



Service Stream Ltd 2021 AGM Report

ASX Code	SSM
Meeting Time/Date	10am Wednesday 20 October 2021
Type of Meeting	Virtual
Monitor	Christine Haydon
Pre AGM Meeting?	Yes with Chair Brett Gallagher

Planning for better times ahead

What the Company Does

Service Stream is an engineering company providing services to Utilities (water, gas and electricity), Telecommunications and Transportation (road & tunnel infrastructure).

Developments in the Financial Year

The main development was the acquisition of Lendlease Services P/L which will be complete in November. It provides the Company with further diversification adding transportation, industrial and powerlines operations and maintenance activities and further bolsters the water, gas and telecommunications capabilities. Funding for this acquisition was by way of an Institutional Placement Offer and a Retail Offer, the Institutional offer was oversubscribed by nearly 2.5 times and the retail 51%.

Summary of Historical ASA Issues with the Company

Having suffered a 17% vote against the remuneration scheme at the FY20 AGM the company has made major changes and described FY21 as a transitional year. In the main the scheme is a major improvement. 30% female Board representation has now also been achieved with the appointment of Elizabeth Ward as a Non-executive director.

Debate and Voting at the AGM

The general theme from the Chair and MD was all about a positive future with the integration and opportunity that Lendlease Services provide, the freedom of movement across borders and the catch up work that has been delayed can now proceed. There were very few questions and both the Chair and MD answered where appropriate. One about 5G rollout - contracts are in place for Vodafone, Telstra and Optus. A question about considering international expansion - no the answer.

No final dividend was paid this year and when asked whether that may be the case for an interim dividend the response was left open. Staffing levels are roughly 4500 staff plus an additional 3500-4000 contractors who are authorised to work with Service Stream. There has been some pressure on wages mostly in construction based roles and is possibly related to some border restrictions.

ASA had 3 questions, one of our concerns was about gender diversity on the Board. There has been an improvement - now 30% female. Succession planning is now in place for further Board changes and some in-house programs 'Aspire and Inspire' and an internship all focussing on gender and diversity. Our question on whether the company would consider at least 50% of the STI payment to the MD being made in equity rather than 100% cash elicited the following response: STI's for the last 5 years have all been in shares and in changing the remuneration policy the company sought input from proxy advisors and investors (not ASA) hence the change to 100% cash.

ASA also requested that a realised pay table be published. A further question from ASA on the Sustainability Report Net Zero 2050 goals and targets indicated targets out to 2025 with further business opportunities for solar & photovoltaic installations.

Trading update and group outlook

Service Stream YTD trading has been in line with expectations. Stronger Telecommunications volumes has offset lower contributions across Utilities primarily due to COVID-related challenges

Full year post acquisition pro forma FY22 EBITDA from Operations (as if the transactions had completed on 1 July 2021) of \$120-\$125m guidance is maintained

The current outbreak of COVID-19 is interrupting some of the Group's operations. Financial impacts to date have been successfully mitigated through over performance across the broader business. Whilst there may be intermittent interruptions, lockdowns should diminish as vaccination rates increase across the country.

Meeting Statistics

Number of Holdings Represented by ASA	44
Number of Shares represented by ASA	784,000
Value of Shares represented by ASA	\$721,000
Number Attending Meeting	Not available
Market capitalisation	\$567m
Were proxies voted?	Yes on poll