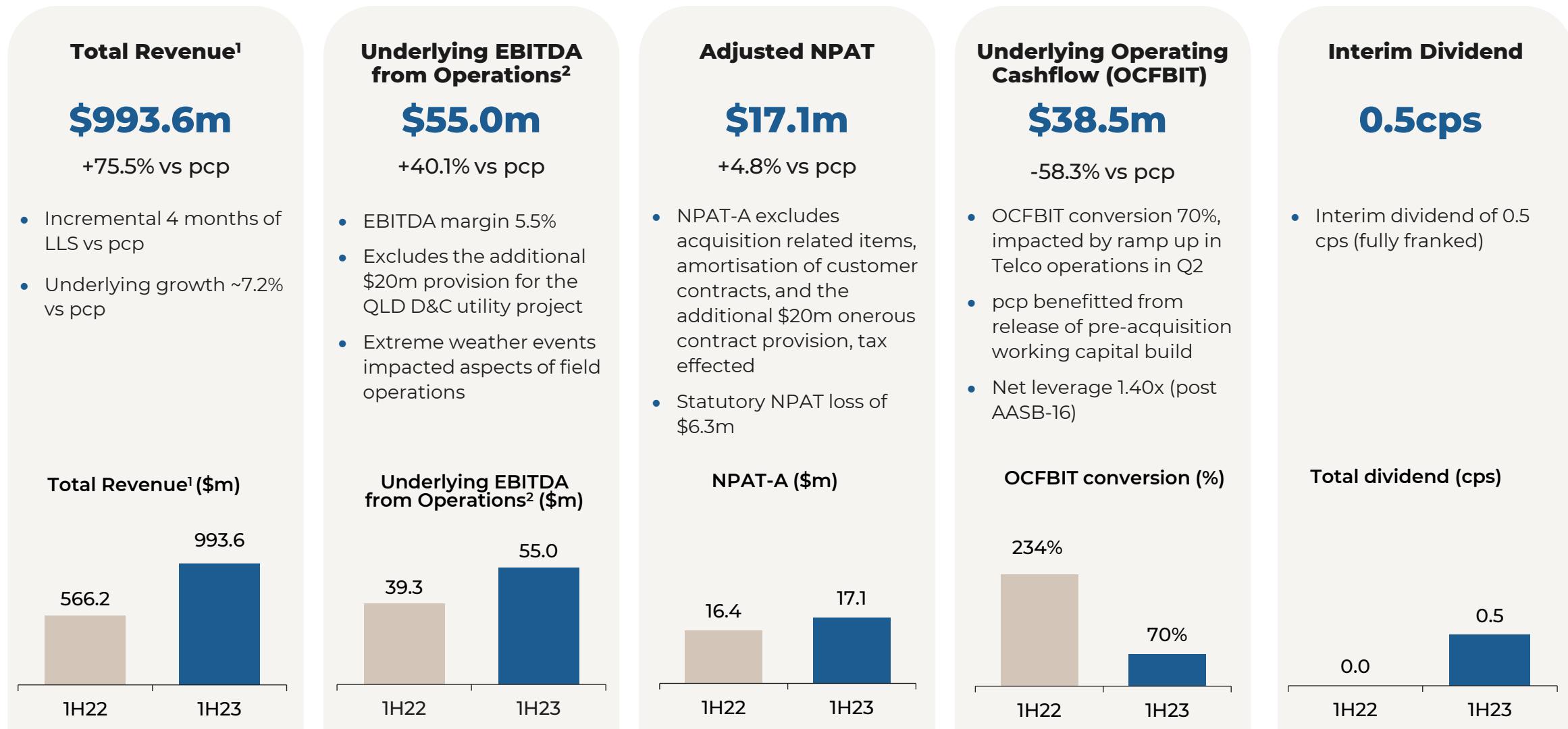
Significant exposure to **growing infrastructure markets**



Work mix focused on **recurring, lower risk, O&M operations**



Financial headlines



Notes:

1. Includes proportionate revenue take-up of incorporated joint ventures. Refer to the Appendix for a reconciliation of reported to statutory metrics.

2. EBITDA from Operations excludes acquisition transaction and integration costs, and JV adjustments. Underlying EBITDA excludes further costs associated with the onerous QLD project

Delivering on Lendlease Services acquisition

Strategic objectives

 Diversify Group revenue streams

 Expand capabilities and service offerings

 Create a broader portfolio of operations

 Achieve significant scale

 Expand addressable markets

 Respond to growth opportunities

Milestones & achievements

- **100% of client contracts** were successfully transitioned, enhancing Group's annuity-style revenues
- Successful **exit of all Transitional Services Agreement ("TSA")** by 30 June 22, 8 months post-acquisition
- **Operational excellence achieved** through best-in-breed consolidation of operations
- **\$17m targeted synergies delivered** (and exceeded) ahead of schedule; **further synergies available** through future systems integration
- **Diversified portfolio** has enabled **delivery of strong underlying** earnings despite the challenges in Utilities
- **Organic growth opportunities** from acquired capabilities being secured across all divisions
- **Broader group capabilities and cross-sell opportunities** being leveraged across new business development activities



\$17m+
Synergies realised
ahead of schedule

Diversified Group portfolio

Supporting Australia's essential network infrastructure across growing markets



Telecommunications

Total Revenue

\$458.2m

+95.7% vs pcp

EBITDA

\$41.4m

+96.1% vs pcp

WIH

\$1.3b



Utilities

Total Revenue

\$408.8m

+47.4% vs pcp

EBITDA (underlying)

\$12.5m

-23.3% vs pcp

WIH

\$2.7b



Transport

Total Revenue

\$126.3m

+129.7% vs pcp

EBITDA

\$8.1m

+106.9% vs pcp

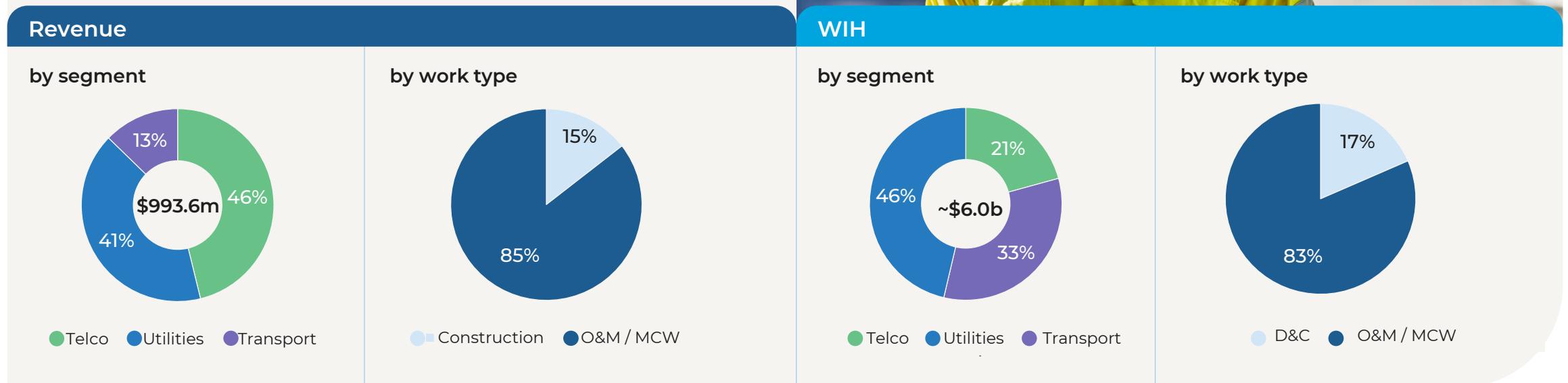
WIH

\$2.0b

Diversified portfolio

Lower risk, annuity-style operations and maintenance work portfolio

- Revenue diversification significantly enhanced following Lendlease Services integration
- 85% of work mix is annuity-style Operations & Maintenance (O&M) or Minor Capital Works (MCW)
- 80% of work held Government or Government related entities
- Reduced exposure to fixed price / lump sum work programs



Navigating a challenging market environment



Commercial	Inflationary pressures	Labour Market
<ul style="list-style-type: none">• >85% of Telecommunication works subject to annual price review• 95% of Utility works subject to automatic annual adjustment or priced per short-term work package• 70% of Transport works subject to quarterly or annual adjustment mechanisms	<ul style="list-style-type: none">• Rising labour, fuel and material costs pressures impacting margins, most notably across Utility operations• Group mitigants to support improvement in H2 margins:<ul style="list-style-type: none">– ~87% of Group revenue is subject to annual price reviews or price on application– Cost escalation built into all new contract pricing and/or commercials– Corporate resilience plans formulated	<ul style="list-style-type: none">• Constrained labour market not significantly impacting operational delivery• Has inhibited the ability to deliver more significant revenue growth over the short-term• Increased use of third-party suppliers and FTEs causing isolated cost overruns across utility contracts• Maintaining flexible workforce model with ~5,000 employees and a large pool of skilled subcontractors

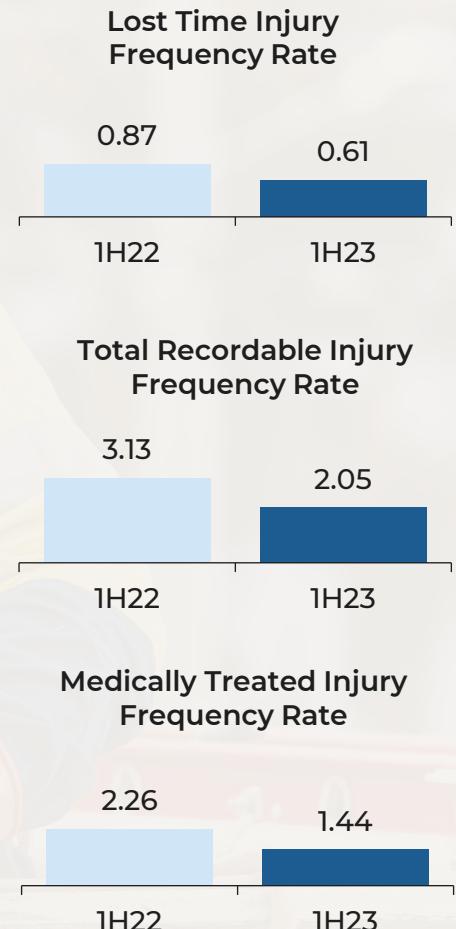
Industry leading safety performance

Achievements

- LTIFR continues to demonstrate the delivery of industry leading safety performance
- Significant reductions achieved across all major safety lag indicators
- Successfully implemented a new Group-wide HSEQ Management System
- Continued focus on:
 - Supporting a strong and proactive safety culture through team collaboration, ongoing training & development and driving continual improvement
 - Deploying enhanced critical controls across higher-risk work activities
 - Supporting and rewarding safety innovation



Group Performance



Sustainability Pathways

Health & Safety

People

Community

Environment

Governance

Accomplishments

- Continued to deliver **industry leading safety performance** and drive improvements across our safe work culture
- Released the Group's inaugural **Innovative Reconciliation Action Plan (RAP)**
- Significantly expanded support for **apprenticeships, traineeships and graduate positions**
- Increased support and engagement with **community organisations** and use of **local businesses** to supply products and services
- Increased emission reduction target to reflect **>90% renewable electricity usage** by 2030
- > 33% Female representation** across Board of Directors



Investing in our People: Case studies

Environment



Volunteers helping social enterprise, Muru Mittigar

Our Westlink Services volunteered to complete landscaping and minor project works at the Muru Mittigar Cultural Education Centre in Rouse Hill, Sydney.

The volunteers spent the day weed spraying, painting, and planting native plants and constructed a neat bin storage area and fixed fencing.

Social



Innovate Reconciliation Action Plan (RAP) launched

Our vision for reconciliation is one of unity — to see all Australian communities truly connected with access to equitable standards of living and abundant opportunities offered across the Telecommunications, Utilities and Transport industries

Community



Christmas Boxes for families in need

Our Telco Senior Leadership Team joined 500+ volunteers to help pack Christmas Boxes for struggling families across the country. Kevin Smith, Executive General Manager Telco, said:

“Being able to come together as a team and help provide a little extra support for families in need this festive season was a tremendous privilege”

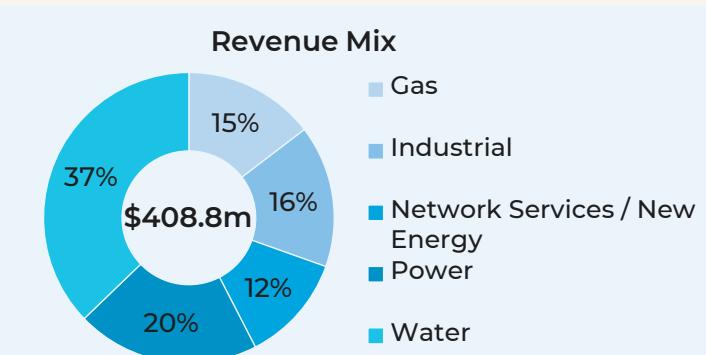
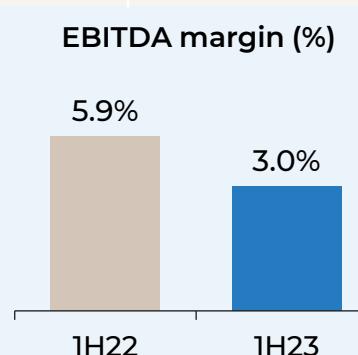
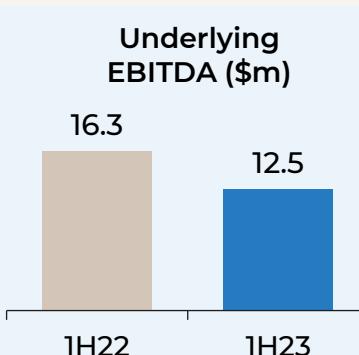
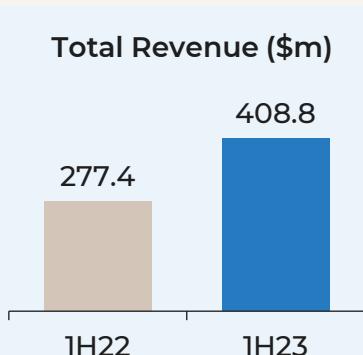
Segment performance



Highlights

- Total Revenue of \$408.8m up \$131.4m (~47%) reflecting inclusion of LLS operations
- Underlying EBITDA of \$12.5m down 23%, excluding additional \$20m provision for the QLD utility D&C project
- Underlying EBITDA performance for the half was impacted by:
 - Extreme weather events across the east coast delaying multiple field-based operations
 - Residual labour and material inflationary pressures not recovered through contractual mechanisms
 - Additional costs incurred to proactively close-out & de-scope other large projects, eliminating future risk exposure
 - Future margins expected to improve as these factors dissipate

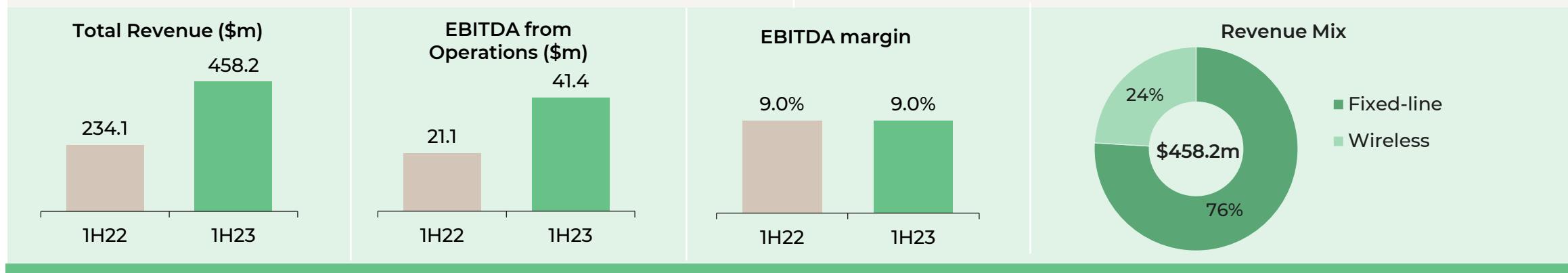
- Utility future operations de-risked to reduce on-going exposure to large, fixed price D&C projects in current operating environment
 - Work-mix now focusing on recurring, long term Operations and Maintenance (O&M) contracts and Minor Capital Works (MCW) programs
- Strategic investment in Power capabilities to capitalise on national energy transition
- Queensland D&C project reset and de-risked with design finalised and progress into construction phase
- Strong sector outlook driven by increased infrastructure investment, population growth, aging infrastructure and transition to renewable energy



Highlights

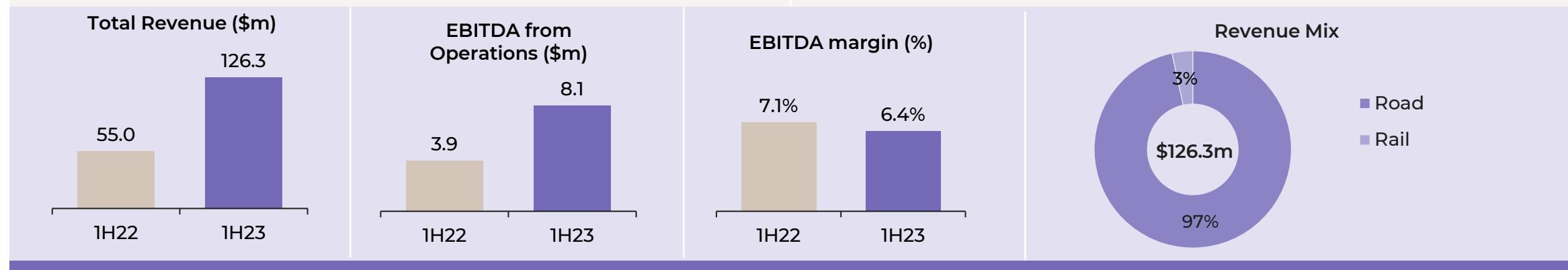
- Standout performance driven by strong revenue growth across both fixed line and wireless operations
 - Underlying revenue growth of ~20% across combined operations
 - Increased wireless work mix to 24%, driven by expanded client base and increased expenditure across 5G deployments
 - Accelerated nbn upgrade program works into H1
 - EBITDA margin maintained at 9.0%, in line with pcp
- Integration of Telco operations has gone exceptionally well, leveraging best in class capabilities which have underpinned H1 performance

- Division has a significant baseline of contracted work with ~85% of NTM revenue secured
- Sector outlook is buoyant :
 - Expanded scale of nbn network upgrades, with additional phases announced providing long-term continuity
 - Increasing 5G deployment across all clients as rollout gathers pace



Highlights

- Total Revenue of \$126.3m up \$71m (~130%) reflecting entire half-year contribution of LLS operations
- EBITDA of \$8.1m up ~107% with margins steady at 6.4%, inline with management expectations
- Improved weather conditions across WA and NSW in latter months supported a resumption of delayed maintenance works
- Early Works deed signed for Inland Rail O&M contract (Gowrie to Kagaroo section)
- Secured major lighting upgrade project with Transurban; successfully mobilised in late-December
- Additional program of works secured with MRWA despite demobilisation of maintenance works
- Positive sector outlook supported by
 - Increased road and rail maintenance requirements,
 - Pipeline of new transport infrastructure projects, and
 - Ongoing deployment of intelligent transport systems



De-Risking Group's exposure

QLD D&C Utility project update

- Successfully completed design activities for all packages of work
- Group's FY23 first-half results reflect an increase to the onerous contract provision of \$20m to support completion by late 2023
- Project moving into lower-risk final construction phase
- Continue to take a conservative approach to the future recovery of variations and claims against 3rd parties
- Utility Division's growth strategy now focussed towards lower-risk operations & maintenance works

Balance Sheet

- Project net cash outflow during FY23 first-half was ~\$16m
- Further \$30m of remaining costs to be incurred, including contingency through to project completion.



Financial performance



Profit and Loss

Comparison of results for the period ended 31 December 22

\$m	1H23	1H22	\$
Revenue	955.4	560.4	395.0
EBITDA	32.7	30.4	2.2
Depreciation & amortisation	(23.2)	(14.6)	(8.6)
Loss of sale of assets	(4.1)	-	(4.1)
Amortisation of customer contracts	(7.6)	(4.3)	(3.3)
EBIT	(2.2)	11.5	(13.7)
Net financing costs	(6.8)	(2.4)	(4.3)
Income tax expense	2.7	(3.7)	6.4
Net profit after tax	(6.3)	5.3	(11.6)

Adjusted profitability:

Total Revenue	993.6	566.2	427.4
Underlying EBITDA from Operations¹	55.0	39.3	15.7
<i>Underlying EBITDA from Operations %</i>	5.5%	6.9%	(1.4%)
Adjusted NPAT (NPAT-A)¹	17.1	16.4	0.8
Adjusted EPS (cents)	2.8	2.8	0.0

Total Revenue +75.5%:

- Growth driven by additional 4 months of Lendlease Services revenue
- Underlying growth of 7.2% vs pcp

EBITDA from Operations +39.8%:

- Group EBITDA margin 5.5%, impacted by Utility performance
- Includes further benefit from synergy delivery – annualised run-rate now exceeding target of \$17m
- Excludes acquisition integration expenses and further \$20m provisioning for the QLD onerous contract

NPAT-A +4.2%:

- D&A increase due to acquired (and revalued) fleet assets
- Higher interest expense due to additional 4 months of acquisition funding and rate increases

Statutory NPAT:

- Statutory NPAT loss of \$6.3m due to additional QLD onerous contract provision
- Loss on sale of assets relates to write-down of acquired software assets decommissioned post integration

Notes:

1. Refer to the Appendix for details of non-operational costs and amortisation of customer contracts schedule

Cashflow

Comparison of results for the period ended 31 December 22

	1H23	1H22	Change \$
EBITDA from Operations	55.0	39.3	15.7
+/- non-cash items & change in working capital	(15.2)	53.0	(68.2)
Adjustments for joint ventures	(1.4)	-	(1.4)
Underlying OCFBIT¹	38.5	92.3	(53.8)
<i>EBITDA from Ops to OCFBIT conversion %</i>	<i>70%</i>	<i>235%</i>	
Non-operational costs	(17.3)	(4.8)	(12.5)
Net interest and financing paid	(6.8)	(2.6)	(4.2)
Tax paid	(4.7)	(6.0)	1.3
Operating cashflow	9.7	78.9	(69.2)
Capital expenditure	(4.0)	(1.2)	(2.8)
Business acquisitions (net of cash acquired)	-	(313.5)	313.5
Proceeds from sale of assets	2.3	-	2.3
Free cashflow	8.0	(235.8)	243.8
Dividends paid	(6.2)	-	(6.2)
Lease liability payments	(11.1)	(7.2)	(3.9)
Proceeds / (repayment) of borrowings	45.2	84.1	(38.9)
Proceeds from shares	-	179.2	(179.2)
Purchase of shares	-	(0.2)	0.2
Net increase in cash	35.8	20.0	15.8

Key highlights:

- H1 OCFBIT conversion of 70% in line with expectations:
 - Ramp up in Telco and Transport volumes in Q2
 - Timing benefit from strong FY22 result (108.3%) also impacting
 - JV adjustments to reflect timing of dividend vs EBITDA-A recognition
- Non-operational items relate to the QLD onerous contract and integration expenses
- Post acquisition business model remaining capital light:
 - Combined H1 capex/leasing expense of 1.5% revenue vs target range 2.0-2.5%
 - Capex \$4m; H2 is expected to ramp up with systems consolidation projects underway
 - Progressive refresh of acquired fleet over the medium term
- Final Completion payment \$12.9m paid in Jan-23

Notes:

1. Underlying operating cashflow before interest, tax and non-operational items.

Balance sheet & capital management

Comparison of results for the period ended 31 December

\$m	Dec-22	Jun-22
Cash and cash equivalents	104.5	68.7
Trade and other receivables	90.5	105.0
Inventories	17.9	14.7
Accrued revenue	279.0	273.8
Other assets	4.8	7.9
Current tax assets	12.6	10.0
Equity accounted investments	6.7	5.6
Plant and equipment	49.6	59.6
Right-of-use assets	53.7	52.5
Intangible assets	449.7	451.7
Total Assets	1,068.8	1,049.7
Trade and other payables	247.2	267.5
Provisions	79.7	69.5
Borrowings	194.1	148.9
Lease liabilities	58.0	57.5
Deferred tax liabilities (net)	33.1	38.3
Total Liabilities	612.2	581.6
Net Assets	456.7	468.1
Net working capital ¹	76.6	68.9

LLS acquisition:

- Acquisition accounting finalised
- Final Completion adjustment \$12.9m (paid Jan-23) resulting in additional intangibles booked
- No further adjustments made to opening acquisition working capital

Balance sheet

- Underlying net working capital of 3.8% of LTM sales, comfortably below group target of 5%
- NWC increase due to ramp up of Telco operations in Q2, and standard seasonal timing variations in prepayments and provisions

Debt facilities

- Syndicated Financing Facility of \$395m extended for a further 2 years to Nov-25.
- No significant changes to SFA terms
- Closing net debt \$91.2m; closing net leverage 1.40x (post AASB-16)
- Bank guarantees of \$135.7m issued at Dec-22
- All covenants (TLR, ICR and net assets comfortably met)

Notes:

1. Excluding net working capital related to the QLD project

Group outlook

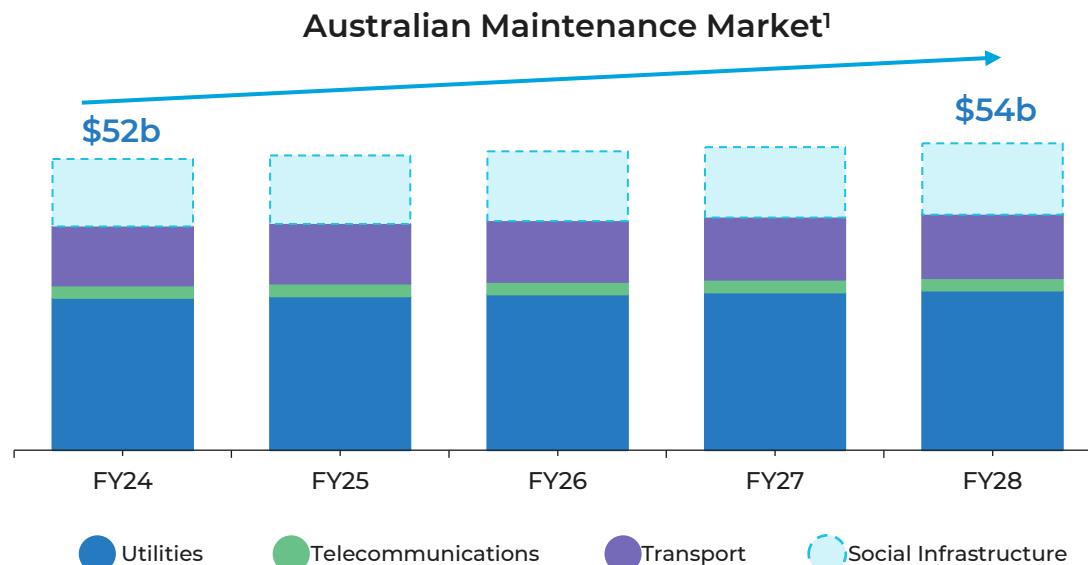


Future growth

Group's expanded addressable market now exceeds \$50b+ in annual maintenance related expenditure

Core addressable markets

- Increased technology adoption & digital transition
- Ageing infrastructure
- Population growth and expansion across regional Australia
- Renewable energy transition
- Increasing impacts of natural disasters



+ Additional investments

- Unprecedented levels of investment from Government and private asset owners / operators:

✓ >\$7.0bn in fixed and mobile telecommunication network expansions already announced

✓ \$20bn in Government support for electricity network infrastructure upgrades²

✓ ~\$10bn committed by Federal Government in road and rail Infrastructure projects³

+ Adjacent market opportunities

- Significant opportunities to expand current service offerings across adjacent markets:

✓ Defence

✓ Social Infrastructure

Notes:

1. BIS Oxford Economics (2022). Refers to the financial years ended 30 June.

2. Power Australia – Rewiring the Nation (2022), Parliamentary Budget Office, Election commitments report: ECR125

3. Budget Announcements – Infrastructure Investment Program, October 2022-23 Budget

Outlook

Group outlook

- Strong underlying performance across Group portfolio, particularly Telecommunication operations
- Significant works completed to support strategic repositioning of Group
 - Integration of Lendlease Services completed ahead of schedule
 - \$17m+ synergy target met, with further opportunities identified
 - Focus shifted towards securing consistent and sustainable growth
- Business operating across attractive markets, each with positive long-term fundamentals



- **Group expects incremental revenue and profit growth during second-half FY23, supporting small second half bias**
- **Well positioned for continuing growth**



Appendices



1. Reconciliation of statutory to adjusted profitability measures

Reconciliation of Underlying EBITDA from Operations to NPAT

\$m	1H23	1H22	\$
Underlying EBITDA from Operations	55.0	39.3	15.7
Onerous contract provision for QLD Utility project	(20.1)	-	(20.1)
EBITDA from Operations	34.9	39.3	(4.4)
Joint venture adjustments	(0.6)	-	(0.6)
Non-operational costs	(1.6)	(8.9)	7.2
EBITDA	32.7	30.4	2.2
Depreciation and amortisation	(30.8)	(19.0)	(11.8)
Loss on disposal of assets	(4.1)	-	(4.1)
Net finance costs	(6.8)	(2.4)	(4.4)
Income tax expense	2.7	(3.7)	6.4
Net profit after tax (NPAT)	(6.3)	5.3	(11.6)

Reconciliation of NPAT-A to Net profit after tax

\$m	1H23	1H22	\$
Net profit after tax (NPAT)	(6.3)	5.3	(11.6)
Addback:			
Amortisation of customer intangibles (tax effected)	5.3	3.0	2.3
Non-operational costs after tax	4.0	8.0	(4.0)
Onerous contract provision for QLD Utility project (tax effected)	14.1	-	14.1
NPAT-A	17.1	16.4	(13.3)

Reconciliation of Total Revenue to revenue

\$m	1H23	1H22	\$
Total Revenue	993.6	566.2	427.4
Joint venture adjustments	(38.2)	(5.8)	(32.4)
Revenue	955.4	560.4	395.1

2. Other information

Amortisation of customer contracts & relationship

\$m	FY23	FY24	FY25	FY26	FY27	Balance 31 Dec 22
Comdайн Infrastructure	8.0	8.0	6.9	5.7	5.7	44.4
Lendlease Services (provisionally accounted)	7.6	7.6	7.6	7.6	7.6	87.7
Total amortisation	15.7	15.7	14.5	13.3	13.3	132.1

Breakdown of Non-operational costs:

\$m	1H23	1H22	\$
Acquisition and integration costs	1.6	8.9	(7.2)
Non-operational costs excluded from EBITDA from Ops	1.6	8.9	(7.2)
Write-off of software assets	4.1	-	4.1
Total non-operational costs	5.8	8.9	(3.1)
Tax-effect on non-operational costs	(1.7)	(0.9)	(0.9)
Total non-operational costs (after tax)	4.0	8.0	(4.0)

Disclaimer

This Presentation contains summary information about the current activities of Service Stream Holdings Limited (Service Stream). It should be read in conjunction with the Service Stream's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (ASX), which are available at www.asx.com.au.

No member of Service Stream gives any warranties in relation to the statements or information contained in this Presentation. The information contained in this Presentation is of a general nature and has been prepared by Service Stream in good faith and with due care but no representation or warranty, express or implied, is provided in relation to the accuracy or completeness of the information.

This Presentation is for information purposes only and is not a prospectus, product disclosure statement or other disclosure or offering document under Australian or any other law. This Presentation does not constitute an offer, invitation or recommendation to subscribe for or purchase any security and neither this Presentation nor anything contained in it shall form the basis of any contract or commitment.

This Presentation is not a recommendation to acquire Service Stream shares. The information provided in this Presentation is not financial product advice and has been prepared without taking into account any recipient's investment objectives, financial circumstances or particular needs, and should not be considered to be comprehensive or to comprise all the information which recipients may require in order to make an investment decision regarding Service Stream shares.

All dollar values are in Australian dollars (A\$) unless otherwise stated.

Neither Service Stream nor any other person warrants or guarantees the future performance of Service Stream shares or any return on any investment made in Service Stream shares. This Presentation may contain certain 'forward-looking statements'. The words 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target', 'plan' and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, financial position and performance are also forward-looking statements. Any forecasts or other forward looking statements contained in this Presentation are subject to known and unknown risks and uncertainties and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Service Stream, that may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements. You are cautioned not to place undue reliance on forward looking statements. Except as required by law or regulation (including the ASX Listing Rules), Service Stream undertakes no obligation to update these forward-looking statements.

Past performance information given in this Presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

Investors should be aware that certain financial measures included in this Presentation are 'non-IFRS financial information' under ASIC Regulatory Guide 230: 'Disclosing non-IFRS financial information' published by ASIC and 'non-GAAP financial measures' within the meaning of Regulation G under the U.S. Securities Exchange Act of 1934, as amended, and are not recognised under AAS and IFRS. Non-IFRS financial information in this Presentation includes Total Revenue, EBITDA from Operations and Adjusted NPAT. Such non-IFRS financial information does not have a standardised meaning prescribed by AAS or IFRS. Therefore, the non-IFRS financial information may not be comparable to similarly titled measures presented by other entities and should not be construed as an alternative to other financial measures determined in accordance with AAS or IFRS. Although Service Stream believes these non-IFRS financial measures provide useful information to investors in measuring the financial performance and condition of its business, investors are cautioned not to place undue reliance on any non-IFRS financial information included in this Presentation.