

Service Stream

FY25 First-Half Results Presentation

For the six months ended 31 December 2024



ServiceStream



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Acknowledgment of Country

Service Stream acknowledges the traditional custodians of country throughout Australia and their continuing connections to land, water and communities.

We pay our respects to their elders past and present.



Key Messages

Disciplined strategy execution delivering strong results and driving positive momentum

- 1 Delivered strong growth in revenue, earnings and profit
- 2 Exceptional cash flow generation and strengthened balance sheet
- 3 Continued improvement in Utility Division earnings and margins
- 4 Expanded WIH further strengthening a high-quality order book
- 5 Strong pipeline of maintenance opportunities continue to present across current and adjacent markets





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Group Financial Highlights

Exceeding expectations across all key financial metrics

Total Revenue

\$ 1,267m

↑ Increase of 7.9% up on pcp

Underlying EBITDA

\$ 73.6m

↑ Increase of 16.4% on pcp

NPATA

\$ 37.7m

↑ Increase of 49.9% on pcp

OCFBIT Cashflow Conversion

126.3%

Net Cash

\$ 55.4m

↑ Increase of \$52.1m on pcp

Interim Dividend

2.5 cps

↑ Increase of 25% on pcp





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Operational & Strategic Highlights

Disciplined execution of our strategy creating Shareholder value

Contracts secured

\$1.1bn

Renewed **94%** of existing contracts which proceeded to market

Expanded Work in Hand

\$5.9bn

~17% growth on pcp, initial contract terms only

High Quality Order Book

87% O&M

Expanded annuity-style O&M contract base

Improved Utility Performance

4.2% EBITDA Margin

↑ **80 basis points**, and ahead of schedule

People

Improving Labour Market

Resource attraction and retention continues to improve

Industry Leading Safety Leadership

20% reduction

In Total Recordable Injury Rates (TRIFR)

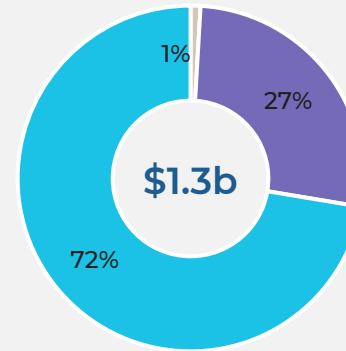


High Quality Diversified Revenues

Diversified revenue aligned to a strong O&M base with exposure to select minor capital projects

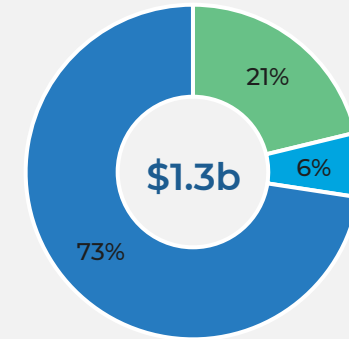
- Increased portion of works aligned to annuity-style, lower risk maintenance operations
 - Multi-year O&M operations reflects **~72%** of Group revenues
 - Continued delivery of select Minor Capital Works (small projects), aligned to the Group's revised risk appetite
- **~94%** of works delivered under lower risk schedule of rates or cost reimbursable commercial models
- Average contract term now reflecting 5 years
 - Average contract tenure of ~17 years
 - Group holds many long-standing ~30+ year relationships
- Operations span a favourable mix of industry sectors each providing significant opportunities for organic growth

Work Type



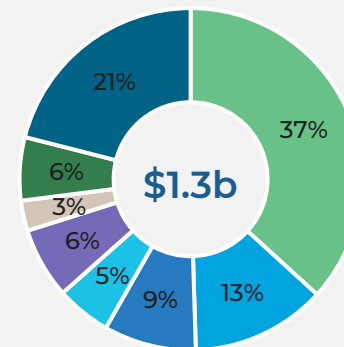
■ D&C ■ Minor Capital Works ■ O&M

Commercial Model



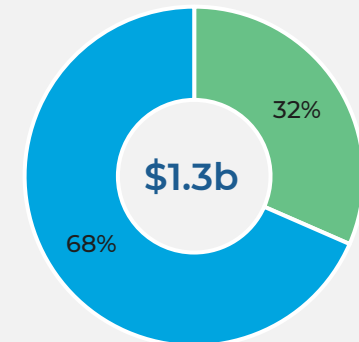
■ Cost Reimbursable ■ Fixed Price ■ Schedule of Rates

Industry Sectors



■ Fixed-line ■ Wireless ■ Road
■ Gas ■ Industrial ■ New Energy
■ Power ■ Water

Customer / Client



■ Corporate ■ Government

Reporting Segment Insights



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Telecommunications

- Strong start to FY25 driven by continued demand for fibre connections and back log of remediation works
- Potential further extension of the nbn fibre upgrade program with recent \$3bn Federal Government announcement
- FY25 expected to be H1 biased due to clearance of remediation backlog



Utilities

- Solid first half result, with demonstrable uplift in segment revenue and EBIT
- Continued focus on delivering incremental margin improvement over the full-year
- Improved WIH balance following several major contract renewals and new wins
- New Urban Utilities agreement positions Service Stream as the nation's leading water O&M service partner



Transport

- New VRMC contract mobilised successfully in Qtr 1, work volumes to steadily grow
- Completed buyout of 50% of the SARS JV (now 100%), enabling re-investment and refreshed business plan
- Connect Sydney 2nd term (3+3+3) confirmed with tactical asset management plan agreed





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Major Contract Renewals and New Business

Secured \$1.1bn+ in major multi-year agreements, further enhancing a diversified portfolio

Secured Contract Works

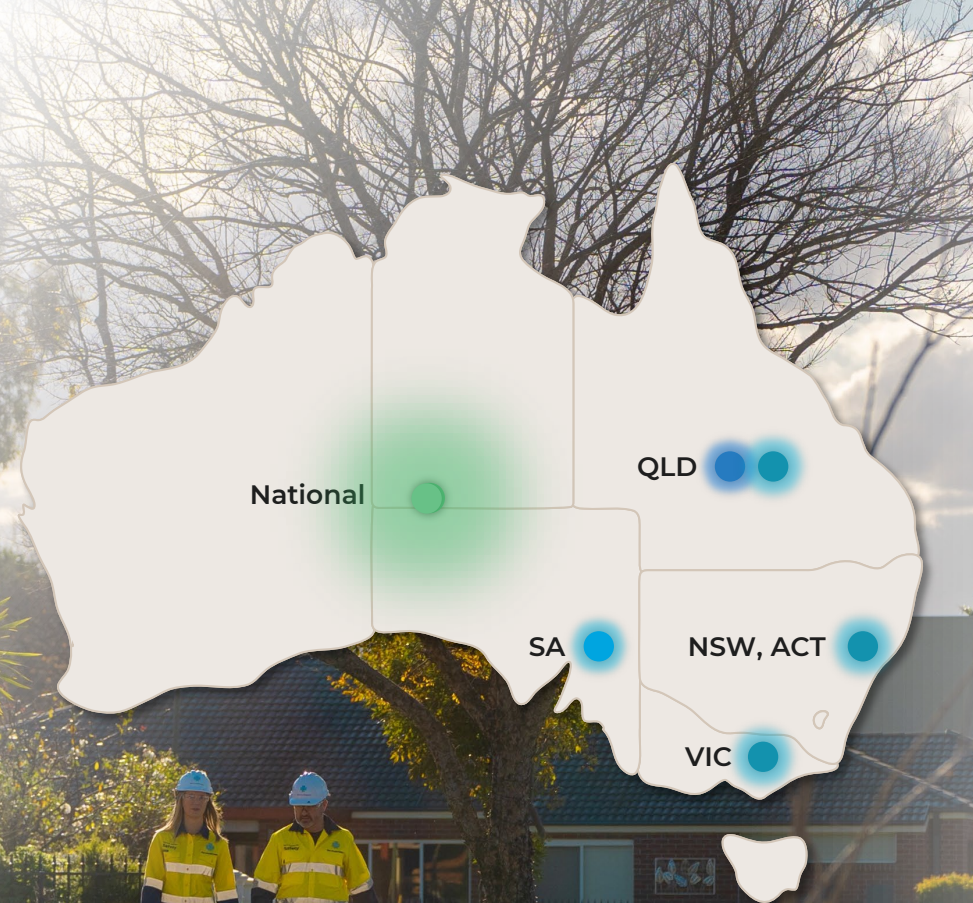
\$1.1bn

Renewed **94%** of existing contracts which proceeded to market

Expanded WIH, Exceeding

\$5.9bn

Secured over the initial contract terms



- **Urban Utilities**
MECS Maintenance
Water
(New)
5 + 5 Year Term



- **SA Water**
Field Service Delivery
Water
(Extension)
4 Year Term



- **nbn**
New Developments
Telecommunications
(Extension)
3 Year Term



- **TPG**
Wireless
Telecommunications
(Extension)
5 Year Term

Safety Performance

Continuing to differentiate through our strong safety culture and leadership



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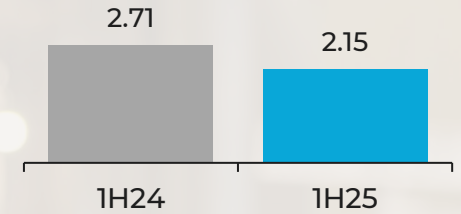
- Proud to be delivering industry leading safety performance
- Positive improvements delivered across major lag-indicators
- Key areas of focus:
 - High risk work activities and associated critical controls
 - Empowering front-line supervisors, leading hands and management with specialised safety training and development
 - Staged implementation of select Human Organisation Performance (HOP) principles to support continued improvements

Walk | Talk | Lead | Care

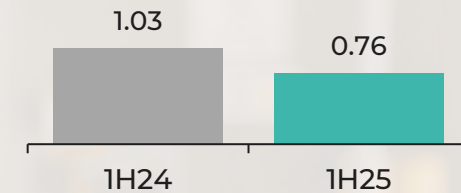
Safety



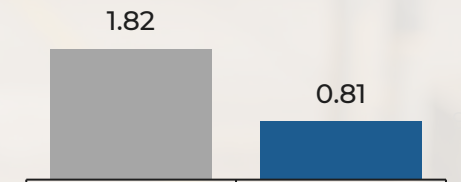
Total Recordable Injury Frequency Rate



Lost Time Injury Frequency Rate



High Potential Incident Frequency Rate





Financial Performance



Financial Headlines

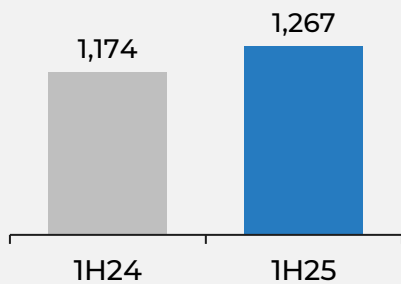
Total Revenue¹

\$1,267m

+7.9% vs pcp

- Revenue growth achieved across all 3 segments
- Utilities approaching \$1bn of annual revenue

Total Revenue¹ (\$m)



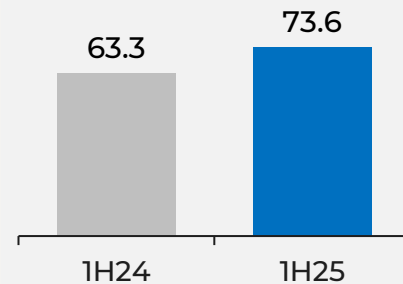
Underlying EBITDA from Operations²

\$73.6m

16.4% vs pcp

- Group EBITDA margin improvement of 0.4% to 5.8%
- Uplift driven by Utilities margin improvement

EBITDA from operations² (\$m)



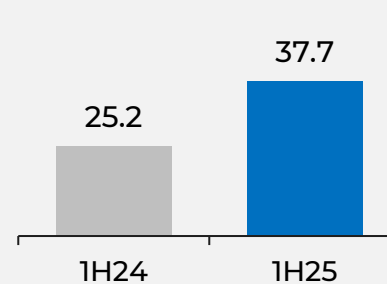
Adjusted NPAT

\$37.7m

+49.9% vs pcp

- EPS-A 6.1cps
- Lower interest and D&A
- One-off tax benefit from historical transactions of \$2.7m
- Statutory NPAT \$33.1m

NPAT-A (\$m)



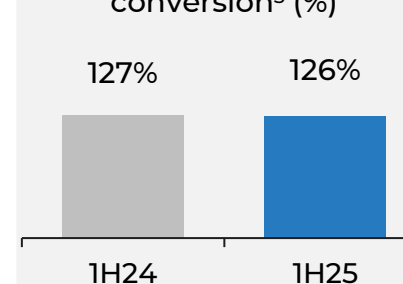
Operating Cashflow (OCFBIT)

\$90.6m

+34.3% vs pcp

- Exceptional OCFBIT conversion of 126%
- Net cash \$55.4m

EBITDA to OCFBIT conversion³ (%)



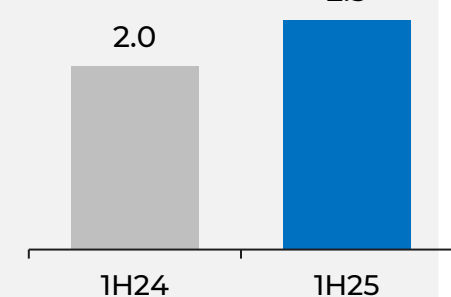
Interim Dividend

2.5cps

25% vs pcp

- Strong H1 result enabling 25% increase to interim dividend
- Fully franked, payable 4th April 2025

Dividend (cps)



Notes:

1. Includes proportionate revenue take-up of incorporated joint ventures. Refer to the Appendix for a reconciliation of Total Revenue to Statutory Revenue
2. Underlying EBITDA from Operations excludes costs associated with the QLD project in 1HFY24
3. 1HFY24 comparatives restated to present statutory EBITDA and OCFBIT conversion %

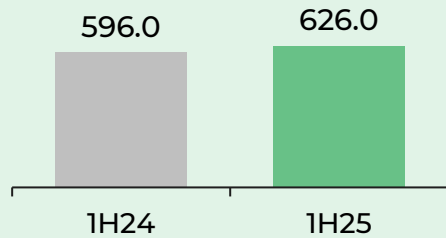


Telecommunications

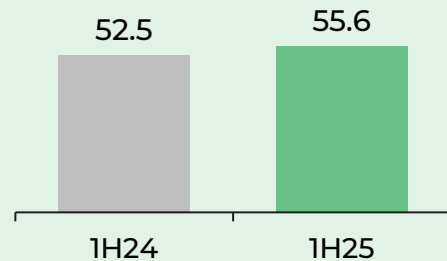
Highlights

- Strong sector momentum has continued into FY25
- Revenue of \$626.0m, up \$30.0m (5.0%):
 - Additional revenue from clearing backlog remediation and connection demand to improve industry response times
 - Increase in activation volumes following the nbn fibre overbuild program and retail promotions
 - Wireless operations continuing to deliver steady growth
- EBITDA of \$55.6m, up \$3.0m (5.7%):
 - EBITDA margin of 8.9% is consistent with prior periods

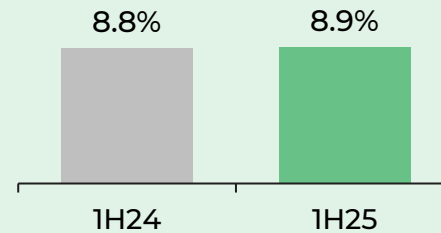
Revenue (\$m)



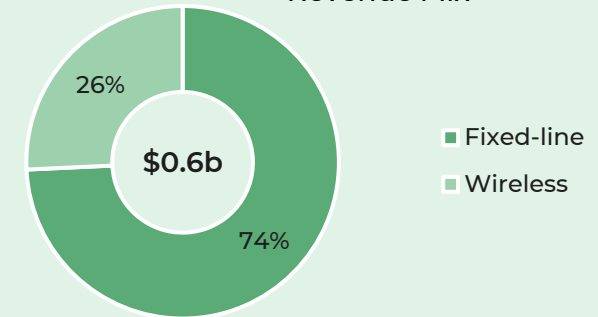
EBITDA (\$m)



EBITDA margin (%)

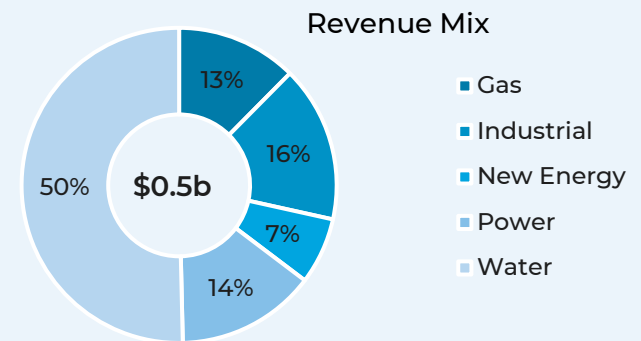
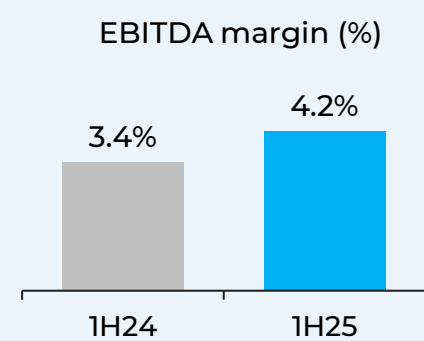
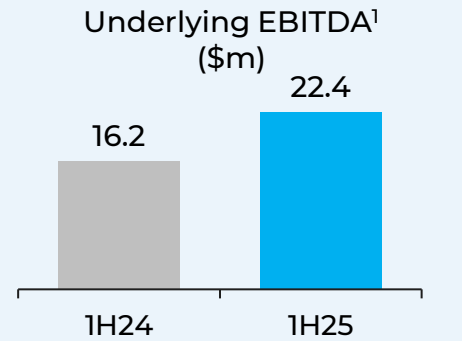
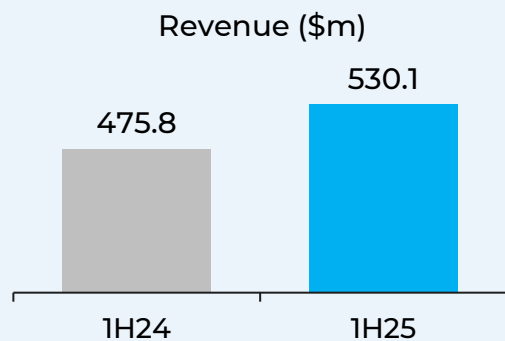


Revenue Mix



Highlights

- Solid H1 performance reflecting the benefits of the strategic repositioning undertaken over the past 2 years
- Revenue of \$530.1m up \$54.3m (11.4%)
 - Strong revenue growth despite cycling off discontinued operations and completed D&C projects
 - New contract wins and organic growth from existing contracts driving growth, particularly across water and industrial sectors
 - H1 benefit from programmed shutdown works
- EBITDA of \$22.4m, up \$6.2m (38.1%) from prior year
 - Substantial EBITDA growth and margin improvement of 0.8% to 4.2%
 - Further margin improvement expected with initiatives underway



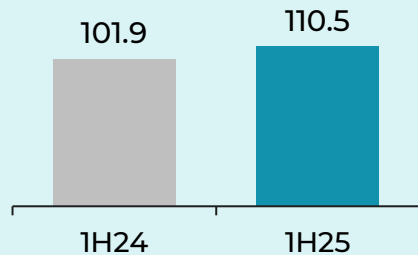
Notes:

1. Underlying EBITDA from Operations excludes costs associated with the QLD project in 1HFY24

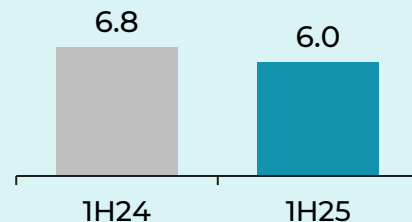
Highlights

- Revenue of \$110.5m, up \$8.6m (8.4%)
 - New long-term Victorian Road Maintenance contract commenced 1 July 2024
 - Acquisition of remaining 50% of SARS JV (SA outback zone) in September
 - Connect Sydney JV delivered strong revenue growth
 - Revenue growth offset by projects completed in FY24, such as the Burnley tunnel lighting upgrade
- EBITDA of \$6.0m, a minor reduction of \$0.8m from 1H24:
 - FY24 EBITDA included a one-off benefit arising from the demobilisation of the Inland Rail PPP
 - EBITDA margin of 5.5% in line with expectations for the rebased operations

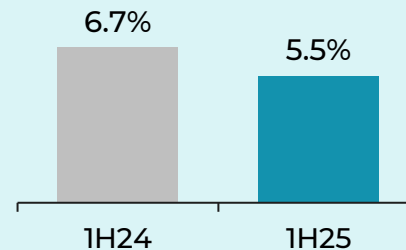
Revenue (\$m)



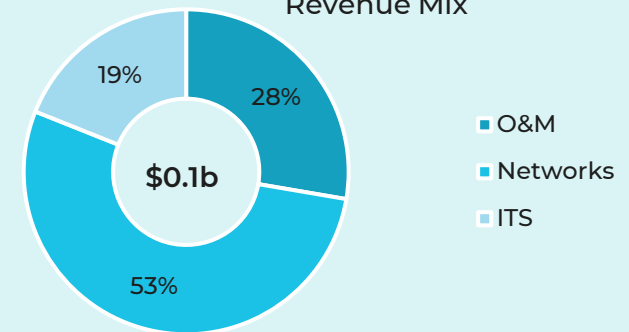
EBITDA (\$m)



EBITDA margin (%)



Revenue Mix





Group Profit and Loss

Comparison of results for the period ended 31 December 2024

\$m	1H25	1H24	\$
Revenue	1,222.4	1,134.0	88.3
EBITDA	71.7	53.0	18.7
Depreciation & amortisation	(20.8)	(21.6)	0.8
Gain/(Loss) of sale of assets	1.7	0.6	1.1
Amortisation of customer contracts	(6.7)	(7.8)	1.1
EBIT	45.9	24.1	21.8
Net financing costs	(3.9)	(5.8)	1.9
Income tax expense	(9.0)	(5.5)	(3.4)
Net profit after tax	33.1	12.8	20.3

Adjusted Profitability:

Total Revenue	1,266.7	1,173.8	92.9
Underlying EBITDA from Operations	73.6	63.3	10.3
<i>Underlying EBITDA from Operations %</i>	<i>5.8%</i>	<i>5.4%</i>	<i>0.4%</i>
Adjusted NPAT (NPAT-A)	37.7	25.2	12.6
<i>Adjusted EPS (cents)</i>	<i>6.1</i>	<i>4.1</i>	<i>2.0</i>

- **Total Revenue +7.9%:**
 - Revenue growth achieved across all 3 segments
 - Largest driver was Utilities across new and existing programs of work
- **Underlying EBITDA from Operations +16.4%:**
 - Group EBITDA-A margin of 5.8%
 - Improvement led by Utilities margin uplift
 - Includes continuing Defence tender support costs
- **NPAT-A +49.9%:**
 - Significant step up in NPAT-A, well ahead of underlying operational growth
 - One-off tax benefit arising from legacy acquisitions (\$2.7m).
 - Lower net financing cost from reduced leverage and interest income
 - D&A improvement through further property and fleet refresh savings



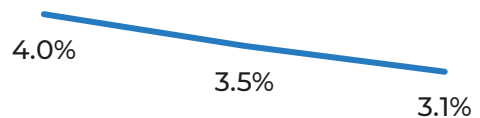
Cashflow

Comparison of results for the period ended 31 December 2024

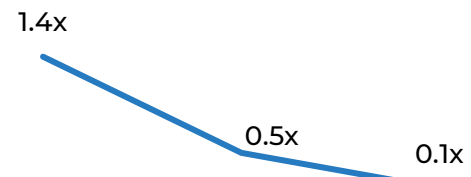
\$m	1H25	1H24 ¹	Change \$
EBITDA	71.7	53.0	18.7
Change in working capital and non-cash items	17.7	13.5	4.1
Adjustments for joint ventures	1.2	1.0	0.3
OCFBIT	90.6	67.5	23.1
EBITDA to OCFBIT %	126.3%	127.4%	
Net interest and financing paid	(4.6)	(5.2)	0.6
Tax paid	(2.6)	(3.0)	0.4
Cash acquired on acquisition	1.4	-	1.4
Net capital expenditure	(3.2)	(1.3)	(1.8)
Dividends paid	(15.4)	(6.2)	(9.2)
Lease liability payments	(12.7)	(11.8)	(0.8)
Purchase of shares	(6.0)	(0.9)	(5.0)
Movement in Net Cash / (Debt)	47.5	39.0	8.5
Opening Net Cash / (Debt)	7.9	(35.7)	43.6
Closing Net Cash / (Debt)	55.4	3.3	52.1

- Closing net cash of \$55.4m, up \$52.1m on pcp
- Exceptional half year OCFBIT conversion of 126%:
 - Continued improvement on working capital management and repatriation of cash from JVs
 - 1H25 net working capital now 3.1% of LTM revenue
 - Timing benefits typical of December cycle expected to unwind over H2
- Net tax paid includes cash benefit from tax refund
- SARS 50% JV was acquired for a nominal sum with cash on hand at acquisition recognised
- H1 underlying combined capex/leasing continues to run below 2.0-2.5% target range:
 - Includes proceeds from fleet refresh \$3m
 - Uplift in H2 expected with mobilisation of new contracts and IT system investment

Net working capital % of LTM revenue



Net leverage ratio (incl. leases)



¹ 1H24 comparatives restated to present statutory EBITDA and OCFBIT



Balance Sheet & Capital Management

Maintaining a strong balance sheet with firepower to grow

1. Maintain strong balance sheet

- Capital lite business model, target > 80% OCFBIT conversion
- Debt facilities \$395m refinanced and extended to December 2027
- Expect to maintain net cash position ahead of M&A opportunities

126%
H1 OCFBIT
Conversion

2. Optimisation & organic growth

- Reinvest in the business and support organic growth
- Capex & leasing cash flows 2.0-2.5% of revenue

\$340m
Liquidity at
Dec-24

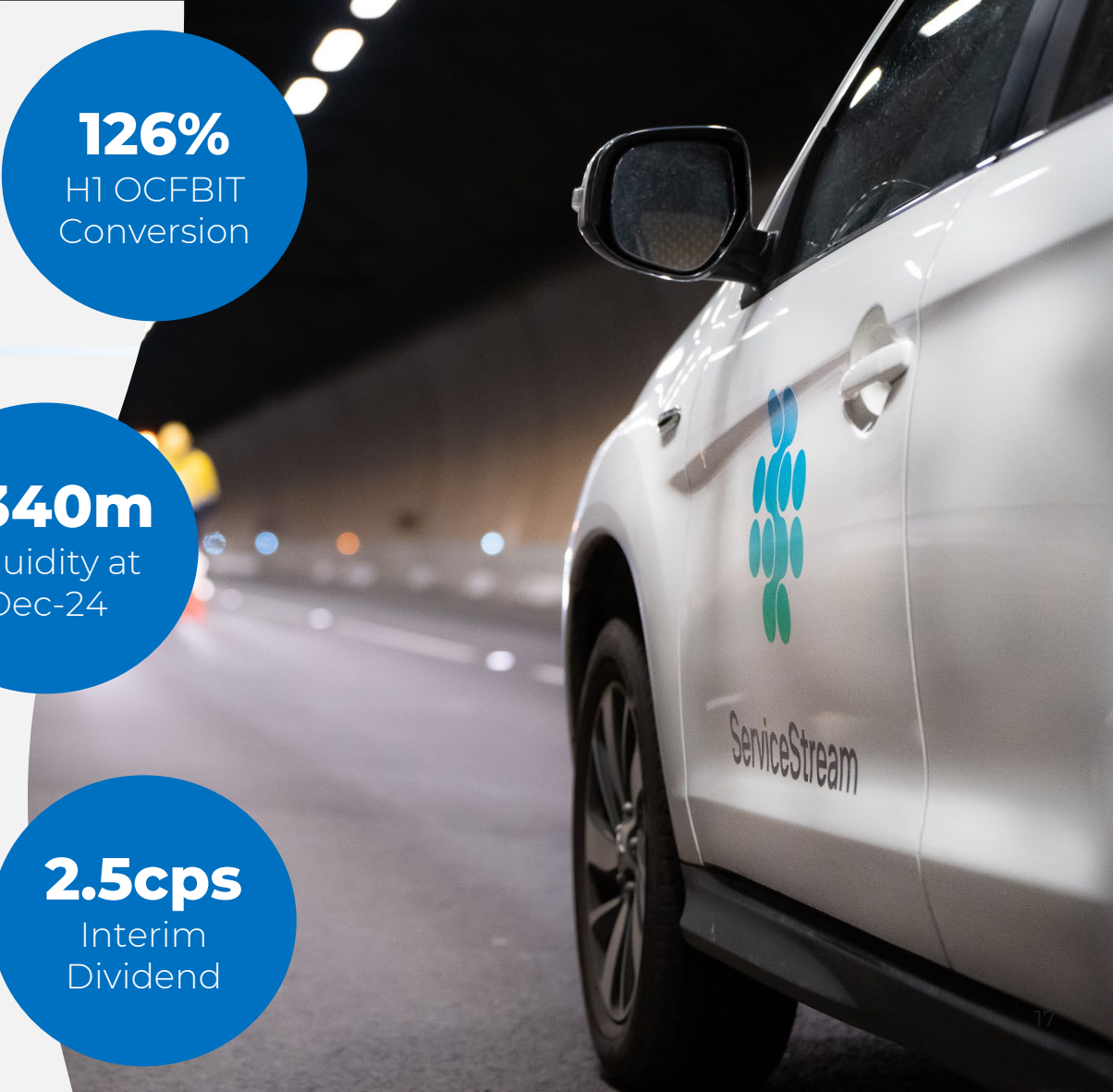
3. Strategic acquisitions

- Continued and measured focus on opportunities to support enhanced service offerings, new capabilities and expansion of addressable markets

2.5cps
Interim
Dividend

4. Dividends

- Delivering sustainable dividends to shareholders





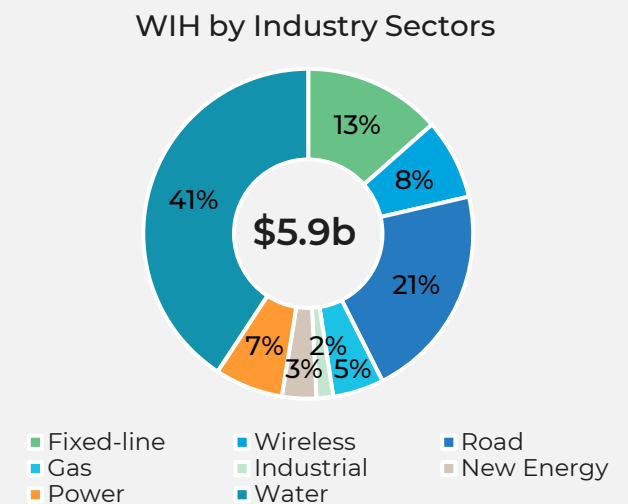
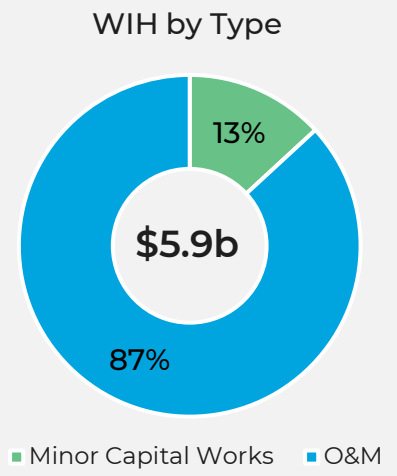
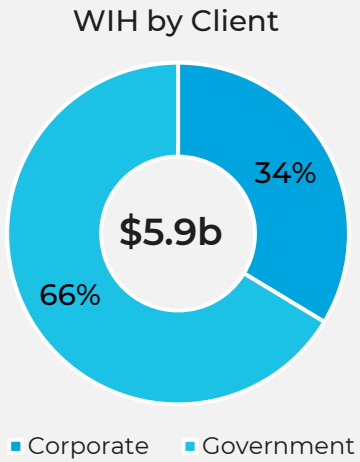
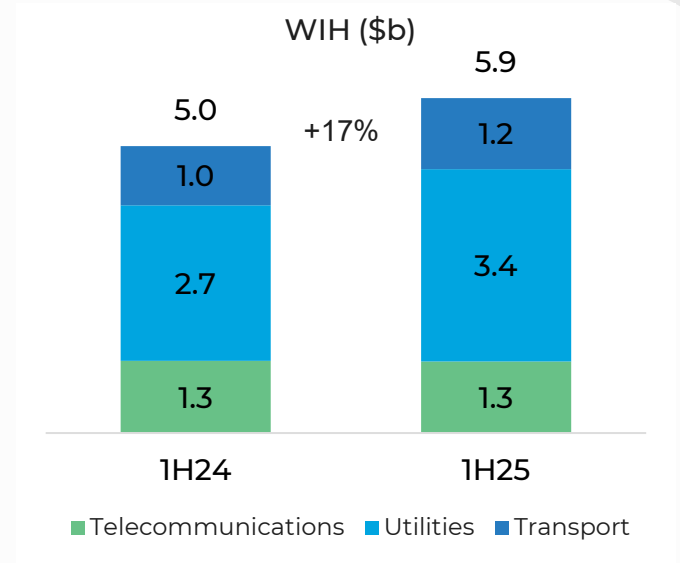
Group Outlook



Work In Hand

Expansion of the Group's high-quality and diversified order book

- ~17% increase in WIH on pcp, following a positive period of contract retentions and new wins
- Group's WIH now reflects \$5.9bn, excluding extension options
 - Extension options equate to an additional \$3bn if fully exercised
- ~99% of WIH for FY25 secured under contract or contract extension options
- Well diversified portfolio across resilient and expanding industry sectors
- Enviable client base reflecting government entities and blue-chip industrial asset owners / operators





Group Outlook

Expanded WIH, improved quality of earnings and scalable business platform to support earnings growth in FY25

- Positive momentum throughout FY24 has supported a strong start to FY25
- ~99% of WIH for FY25 secured under contract or contract extension options
- Expect further improvements in quality of earnings across Utility operations
- Expect first-half bias given stronger than anticipated Telco contributions
- Strong pipeline of opportunities across current and adjacent markets to support growth over medium and longer-term

The Group is on target to deliver solid earnings growth and improved quality of earnings in FY25, supported by a strong order book, improved balance sheet and favourable market conditions





Appendices



1. Reconciliation of statutory to adjusted profitability measures

Reconciliation of EBITDA from Operations to NPAT

\$m	1H25	1H24	\$
Underlying EBITDA from Operations	73.6	63.3	10.3
Onerous contract provision for QLD Utility project	-	(9.8)	9.8
EBITDA from Operations	73.6	53.5	20.1
Joint venture adjustments	(1.9)	(0.5)	(1.4)
Non-operational costs	-	-	-
EBITDA	71.7	53.0	18.7
Depreciation and amortisation	(27.5)	(29.4)	1.9
Gain on disposal of assets	1.7	0.6	1.1
Net finance costs	(3.9)	(5.8)	1.9
Income tax expense	(9.0)	(5.5)	(3.4)
Net Profit after Tax	33.1	12.8	20.3

Reconciliation of NPAT-A to Net profit after tax

\$m	1H25	1H24	\$
Net Profit after Tax	33.1	12.8	20.3
Addback:			
Amortisation of customer intangibles (tax effected)	4.7	5.5	(0.8)
Non-operational costs after tax	-	-	-
Onerous contract provision for QLD Utility project (tax effected)	-	6.9	(6.9)
NPAT-A	37.7	25.2	12.6



2. Other information

Reconciliation of Total Revenue to Revenue

\$m	1H25	1H24	\$
Total Revenue	1,266.7	1,173.8	92.9
Joint venture adjustments	(44.3)	(39.8)	(4.5)
Revenue	1,222.4	1,134.0	88.3

Amortisation of Customer Contracts & Relationship

\$m	FY25	FY26	FY27	FY28	Balance 31 Dec 25
Comdain Infrastructure	5.7	5.7	5.7	5.7	29.5
Lendlease Services	7.6	7.6	7.6	7.6	72.4
Total Amortisation	13.3	13.3	13.3	13.3	101.9

Disclaimer



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