



ASX Announcement

21 August 2024

Service Stream FY24 Results Announcement

Leading essential network service provider Service Stream Limited (ASX: SSM) today released its financial results for the full-year ended 30 June 2024.

Group Highlights

- **Total Revenue of \$2,392 million, up 11.2% on FY23**
- **Underlying EBITDA from Operations¹ of \$129.2 million, up 13.2% on FY23**
- **NPATA of \$50.1 million, up 36.4% on FY23**
- **EBITDA to OCFBIT² cash conversion of 101.6%**
- **Balance sheet transitioned to a net cash position of \$7.9m**
- **Secured in excess of \$2.2bn of contracted works, supporting a robust work-in-hand pipeline of \$5.5bn, excluding contract extension options**
- **Final dividend of 2.5 cps (fully-franked), taking full-year dividends for FY24 to 4.5 cps (fully-franked), an increase of 200%**
- **Strong momentum generated in FY24 providing a solid base to support earnings growth in FY25**

Managing Director, Leigh Mackender said:

“Service Stream’s full-year results are headlined by strong financial performance comprising double-digit improvements in revenue, underlying EBITDA-A and NPATA, coupled with exceptional operating cash flows which have supported a return to a net cash position.

These results are further testament to Service Stream’s scalable and attractive business, highlighted by strong demand for infrastructure maintenance and upgrade works, an enviable client base and operations spanning attractive and growing markets.

The business has steadily executed against our strategy, delivering strong operational outcomes, improved financial performance and enhanced returns for our valued Shareholders.”

1. Underlying EBITDA from Operations excludes further costs associated with the Queensland Project
2. Operating cash flow before interest, tax, non-operational items and impact of the Queensland Project



Operational Performance & Market Conditions

Service Stream's operations performed well during the year, headlined by strong demand for the maintenance and upgrade of both telecommunication and utility infrastructure. Following a strong first half, our telecommunication operations delivered an increase in revenue of \$229.8m or 24% and maintained a solid 8.8% EBITDA-A margin over the full-year.

The business was pleased to deliver further improvements across utility operations, with the strategic repositioning of operations nearing conclusion and several loss-making contracts reaching completion at year-end. Over the course of the year, utility operations delivered a 30-basis point improvement in EBITDA-A margins on increased revenues which were \$83.7m or 9.4% higher than the prior year.

Conditions across labour markets continued to improve, with turnover levels continuing to reduce year-on-year. On the back of reduced attrition rates, the business has not experienced any significant challenges associated with engaging resource to deliver major work programs or support recently secured contracts.

Cashflow and Capital Management

Service Stream generated \$131.2 million of OCFBIT during FY24, compared to \$92.4m in the prior year, as the Group maintained its focus on cash generation and optimisation of business operations. The exceptional operating cashflows resulted in an EBITDA-A to OCFBIT conversion rate of 101.6% and the Group transitioning to a net cash position of \$7.9 million at 30 June 2024, notwithstanding higher dividend payments and support for new growth.

The Group delivered further improvements in net working capital, which now sits at 3.5% when measured against the last 12 months of revenue. With exceptional cashflow generation, the business expects to maintain a net cash position throughout FY25.

Industry Leading Safety Performance

The safety of Service Stream's staff, clients and the community with whom we engage is the Group's first priority and aligns with the organisation's core values.

Pleasingly, throughout the year the business continued to deliver industry leading safety performance, reporting a 23% reduction in high potential incident rates, following the delivery of several major initiatives supporting a steadfast focus on continual improvement.

Dividends

Service Stream's strong and improved financial performance, coupled with confidence in the Group's ability to demonstrate consistent future growth has provided the Board with confidence to declare a final fully-franked dividend of 2.5 cps, taking full-year dividends to 4.5 cps (fully franked), reflecting a 200% increase on the prior year.

Key dates for the final dividend are:	Ex-dividend date	18 September 2024
	Record date	19 September 2024
	Payment date	4 October 2024

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Service Stream's Chairman, Brett Gallagher, said:

"The Board is delighted to report yet another period of strong and improved financial performance. The continuation of growth and enduring demand for the Group's services provides the Board with the confidence to declare a fully-franked final dividend of 2.5 cents per share."

"The Board remains firmly of the view that each of Service Stream's markets will continue to present growth opportunities into the future, and that the business is well positioned to capitalise on these."

Outlook

Service Stream successfully secured more than \$2.2bn of works during FY24, associated with both the retention and expansion of existing agreements and new growth being secured across all major markets. These agreements have further enhanced the Group's revenue profile, with ~70% reflecting lower-risk operation and maintenance works, and ~90% delivered under cost reimbursable or schedule of rate commercial models.

Market conditions continue to provide significant opportunities to support organic growth. This is sustained by a resilient pipeline of infrastructure related investment driven via a combination of aging infrastructure, population growth, extreme weather, digitalisation, and the energy transition.

In respect of the outlook for the business, Leigh Mackender said:

"Given the Group's strong results, attractive fundamentals and the positive momentum delivered throughout FY24, Service Stream expects to deliver further earnings growth over FY25."

"We remain confident that our business provides a platform to deliver sustainable ongoing growth, supported by solid levels of work-in-hand and favourable market conditions."

Results Webcast

Service Stream Managing Director, Leigh Mackender and Chief Financial Officer, Linda Kow, will host an on-line Results Briefing at 10am (AEDT) on 21 August 2024.

The briefing will be webcast live, as well as archived on the Service Stream website, for the convenience of shareholders. To access the webcast, visit <https://edge.media-server.com/mmc/p/o5puw736/>

For further information on this announcement, please contact:

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About Service Stream Limited:

Service Stream is a public company listed on the Australian Securities Exchange (Code: SSM). The Service Stream Group is a provider of essential network services, operating across all states and territories. For more information visit www.servicestream.com.au

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