



12 July 2016

FOR IMMEDIATE RELEASE

General Manager
ASX Market Announcements
Australian Securities Exchange Limited
PO Box H224
Australia Square
Sydney NSW 1215

MARKET UPDATE

12 July 2016, Sydney - BSA Limited (**ASX:BSA**) (**BSA**) provides the following update to the market.

NEW ROYAL ADELAIDE HOSPITAL

The new Royal Adelaide Hospital (**nRAH**) contract is now close to substantial completion. The combination of complications with commissioning and project delays have led to significant and unexpected additional costs on the project.

BSA is seeking to maximise its recovery of these costs under its contractual arrangements and is continuing to pursue cash reimbursement under Security of Payment legislation.

BSA's position has been enhanced as a result of two Security of Payment Adjudication claims against the head contractor in relation to the project (one previously reported), including a recent award of \$11.3m, of which \$7.9m was paid prior to 30 June. This improved BSA's net cash position at year end.

The additional project costs, coupled with significant associated legal costs, will have a material impact on BSA's second half EBITDA result. Until negotiations have been concluded with the head contractor, the final outcome of these claims and negotiations remains difficult to predict.

BSA is well advanced in negotiating a comprehensive settlement with the head contractor in respect to all outstanding claims on the nRAH project.

RIGHT-SIZING

As foreshadowed at the AGM and in our half year results presentation FY16 has been a year of consolidation and focused investment in business development resources.

Costs associated with this consolidation, particularly in relation to redundancies and restructuring costs, have resulted in a lower cost base which is positive for the business going into FY17. However, these one off costs have also impacted the FY16 second half result.



As a result, BSA now has a better platform for earnings growth, particularly given recent contract wins and our pipeline of opportunities.

TRADING UPDATE

At the AGM on 24 November 2015, it was noted EBITDA for FY16 was expected to be weighted to the second half.

Based on preliminary and pre-audited results and given project issues, including in particular nRAH and right-sizing costs experienced during the half, BSA now expects:

- negative reported EBITDA in the second half but positive reported EBITDA for the full year;
- underlying EBITDA for the year broadly in line with the underlying EBITDA for FY15 (of \$15.4m), after taking into account the one off nRAH costs described above;
- annual revenues to 30 June 2016 in excess of \$500m; and
- a net cash position at 30 June 2016 of \$18.5m compared with \$9.2m at 31 December 2015 and \$18.4m at 30 June 2015.

TRADING OUTLOOK

- We continue to have a strong balance sheet and pipeline of opportunities.
- We have successfully commenced the nbn OMMA contract and we expect this contract will provide a platform for further opportunities with nbn.
- We are also currently shortlisted or preferred on a number of material contracts which, if executed, will positively impact FY17 trading performance.

-ENDS-

Further information:

Nicholas Yates
Managing Director & Chief Executive Officer
BSA Limited
T: +61 2 8748 2464
E: corporate@bsa.com.au