



2014 Annual General Meeting
BSA Limited



Ross Johnston
Chairman

Chairman's Address

Business of the Meeting

Managing Director's Address

Chairman's Address



Key Financial Highlights

Revenue	\$492 Million
EBITDA Loss	\$10.7 Million
Goodwill Impairment	\$40 Million
Net Loss after Tax	\$54.8 Million
Dividend	Nil Dividend Declared

- FY14 was a challenging year across all markets – BSA announced a number of write downs and provisions but implemented key changes which are bearing fruit
- Appointment of Nicholas Yates as CEO (March 2014) and Nick Benson as CFO (October 2013)
- Ongoing rigorous review processes implemented
 - driving cost reductions and increased efficiencies
 - enhancing contracting disciplines
- We now have a good foundation for FY15
 - healthy Technical Design and Construction Projects (TDCP) forward order book of \$250 million
 - Technical Maintenance Services (TMS) and Technical Field Force Solutions (TFFS) ongoing annuity based contracts of \$250 million per annum
- In November, we successfully raised \$21.3 million and expanded our institutional shareholder base
- The Board intention is to return to dividend payments as soon as reasonably practicable

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Ladies and gentlemen, our Managing Director/CEO Nicholas Yates will provide a detailed review of our results, the key highlights are as follows:

Key Financial Highlights

Revenue of \$492 Million

EBIDTA Loss of \$10.7 Million

Goodwill impairment of \$40 million

Net Loss after Tax of \$54.8 Million

The Board has resolved not to pay a final dividend for FY14. Our decision to pay a dividend is reviewed every period.

For BSA Limited (BSA), 2014 presented a year of challenges and opportunities. Whilst we have experienced significant challenges in each of our markets, and announced a number of write downs and provisions in our results, we have taken the opportunity to implement a number of key changes, which are now bearing fruit. We are seeing the business improve and we anticipate further improvements in the coming months. This expectation is bolstered by a healthy Technical Design and Construction Projects (TDCP) Forward Order Book of \$250 million along with Technical Maintenance Services (TMS) and Technical Field Force Solutions (TFFS) ongoing annuity based contracts of \$250 million per annum.

Within the 2014 financial year, BSA appointed a new Managing Director and Chief Executive Officer (CEO), Nicholas Yates, and a new Chief Financial Officer (CFO), Nick Benson. The Board is confident that this new, strengthened Executive team will be able

to lead the Group through the next phase of development.

Nicholas Yates has a wealth of construction and contracting experience and has been charged with a mandate to assess all business operations, improve operational review and controls, identify areas across the Company where operating expenses can be reduced and increase the focus on cross-business-unit and business to business promotion.

Nick Benson is an experienced CFO, with a strong construction and contracting background. Nick has initially been focused on improving operational controls and processes, particularly across contract management and financial areas of the business as well as enhancing working capital management and reducing net debt.

Whilst outside of the reporting period, the group successfully completed a \$21.3 Million Capital Raising, which will be discussed further by Nicholas Yates.

Key Highlights



- TDCP
 - continued works on a number of major projects, including the new Royal Adelaide Hospital and the Charles Perkins Centre in Sydney
- TFFS
 - successfully mobilised the extended Foxtel/Austar contract into regional areas of Australia
 - sourced additional business with Optus, via a three year contract to provide further installation and maintenance services for this long-standing customer of BSA's heritage business
- TMS
 - awarded a number of notable maintenance contracts across the retail, education and health markets, including Harvey Norman and Monash University
- Workplace Health and Safety
 - continued focus and investment has been rewarded with significant reductions in all reportable incidents across the Group. BSA continues to track towards best practice in this key area
- BSA continues to co-operate with the NSW Office of State Revenue regarding the possible payroll-tax related liability and has maintained a provision in its FY14 accounts of \$2 million
- Strong ongoing relationship with our bankers

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Technical Design and Construction Projects (TDCP) has continued works on a number of major projects, including the new Royal Adelaide Hospital and the Charles Perkins Centre in Sydney. Whilst the TDCP full year results have been affected by provisions and write downs announced mainly in the first half, legacy contract issues are now largely coming to an end and stronger project commercial controls have been implemented.

Technical Field Force Solutions (TFFS) successfully mobilised the extended Foxtel/Austar contract into regional areas of Australia and has sourced additional business with Optus, via a three year contract to provide further installation and maintenance services for this long-standing customer of BSA's heritage business.

Now in its third year as a stand-alone Business Unit, Technical Maintenance Services (TMS) has been awarded a number of notable maintenance contracts across the retail, education and health markets, including Harvey Norman and Monash University.

BSA's continued investment in workplace health and safety has been rewarded with significant reductions in all reportable incidents across the Group, and BSA continues to track towards best practice in this key area.

BSA Limited continues to co-operate with the NSW Office of State Revenue regarding the possible payroll-tax related liability and has taken a provision in its FY14 accounts of \$2million

BSA has been fortunate to enjoy a strong relationship with our financiers, and this has

enabled us to navigate through issues that have arisen throughout 2014. We look forward to this continued support as BSA moves forward through our next period of development.

I would like to thank my fellow Directors for their contribution to BSA and for their support during the year.

Despite the considerable challenges faced throughout FY14, our staff and Executive team have again shown their commitment to our customers and shareholders. On behalf of the Board, thank you.



Nicholas Yates
Chief Executive Officer
& Managing Director

Chairman's Address

Business of the Meeting

Managing Director's Address

2014 – Key Financial Highlights

Financial Performance

- Revenue \$492 million (2013: \$474 million)
- EBITDA loss of \$10.7 million (2013: profit of \$12.8 million)
 - Provisions largely relating to the outcomes of a small number of legacy projects
- Net loss of \$54.8 million (2013: net profit of \$3.8 million)
 - Goodwill impaired by \$40 million in the full year
- Operating cash inflow \$5.6 million (2013: outflow of \$16.5 million)
- Net debt reduced by \$13.9 million in the second half, to \$18.8 million (2013: \$20.5 million)

Second Half Highlights

- FY14 H2 Revenue \$243 million
- FY14 H2 EBITDA \$3.1 million
- Good contract wins enhancing order book
- Net debt reduced by \$13.9 million
 - a result of strong operating cash flows in the second half of \$16.1 million

Our Chairman has covered the financial highlights for 2014.

I would like to highlight some more of the detail.

The EBITDA Loss of \$10.7 million was largely the result of a number of major projects that have incurred losses and there have also been a small number of key legacy projects which have required provisions.

I would like to draw your attention to the second half results which show a marked turnaround in the business back to positive EBITDA and positive cash flow.

In relation to this last point, the business has traditionally seen large swings in the cash flows – particularly in the TDCP Business and this is an on-going feature of the business.

As a result, since our arrival, Nick Benson and myself have been focussed on the cash position and improving processes and controls in this area and the second half results show the outcomes of this focus including the closing out of some legacy claims.

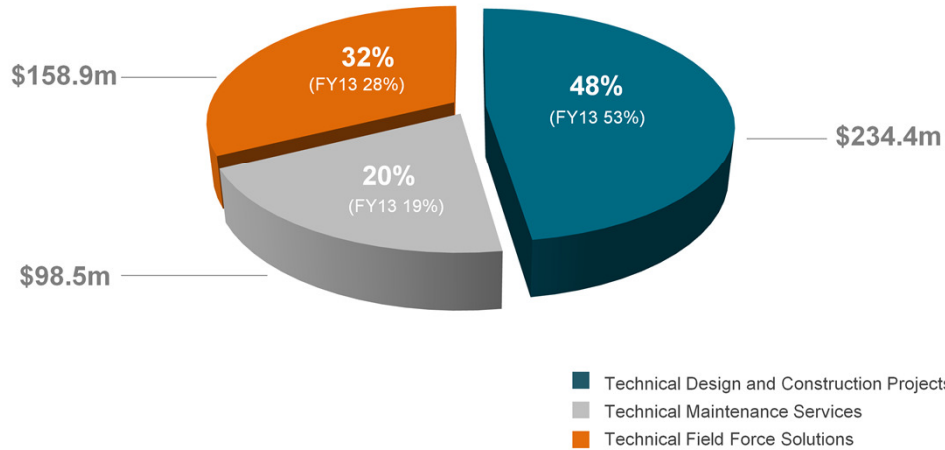
In relation to the goodwill impairment, Nick and I have had a detailed review of the business and our prior performance and recommended to the Board that it was appropriate that a further impairment be taken at the full year.

We now only have goodwill remaining on the balance sheet with respect to the TDCP Business.

Managing Director's Address



Group Revenue



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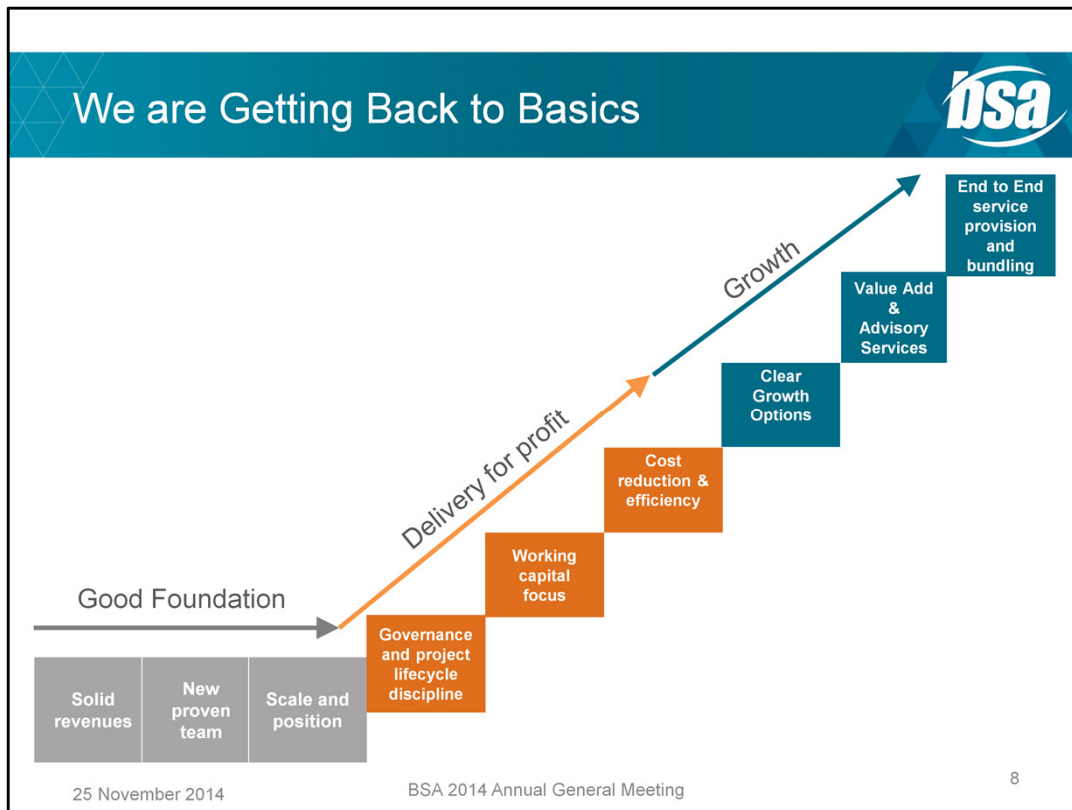
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BSA Group revenue was \$492 million for FY14 (compared to \$474m FY13). Importantly, the revenue from our annuity based businesses has increased to 52% of BSA's overall revenue (from 47% in FY13).

All business units have healthy forward workloads with TDCP order book at June 2014 was \$250m and a further \$250m in contracted recurring revenue streams within TFFS and TMS.

Our strategy is to continue this trend and to increase the proportion of our revenue that is annuity based.



BSA Limited now has a good foundation for growth, including

Solid revenues

- Good forward order book
- Good long term annuity contracts with top tier clients
- We are in a business that is attractive - provided contracts are managed properly
- We have the revenue. Focus will be on converting this to:
 - Earnings
 - Cash
 - Bottom line dollars
 - Seeking to return to dividend payments

New Proven Team

- Operational understanding as well as successful business track record
- These are businesses the team is familiar with and has turned around before

Scale and Position

- Reputation for Quality and Delivery
- Reputation for Design and Advisory skills
- We are a market leader in two out of three business units. In the other, we have good skills to leverage off and opportunity to grow
- We have good Geographic spread
- We have a presence across all areas of the asset life cycle

Governance & Project Lifecycle Discipline

Since my arrival in March of 2014, we have implemented or commenced implementation of a number of initiatives focussed on 'Delivery for Profit', in the key areas of Governance & Project Lifecycle Discipline; Working Capital Focus and Cost Reduction and Efficiency. These include

- Account management
- Enhanced project review procedures
- Enhanced Bid Governance Procedures
- Risks & opportunities "Flying Squad" to reinforce improved contracting disciplines
- A particular focus on General Managers executing well and efficiently with close attention to detail

Working Capital Focus

- Improving cash flows, reducing net debt
- Converting working capital KPI's into simple metrics at the contract management level
- Tight capital expenditure controls
- Focus on capital light contracts

Cost Reduction and Efficiency

- Restructure to reduce overheads and operational cost base
- Thin corporate layer
 - Removal of "checkers" and "check the checkers"
- Reward & accountability in the BU's
- Recruit to lift ability to deliver against this goal

Clear Growth Options

Opportunities exist in the market and to this end, identified areas for growth and improvement include:

- Outsourcing of ticket of work management is on the increase
- Timing is good as we are at the start of the current growth cycle in residential and non residential construction
- We have national blue chip clients in our maintenance and Telco business but have a small market share – we have a lot of room to move before market share becomes a brake
- Government infrastructure spending increasing across the nation

Value Add & Advisory Services

- Value add services as a mechanism for differentiation and enhanced customer relationships
- Customers actively seeking data analysis and advisory services rather than just straight Technical "tool time". This is driven by the current strong focus on capital discipline and the need to get longer life and higher utility out of assets at reduced cost.
- Our unique and leading technology solutions provide three benefits:
 1. Point of difference to other suppliers
 2. Better data access for clients to enable them to optimise outcomes

3. Innovative solutions to reduce costs and increase margins

- BSA Advanced Learning expansion

End-to-End Service Provision & Bundling

- We are siloed. Removing barriers to cross sell provides huge growth potential
- TMS – leverage off the Design & Construct Business and look to provide “one stop shop”
- In the Telco space we have a limited customer base – we have room to move
 - Untapped markets:
 - Large scale telecommunication/data/voice providers
 - NBN
 - Internet Service Providers

The recent capital injection will better enable us to take advantage of these growth opportunities.

Technical Design and Construction Projects



2014 In Review

- Resolution of a number of outstanding claims
- Implementations of:
 - unified bid gate review process
 - more robust project reviews and improved contracting disciplines
- Enhanced project cashflow monitoring
- Setting of defined contractual benchmarks

The Year Ahead

- Capitalise on improving market conditions
- Focus on profit growth ahead of revenue growth
- Continue focus on:
 - project controls
 - contracting disciplines
 - working capital management
- Renewed focus on marketing and business development initiatives
- Focus on projects utilising enhanced project engineering capability to realise higher margins
- Grow fire services business nationally

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Technical Design and Construction Projects

2014 In Review

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Technical Field Force Solutions



2014 In Review

- Successful completion of Foxtel field work force transition into regional Australia
- Mobilisation of the new Optus contract in installation, maintenance and service assurance across a number of platforms
- BSA Advanced Learning provided training to over 2000 students. New General Manager appointed
- Work continuing on a number of IT related development projects

The Year Ahead

- Increased business development focus, targeting both new markets and new opportunities with existing clients
- Growth potential in taking existing services to a broader range of clients including large Telco providers, NBN and Internet Service Providers
- Grow margin accretive BSA Advanced Learning business under newly appointed General Manager

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Technical Field Force Solutions 2014 In Review

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Technical Maintenance Service



2014 In Review

- Major Contract Wins:
 - Harvey Norman
 - Monash University
 - Gold Coast Hospital
- Continued development of IT mobility solutions
- Continued move into multi disciplinary service provision
- Optimisation programme continued:
 - overhead structures
 - enhanced productivity
 - discretionary cost review

The Year Ahead

- Focus to continue on growing recurring revenue base
- Growth potential in multi-service offering and facilities maintenance
- Leverage data and mobility solutions:
 - to provide point of difference and address market demand
 - to drive greater efficiency and therefore increased margins
- Continue to leverage off remote area skills and national coverage
- Leverage off construction arm to provide full life cycle management

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Technical Maintenance Services

FY14 In Review

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Strengthened Financial Position



Working capital focus	<ul style="list-style-type: none">▪ Material working capital swings are a feature of the business▪ Implementing simple metrics at the contract management level▪ Tight capital expenditure controls
Improving cash flows	<ul style="list-style-type: none">▪ Improving margins▪ Increasing cash flows and reducing net debt
Strong banking relationship	<ul style="list-style-type: none">▪ Open and supportive relationship▪ Working capital facility being extended for 12 months
Successful capital raising	<ul style="list-style-type: none">▪ \$21.3 million raised - \$4.2 million placement and \$17.1 million rights issue▪ More appropriate register with stronger institutional investor base
Use of funds	<ul style="list-style-type: none">▪ Approximately \$9 million to enhance working capital capacity and fund organic growth opportunities▪ Balance applied to net debt position

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During the course of FY14 and the start of FY15, we have been focussing on strengthening the Group's financial position in order to provide a platform for future growth. In summary, I would like to outline the following

Working Capital Focus

- We have increased the working capital focus across all business units
- The group can experience material working capital swings from month to month, particularly in TDCP and working capital requires close monitoring
- We have been focusing on implementing simple metrics down to the contract level and
- In addition, we have tightened capital expenditure controls

Improving cash flows

- We have also focused on improving cash flows through improving margins and
- Increasing cash flows from businesses to reduce net debt

Strong banking relationships

- We have maintained an open and supportive relationship with our bank and
- We have agreement in principle and are in the process of finalising documentation for the extension of our working capital facility for a further 12 months

Successful

- Shareholders will be aware that BSA recently undertook a successful capital raising which raised \$21.3m through a placement and rights issues
- This also provided a more appropriate register with a stronger institutional investor base

Use of funds

- In relation to the use of funds we intend to use approximately \$9m to enhance the working capital in the business and fund organic growth opportunities
- The remaining balance is intended to be applied to the net debt position

- Market conditions in all our sectors remain stable or are improving
- In line with turnaround plan:
 - trading for the Group to end of October is on budget
 - we expect trading to be weighted to second half
- Confirmation of revenue guidance of \$500 million
- We feel we now have the platform we need to grow the business
- Appreciative of shareholder support – both existing and new
- Thanks to the Board, our staff, customers and our suppliers for their support during our transition

- Market conditions in all our sectors remain stable or are improving
- Trading for the Group to end of October on budget
- Confirmation of Revenue Guidance of \$500 million
- The Board intention is to return to dividend payments as soon as reasonably practicable

- We feel we now have the platform we need to grow the business
- Appreciative of new and existing shareholder Support
- Thanks to the Board for their support during 2014