Service Stream Limited

Managing Director's 2023 AGM Presentation

18 October 2023

ServiceStream

Service Stream's Strategy Delivering Results

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1. Integration of Lendlease Services complete
2. Improving financial performance and strengthened balance sheet
3. Expanded service offerings and capabilities, supporting recent organic contract wins
4. Diversified Group portfolio across expanded and growing infrastructure-focussed markets
5. Refreshed Group strategy to support improved and consistent results for our Stakeholders

   DELIVERY | OPTIMISATION | GROWTH

6. Well positioned to deliver ongoing growth and improved results into FY24 and beyond

Performance Highlights

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FINANCIAL PERFORMANCE

Total Revenue
$ 2,150 million
38% on pcp

Underlying EBITDA
$ 114.1 million
25% on pcp

NPATA
$ 36.8 million
17.2% on pcp

Cashflow Conversion
81.1%
Underlying OCFBIT

Net Debt
$ 35.7 million
56% on pcp

FY23 Total Dividends
1.5 cps
Fully franked
50% on pcp

Performance Highlights

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OPERATIONAL & STRATEGIC PERFORMANCE

New Works Secured

$ 700m+

Over respective initial terms

Contracts Re-Secured

100%

Expiring term contracts successfully re-secured

Queensland Utility Project

On Track

Prior contract provision remains adequate

Utility Operations

Improved Financial Performance

Increased earnings and improved margins in H2

Refreshed Group Strategy

Delivery of consistent and incremental value to our Stakeholders

Safety Performance

21% reduction

In Total Recordable Injury Rates

Utilities

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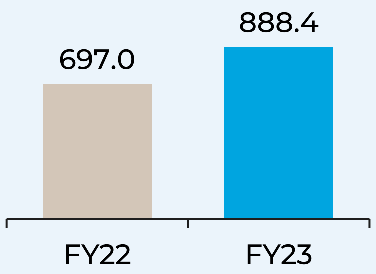
Highlights

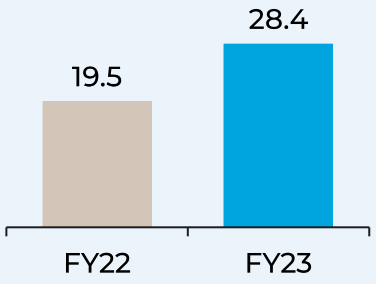
- Improving performance in the context of challenging market and operating conditions during FY23
- Revenue of $888.4m up $191.4m (28%) reflecting inclusion of LLS operations
- H2 Underlying EBITDA of $15.9m, delivering improvement from H1 ($12.5m)
- Progressively closing out legacy projects and addressing under-performing contracts
  - Inflationary pressures are continuing to impact but being actively managed through contractual mechanisms and operational initiatives
- EBITDA margin of 3.2% demonstrating solid improvement as measures taken begin to gain traction

- Segment is well positioned coming into FY24 with a diversified revenue base and ~85% of NTM revenue secured
  - New 5-year agreement with AGL to provide Loy Yang A Station Maintenance
  - Expanded 3-year contract with Intellihub for smart meter deployments across Victoria, New South Wales, Queensland and South Australia
- Sector outlook remains buoyant:
  - Continued investment by clients to upgrade aging power, water and gas infrastructure
  - National energy transition providing increased opportunities associated with network upgrades, installation of Solar PV and Battery Storage systems
- Strategic repositioning of Utility operations is progressing well

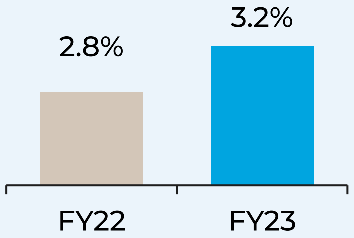
Revenue ($m)



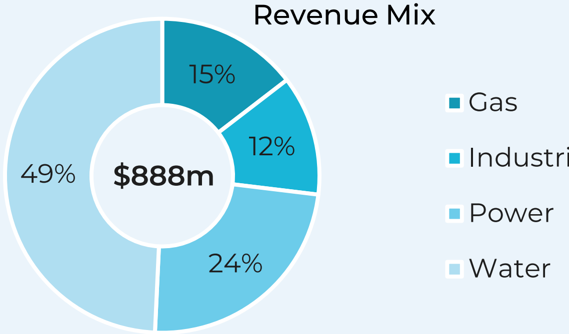
EBITDA ($m)



EBITDA margin (%)



Revenue Mix



De-Risking Utilities Exposure

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Queensland Utility Project

- Provision taken remains sufficient
- Major construction activities remain on track for delivery in CY23
- Project net cash outflow during FY23 ~$25m
- Neutral cash flow impact over remaining project period expected

Strategic Repositioning

- Well advanced, with challenges limited to legacy (non LLS) operations
- Successfully pivoted from prior strategy targeting long-duration, major D&C projects under fixed-price commercial models given heightened risk profile
- Pull-back from new fixed price D&C projects and unprofitable works may reduce segment revenue over the near-term but support margin improvement
- Growth strategy successfully directed towards lower-risk, operations & maintenance works, with positive progress made in securing new works during H2 FY23
- Comprehensive plan to support further profitability improvements formulated and actions well underway, with works to be completed over a multi-year program

Telecommunications

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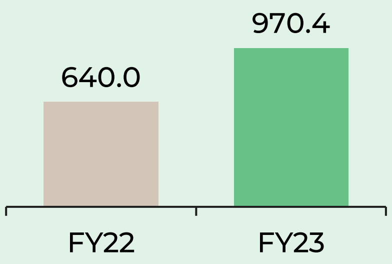
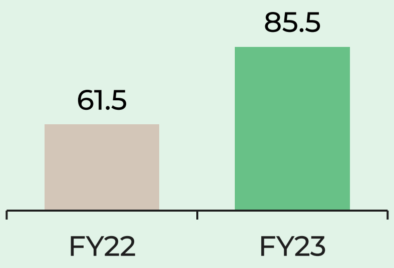
Highlights

- Strong segment performance throughout FY23
- Revenue of $970.4m up $330.4m (51%) reflecting inclusion of LLS operations and strong organic growth
  - Continued strong client demand driving underlying pro forma revenue growth of ~23%
- EBITDA margin of 8.8% steady with H1 FY23 (9.0%):
  - Minor movement reflective of full-year LLS dilution
  - Competition for resources to support increased demand, and project mobilisations
  - Program volumes and mix of works
- Momentum across nbn upgrade project and wireless programs maintained throughout H2
- Core O&M programs performing consistently to expectations
- FY24 order book now complete with recently announced work pages
- Sector outlook remains buoyant :
  - Expanded scale of nbn network upgrades, with additional phases secured providing long-term continuity
  - Increasing 5G deployment across all clients as rollout gathers pace. Wireless revenue now accounting for 24% of Telco revenue

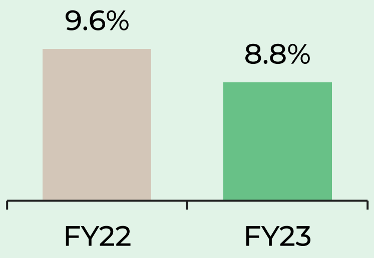
Revenue ($m)



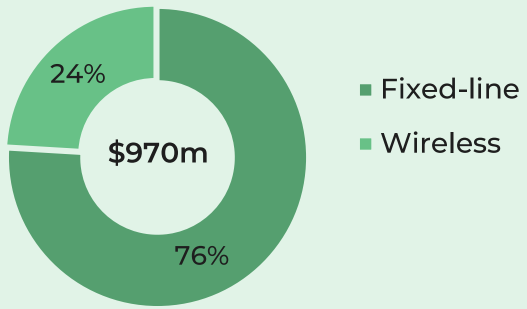
EBITDA ($m)



EBITDA (%)



Revenue Mix

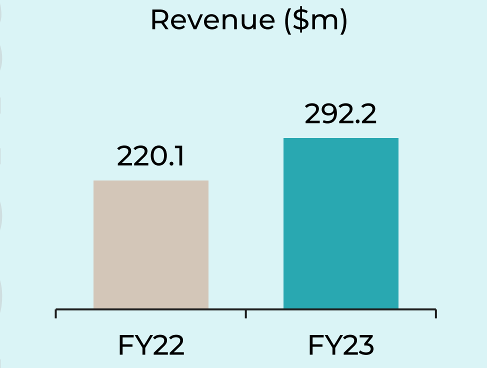


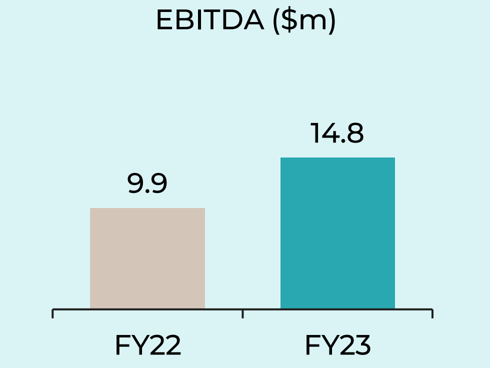
Transport

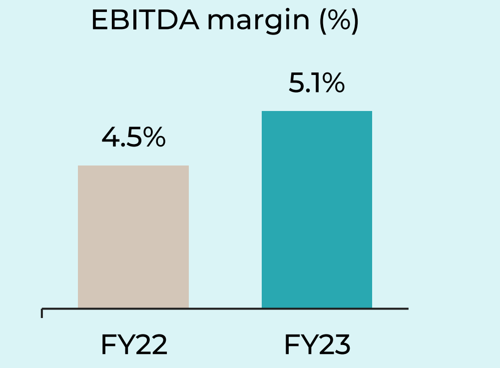
Highlights

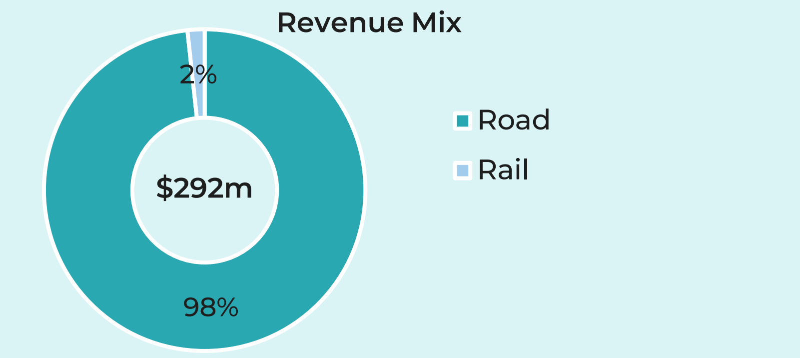
- Revenue of $292.2m, up $72.2m (32%) including full-year contribution of LLS operations.
  - Strong growth achieved in 2nd year of Connect Sydney (JV) operations
  - Additional program of works partially mitigating demobilisation of WA road operations
  - Burnley tunnel lighting upgrade with Transurban has performed well
- Full year EBITDA of $14.8m and margin of 5.1% in line with expectations

- Core ITS (intelligent traffic systems) capability acquired emerging as an area of significant opportunity
- Positive sector outlook supported by:
  - Increased road and rail maintenance requirements,
  - New project announcements, and
  - Ongoing deployment of intelligent transport systems
- Inland Rail PPP paused following Independent Review, however no material impact to SSM over short or mid-term









FY23 Group Revenue Profile

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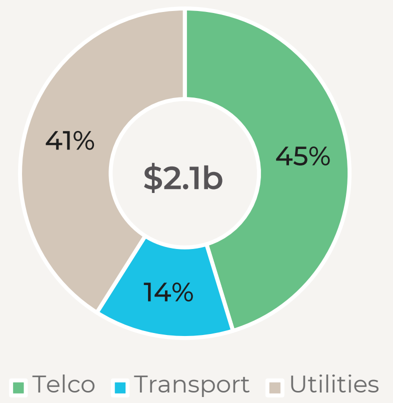
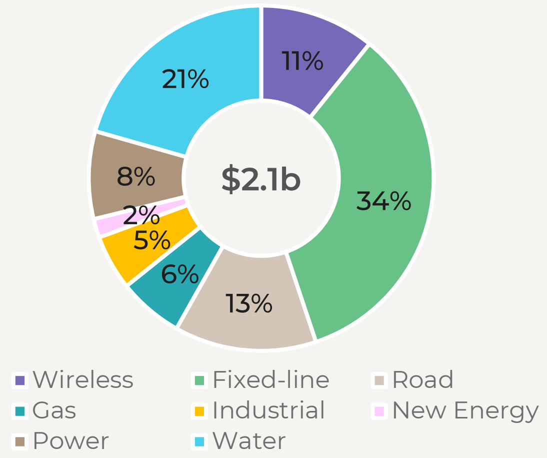
Group revenue dominated by lower-risk schedule of rates commercial models

- High portion of work secured under schedule of rates or cost-plus commercial models, reflecting lower-risk appetite
- Significant market diversification following Lendlease Services integration
  - Improved risk profile, reducing dependency on any single market, client or contract
  - Provides expanded platform to support growth across a larger and more diverse blue-chip client base
  - Enhanced portfolio quality of earnings
- Broadened end-market penetration with growth opportunities across multiple infrastructure sectors

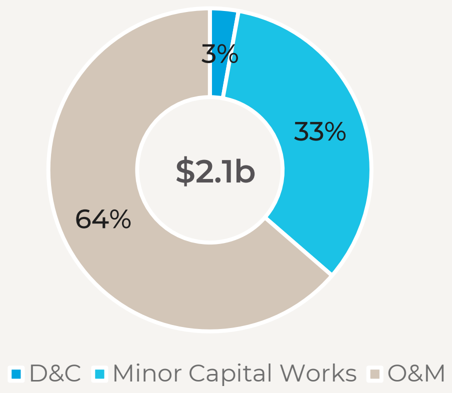
Operating Segment



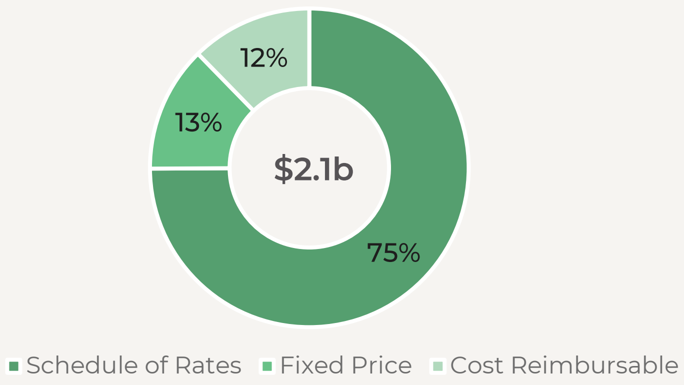
Market



Work Type



Commercial Model



Diversified Portfolio of WIH

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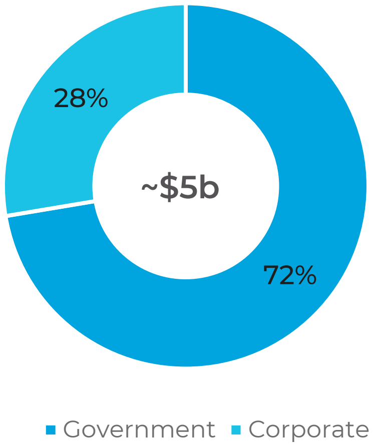
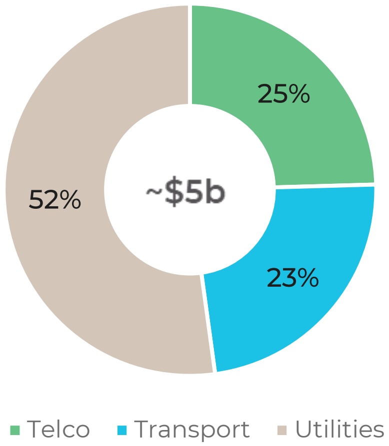
Stable and high-quality client base of government entities and large industrial asset owners

Work In Hand

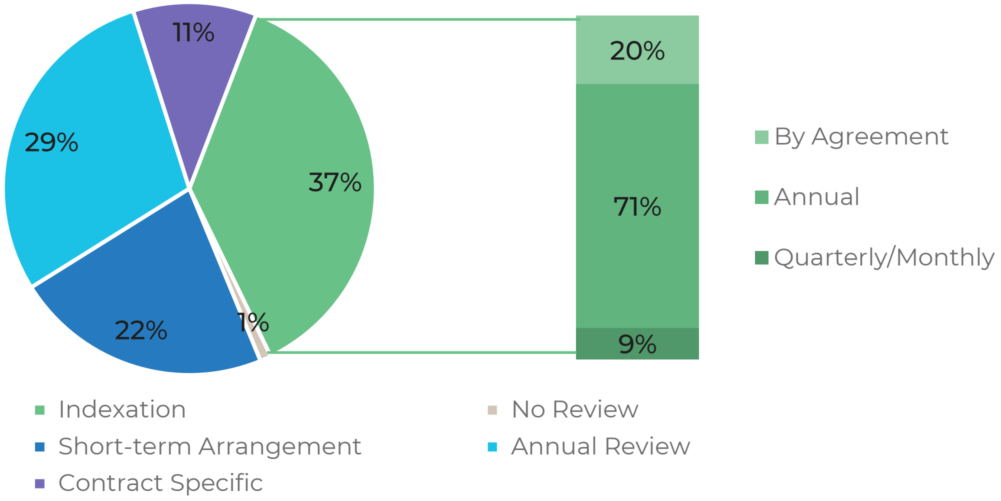
- Majority of work held with government entities, or blue-chip industrial clients
- Weighting of WIH to Utilities segment reflecting recent O&M contract wins and contracted revenue life-cycle
- Excludes extensions options – further potential $3bn+
- Value of WIH excludes Inland Rail, pending outcome from the Independent Review





Contract Escalation

- >95% of WIH under term contracts have in-built review mechanisms
- Mechanisms have proven effective in managing through an inflationary environment
- Other short-dated contracts (typically 3-6 month durations) are priced according to current market dynamics



Expanding the Group's portfolio

Leveraging the Group's expanded capabilities to secure new growth opportunities

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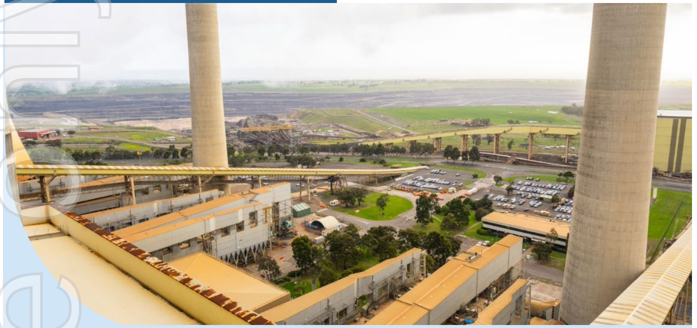
UTILITIES



AGL

Loy Yang Station Main Maintenance

$170m over 5 years

Provision of station maintenance encompassing boiler and combustions, flue gas and draft, steam cycle, water and turbine generation, as well as electrical maintenance on mine infrastructure.

Industrial

TELECOMMUNICATIONS

NBN

N2P – Evolution Agreement

$410m over 2 years

Provision of specialist planning, design and construction to support eligible premises with progressive access to fibre to the premise (FTTP) technology across Victoria, New South Wales and Queensland

Fixed Networks

UTILITIES

Intellihub

Smart Meter Installation

$120m over 3 years

Provision of meter replacement services across Victoria, New South Wales, South Australia and Queensland

Electricity

Sustainability: Our 5 Pillars Framework

Delivering sustainable legacies for our stakeholders and future generations

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Safety
The wellbeing of our workforce, clients and communities we operate across is our first priority

People
Improving how we attract, retain and develop our employees as an employer of choice

Community
Maintaining positive relationships and providing a positive contribution to communities we operate within

Environment
Mitigating negative impacts on the environment, whilst driving measured improvements that reduce our footprint in a balanced and economically responsible manner

Governance
Implementing a robust corporate governance framework and practices to provide positive outcomes on behalf of our stakeholders.

Accomplishments

Safety
46% reduction
in High Potential Safety Incidents

Safety
21% reduction
in Total Recordable Injury Frequency Rate

People
Innovate Reconciliation Action Plan
formally endorsed by Reconciliation Australia

Community
$24 million
Spent with Indigenous businesses and suppliers

People
Diversity, Equity & Inclusion Strategy
developed and launched

Environment
~30% reduction in waste
recovered or diverted from landfill

Sustainability: Safety Performance

Service Stream's primary and most important sustainability priority

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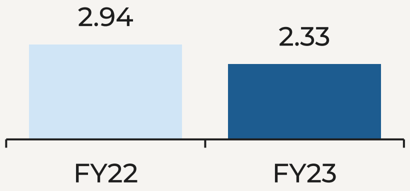
Achievements

- Significant reductions achieved across all major safety lag indicators :
  - 21% reduction in Recordable Injury Rates
  - 46% reduction in High Potential Incident Rates
  - 6% reduction in Lost Time Injury rates

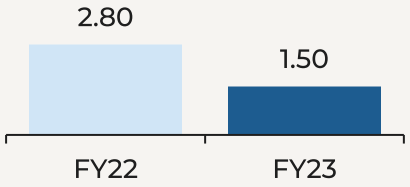
- Continued focus on:
  - Application of critical controls across higher-risk work activities
  - Front-line supervisor support, training and development
  - Increased adoption of technology and use of data analytics

Group Performance

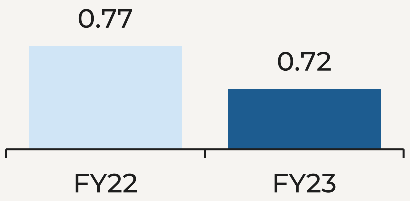
Total Recordable Injury Frequency Rate



High Potential Incident Frequency Rate



Lost Time Injury Frequency Rate



Our Strategic Pillars

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Supporting the delivery of improved, consistent and incremental value to our Stakeholders

Our Vision

To be Australia's Leading Essential Network Services Provider

Our Purpose

To partner with our valued clients and keep communities connected to the essential infrastructure that Australian's depend on every day

Delivery

Superior service solutions and delivery excellence

- Industry leading **safety performance**
- **Client focussed solutions** and enduring long-term **relationships**
- Working within our enhanced **risk management frameworks**
- Improved and consistent **financial performance**
- Continued investment to support the **Group's Sustainability Strategy** (5 Pathways)

Optimisation

Simplify, optimise and enhance our delivery model

- **Improved margins** through **standardisation** and reduced **business overheads**
- ICT strategy supporting a **consolidated** and **simplified IT architecture**
- Expanded use of **data analytics** to drive informed business decisions
- Encouraging and rewarding **innovation** and **continuous improvement**

Growth

Profitable growth and ongoing diversification

- **Enhanced bidding controls** to meet elevated minimum financial return thresholds
- Securing **organic growth** opportunities across current markets
- Investment in capabilities to support **organic growth and expansion** across adjacent markets
- **External growth** to support ongoing growth and **portfolio diversification** into adjacent markets

Future Growth

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

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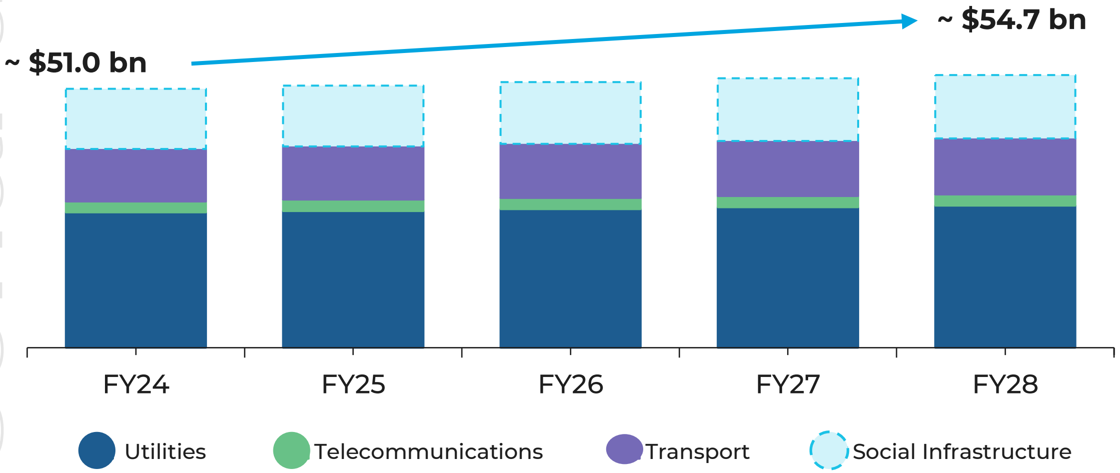
Strong Industry Growth

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

Australian Maintenance Market



Core markets

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

- ✓ **$6.5bn in Telecommunication network expansions**
- ✓ **$20bn in electricity network infrastructure**
- ✓ **$18bn in road**

Adjacent Market Opportunities

Significant opportunities to expand current service offerings across adjacent markets:

- ✓ **Defence**
- ✓ **Social Infrastructure**

Trading Update & Group Outlook

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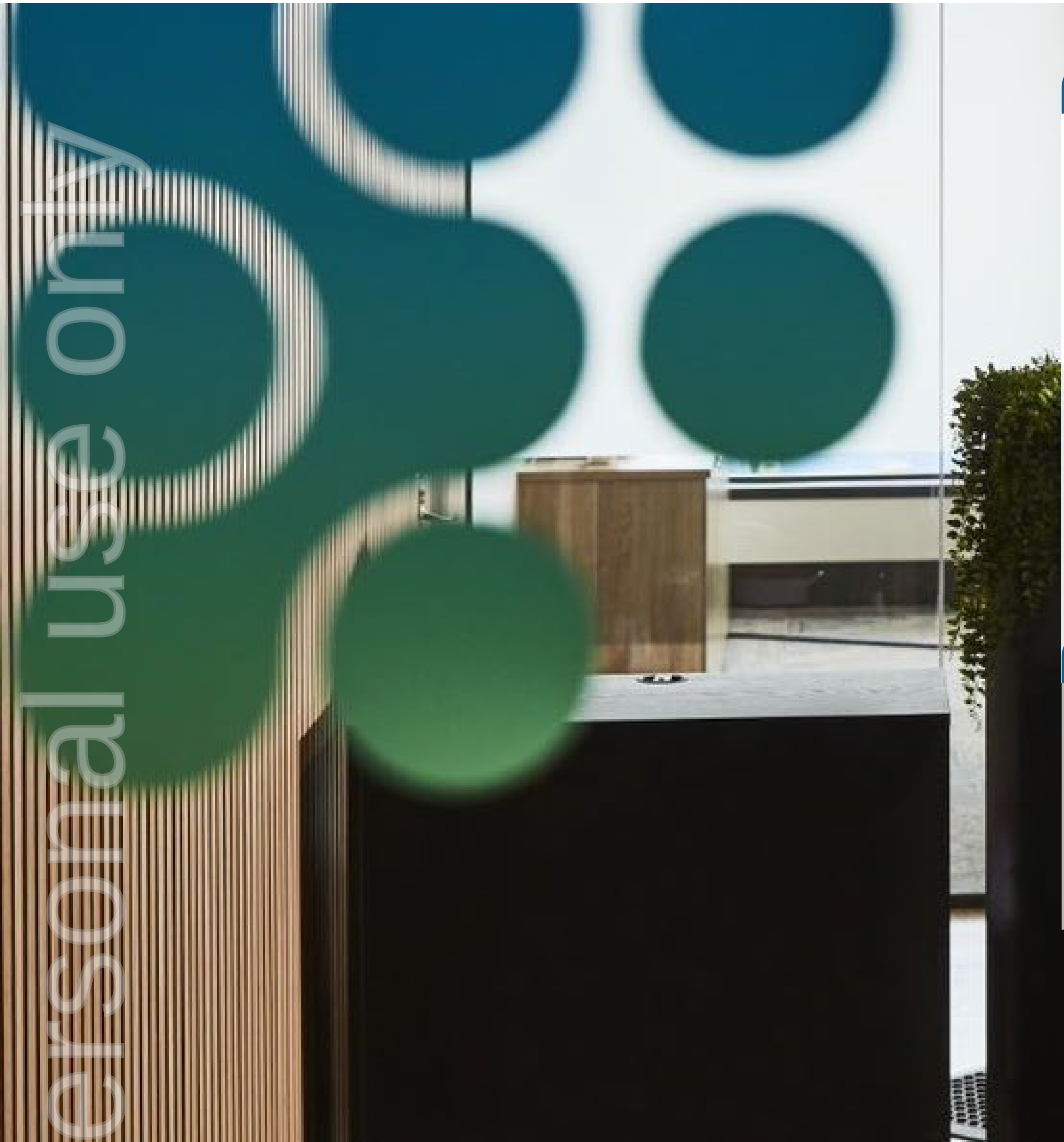

FY24 Trading Update

- Group trading performance during Q1 in-line with Management's expectations
- Repositioning and financial performance of utility operations continues to be a major focus
- Optimisation program underway with positive progress being made on prioritising and delivering initial opportunities
- Actively pursuing organic growth opportunities across adjacent markets

Group Outlook

- **Group expects profit growth in FY24, supported by continued infrastructure-led investment coupled with internal focus on operating margins**

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