



## Annual General Meeting

---

29 November 2016

**Chairman's Address**

Michael Givoni  
Chairman

**Chairman's Address**

Ladies & Gentlemen,

Nicholas Yates will provide an overview of the operations and financial performance of the business in the previous year. I want to provide an overview of the journey we have been on and provide some insights into the strategic priorities going forward.

It is important to understand where we have come from. In the last two years we have moved from a net debt position close to \$35 million, to a net cash position at June 30 of \$18.5 million. The capital raising in November 2014 contributed approximately \$20 million of this turnaround, but the remainder has been generated by a strong focus on working capital disciplines.

We have closed out some 15 legacy legal and contractual issues and we have very recently signed a Deed of Settlement in relation to what was a very complex project at the new Royal Adelaide Hospital.

We are steadily transitioning to a period of clean air and necessarily retooling our team and skills from problem solving mode to a genuine growth focus.

A visible illustration of this change in focus, is the simplification of our branding profile. BSA is now our Masterbrand. We have also introduced a new Business Initiative called BSA | Think, to further accentuate the depth of technical expertise in facility systems. BSA | Think is a capability readily available to our clients in a more focused advisory and consulting format.

## New Market Positioning and Branding



BSA has streamlined and simplified our branding. We are also changing our market positioning to highlight the great depth we have in technical expertise and smart solutions, and make this available to our clients in a more focused advisory/consulting format.

Technical Design and Construction Projects



**BSA | Build**

Technical Field Force Solutions



**BSA | Connect**

Technical Maintenance Services



**BSA | Maintain**

New Business Initiative to Focus on Consulting/Advisory



**BSA | Think**

# BSA | Think

We don't just implement solutions at BSA, we create them.

As you will have noticed in our Annual Report and subsequent market announcements, our Business Units have been repositioned, as follows:

- Our Construction Business, Technical Design and Construction Projects became BSA | Build.
- Our Telecommunications Business, Technical Field Force Solutions became BSA | Connect.
- Our Maintenance Business, Technical Maintenance Services, became BSA | Maintain.
- And as mentioned, we have created BSA | Think.

The overall intent is to emphasize that we are far more than an “arms and legs” technical labor company, BUT have evolved into a smart organisation that routinely provides expert advice, project management and delivery solutions that supports our clients' most critical facility or infrastructure systems.

We have the capacity and intent to become Asia / Pacific leaders in Facility systems integration. This aspiration is summarised in our vision statement.



**To revolutionise asset implementation,  
operation and maintenance through the  
application of technical expertise,  
smart solutions and innovative client service.**

To make this vision and Strategic Intent a reality, we have augmented our executive team, with the appointments of Roelof van Rooyen to run our Build business and Tim Harris as our Chief Operating Officer, both focused on operational excellence and margin improvement

**Businesses in our markets are not traditionally high margin, benchmarks that we are able to and have to achieve include:**

- Retain a solid and sustainable financial platform by:
  - ensuring carefully managed debt at low leverage;
  - having debt facilities appropriate to the needs of the business; and
  - encouraging tight management of working capital.
- Acknowledge our supportive shareholders by targeting:
  - Return to dividends;
  - Growing earnings per share.
- Maintain a strong focus on growing annuity revenue as a percentage of total revenue.
- A strong focus on cash management.
- Forecasting as a fundamental tool/competency to ensure financial success.
- Target sustainable and consistent Profit.
- Growth will allow us to gain all of the benefits of being publicly listed.

As part of our planning, the Board and management have identified three core principles (with 3 priority outcomes) that we intend to measure ourselves against.

These three core principles are:

- Focus and bias towards businesses with strong cash generation.
- Having long term debt facilities appropriate to the needs of the business.
- Working capital light is the preferred business model.

The three priority outcomes will then be:

- Return to dividends.
- Growing earnings per share.
- Maintain a strong focus on growing annuity contracted revenue as a percentage of total revenue.

In summary, we made good progress in FY16, and expect that progress to continue as we can now drive forward with confidence, and without one eye on the rear view mirror.

In closing, I would like to thank my fellow Directors for their support and guidance throughout the year; and the wider BSA team for their contributions in FY2016. Also to our valued shareholders, we appreciate your interest in BSA.



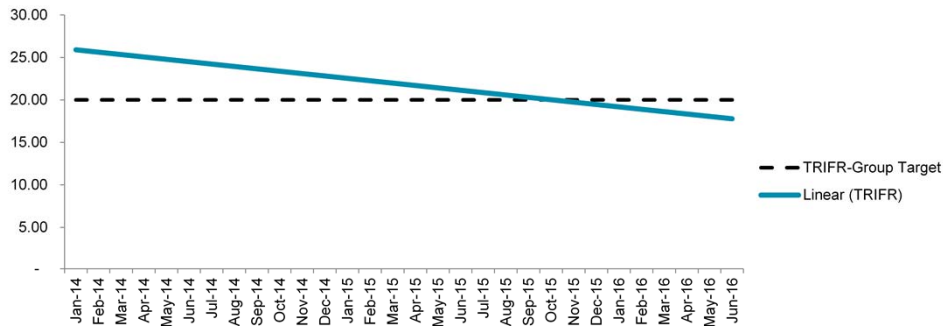
Nicholas Yates  
Chief Executive Officer  
& Managing Director

Managing Director's Address

## Health & Safety Performance



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



- Fundamental cultural and behavioural change enhancements in Health and Safety.
- Continued reduction in Lost Time Injuries throughout 2015-2016 with a resulting focus change to Total Recordable Injury Frequency Rate reporting. This too has seen improvement with a new reduction target being set for 2016-2017.
- The roll out of the BSA Group 3 Year HSEQ Strategy has continued with a focus on grassroots cultural change and an emphasis on Basic Safety Attitudes and risk identification and management.
- Renewal and recertification of the BSA Group Integrated Management System to AS/NZS4801, ISO14001 and ISO9001 in December 2015.

29/11/2016

BSA 2016 Annual General Meeting

7

### (MANAGING DIRECTOR)

Thank you Michael.

Ladies and gentlemen, I am going to start by talking about our Safety Performance.

As always, safety of our staff and technicians remain at the forefront of everything we do.

The safety culture at BSA has always been strong and fundamental cultural and behavioural change enhancements have been achieved during the year with improvements across all reporting areas, and recognition of our efforts via renewal and recertification of our Group Integrated Management System to Australian Standards.

Our Total Recordable Injury Frequency Rate has dropped from 21.06 to 13.07 in the last 12 months.

## Full Year Highlights



### Year of Consolidation and Investment

- Revenue \$511.9m (2015: \$543.7m) with improved revenue mix.
- EBITDA \$4.1m (2015: \$14.2m).
- EBITDA impacted by significant restructure costs and legacy issue costs relating to the new Royal Adelaide Hospital (nRAH) and NSW Office of State Revenue (NSW OSR).
- Substantial investment in business development during the year to drive future earnings.
- NPAT loss of \$2.2m (2015: profit of \$3.9m).
- Net cash inflow from operations of \$2.0m (2015: \$19.6m) impacted by nRAH cash outflows and restructure costs.
- Net cash of \$18.5m (2015: \$18.4m).
- No final dividend declared.

### Streamlining Operations and Growing Order Book

- Significant major contract wins in the last 12 months.
- Cost reduction, restructuring and right sizing during the year.
- Further progress in resolution of legacy issues.
- Business stabilised and margins improving.
- Solid forward order book:
  - Further growth in recurring revenue with annualised value of \$303m.
  - Construction work in hand of \$175m as at 30<sup>th</sup> June 2016.
  - Additional work won since 30<sup>th</sup> June 2016.
- Strengthening at the executive level and wider management team continuing.

29/11/2016

BSA 2016 Annual General Meeting

8

I am pleased to present an overview of our FY2016 results and key highlights for the year.

- Revenue \$511.9 million (FY15 \$544 million) albeit with an improved revenue mix (improved bias toward annuity revenue).
- EBITDA \$4.1 million (FY15 \$14.2 million); noting that EBITDA result was impacted by significant restructure costs and legacy issue costs relating to the new Royal Adelaide Hospital (nRAH) and NSW Office of State Revenue (NSW OSR).
- The Group invested heavily in Business Development initiatives during the year, in an effort to drive future earnings potential.
- NPAT Loss of \$2.2 million.
- Net cash inflow from operations of \$2 million, which was also impacted by nRAH cash outflows and restructure costs.
- Net cash \$18.5 million as at 30 June 2016.

#### 2016 in Review

- For BSA Limited (BSA), 2016 was a year of consolidation and investment, which saw us streamlining our operations and growing our order book.
- A major highlight for the year was the securing of a number of major contracts – across all three business units, but particularly in the Connect Business.
- Cost reduction, restructuring and right sizing initiatives have continued. Strengthening at the executive level and wider management team has also continued, with our most recent appointment being Tim Harris as Chief Operating Officer. Tim has extensive experience, his last role being CFO of Leighton Contractors. Tim will be focussed on operational excellence and margin improvement.
- Management has made significant progress in the resolution of legacy issues, and while in the current year, I am pleased to announce the signing of a Settlement Deed in relation to our largest outstanding legacy issue, the new Royal Adelaide Hospital.
- The Group entered 2017 with a solid forward order book, comprising recurring revenue with an annualised value of \$303 million and construction work in hand of \$175 million. In addition, a number of major contracts have been secured in the early part of FY2017 including:
  - Maintenance contracts with News Corp, Sydney Cricket Ground Trust and Defence in VIC and NT;
  - Construction contracts for the Melbourne Convention Centre and 60 Martin Place in Sydney and;
  - A major contract for the Connect business with Ericsson – it is fair to say that BSA | Connect has cemented itself as a major tier 1 player in the Australian Telecommunications market



## Full Year Results

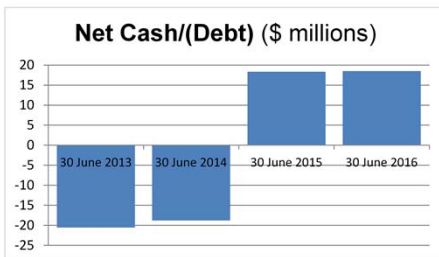


### EBITDA and NPAT excluding Significant Items

Summary (\$000)	2015	2016
EBITDA	14,200	4,100
Significant Items	4,199	14,534
EBITDA Excluding Significant Items	18,399	18,634
EBITDA Excluding Significant Items %	3.4%	3.6%
NPAT	3,875	(2,219)
Significant Items (net of tax)	2,939	10,174
NPAT Excluding Significant Items	6,814	7,955
NPAT Excluding Significant Items %	1.3%	1.6%

Note: Significant Items includes: legal costs, provisions and write downs relating to legacy issues, restructure costs and other significant items.

- FY2016 EBITDA excluding significant items \$18.6m (2015: \$18.4m).
- FY2016 NPAT excluding significant items \$8.0m (2015: \$6.8m).
- Basic loss per share of 0.52 cents (2015: basic earnings per share of 1.11 cents).
- Depreciation continuing to fall following containment of capex.
- Interest costs dropping as a result of a further reduction in borrowings.



- Balance sheet position provides strong capacity to fund future growth:
  - Solid net cash position following strong H2 net operating cash inflows.
  - Reflects continued focus on working capital containment and further resolution of legacy issues.

29/11/2016

BSA 2016 Annual General Meeting

9

I have mentioned the impact of significant items on the FY2016 results.

I believe it is helpful to identify results both with and without the impact of these significant items, and to that end:

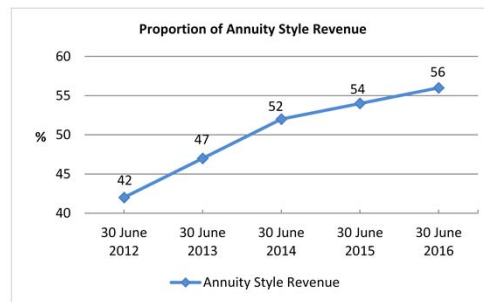
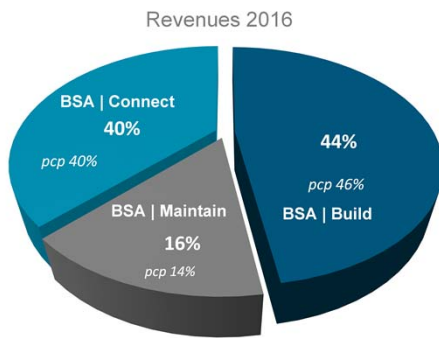
- FY2016 EBITDA excluding significant items \$18.6m (2015: \$18.4m).
- FY2016 NPAT excluding significant items \$8.0m (2015: \$6.8m).
- Basic loss per share of 0.52 cents (2015: basic earnings per share of 1.11 cents).
- Depreciation continuing to fall following containment of capex.
- Interest costs dropping as a result of a further reduction in borrowings.

Another pleasing aspect of the year's work is the strong balance sheet position, which provides strong capacity to fund future growth:

- Solid net cash position following strong H2 net operating cash inflows.
- Reflects continued focus on working capital containment and further resolution of legacy issues.

BSA's relationship with our bankers continues to be strong and throughout the year we reached a significant milestone with the signing of a new 3 year facility agreement in January 2016. Total current facilities at year end stood at \$54.3m including guarantee facilities with improved terms, liquidity, and security; and our term debt was fully repaid at 30<sup>th</sup> June 2016.

## Business Unit Overview



- Proportion of annuity style revenue continued to grow and represented 56% of BSA revenue in FY16.
- Strong pipeline of annuity style opportunities across the Group maintained.
- Strategic focus on growing annuity style revenue with enhanced margin continues and is expected to increase further in FY17 as major new contracts ramp up.
- Diversification and integration of service offerings gaining momentum.
- BSA | Think established to provide technical and advisory services to enhance customer value and relationships at an earlier point in the project lifecycle and to provide integrated solutions.

As mentioned by our Chairman, part of our strategic plan continues to be the realignment of our revenue mix focussed on increasing our overall proportion of annuity style revenues.

As shown by the graph on screen, we have made moves in the right direction during the year, and we expect this trend to continue.

**BSA | Build**

- Revenue \$226.4m (2015: \$252.7m).
- EBITDA loss of \$1.5m (2015: profit of \$10.1m).
- Substantial incremental costs relating to commissioning and completion at the new Royal Adelaide Hospital of \$7.5m were incurred during the year as well as legal costs relating to the resolution of commercial issues.
- Significant restructuring and streamlining activities occurred during the year leading to one off costs of \$2.4m during FY2016.
- Contracted work on hand for the business unit is strong and stands at \$175m.
- Major contract wins worth over \$100m in total including Melbourne Convention Centre, Global Switch, Williamtown Airbase and Commonwealth Games Parklands in the second half.
- The fire business continues to expand with the Queensland operation now well established.
- Further major contract wins for both Fire and HVAC post 30 June 2016.

**BSA | Connect**

- Revenue \$205.7m (2015: \$215.4m).
- EBITDA \$7.7m (2015: \$8.3m).
- Won and mobilised nbn OMMA contract during the year.
- Major nbn HFC MIMA contract secured after 30<sup>th</sup> June 2016.
- Cross bidding with other Business Units to diversify service offering.
- NSW Office of State Revenue payroll tax issue remains open. BSA is continuing to progress resolution.
- In line with a focus on diversifying the client base, a new contract was secured with Ericsson post 30<sup>th</sup> June 2016.
- Major focus on further expansion of resource base to meet increased market demand.
- Continued focus on restructuring and streamlining the business unit during the year to enhance margins.

**BSA | Maintain**

- Revenue \$79.9m (2015: \$75.6m).
- EBITDA \$2.0m (2015: \$1.7m) impacted by restructuring costs and cost reduction activities during the year.
- Annuity revenue grew by \$10m compared with the corresponding period.
- Commenced new maintenance contracts worth over \$20m including Land and Housing Corporation NSW Maintenance, Metronode, Global Switch, Barangaroo and Yarra Fertilisers.
- Continued to build multi-service offering including bundled services across mechanical, fire, electrical, plumbing and building repairs.
- Expansion of additional value add services including energy management, indoor air quality and predictive maintenance solutions.

EBITDA excludes corporate recharges

In relation to BSA | Build, the BU achieved revenue of \$226.4million and an EBITDA loss of \$1.5m.

Substantial incremental costs relating to commissioning and completion at the new Royal Adelaide Hospital of \$7.5m were incurred during the year as well as legal costs relating to the resolution of commercial issues.

The business unit undertook significant restructuring and streamlining activities during the year leading to one off costs of \$2.4m.

Business development focus continued resulting in a strong forward order book with Contracted work on hand for the business unit standing at \$175m as at 30 June 2016, and not including further major contract wins for both HVAC and Fire early in the new year. This business unit had a strong second half of business development activity, securing major contract wins worth over \$100m in total including Melbourne Convention Centre, Global Switch, Williamtown Airbase and Commonwealth Games Parklands.

The fire business continues to expand with the Queensland operation now well established.

In relation to BSA | Connect, this Business Unit achieved revenue of \$205.7m with EBITDA of \$7.7m. The team won and mobilised the nbn OMMA contract during the year and went on to secure an additional nbn Contract (nbn HFC MIMA) after 30<sup>th</sup> June 2016 and a significant contract with Ericsson in relation to Fixed Wireless and Satellite Installations.

BSA | Connect is now diversifying its service offering and the team has undertaken further expansion of its resource base to meet increased market demand whilst continuing to undertake restructuring and streamlining activities to enhance margins.

- The NSW Office of State Revenue payroll tax issue remains open. BSA is continuing to progress resolution.

BSA | Maintain achieved revenue \$79.9m with EBITDA of \$2.0m. Again, this result was impacted by restructuring costs and cost reduction activities during the year.

Business Development activity continued, resulting in growth of annuity revenue by \$10m compared with the corresponding period. The team commenced new maintenance contracts worth over \$20m including Land

and Housing Corporation NSW Maintenance, Metronode, Global Switch, Barangaroo and Yarra Fertilisers.

BSA | Maintain, under the BSA | Think banner, continued to build multi-service offering including bundled services across mechanical, fire, electrical, plumbing and building repairs along with expansion of additional value add services including energy management, indoor air quality and predictive maintenance solutions.

## FY16 – Year of Consolidation-Delivering On Strategic Plan



	Objective	Status
Stable Foundation	<ul style="list-style-type: none"> <li>Secure longer term funding</li> <li>Working capital management</li> <li>Maintain low leverage</li> </ul>	<ul style="list-style-type: none"> <li>✓ New 3 year banking agreement signed January 2016</li> <li>✓ Metrics embedded within business units</li> <li>✓ Term debt fully repaid at 30 June 2016 and strong net cash</li> </ul>
People	<ul style="list-style-type: none"> <li>Strengthen management team</li> <li>Enhance commercial acumen</li> <li>Business development capability</li> </ul>	<ul style="list-style-type: none"> <li>✓ New Group General Manager for BSA   Build appointed</li> <li>✓ Project commercial management programmes in progress</li> <li>✓ Investment in business development delivering results</li> </ul>
Operational Execution	<ul style="list-style-type: none"> <li>Enhance gross margins</li> <li>Focus on underperforming areas</li> <li>Streamline operating models</li> </ul>	<ul style="list-style-type: none"> <li>✓ Improving gross margins</li> <li>✓ Rationalisation of low performing areas</li> <li>✓ Significant cost out programmes completed during the year</li> </ul>
Market Focus	<ul style="list-style-type: none"> <li>Replace completing nRAH project</li> <li>Target nbn work</li> <li>Improved client engagement</li> </ul>	<ul style="list-style-type: none"> <li>✓ nRAH revenue now largely replaced</li> <li>✓ 2 major nbn contracts secured in the last 12 months</li> <li>✓ New market positioning - solution focussed and technically proficient</li> </ul>

29/11/2016

BSA 2016 Annual General Meeting

12

As shown on the screen, we have progressed a number of key objectives throughout the year.

We have worked towards stabilising the business and to that end, signed a new 3 year banking agreement in January, embedded new metrics within each of the business units and repaid term debt prior to 30 June, whilst holding a strong net cash position.

In relation to our People and Human Resource objectives, we have appointed a new Group General Manager for the BSA | Build business unit, very recently a new Chief Operating Officer, implemented project commercial management programs and invested in business development resources, which are already delivering substantial results.

Our focus on Operational Execution has yielded improvements in gross margins, rationalisation of low performing areas and seen the completion of significant cost out programs throughout the year.

Our Market Focus has seen us largely replace the nRAH revenue, required as the nRAH project nears completion, securing three major telco contracts and importantly, and as mentioned by our Chairman, introduced a new solutions focussed and technically proficient market positioning under the BSA | Think Initiative. While this is still in its infancy, we have already had some success in this area, particularly in the Design and Early Contractor Involvement spaces

### BSA | Build

- Continued focus on project controls, project management capability and disciplines to reduce risk and deliver sustainable margin improvement.
- Further expansion of fire services into new markets.
- Focus on early project lifecycle involvement – design, value engineering and cost planning.
- Seek further joint bids with other business units to diversify overall BSA offering and unlock group potential.
- Maintain focus on quality of opportunities rather than quantum.



### BSA | Connect

- Successfully mobilise major contracts secured and expand service scope.
- Expand field resources and skill sets to underpin further new wins in the growing telecommunications market.
- Continue diversification of client offerings and expand market segments.
- Further develop longer term workforce management and service strategies.
- Deliver improved margin performance across all platforms.

### BSA | Maintain

- Maintain focus on delivering enhanced and consistent margin performance.
- Continue to expand direct delivery of multi-service maintenance including HVAC, fire, hydraulic, electrical and building maintenance.
- Embed technical and advisory services in areas such as energy management, indoor air quality and fire engineering services as core competencies.
- Continue investment in mobility systems, asset management and lifecycle reporting.
- Develop improved outcomes for clients based on technology solutions.



The year ahead looks positive, as a result of streamlining and consolidation activity undertaken throughout FY2016, the business is well placed to take advantage of opportunities that arise. The resolution of a number of legacy issues, including nRAH, will also allow further management focus on business development and strategic planning activity.

The BSA | Build business unit will continue to focus on project controls, project management capability and disciplines to reduce risk and deliver sustainable margin improvements.

The Fire services division is anticipated to expand further into new markets and we see enormous opportunity in this sector.

The team will work to achieve early project lifecycle involvement, including design, value engineering and cost planning, assisted by the creation of the BSA | Think initiative.

In order to diversify overall BSA Group offering and unlock potential, this business unit will seek further joint bids and maintain focus on quality over quantum in relation to opportunities.

The BSA | Connect business unit management focus will initially be on the successful mobilisation of major contracts secured and expansions in service scopes, whilst also delivering improved margin performance across all platforms.

Business development will continue to investigate diversification of client offerings and market segments including into the emerging market sectors of into Solar, Energy and connected services via the Internet of Things.

At the moment the nbn volumes coming through are less than forecast. While this will potentially impact this year, it is a timing issue only. The impact of this to be in

BSA | Maintain will continue to target delivering enhanced and consistent margin performance whilst expanding the direct delivery of multi-service maintenance including HVAC, fire, hydraulic, electrical and building maintenance. With the assistance of the BSA | Think initiative, the team aims to embed technical and advisory services in areas such as energy management, indoor air quality and fire engineering services as core competencies.

In line with customer demand, investment in areas of mobility systems, asset management and lifecycle reporting and developing improved outcomes for clients based on technology solutions will continue, maintaining our point of difference in the market.

## Outlook



- Further streamlining and optimising of Business Units in progress under our new Chief Operating Officer
- Successful resolution of nRAH legacy issue will free up management time to focus on Business as Usual
- Markets remain stable or improving with Telco and Fire particularly strong
- Current shortfalls in nbn volumes may have a short term impact but are a timing issue only. Any shortfall will increase workload in FY18 & FY19.
- BSA | Think initiative already successful, providing differentiation and leading to higher margin work.
- Term debt now cleared and conservative leverage position to be maintained.
- Targeting FY17 revenue in excess of FY16 (i.e. in excess of \$512m)
- Intention to return to dividends as earnings progress to a consistent profile.

- Further streamlining and optimising of Business Units in progress under our new Chief Operating Officer.
- Successful resolution of nRAH legacy issue will free up management time to focus on Business as Usual.
- Markets remain stable or improving with Telco and Fire particularly strong.
- Current shortfalls in nbn volumes may have a short term impact but are a timing issue only. Any shortfall will increase workload in FY18 & FY19.
- As a result, we expect earnings to be weighted to the second half
- BSA | Think initiative already successful, providing differentiation and leading to higher margin work.
- Term debt now cleared and conservative leverage position to be maintained.
- Targeting FY17 revenue in excess of FY16 (i.e. in excess of \$512m).
- Intention to return to dividends as earnings progress to a consistent profile.

## Important Notice

---



FOR PERSONAL USE ONLY

This presentation has been prepared by BSA Limited (the "Company") and provides general background information about the Company's activities. That information is current at the date of this presentation. The information is a summary and does not purport to be complete. This presentation is not (and nothing in it should be construed as) an offer, invitation, solicitation or recommendation with respect to the subscription for, purchase or sale of any security in any jurisdiction, and neither this document nor anything in it shall form the basis of any contract or commitment. The presentation is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor which need to be considered, with or without professional advice, when deciding whether or not an investment is appropriate.

The Company has prepared this presentation based on information available to it, including information derived from publicly available sources that have not been independently verified. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness, correctness or reliability of the information, opinions and conclusions expressed in this presentation.

Any statements or assumptions in this presentation as to future matters may prove to be incorrect and the differences may be material. This presentation should not be relied upon as a recommendation of or forecast by the Company. To the maximum extent permitted by law, none of the Company, its Directors, employees or agents, or any other person accepts any liability, including without limitation, any liability arising from fault or negligence on the part of any of them or any other person, for any loss arising from the use of this presentation or its content or otherwise arising in connection with it.

The financial information disclosed in this presentation has been prepared on a statutory and pro forma basis consistent with the financial information prepared in the Company's accounts. Due care and attention should be undertaken when considering and analysing the financial performance of the Company. All references to dollars are to Australian currency unless otherwise stated. The distribution of this presentation in jurisdictions outside Australia may be restricted by law and you should observe any such restrictions.