



28 February 2014

FOR IMMEDIATE RELEASE

General Manager
ASX Market Announcements
Australian Securities Exchange Limited
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BSA announces half year results to 31st December 2013.

- Total Revenue \$248m (PCP \$234m)
- Earnings before interest, tax, depreciation and amortisation (\$13.8m), (PCP: \$7.2 million)
- Earnings before interest, tax, depreciation and amortisation excluding non-recurring items \$6.5m
- Banking facilities extended with increased facilities to match future working capital requirements
- Technical Design and Construction Projects (TDCP) business unit – contracts in hand of \$279m
- Technical Maintenance Services (TMS) business unit – increased revenue by 15% to \$50 million. Recurring revenue of \$80m+ per annum
- Technical Field Force Solutions (TFFS) business unit – Recurring revenues of \$150m+ per annum with multiple contract extensions
- No Interim Dividend to be paid

Sydney: 28 February 2014: Building and communications service company BSA Limited (ASX:BSA) today reported a net loss after tax for the half year ended 31st December 2013 of (\$23.4m) (pcp: \$1.8 million). Earnings before interest, tax, depreciation and amortisation were (\$13.8m), primarily due to non-recurring provisions and project profit reductions of \$20.4m in the half year. Excluding the impact of non-recurring provisions and key project profit reductions, underlying EBITDA was \$6.5 million (pcp: \$7.2 million). Provisions relate to largely completed projects with net cash inflows expected in H2 FY14. In addition, a non-cash goodwill impairment of \$10m has been taken in the 6 month results to 31 December 2013.

During the period, BSA has extended key banking facilities with increased capacity to match future working capital requirements. Key non-recurring provisions and impairment taken in the half year results to 31 December 2013 are excluded from banking covenant calculations, which the Company confirm had been met at 31 December 2013, and access to funds unaffected. The Company anticipates strong cash inflows and a reduction in net debt in the second half.

BSA has contracts in hand of \$279m in the TDCP business unit and is seeing further substantial growth in the higher margin TMS business unit with annual recurring revenue of approximately \$80m. The TFFS business unit has extended / expanded its contracts with Foxtel and Optus and the business unit now has recurring revenues of circa \$150m.

Earnings and cash flow are expected to be strong in the second half, as a result of increased volumes in TMS contracts mobilised in the first half, the ramp up in work for New Royal Adelaide Hospital and the mobilisation of the regional Foxtel work moving to steady state in Q3 FY14.

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BSA has a sound track record in delivery to our customers and a culture of continuous improvement and innovation programs. Key initiatives for the second half include achieving margin improvements, cost efficiencies and further improvements in working capital. In addition, the management team has been strengthened with an emphasis around project commercial outcomes; which will assist the Group to capitalise on positive operating outlook and strong forward workload.

Full year revenue is forecast at \$518m with second half FY14 EBITDA expected to exceed first half underlying EBITDA of \$6.5m.

Directors have declared that there will be no interim first half dividend.

Technical Design and Construction Projects (TDCP)

TDCP achieved revenue of \$124m and EBITDA of (\$13.3m), compared with revenue of \$128m and EBITDA of \$3.1m for the prior corresponding period. Excluding non-recurring project provisions and write downs the EBITDA for the period was \$7.1m.

The Business Unit has a strong forward order book of \$279m and is achieving a good tender success rate and carries a large pipeline of opportunities in a highly competitive environment.

Notable contracts secured during the period include Old Treasury Building(\$21.9m, 32 St Georges Terrace(\$7.4m) and Strawberry Hills Australia Post (\$5.7m)BSA's \$93m contract with the Hansen Yuncken Leighton Contractors Joint Venture for the installation of HVAC Services for the New Royal Adelaide Hospital project is progressing smoothly and is expected to be completed in 2016. TDCP is a leading provider of services in this market.

Legacy contract issues are now coming to an end and enhanced project commercial controls have been implemented.

Technical Maintenance Services (TMS)

The TMS business unit had a strong first half with revenue of \$50m compared with \$44m for the prior corresponding period and EBITDA of \$1.0m (PCP \$2.6m). EBITDA was impacted by lower than expected margins in Q1 FY14 and efficiencies and contract mobilisation in the first half are expected to deliver strong earnings and cash in the second half.

Now into its third year of operation, the TMS business unit is now a major provider to Tier 1 customers such as Harvey Norman, Monash University and CBRE, and BSA expects it to secure new opportunities across all market sectors.

TMS has consolidated its operations to obtain synergies through systems, customers and technologies. During the first half, TMS completed the integration of ERP systems across all its operations, finalised deployment of mobility solutions to field staff, standardised accounting practices, business operations and support functions across the business.

As a result of these initiatives, TMS is well placed to focus on building recurring technical maintenance works with major customers, growing services and gross margins whilst containing overheads in order to deliver enhanced EBITDA margins.

Technical Field Force Solutions (TFFS)

The TFFS business unit achieved an increased revenue result of \$75m (PCP \$63m) with EBITDA of \$1.8m (PCP \$3.3m) excluding corporate allocations. Performance was impacted in H1 FY14 by contract mobilisation costs but is expected to deliver improved margin and cash in H2 FY14.



TFFS extended its partnership with Foxtel to 2017 and expanded this agreement to include 100% of regional activities in Australia, following Foxtel's acquisition of Austar. The TFFS agreement with Optus was also extended (3 + 2 years) and has been expanded to now provide installation and maintenance services.

This business unit now achieves recurring revenues of \$150m plus per annum, underpinned by its proprietary systems to manage significant volumes of work and its national contact centre

In relation to the OSR Matter, discussions remain ongoing and as such there is no further update and no change to the \$2m provision.

-ENDS-

For and on behalf of the Board

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