



FY16 HALF YEAR RESULTS REVIEW



GROUP RESULTS OVERVIEW

BUSINESS REVIEW

OUTLOOK

Australian Catholic University (ACU)

Technical Maintenance Services were awarded the HVAC and Electrical Maintenance contract to service all ACU campuses in Australia.

Improving Underlying Results

- ◆ Revenue \$257.7m (H1 2015 : \$265.9m), EBITDA \$5.2m (H1 2015: \$6.7m)
- ◆ Underlying EBITDA \$8.0m (H1 2015: \$7.4m)
- ◆ First half includes restructure costs, legal costs and provisions relating to legacy issues
- ◆ NPAT \$1.1m (H1 2015: \$1.6m)
- ◆ Underlying NPAT \$3.1m (H1 2015: \$2.0m)
- ◆ Net cash outflow from operations of \$8.5m (H1 2015: \$0.1m)
- ◆ H1 cash outflows largely due to nRAH project status as foreshadowed
- ◆ Net Cash \$9.2m (H1 2015 \$0m)
- ◆ New 3 year banking facility signed January 2016 providing improved liquidity, flexibility and security

Consolidating Foundation

- ◆ Continuing the FY16 consolidation focus to create a foundation for sustainable improvement in earnings
- ◆ Awarded major 4 year nbn operations and maintenance contract estimated at \$240m
- ◆ Focus on resolution of legacy issues has continued with good progress made in the half
- ◆ Concrete results from investment in business development in H1. Continuing in H2
- ◆ Continuing cost reductions and restructuring to deliver the optimal cost base by 30th June 2016
- ◆ Despite major construction projects completing (nRAH), order book remains strong:
 - Annualised value of \$290m recurring revenue and construction Work In Hand of \$148m at 31st December 2015
 - Further construction work won since 31st December 2015 of over \$50m
 - Significant and growing pipeline of opportunities across the group

Summary (\$000)	H1 2015	H1 2016
Revenue	265,929	257,707
EBITDA	6,708	5,162
EBITDA %	2.5%	2.0%
Depreciation	3,395	2,687
Amortisation	720	720
EBIT	2,593	1,755
Interest (net)	707	256
Net Profit Before Tax	1,886	1,499
Income Tax	320	446
NPAT	1,566	1,053
NPAT %	0.6%	0.4%

Underlying EBITDA and NPAT

Summary (\$000)	H1 2015	H1 2016
EBITDA	6,708	5,162
Significant Items (excluding project provisions)	680	2,881
EBITDA excluding significant items (net of project provisions) ('Underlying EBITDA')	7,388	8,043
Underlying EBITDA %	2.8%	3.1%
NPAT	1,566	1,053
Significant Items (excluding project provisions) (net of tax)	476	2,017
NPAT excluding significant items (net of project provisions) ('Underlying NPAT')	2,042	3,070
Underlying NPAT %	0.8%	1.2%

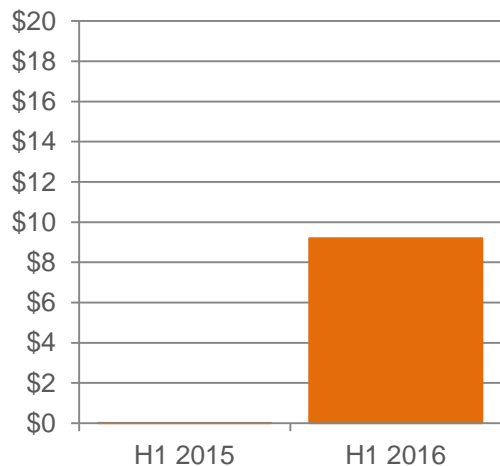
Note: Significant Items (excluding project provisions) includes: restructuring costs, legal costs and provisions relating to legacy issues and other significant items but excludes key project provisions, releases and write downs.

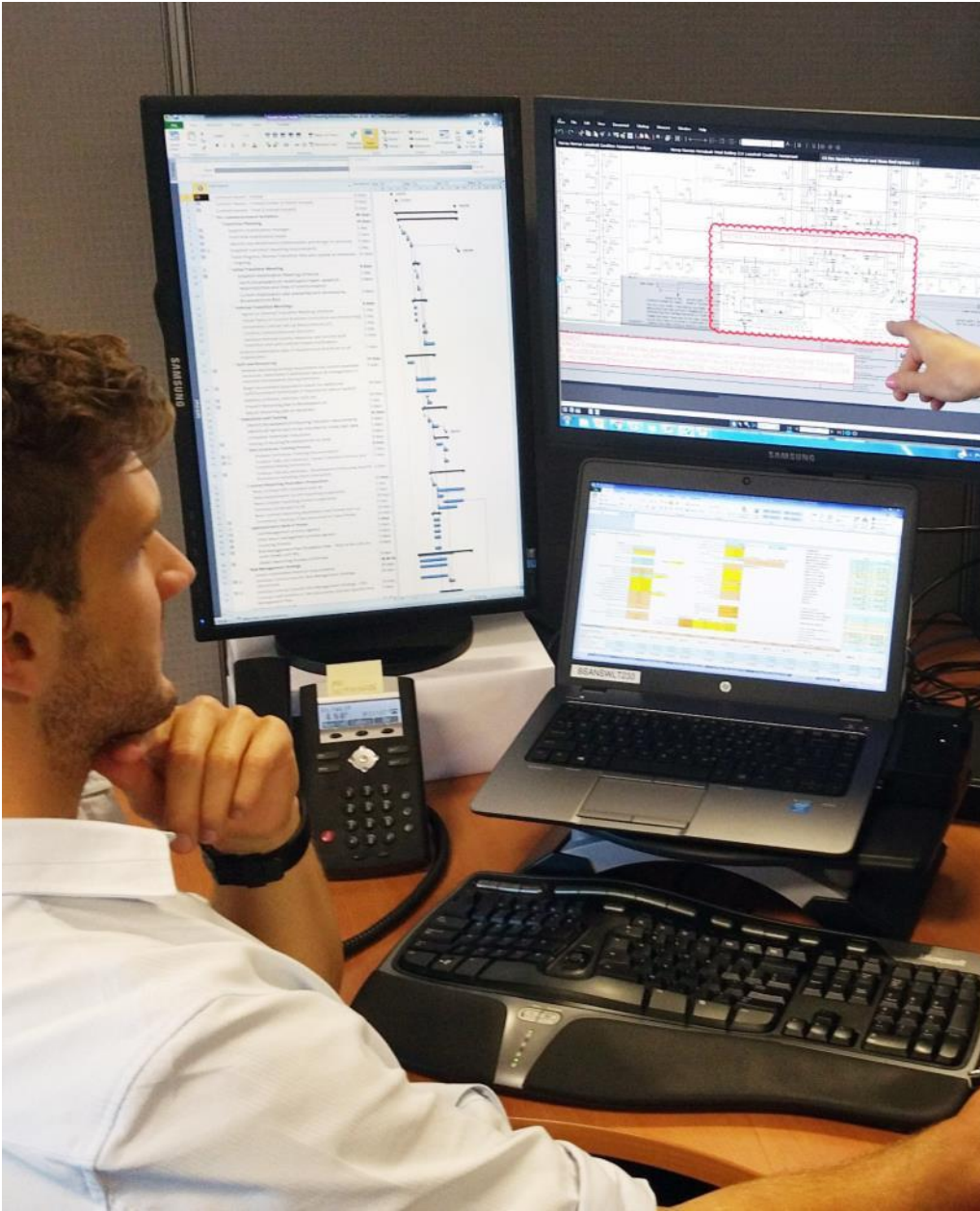
- ◆ Revenue \$257.7m (H1 2015: \$265.9m)
- ◆ EBITDA of \$5.2m (H1 2015: \$6.7m)
- ◆ Underlying EBITDA of \$8.043m (H1 2015: \$7.4m)
- ◆ H1 2016 includes restructure costs of \$1.6m and legal costs and provisions relating to legacy issues of \$1.9m (partially offset by one off benefits)
- ◆ NPAT of \$1.1m (H1 2015 \$1.6m)
- ◆ Underlying NPAT \$3.1m (H1 2015 \$2.0m)
- ◆ Basic earnings per share of 0.25 cents per share (H1 2015: 0.56 cents) impacted by average shares on issue following capital raising in H1 2015
- ◆ Depreciation continuing to fall following containment of capex
- ◆ Interest costs remaining low following further repayment of debt and continuing net cash position
- ◆ No interim dividend declared

Summary (\$000)	H1 2015	H1 2016
Net cash outflow – operations	(59)	(8,511)
Net cash – at end of period	19	9,194
Equity	41,334	44,768
Working Capital	12,059	19,728
Capital Expenditure	1,027	807

- ◆ Low leverage maintained
- ◆ Net Cash position of \$9.2m at 31st December 2015
- ◆ H1 cash outflows were forecast and are predominantly due to:
 - nRAH project cash outflows
 - Restructure costs and legal costs relating to legacy issues
 - Project lifecycle fluctuations
 - Investment in business development
- ◆ Good H2 net operating cash inflows expected
- ◆ Banking update:
 - Significant milestone achieved with the signing of a new 3 year facility agreement in January 2016
 - Total facilities of \$57.2m including guarantee facilities
 - Improved terms, liquidity, flexibility and security
- ◆ Post 31st December 2015 adjudication determinations under the security of payments legislation in relation to nRAH will result in a small net cash inflow

Net Cash/(Debt) (\$ millions)





GROUP RESULTS OVERVIEW

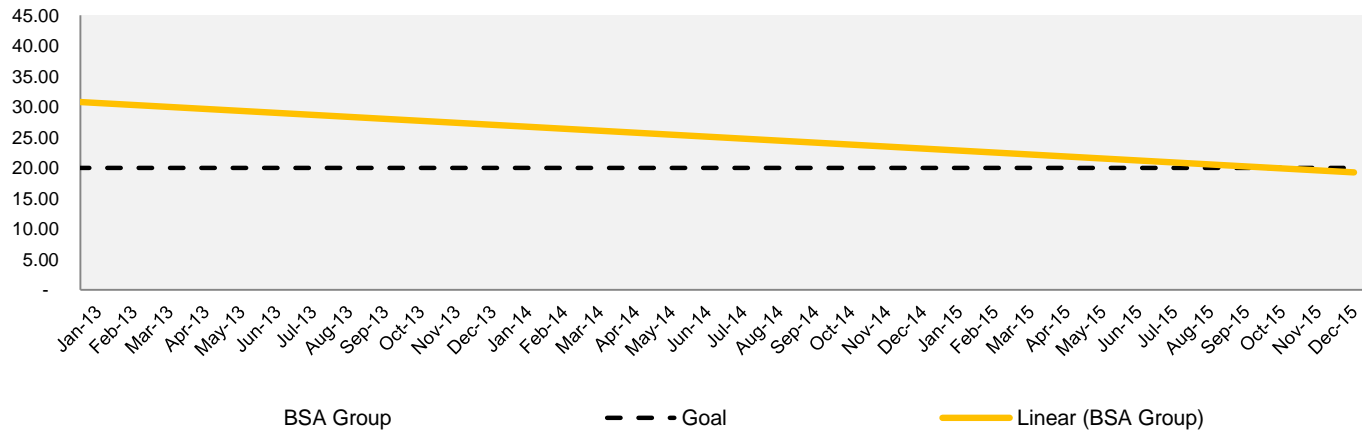
BUSINESS REVIEW

OUTLOOK

Australian Electoral Commission

Technical Maintenance Services was recently awarded a contract to deliver HVAC and electrical services for Australian Electoral Commission

BSA Group-Monthly Total Recordable Injury Frequency Rate - Trend Improving



- ◆ Continued reduction in Lost Time Injuries through 2015 with a resulting change to Total Recordable Injury reporting
- ◆ Increased focus on proactive end-to-end incident reporting and investigation with associated benefits to injury management and return to work actions
- ◆ Finalisation of the BSA Group 3 Year HSEQ strategy with a focus upon cultural change and a return to an emphasis of Basic Safety Attitudes and risk identification
- ◆ Renewal and recertification of the BSA Group Integrated Management System to AS/NZS4801, ISO14001 and ISO9001
- ◆ BSA received Federal Safety Accreditation in January 2016

TFFS

Communications, installation and maintenance services for major Australian telcos and media operations including Optus, Foxtel, nbn and Telstra

Technical Field Force Solutions

- ◆ Revenue \$98.8m (H1 2015: \$100.2m). EBITDA \$3.3m (H1 2015: \$2.1m)
- ◆ Awarded major 4 year nbn operations and maintenance contract estimated at \$240m
- ◆ Expanded nbn HFC trials on behalf of Optus from QLD to NSW and Vic
- ◆ Increasing range of services provided to Optus
- ◆ Continuing delivery of Telstra fault rectification work on the copper network
- ◆ NSW Office of State Revenue payroll tax issue remains open but BSA is hopeful of resolution within H2

TMS

Ongoing maintenance services for HVAC, hydraulic, electrical and fire systems. National presence. Leading mobility information systems

Technical Maintenance Services

- ◆ TMS revenue \$36.8m (H1 2015: \$39.5m). EBITDA \$0.6m (H1 2015: \$0.3m)
- ◆ Revenues in the half decreased due to larger projects being transferred to TDCP. Annuity revenue grew by \$4.5m in H1
- ◆ EBITDA impacted by lower revenue, restructuring costs and organic investment in new markets and services such as fire, building services and energy services
- ◆ TMS has commenced new maintenance contracts worth \$8.4m with key customers such as Australian Catholic University, Sydney Water, Australian Electoral Commission and Murrumbidgee Health
- ◆ TMS continues to build relationships to expand services with existing customers such as Harvey Norman, NSW Health, Broadspectrum, Fortescue Metal Group, ISS Facilities Management, Ventia and Monash University
- ◆ Continued growth of fire maintenance services around Australia

TDCP

Design and construct, manufacturing, and commissioning of heating, ventilation, air conditioning (HVAC) and fire systems. Commercial, large scale residential and industrial buildings. National presence

Technical Design & Construction Projects

- ◆ Revenue \$122.2m (H1 2015: \$126.3m). EBITDA of \$4.0m (H1 2015: \$7.5m)
- ◆ Revenue down due to the wind down of the new Royal Adelaide Hospital project
- ◆ Contracted work on hand for TDCP is significant and stands at \$148m with more than \$50m won since 31st December 2015
- ◆ Margin down due to underperforming regional business closed down in the period and legal costs relating to legacy issue
- ◆ The HVAC and Fire businesses have developed strong pipelines of opportunities spanning the next 3-4 years
- ◆ The Fire business has consolidated its strong start in the key growth market of Queensland
- ◆ Victoria HVAC business had very strong H1 and is well positioned to maintain market leading position in H2 and beyond
- ◆ The new Royal Adelaide Hospital project is nearing completion and contract resolution is targeted for H2
- ◆ Post 31st December 2015 adjudication determinations under the security of payments legislation in relation to nRAH will result in a small net cash inflow

Technical Field Force Solutions

- ◆ Significant bidding activity continuing across new and existing clients
- ◆ Continuing diversification of skills mix underpinning broader market penetration
- ◆ Further enhanced technical skills to increase vertical client offerings
- ◆ Well positioned for further nbn works
- ◆ Enhance margins through optimisation of delivery models and cost out initiatives






Technical Maintenance Services

- ◆ Strong focus on cost out and streamlining operations to deliver consistent and improved margin performance
- ◆ Continued expansion of multi-service maintenance including HVAC, Fire, Hydraulic, Electrical and Building maintenance
- ◆ Further development of technical and advisory services in areas such as energy management, indoor air quality and fire engineering services
- ◆ Increased focus on cross sell with TDCP
- ◆ Greater client focus and continued investment in business development

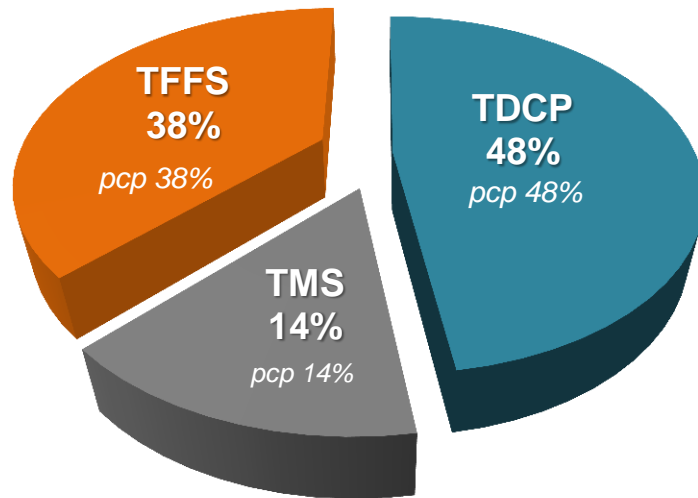
Technical Design & Construction Projects

- ◆ During H1, the management team of TDCP was significantly strengthened with the appointment of key executives including a new Group General Manager
- ◆ Strong focus on cost out to enhance margins
- ◆ Clearly defined plans for people development, targeted recruitment and succession planning to set the business up for future success
- ◆ Continued focus on project controls, disciplines and margin improvement
- ◆ Further growth of fire services business into new markets and new segments
- ◆ Establishing a technical advisory service to better serve our customers and set TDCP up as undisputed market leader



	Objective	Status
 <p>Stable Foundation</p>	<ul style="list-style-type: none"> • Secure longer term funding • Working capital management • Maintain low leverage 	<ul style="list-style-type: none"> • New 3 year banking agreement signed January 2016 • Metrics embedded within business units • Continued repayment of term debt
 <p>People</p>	<ul style="list-style-type: none"> • Strengthen management team • Enhance commercial acumen • Business development capability 	<ul style="list-style-type: none"> • New Group General Manager for TDCP appointed • Project commercial management programmes in progress • Strong investment in business development delivering results
 <p>Operational Execution</p>	<ul style="list-style-type: none"> • Enhance gross margins • Focus on underperforming areas • Streamline operating models 	<ul style="list-style-type: none"> • New contract gross margins continue to improve • Shut down of loss making regional businesses • Cost out programmes in place and continuing in H2
 <p>Market Focus</p>	<ul style="list-style-type: none"> • Replace completing nRAH project • Target nbn work • Improved client engagement 	<ul style="list-style-type: none"> • Won major contracts across the group • Major 4 year nbn contract secured • Early contractor involvement and advisory work increasing

Revenues H1 2016



- ◆ FY16 revenue on target for \$500m
- ◆ Major new wins replacing large project wind down
- ◆ Continued significant investment in business development
- ◆ Strong pipeline of opportunities across the Group
- ◆ Continued strategic focus on growing annuity and repeat revenues
- ◆ Targeting improved margin across all revenue streams
- ◆ Broader range of service offerings
- ◆ Growing technical and advisory services to enhance customer relationships at an earlier point in the project lifecycle



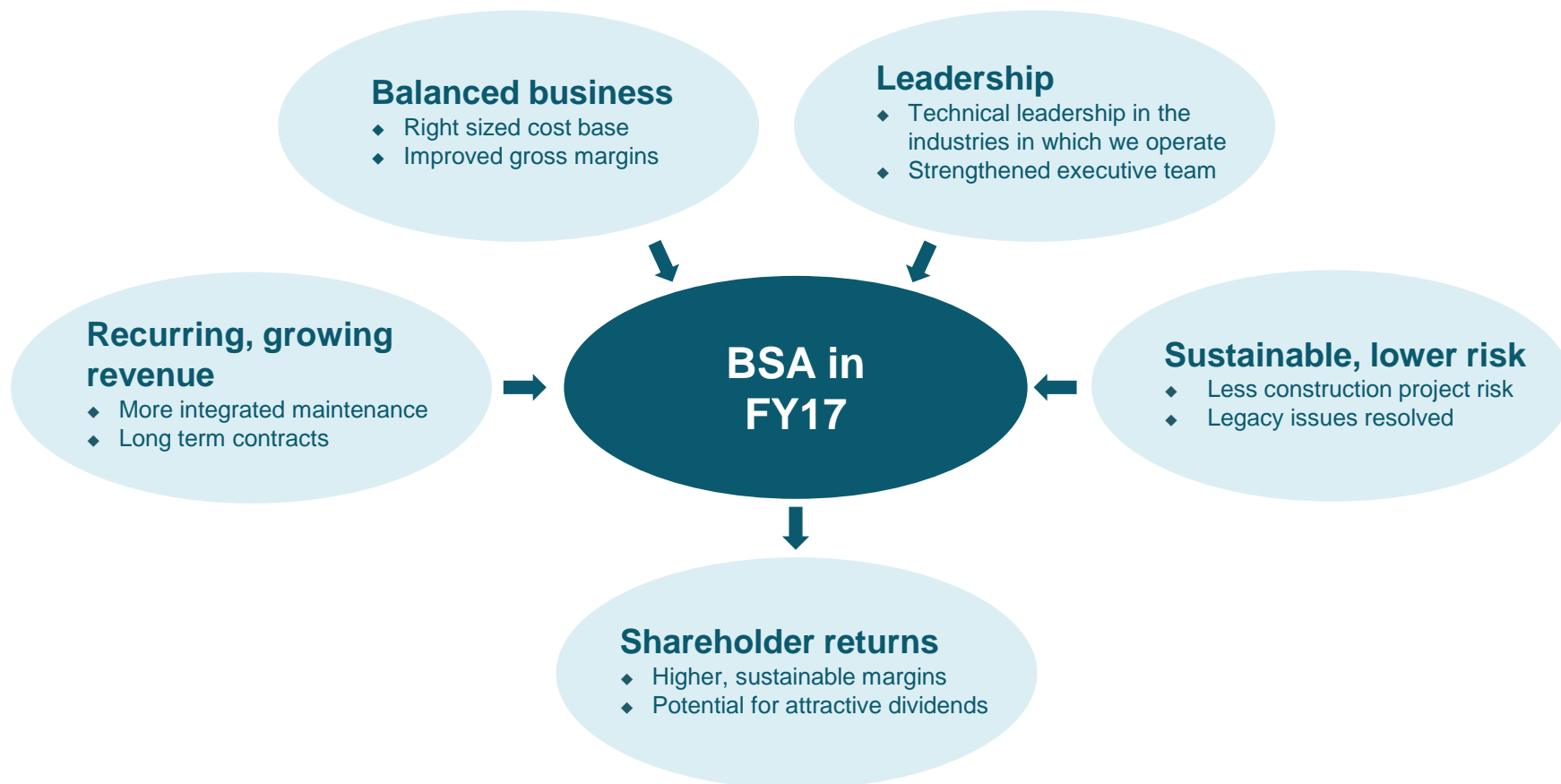
GROUP RESULTS OVERVIEW

BUSINESS REVIEW

OUTLOOK

Macarthur Square Shopping Centre, Campbelltown
Technical Design & Construction Projects (TDCP) were awarded the project in conjunction with Lend Lease

We are reshaping BSA into a more profitable leader in each of our chosen businesses



Operations

- ◆ Continued focus on sustainable improvement in margins with further significant restructure costs continuing in H2
- ◆ Mobilisation of key contract wins including nbn operations and maintenance contract
- ◆ Resolution of 2 remaining legacy issues (NSW OSR issue and nRAH variations)
- ◆ Drive further efficiencies across the Group to enhance FY17 performance and beyond

Balance Sheet and Working Capital

- ◆ Maintain low leverage as a platform for growth
- ◆ Continue to embed working capital management improvements at all levels in each business unit

Market Conditions

- ◆ All BSA markets steady or improving

Solid Forward Order Books

- ◆ Annualised recurring revenues of \$290m and construction work in hand of \$148m
- ◆ Strong pipeline of new opportunities, particularly in TFFS
- ◆ Growing confidence given increasing pipeline of opportunities

Future Direction

- ◆ FY16 revenue on target for \$500m
- ◆ Targeting continued improvement in underlying EBITDA
- ◆ Continued broadening of current services to deliver higher margin work
- ◆ Ongoing work to right size the overhead cost base
- ◆ Continued investment in resources to drive future business growth and capitalise on a buoyant telco market
- ◆ Intention to return to dividends as earnings progress to a consistent profile and legacy issues are resolved

Good Foundation

Delivery for profit

Growth

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