



BSA Limited
Annual General Meeting 2015





Michael Givoni
Chairman

Chairman's Address

Business of the Meeting

Managing Director's Address

150 Collins Street, Westpac Building.
Mechanical work was completed by TDCP in 2014.

Key Financial Highlights

Revenue	\$543.7 Million
EBITDA	\$14.2 Million
Net Cash	\$18.4 Million
Net Profit after Tax	\$3.9 Million
Dividend	Nil Dividend Declared

- ◆ In FY15 BSA established a more favourable financial position
- ◆ \$21.3m capital raising in November 2014 (net proceeds of \$19.8m). Strengthened balance sheet with funds applied to repayment of debt and reduction of creditors
- ◆ Outlook for FY16, bolstered by:
 - Technical Design and Construction Projects (TDCP) forward order book of \$206 million
 - Technical Maintenance Services (TMS) and Technical Field Force Solutions (TFFS) ongoing annuity based contracts of \$284 million per annum
- ◆ Retirement of Ross Johnston as Chairman (April 2015) and appointment of new Director Graeme Barclay (June 2015)

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

- Revenue \$544 million (FY14 \$492 million)
- EBITDA \$14.2 million (FY14 \$10.7 million loss)
- NPAT \$3.9 million (FY14 \$54.8 million loss)
- Earnings per share of 1.11 cents (FY14 loss per share of 23.97 cents)
- Net Cash inflow from Operations of \$19.6 million with Net Cash of \$18.4 million at 30 June 2015

2015 in Review

- For BSA Limited (BSA), 2015 represented a move to a more favourable financial position. In what has been a challenging number of years, we are now seeing improved prospects in our operational sectors.
- FY15 was also a key year in bedding in the new leadership team of Nick Yates and Nick Benson (the Nick's) who have well and truly taken the reigns and are in the process of reinvigorating the management ranks as well as focusing on balance sheet management, shoring up key customer relationships, reinforcing market place reputation and concentrating on the quality of project delivery.
- There were still a number of legacy projects that needed resolution from the prior years. That list has vastly diminished and we are closing in on the last two significant issues, OSR and nRAH, which will then enable us to focus resources constructively, if not entirely, on future activity.
- As we all know, we cannot transition to a growth setting without all energies being focused on high quality, consistent and good margin work. In this regard, the key message is that we have made significant progress in this area but there is still a lot of work to be done.
- Also pleasing is that high quality candidates are putting their hands up to assist as they see BSA as an attractive organisation to build their careers.

- We acknowledge the support of new and existing shareholders for the successful capital raising of \$21.3 million during November 2014, which has enabled a stronger balance sheet from which to move forward.
- We also acknowledge the very constructive relationship with the company's banker, National Australia Bank that assisted in getting the capital structure of this business back to a solid footing.
- I also wish to thank my fellow directors, given the extra workload that was involved, particularly when due diligence programs are undertaken in support of the capital restructure.
- The early work on growth initiatives has now commenced with a view to contributing in FY17 and beyond. This investment in FY16 through both people and systems will bear fruit in the future.
- The nearer term (FY16), is still a transition year as we build a strong work order book, and as I said earlier, focus on quality of earnings, not work volumes. In this regard we need to be selective, show good commercial judgment and apply tight contract management skills. The good news is that the volume of biddable work has improved and we expect to win our fair share. I will leave it to Nick Yates to expand on this further in his address.
- Within the 2015 financial year, Ross Johnston retired as Chairman and BSA appointed a new Non Executive Director, Graeme Barclay. Graeme has extensive experience in CEO level leadership and brings a wealth of experience and expertise to this position.
- I also want to give special mention of the role and leadership played by your former chair, Ross Johnston. Ross provided strong but calm stewardship as we navigated the downturn post GFC and the corporate collapse of our major listed competitor, an event that did spook many stakeholders. Fortunately we have come through that period and have learnt key lessons from those events.

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

On behalf of the Board, thank you.



Chairman's Address

Business of the Meeting

Managing Director's Address

1 Shelley Street, Sydney.
Technical Maintenance Services recently renewed its contract with Brookfield to provide HVAC maintenance services to Brookfield's premium and A grade CBD properties.

Full Year Highlights



Full Year Results Summary (\$'000)	FY14	FY15
Revenue	491,512	543,693
EBITDA	(10,748)	14,200
EBITDA %	(2.2%)	2.6%
EBIT	(59,077)	6,398
NPAT	(54,847)	3,875
Underlying EBITDA* <i>*excluding Restructure Costs and Contract one offs</i>	(10,748)	15,355
Non recurring provisions and key project write downs	24,222	3,044
EBITDA excluding key project provisions, write downs and restructure costs	13,474	18,399

- ◆ FY15 Revenue \$543.7m (2014: \$491.5m) up 10.6%.
- ◆ EBITDA profit of \$14.2 m (2014: loss of \$10.7 m).
- ◆ FY15 Underlying EBITDA \$15.4m (2014: Loss of \$10.7m) excluding restructure costs and contract one offs.
- ◆ NPAT of \$3.9m (2014: loss of \$54.8m).

Significantly Strengthened Financial Position

\$21.3m capital raising in November 2014 (net proceeds of \$19.8m). Strengthened balance sheet with funds applied to repayment of debt and reduction of creditors.

Net Cash of \$18.4m compared with Net Debt of \$18.8m at June 2014.

Improving Operations

Improvement plan beginning to bear fruit. Process of stabilisation well progressed and now focusing on consolidation and investment for the future

Further progress in resolving legacy issues.

Solid Forward Order Book (recurring revenue annualised value of \$284m and construction Work In Hand of \$206m)

Further contract wins since 30th June

Services diversification and improving linkages between businesses to expand our market potential.

24 November 2015

BSA 2015 Annual General Meeting

5

Good afternoon Ladies and Gentlemen.

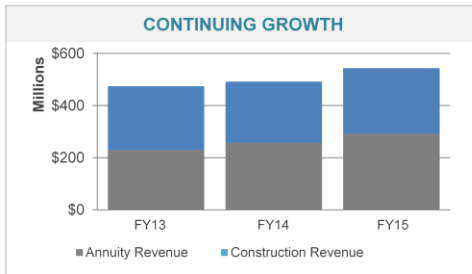
Our Chairman has touched on the financial highlights for 2015. I would like to highlight some more of the detail.

As you can see the year on year performance has shown a marked improvement across all key indicators.

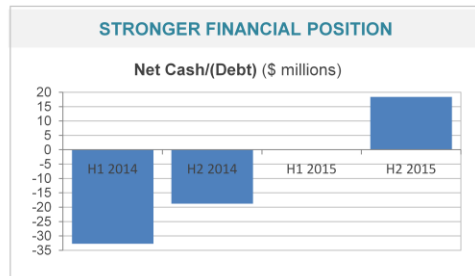
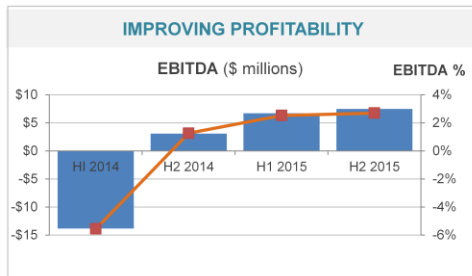
The EBITDA result was a result of the hard work put in to reinforcing contracting disciplines and resolution of a number of legacy issues during the year.

The cash result was pleasing and is partly a function of our revised working capital focus. Having said that, as has previously been mentioned, the business has traditionally seen large swings in the cash flows – particularly in the TDCP business and as we keep reminding everyone, this is an ongoing feature of the business.

The year also saw the commencement of a focus on future growth and the consequential required investment.



- ### IMPROVING EXECUTION
- Further improvements in embedding bidding and contracting disciplines
 - Progress in resolving legacy project issues
 - Significant improvements in working capital management
 - Increased business development activity driving growing pipeline in all business units
 - Efficiencies gained allow investment in FY16 to enhance future performance



2015 has seen BSA improve across key financial reporting areas.

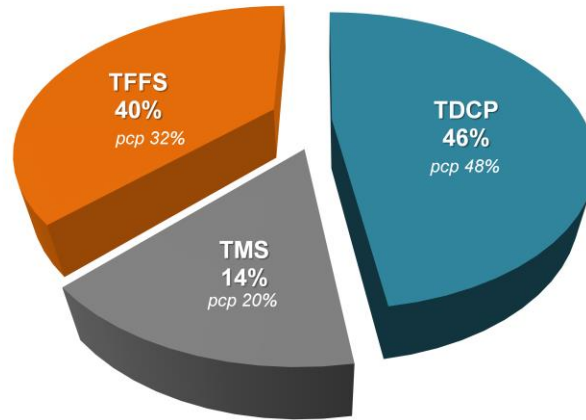
We have grown revenue and increased EBITDA results across all three Business Units as shown here on the left hand side of this chart, which has resulted in an overall stronger financial position for the Group.

Our focus on improving execution within each of the business units has delivered:

- Further improvements in embedding bidding and contracting disciplines
- Progress in resolving legacy project issues
- Significant improvements in working capital management
- Increased business development activity driving growing pipelines in all business units and
- A platform to allow investment in FY16 to enhance future performance in FY17 and beyond

I would like to draw your attention to the graph on the lower right which shows positive turnaround in the cash position. This has been created not only by the capital raising but also the continued focus on working capital metrics that Nick Benson and I established last year

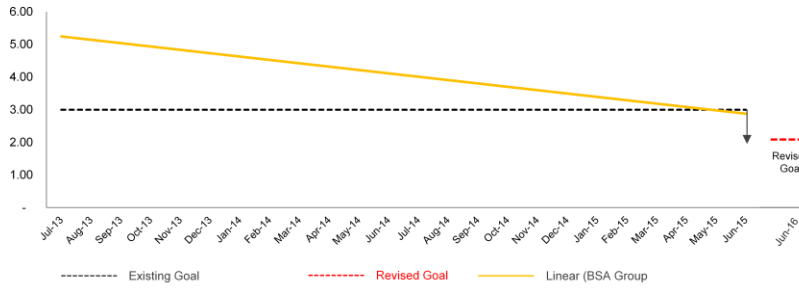
Revenues 2015



BSA Group Revenue was \$544 million for FY15 (compared with \$492 million for FY14). Importantly, and for the second year in a row, the revenue from our annuity based businesses has increased from 52% to 54%

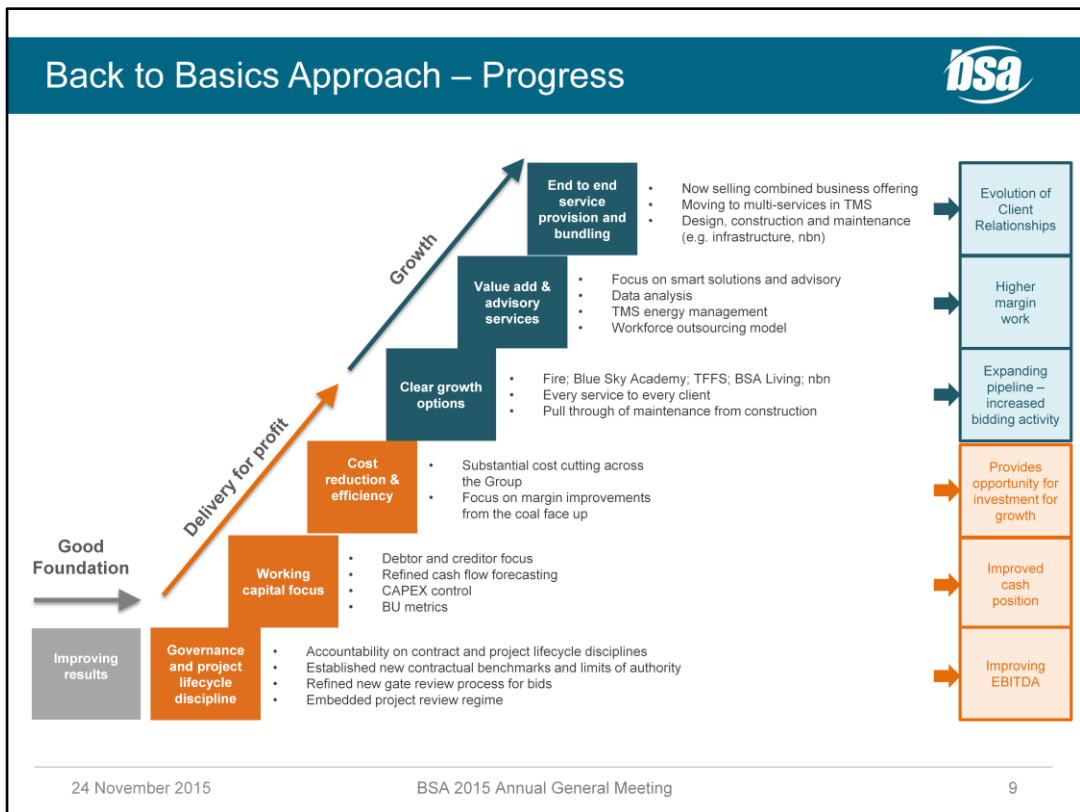
Our ongoing strategy is to continue this trend and to increase the proportion of our revenue that is annuity based.

BSA Group Monthly Lost Time Incident Trend Improving



- ◆ Continued reduction in Lost Time Injuries through 14/15
- ◆ Renewed focus on proactive injury management and Return to Work actions
- ◆ Considerable work to consolidate the 'Work Health and Safety' culture of the BSA Group
- ◆ Redevelopment of HSSEQ Strategy to reinvigorate and prioritise the HSSEQ focus areas
- ◆ Further development of hazard identification, lead indicator tracking and proactive leadership are being built into the work carried out already

A feature of the year has been a changed and improved focus on Health and Safety including a total revamp of our Health & Safety strategy. The result has been a steady improvement in our Health and Safety indicators.



On this next slide you will see our overall back to basics strategy diagram which has become fondly known as the 'stairway to heaven'. I will let you read the detail but want to make the point that we are making good progress on all aspects of the plan.

- The FY15 results show that our focus on disciplines is leading to improving EBITDA
- Our working capital focus has led to an improved cash position
- Cost reduction initiatives (which are continuing) are providing flexibility for investment – a key feature for the FY16 year
- A focus on growth which was commenced last year has led to an expanding pipeline of opportunities
- Our push into higher value add work is still in its infancy and will continue to underpin our path to improved customer relationships and higher margin work

AND

- End to end service provision combined with a focus on the inclusion of advisory services is leading to a positive evolution of our Client Relationships and the way BSA is perceived in the market

2015 In Review

- ◆ Revenue \$215.4m (2014: \$158.9m)
- ◆ EBITDA \$8.3m (2014: \$3.6m)
- ◆ Completed 900,000 tickets of work in FY15
- ◆ Successful expansion of resource base to meet increased market demand
- ◆ Cross bidding with other Business Units to diversify service offering
- ◆ Commenced a contract for Telstra to assist in fault rectification on the copper network
- ◆ Commenced nbn HFC trial site in Redcliffe Queensland
- ◆ Rebranding and diversification of our registered training organisation, Blue Sky Academy, is progressing and they have been successful in the tender for the nbn training panel.

FY16 Initiatives

- ◆ Increased bidding with key opportunities being actively progressed across new and existing clients
- ◆ Push to continue diversifying client base
- ◆ Continue to explore the diversified workforce management market
- ◆ Focussing on and well positioned in relation to nbn works

(Excluding corporate recharges and impairment)

24 November 2015

BSA 2015 Annual General Meeting

10

2015 In Review

- Revenue \$215.4m (2014: \$158.9m).
- EBITDA \$8.3m (2014: \$3.6m).
- Completed 900,000 tickets of work in FY15.
- Successful expansion of resource base to meet increased market demand.
- Cross bidding with other Business Units to diversify service offering.
- In line with focus on diversifying TFFS client base, TFFS has commenced a contract for Telstra to assist in fault rectification on the copper network.
- Commenced nbn HFC trial site in Redcliffe Queensland.
- Rebranding and diversification of our registered training organisation, Blue Sky Academy, is progressing and they have been successful in the tender for the nbn training panel.

The Year Ahead

- Increased bidding with key opportunities being actively progressed across new and existing clients.
- Push to continue diversifying client base.
- Continue to explore the diversified workforce management market.
- Focussing on and well positioned in relation to nbn works.
- Currently bidding in excess of \$200 million of annuity style based work

2015 In Review

- ◆ Revenue \$75.6m (2014: \$98.5m)
- ◆ EBITDA \$1.7m (2014:\$3.1m)
- ◆ Annuity revenue grew by \$2 Million
- ◆ Commenced new maintenance contracts worth \$11m with customers including Fiona Stanley Hospital, Sydney Water, Defence sites in Victoria, Darwin and Western Australia, Prisons in Northern Territory and Western Australia
- ◆ Expanded services with existing customers such as Harvey Norman, Brookfield, IKEA and Monash University
- ◆ Established a national capability for and growing portfolio of Fire service contracts around Australia
- ◆ Mobility system has won an international award for excellence and innovation

FY16 Initiatives

- ◆ Strong focus on delivering consistent and improving margin performance
- ◆ Continued growth in direct delivery of multi-service maintenance including HVAC, Fire, Hydraulic, Electrical and Building maintenance
- ◆ Expansion of technical and advisory services in areas such as energy management, indoor air quality and fire engineering services
- ◆ Continued investment in mobility systems, asset management and lifecycle reporting
- ◆ \$17 million of new contracts have been secured since 30th June

(Excluding corporate recharges and impairment)

24 November 2015

BSA 2015 Annual General Meeting

11

Overview

- Revenue \$75.6m (2014: \$98.5m) - Revenues in the year decreased due to reduced projects in the Western Australia resources sector and transfer of projects to TDCP to provide customers with a better service solution and reposition TMS to focus on annuity maintenance.
- EBITDA \$1.7m (2014:\$3.1m) impacted by lower revenue, restructuring costs from downsizing of project division and organic investment in new markets and services.
- Annuity revenue grew by \$2m compared with the corresponding period.
- TMS has commenced new maintenance contracts worth \$11m with customers including Fiona Stanley Hospital, Sydney Water, Defence sites in Victoria, Darwin and Western Australia, Prisons in Northern Territory and Western Australia.
- TMS continues to build relationships to expand services with existing customers such as Harvey Norman, Brookfield, IKEA and Monash University.
- TMS has established a national capability for delivery of Fire services and is growing its portfolio of Fire service contracts around Australia.
- Our investment in mobility systems has won an international award for excellence and innovation.

The Year Ahead

- Strong focus on delivering enhanced and consistent margin performance.
- Continued growth in direct delivery of multi-service maintenance including HVAC, Fire, Hydraulic, Electrical and Building maintenance.
- Expansion of technical and advisory services in areas such as energy management, indoor air quality and fire engineering services.
- Continued investment in mobility systems, asset management and lifecycle reporting.
- \$17 million of new contracts have been secured since 30th June.

2015 In Review

- ◆ Revenue \$252.7m (2014: \$234.1m)
- ◆ EBITDA of \$10.1m (2014: EBITDA loss of \$12.4m)
- ◆ Contracted work on hand for the business unit is strong and stands at \$206m
- ◆ Major Contract wins worth \$106m
- ◆ The Fire Business has developed a strong pipeline of opportunities and is focusing on the infrastructure market in NSW as well as expanding the successfully established Queensland operation
- ◆ Good progress enhancing client relationships leading to increased bidding opportunity
- ◆ Further major contract wins for both Fire and HVAC post 30th June 2015
- ◆ TDCP now combining with other business units to offer bundled services
- ◆ The new Royal Adelaide Hospital project had a number of significant and as yet unapproved variations, which have been the subject of ongoing negotiations. BSA is still progressing well to the completion of the project

(Excluding corporate recharges and impairment)

FY16 Initiatives

- ◆ Capitalise on improving market conditions
- ◆ Continued focus on project controls and disciplines and margin improvement
- ◆ Further growth of fire services business into infrastructure market nationally – Queensland established and performing well
- ◆ Focus on early lifecycle involvement – design, value engineering and cost planning
- ◆ Focus on joint bids with other business units to diversify overall BSA offering and unlock group potential
- ◆ Complete nRAH project and resolve legacy issues

24 November 2015

BSA 2015 Annual General Meeting

12

Technical Design and Construction Projects

2015 In Review

- Revenue \$252.7m (2014: \$234.1m).
- EBITDA of \$10.1m (2014: EBITDA loss of \$12.4m).
- Contracted work on hand for the business unit is strong and stands at \$206m.
- Major Contract wins worth \$106m including in the second half: ICC Hotel (Fire & HVAC), Westfield Hurstville and 1 Parramatta Square (Fire & HVAC) (NSW); Bolte Tower 10 and Epworth Freemasons Hospital (VIC); Shell Kings Square fitout and Capital Square Tower (WA).
- The Fire Business has developed a strong pipeline of opportunities and is focusing on the infrastructure market in NSW as well as expanding the successfully established Queensland operation.
- Good progress enhancing client relationships leading to increased bidding opportunity.
- Further major contract wins for both Fire and HVAC post 30th June 2015 totalling \$40 million.
- TDCP now combining with other business units to offer bundled services.
- The new Royal Adelaide Hospital project has a number of significant and as yet unapproved variations, which have been the subject of ongoing negotiations. BSA is still progressing well to the completion of the project.

The Year Ahead

- Capitalise on improving market conditions
- Continued focus on project controls and disciplines and margin improvement.
- Further growth of fire services business into infrastructure market nationally – Queensland established and performing well.
- Focus on early lifecycle involvement – design, value engineering and cost planning.
- Focus on joint bids with other business units to diversify overall BSA offering and unlock group potential.

Current Trading

- TDCP
 - Order book remains strong despite completion of nRAH contract
 - TDCP performance impacted by the scale back of revenues from nRAH as it nears completion and poor performing Albury/Wodonga business
 - Investment in strengthened BD and operational teams
- TMS
 - TMS impacted by downturn in resources and mining sector
 - New Fire business evolving well with contract wins and significant tenders in progress
 - Investment in building new capability
- TFSS
 - Volumes are soft due to weaker end customer demand however expected to improve in 2nd half
 - Now actively working with Telstra, as well as Optus and Foxtel
 - Several large tenders underway (including NBN) expected to support growth in H2 FY16 and beyond
- Cost Reduction and Efficiency
 - Restructure of TDCP operations in Albury/Wodonga
 - Headcount reductions in all business units to improve profitability.
 - One off associated costs for efficiency improvements to be incurred in H1 FY16

Resolving Legacy Issues

- New Royal Adelaide Hospital
 - Project now substantially completed
 - nRAH project variations remain the subject of ongoing negotiations (currently in mediation). Outcome will depend on mediation and any subsequent legal process or settlement
- NSW Office of State Revenue
 - Progress in resolution of outstanding issues in payroll tax matter with NSW Office of State Revenue
 - BSA made a provision in respect to this dispute of \$2m in FY13

24 November 2015

BSA 2015 Annual General Meeting

13

Current Trading

- TDCP
 - Order book remains strong despite completion of nRAH contract
 - TDCP performance impacted by the scale back of revenues from nRAH as it nears completion and poor performing Albury/Wodonga business
 - Investment in strengthened BD and operational teams
- TMS
 - TMS impacted by downturn in resources and mining sector
 - New Fire business evolving well with contract wins and significant tenders in progress
 - Investment in building new capability
- TFSS
 - Volumes are soft due to weaker end customer demand however expected to improve in 2nd half
 - Now actively working with Telstra, as well as Optus and Foxtel
 - Several large tenders underway (including NBN) expected to support growth in H2 FY16 and beyond
- Cost Reduction and Efficiency
 - Restructure of TDCP operations in Albury/Wodonga
 - Headcount reductions in all business units to improve profitability.
 - One off associated costs for efficiency improvements to be incurred in H1 FY16

Resolving Legacy Issues

- New Royal Adelaide Hospital
 - Project now substantially completed
 - nRAH project variations remain the subject of ongoing negotiations (currently in mediation). Outcome will depend on mediation and any subsequent legal process or settlement
- NSW Office of State Revenue
 - Progress in resolution of outstanding issues in payroll tax matter with NSW Office of State Revenue
 - BSA made a provision in respect to this dispute of \$2m in FY13

Outlook

- Markets remains stable or improving
- Pipelines largest for many years and bidding activity high
- Some profit lag as:
 - We bridge the gap between nRAH finishing and new contract awards
 - As we invest in people, systems and business development
- Progress in development of organic growth including broadening current services and progression to advisory and higher margin work
- EBITDA contribution for FY16 will be skewed to second half
- Revenue on track for forecast of \$500m+

OUTLOOK

- Markets remains stable or improving
- Pipelines largest for many years and bidding activity high
- Some profit lag as:
 - We bridge the gap between nRAH finishing and new contract awards
 - As we invest in people, systems and business development
- Progress in development of organic growth including broadening current services and progression to advisory and higher margin work
- EBITDA contribution for FY16 will be skewed to second half
- Revenue on track for forecast of \$500m+

Thanks to our staff and management for their contribution during 2015; and to my fellow directors for their leadership and guidance during the year.