

bsa<sup>®</sup>

# FY2019 FULL YEAR

RESULTS REVIEW



- 1. Full year highlights**
- 2. Group financials**
- 3. Operational performance**
- 4. Strategy update**
- 5. Outlook**





# Full Year Highlights

A strong financial result, combined with the successful closure of HVAC Build major projects and identified growth opportunities positions BSA for its next phase of growth.

✓ Strong Continuing Operations	✓ Organic Growth	✓ Order Book	✓ New Markets	✓ Innovation
<ul style="list-style-type: none"> <li>▪ Divestment of HVAC Build portfolio to reduce overall portfolio risk</li> <li>▪ EBITDA (underlying) from continuing operations of <b>\$24.6m</b>; an increase of <b>15.2%</b> on prior year</li> <li>▪ EBITDA (reported) from continuing operations of <b>\$21.8m</b>; an increase of <b>13.7%</b> on prior year</li> <li>▪ EPS (continuing operations) of <b>2.52cps</b>; an increase of <b>20.9%</b> on prior year</li> <li>▪ Operating cash conversion of <b>107%</b> (OCFBIT/EBITDA)</li> <li>▪ Net cash of <b>\$12.2m</b> (excluding divested JO)*</li> <li>▪ Fully franked dividend of <b>0.5 cents</b></li> </ul>	<ul style="list-style-type: none"> <li>▪ nbn – positive outlook due to strong on the ground performance and enhanced back office efficiency</li> <li>▪ Strong growth continues in Fire Build with <b>27.3%</b> YOY growth in revenues</li> <li>▪ Maintain continues to scale with <b>10.5%</b> growth in revenues and an improvement to EBITDA margin from <b>3.1% to 4.1%</b></li> <li>▪ Go live achieved on leading edge Field Service Management technology solution – roll out to accelerate in FY20</li> </ul>	<ul style="list-style-type: none"> <li>▪ Robust order book across all core Business Units</li> <li>▪ Strong Fire Build order book and potential pipeline in core markets</li> <li>▪ nbn – growth in internal workforce and increase in annuity style revenue streams to support future nbn operations</li> </ul>	<ul style="list-style-type: none"> <li>▪ Continued expansion into new markets complementing existing capabilities (e.g. Smart Metering, Energy, Building Management Systems (BMS))</li> <li>▪ On-going focus on national multi-service maintenance market</li> <li>▪ Disciplined approach to identifying bolt on acquisitions to complement existing business mix and support organic growth</li> <li>▪ Continued focus on Fire Infrastructure market</li> </ul>	<ul style="list-style-type: none"> <li>▪ Commercial solar contracts secured and growing</li> <li>▪ Smart metering contracts commenced and expanding</li> <li>▪ Northconnex Fire Infrastructure project - innovative delivery &amp; installation model being successfully deployed &amp; exceeding performance expectations</li> <li>▪ Integrated energy management offerings growing</li> <li>▪ Successful entry and growth in the building controls market – potential for leveraging existing client base</li> </ul>

# Financial Performance – Continuing Operations

Record underlying EBITDA (continuing operations) driven by growth across all operating divisions.

**\$469.7m**

Revenue  
FY18 = \$428.1m

- Revenue of **\$469.7m**, up **9.7%** on prior year for continuing operational streams (Connect, Maintain & Fire Build)
- Recurring revenue of **62%** - percentage forecast to substantially increase post divestment of HVAC Build major projects

**\$24.6m**

Underlying EBITDA  
FY18 = \$21.4m

- Underlying EBITDA of **\$24.6m**, up **15.2%** on prior year
- Growth in all continuing operational streams (Connect, Maintain & Fire Build) versus prior year

**\$21.8m**

Reported EBITDA  
FY18 = \$19.2m

- Reported EBITDA **\$21.8m**, up **13.7%** on prior year
- Significant items mainly reflective of costs associated with legacy legal & restructure costs
- One off items expected to cease post HVAC Build divestment accounting finalisation in 1H FY20

**5.2%**

Underlying EBITDA%  
growth +0.25%

- Underlying EBITDA margin of **5.2%**; up **0.25 percentage points** on prior year
- Reported EBITDA margin of **4.6%**; up **0.16 percentage points** on prior year
- EBITDA % increased in all continuing operational streams versus prior year

**\$10.8m**

NPAT (reported)  
FY18 = \$8.8m

- Reported NPAT up **21.9%** to **\$10.8m** reflecting growth in all operational streams

**2.52 CPS**

EPS  
FY18 = 2.09 cps

- Earnings per share increase of **20.9%** to **2.52 cents** from continuing operations – reflective of strong EBITDA performance across all operational streams
- Final dividend of **0.5 cents** per share, fully franked

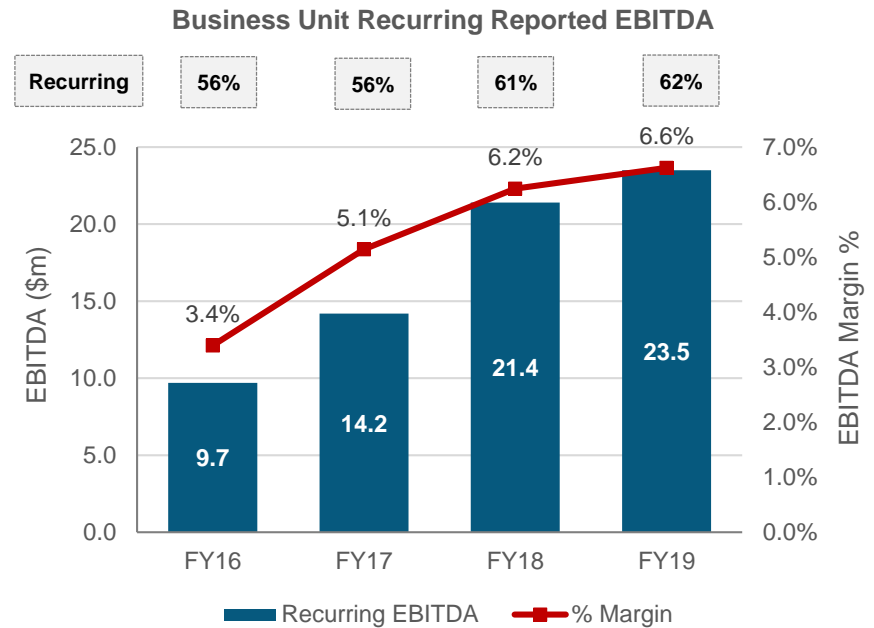
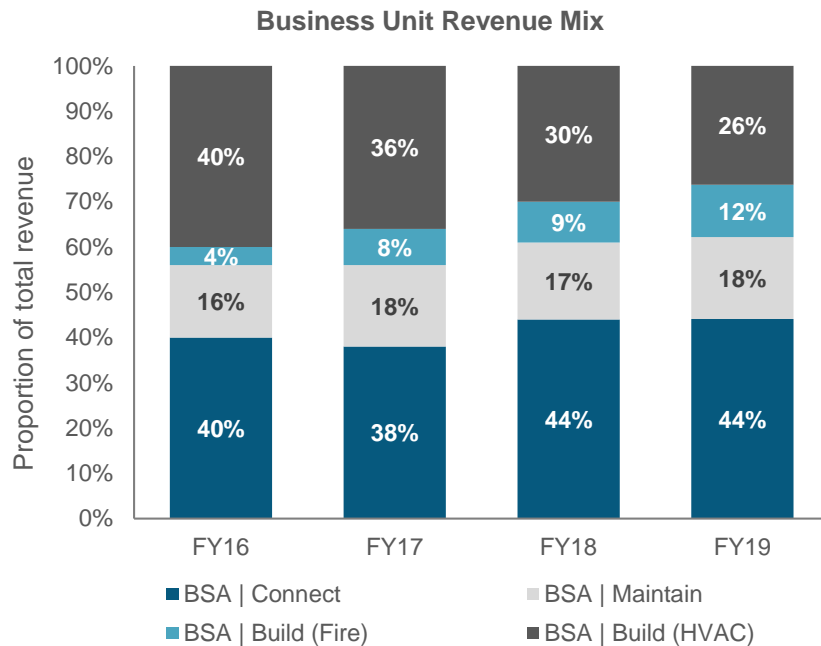
**\$12.2m**

Positive net cash  
FY18 = \$7.0m

- Net cash of **\$12.2m** – this excludes **\$4.1m** cash in Joint Operation divested post 30 June 2019 (reported net cash = **\$16.3m**)
- Cash flow from operations of **\$18.3m** reflecting an OCFBIT/EBITDA conversion rate of **107%**
- Continued emphasis on project cash flow management and the optimisation of working capital cycles

# The BSA transformation journey

Exit from HVAC Build Major Projects business supports the continued focus on improving revenue composition and the quality of recurring revenue.



Note: Recurring EBITDA presented above includes Connect and Maintain Business Units.

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# Profitability – Continuing Operations

Strong growth in both reported and underlying EBITDA, up 13.7% & 15.2% respectively on prior period.

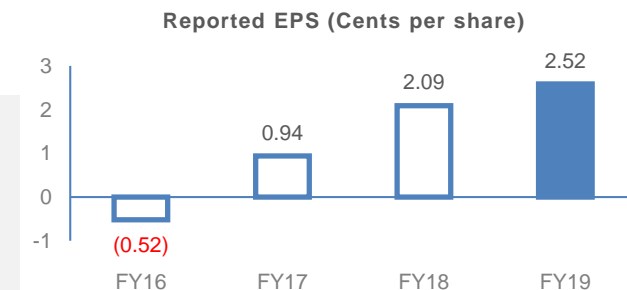
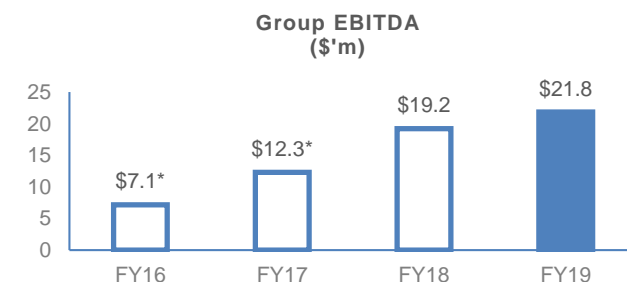
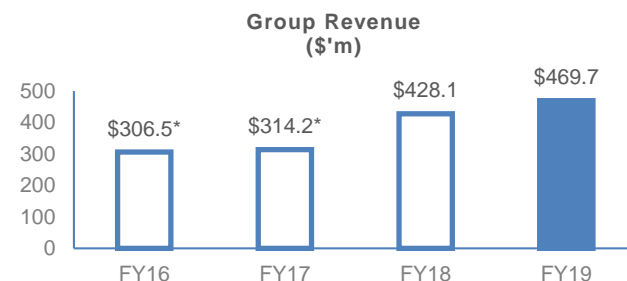
Summary (\$'m)	FY19	FY18	Change	Change %
Revenue	\$469.7	\$428.1	\$41.6	9.7%
<b>EBITDA (reported)</b>	\$21.8	\$19.2	\$2.6	13.7%
<i>EBITDA %</i>	4.6%	4.5%	0.2%	
Depreciation & Amortisation	(\$6.2)	(\$5.3)	(\$0.9)	(16.9%)
<b>EBIT</b>	\$15.6	\$13.9	\$1.7	12.5%
Interest & Tax	(\$4.8)	(\$5.0)	\$0.2	4.0%
<b>Net Profit After Tax (reported)</b>	\$10.8	\$8.8	\$1.9	22.0%
<i>Net Profit After Tax %</i>	2.3%	2.1%	0.2%	
<b>Earnings per share (cps)</b>	2.52	2.09	0.44	20.9%
Significant Items	\$2.8	\$2.2	\$0.6	28.5%
Significant items (net of tax)	\$2.0	\$1.5	\$0.4	28.5%
<b>EBITDA (underlying)</b>	\$24.6	\$21.4	\$3.3	15.2%
<i>EBITDA (underlying)%</i>	5.2%	5.0%	0.2%	
<b>NPAT (underlying)</b>	\$12.8	\$10.4	\$2.4	22.9%
<i>NPAT (underlying)%</i>	2.7%	2.4%	0.3%	

Note: Subject to rounding. Underlying includes significant items.

Significant one-off items within continuing operations of \$2.8m (1H \$1.4m; 2H \$1.4m) relate to the following non-recurring items:

- \$1.4m business reorganisation and restructure costs; and
- \$1.4m legal and professional fees relating to legacy issues excluding nRAH

Post the divestment of HVAC Build major projects (which will be accounted for within Discontinued Operations under the Accounting Standards), no significant one off costs are expected.



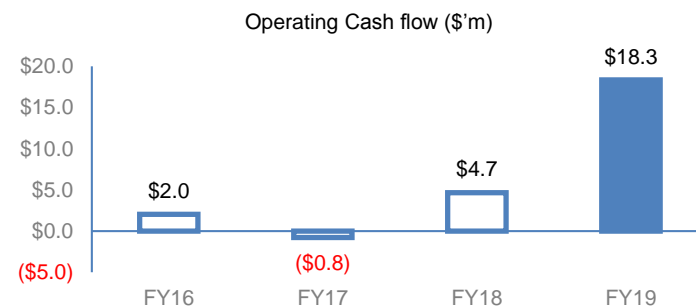
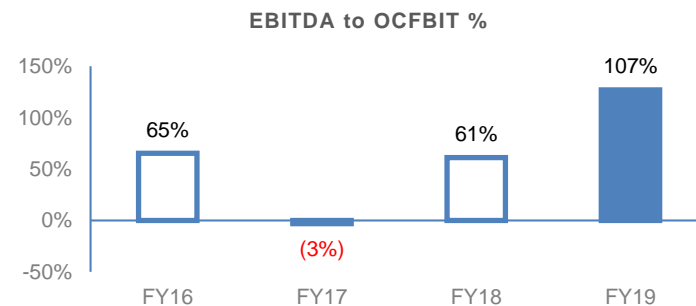
\*Adjusted for discontinuing operations based on estimates

Note: Analysis above excludes the HVAC Build Major Projects division which is accounted for as a Discontinued Operation .

# Cash Flow

Strong cash performance achieving 107% OCFBIT conversion and increased net cash position.

Cash flow results (\$'m)	FY19	FY18	Change
<b>EBITDA</b>	<b>\$10.6</b>	<b>\$9.0</b>	<b>\$1.6</b>
Non Cash Items	\$0.8	(\$3.5)	\$4.3
<b>Operating Cash flow before interest and tax ("OCFBIT")</b>	<b>\$11.4</b>	<b>\$5.5</b>	<b>\$5.9</b>
EBITDA/OCFBIT Conversion %	107%	61%	46%
Onerous leases - non cash divestment accounting	\$2.4	-	\$2.4
Cash in JO (Divested - Discontinued)	\$4.1	-	\$4.1
Provision	\$1.2	-	\$1.2
Net interest and Finance	(\$0.8)	(\$0.8)	\$0.0
<b>Cash flow from Operations</b>	<b>\$18.3</b>	<b>\$4.7</b>	<b>\$13.6</b>
CAPEX	(\$6.3)		
<b>Free Cash flow</b>	<b>\$12.0</b>		
Dividends paid	(\$0.9)		
Lease liability payments	(\$2.9)		
Loan Repayment (including rounding)	\$1.1		
<b>Movement in cash</b>	<b>\$9.3</b>		
Cash in JO (Divested - Discontinued)	(\$4.1)		
<b>Adjusted movement in Cash</b>	<b>\$5.2</b>		
<b>Net cash - adjusted</b>	<b>\$12.2</b>		





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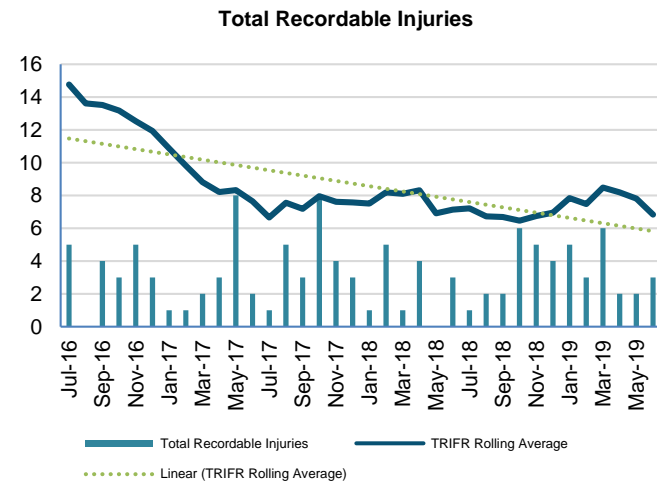
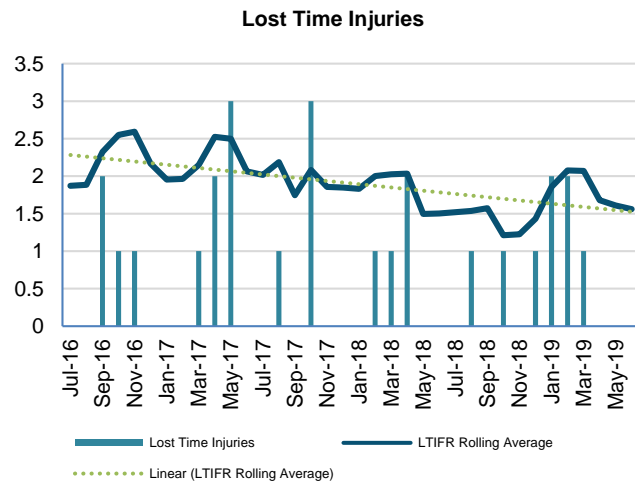
# **OPERATIONAL PERFORMANCE**



# Health & Safety Performance

Recent investment and enhancements in safety processes are expected to drive continued improvements in Recordable Injuries and safety culture.

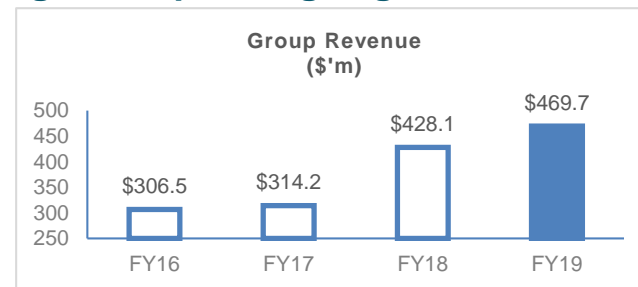
- Focus for the Group continued in maintaining safety culture and increasing awareness of minimum safe work expectations throughout the business
- Restructured safety support resources throughout the year to allow for a more cohesive and group wide approach to supporting Operations
- Looking forward, BSA will continue working on a range of Health and Safety initiatives focussed on our Management Systems, Critical Risk Control and Safety Leadership & Culture



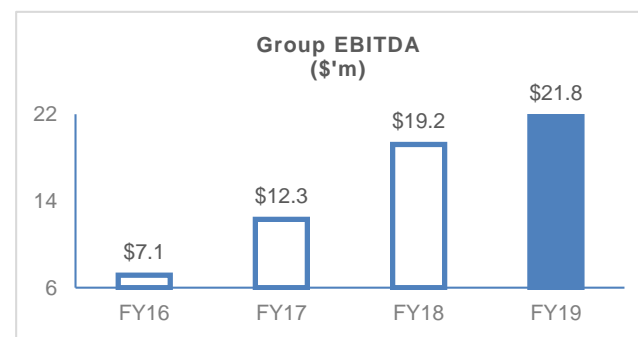
# Segment Results – Continuing Operations

Revenue, profit and margin growth across all continuing core operating segments.

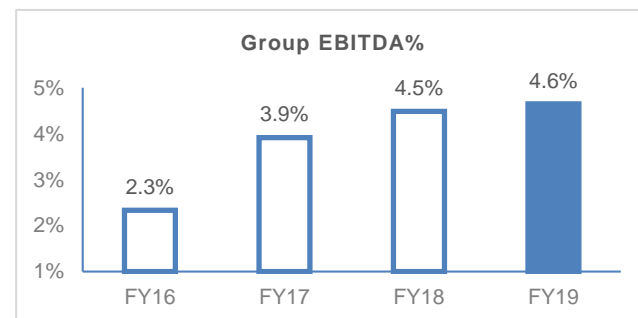
Revenue (\$'m)	FY16*	FY17*	FY18	FY19	YOY Mvt
<b>Connect</b>	205.7	186.5	249.4	251.5	2.1
<b>Fire Build</b>	20.9	38.2	51.8	66.0	14.2
<b>Maintain</b>	79.9	89.5	93.5	103.3	9.8
<b>Corporate &amp; Other</b>			33.4	49.0	15.6
<b>Total Revenue (reported)</b>	306.5	314.2	428.1	469.7	41.6



EBITDA (\$'m)	FY16*	FY17*	FY18	FY19	YOY Mvt
<b>Connect</b>	7.7	9.5	18.5	19.3	0.8
<b>Fire Build</b>	1.5	2.6	4.0	5.3	1.3
<b>Maintain</b>	2.0	4.7	2.9	4.2	1.3
<b>Corporate &amp; Other</b>	(4.1)	(4.5)	(6.2)	(5.8)	0.4
<b>Provision</b>				(1.2)	(1.2)
<b>Total EBITDA (reported)</b>	7.1	12.3	19.2	21.8	2.6



EBITDA %	FY16*	FY17*	FY18	FY19	YOY Mvt
<b>Connect</b>	3.7%	5.1%	7.4%	7.7%	0.3%
<b>Fire Build</b>	7.4%	6.8%	7.7%	8.0%	0.3%
<b>Maintain</b>	2.5%	5.3%	3.1%	4.1%	1.0%
<b>Corporate &amp; Other</b>			(18.6%)	(11.8%)	6.8%
<b>Provision</b>					
<b>EBITDA %</b>	2.3%	3.9%	4.5%	4.6%	0.1%



\*Adjusted for discontinuing operations based on estimates

Note: Corporate & Other for FY18 & FY19 include nRAH and special projects



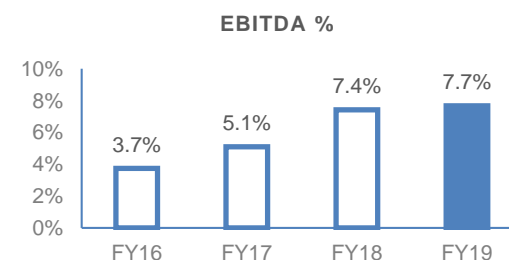
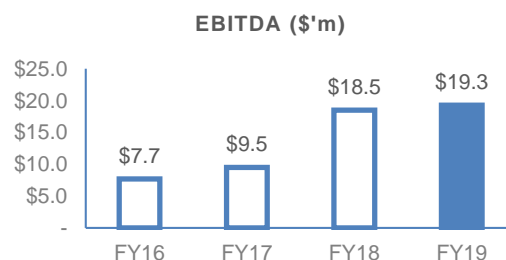
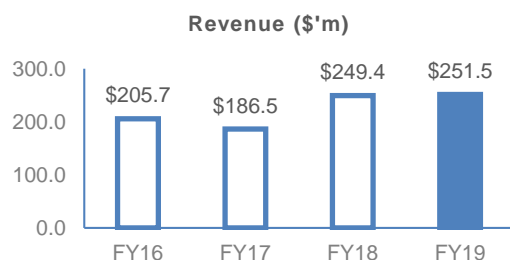
# Business Performance – Connect

Strong performance coupled with continued investment to support future growth.

Summary (\$'m)	FY19	FY18	Change	Change %
<b>Revenue</b>	<b>\$251.5</b>	<b>\$249.4</b>	<b>\$2.1</b>	<b>0.8%</b>
<b>EBITDA (reported)</b>	\$19.3	\$18.5	\$0.8	4.3%
<i>EBITDA %</i>	<i>7.7%</i>	<i>7.4%</i>	<i>0.3%</i>	
Significant Items	\$1.4	\$1.4	-	-
<b>EBITDA (underlying)</b>	\$20.7	\$19.9	\$0.8	4.0%
<i>EBITDA %</i>	<i>8.3%</i>	<i>8.0%</i>	<i>0.3%</i>	



- nbn OMMA service performance remains strong with market leading performance metrics
- Leading edge Field Service Management solution rollout has commenced to optimize business/client outcomes and provide a scalable growth platform to improve delivery as well as streamline working capital cycles
- Continued development of a highly-skilled internal technical workforce to match future industry demands



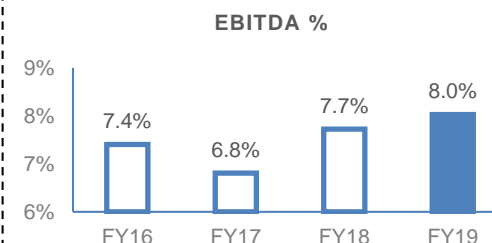
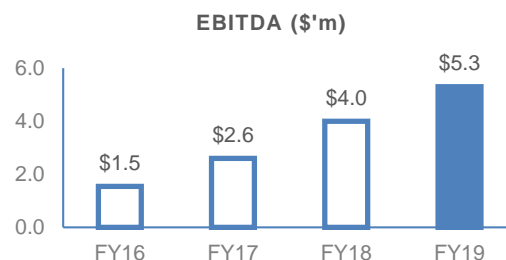
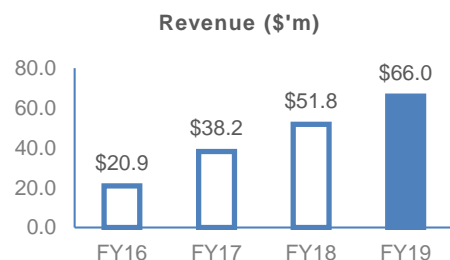
# Business Performance – Fire | Build

Strong growth in all major financial metrics with leading market position and significant pipeline.

Summary (\$'m)	FY19	FY18	Change	Change %
<b>Revenue</b>	<b>\$66.0</b>	<b>\$51.8</b>	<b>\$14.2</b>	<b>27.3%</b>
<b>EBITDA (reported)</b>	<b>\$5.3</b>	<b>\$4.0</b>	<b>\$1.3</b>	<b>32.4%</b>
<i>EBITDA %</i>	<i>8.0%</i>	<i>7.7%</i>	<i>0.3%</i>	
Significant Items	-	-	-	-
<b>EBITDA (underlying)</b>	<b>\$5.3</b>	<b>\$4.0</b>	<b>\$1.3</b>	<b>32.4%</b>
<i>EBITDA %</i>	<i>8.0%</i>	<i>7.7%</i>	<i>0.3%</i>	



- Significant project wins in FY19 include Crown Casino Sydney, Grafton Prison and Wynyard Commercial development
- FY19 has seen BSA Fire substantially complete the design, procurement, mobilisation and installation of a number of major projects in Commercial, Health, Infrastructure and the data centre sectors



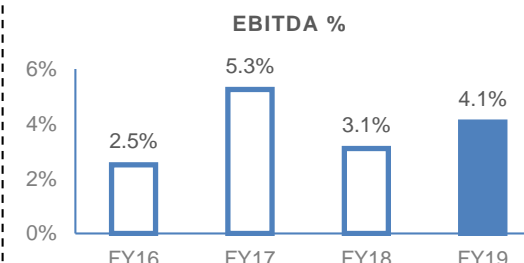
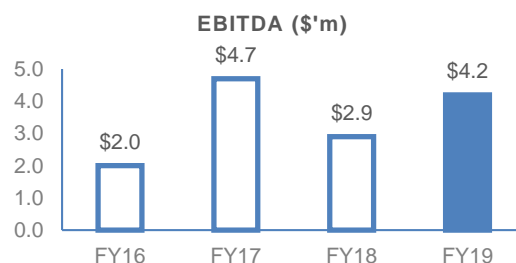
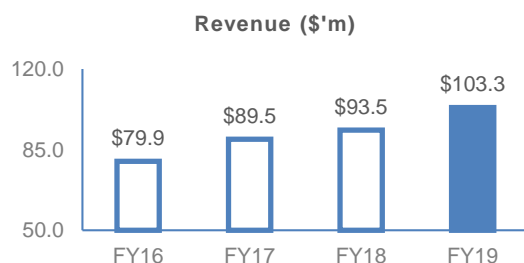
# Business Performance – Maintain

Significant increase in EBITDA margin coupled with continued revenue growth.

Summary (\$'m)	FY19	FY18	Change	Change %
<b>Revenue</b>	<b>\$103.3</b>	<b>\$93.5</b>	<b>\$9.8</b>	<b>10.5%</b>
Maintenance Services	\$18.6	\$17.7	\$0.9	5.1%
Reactive & Minor Works	\$65.4	\$57.6	\$7.8	13.5%
Fire Maintenance	\$19.3	\$18.2	\$1.1	6.0%
<b>EBITDA (reported)</b>	<b>\$4.2</b>	<b>\$2.9</b>	<b>\$1.3</b>	<b>43.2%</b>
<i>EBITDA %</i>	<i>4.1%</i>	<i>3.1%</i>	<i>1.0%</i>	
Significant Items	\$0.3	\$0.4	(\$0.1)	(28.9%)
<b>EBITDA (underlying)</b>	<b>\$4.5</b>	<b>\$3.3</b>	<b>\$1.2</b>	<b>34.6%</b>
<i>EBITDA %</i>	<i>4.3%</i>	<i>3.6%</i>	<i>0.8%</i>	



- Secured and extended numerous contracts in the year with a diverse range of clients including YMCA, BHP Commercial, Charles Darwin University, GMHBA Stadium and Woodside Karratha Housing
- Expanded the Building Automation, Advisory and Energy divisions with teams established across NSW, VIC, QLD and WA to complement our existing Maintain client service offering





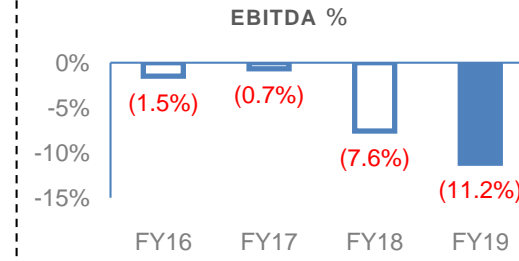
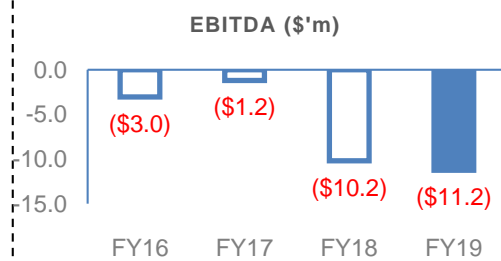
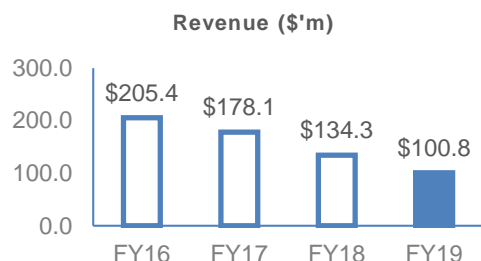
# Business Performance – HVAC | Build

Successful wind down of operations and divestment of remaining workbook in line with strategy.

Summary (\$'m)*	FY19	FY18	Change	Change %
Revenue	\$100.8	\$134.3	(\$33.5)	(24.9%)
<b>EBITDA (reported)</b>	<b>(\$11.2)</b>	<b>(\$10.2)</b>	<b>(\$1.0)</b>	<b>(10.3%)</b>
<i>EBITDA %</i>	<i>(11.2%)</i>	<i>(7.6%)</i>	<i>(3.6%)</i>	
Significant Items	\$7.8	\$2.2	\$5.5	253.3%
<b>EBITDA (underlying)</b>	<b>(\$3.4)</b>	<b>(\$8.0)</b>	<b>\$4.5</b>	<b>56.0%</b>
<i>EBITDA %</i>	<i>(3.4%)</i>	<i>(6.0%)</i>	<i>2.6%</i>	



- The recently announced divestment of HVAC Build Major Projects in NSW & Victoria will strengthen core operations
- Operations in WA/QLD discontinued in H1 as previously reported



\*Adjusted for discontinued operations

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# **STRATEGY & OUTLOOK**



# Strategy Update

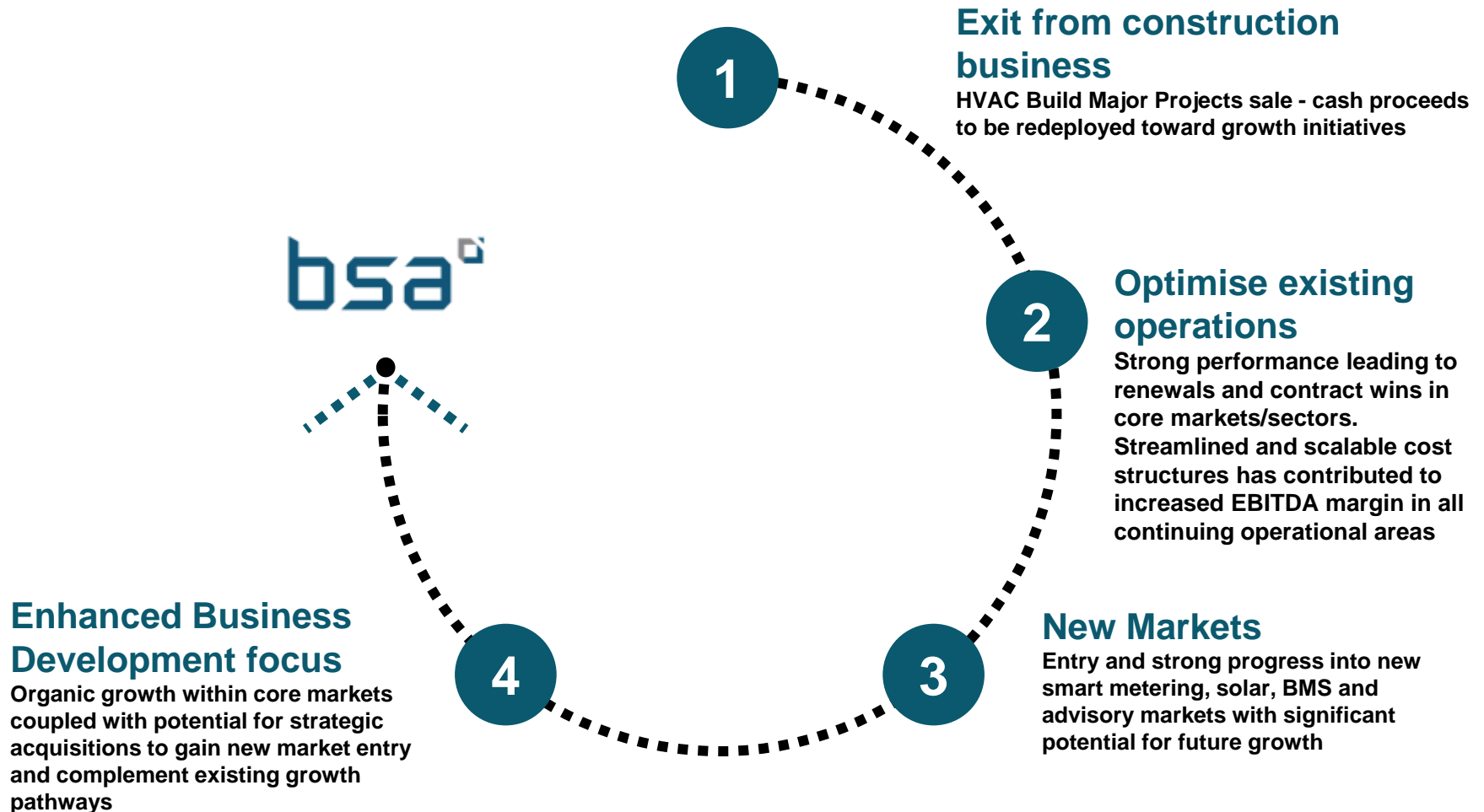
Our strategy to move to end to end asset management across Property and Telecommunications remains unchanged and significant progress was made in key areas during FY2019.

Vision	To be our clients indispensable partner to design, deliver and manage innovative asset solutions			
<b>Strategy</b>	<p><b>Grow</b></p> 	<p><b>Diversify</b></p> 	<p><b>Optimise</b></p> 	<p><b>Innovate</b></p> 
<b>Actions</b>	<p>Accelerate multi-service growth &amp; National contracts</p> <p>Expand Connect field force capability &amp; leverage logistical ticket of work expertise</p> <p>Capitalise on further opportunities in Fire infrastructure and maintenance</p> <p>Increased cross sell and better leverage from conversion of existing clients</p>	<p>Integrated energy solutions expansion including Building controls / BMS</p> <p>Further smart meter expansion</p> <p>Consolidate and expand mobile market entry</p> <p>Increase solar and storage footprint</p>	<p>Evolve technology solutions – competitive advantage</p> <p>Streamline delivery models – efficiency and scalability</p> <p>HVAC Build divestment process completed</p> <p>Continue expansion of annuity revenue streams</p>	<p>Leverage further smart client solutions e.g. prefabrication / modularisation</p> <p>Continue growth of Think &amp; Advisory across all Business Units</p> <p>Expand client outsource offerings and full managed services</p> <p>Acquisition strategy – complementary &amp; strategic streams</p>



# Current Status Of Our Journey

Portfolio restructure completed as well as tangible progress on internal optimisation & sustainable organic growth. Journey will continue in FY20 with an enhanced Business Development focus.



# Outlook



## Favorable Market Conditions (external factors)

- Buoyant markets & robust pipeline - growth opportunities in existing markets albeit with disruption in the pay TV market continuing
- Identified potential in untapped target markets (Infrastructure, Asset Management, 5G)
- Continued client demand for innovation in delivery due to cost and workforce pressures
- Strong relationships & performance metrics with key clients – positioned well for long term partnerships

## Strong Business Fundamentals (internal factors)

- Clean divestment from HVAC Build reduces significant risk and allows management focus on growth areas
- Opportunity to leverage initial entries into new markets (solar, smart energy, Building controls) given market size upside
- Streamlined scalable operating model embedded to deliver economies of scale as we grow
- Strong balance sheet to maintain flexibility

As a result we expect growth in profitability in FY20 based on revenue in the order of \$500m

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# APPENDIX





# Group Financial Results – Continuing vs Discontinued

Strong growth in continuing operations  
Discontinued operations negatively impacted group earnings for the full year.

FY19 Financial Results (\$'m)	FY 19 - CO	FY 19 - DO	Group	FY18 - CO	YOY Δ - CO	Δ%
	A	B	A+B	C	D=A-C	D/C
Revenue	\$469.7	\$100.8	\$570.5	\$428.1	\$41.6	9.7%
<b>EBITDA (reported)</b> <i>EBITDA %</i>	<b>\$21.8</b> 4.6%	<b>\$(11.2)</b> (11.1%)	<b>\$10.6</b> 1.9%	<b>\$19.2</b> 4.5%	<b>\$2.6</b> 0.1%	<b>13.7%</b>
Depreciation & Amortisation	\$(6.2)	\$(0.6)	\$(6.8)	\$(5.3)	\$(0.9)	17.0%
<b>EBIT</b>	<b>\$15.6</b>	<b>\$(11.8)</b>	<b>\$3.8</b>	<b>\$13.9</b>	<b>\$1.7</b>	<b>12.5%</b>
Interest & Tax	\$(4.8)	\$1.2	\$(3.6)	\$(5.0)	\$0.2	(4.0%)
<b>Net Profit After Tax (reported)</b> <i>Net Profit After Tax %</i>	<b>\$10.8</b> 2.3%	<b>\$(10.6)</b> (10.4%)	<b>\$0.2</b> 0.0%	<b>\$8.8</b> 2.1%	<b>\$1.9</b> 0.2%	<b>21.9%</b>
Significant Items	\$2.8	\$7.8	\$10.6	\$2.2	\$0.6	28.5%
Significant items (net of tax)	\$2.0	\$5.5	\$7.5	\$1.5	\$0.4	28.5%
<b>EBITDA (Underlying)</b> <i>EBITDA %</i>	<b>\$24.6</b> 5.2%	<b>\$(3.4)</b> (3.3%)	<b>\$21.2</b> 3.7%	<b>\$21.4</b> 5.0%	<b>\$3.3</b> 0.2%	<b>15.2%</b>
<b>NPAT (Underlying)</b> <i>NPAT %</i>	<b>\$12.8</b> 2.7%	<b>\$(5.1)</b> (5.0%)	<b>\$7.7</b> 1.3%	<b>\$10.4</b> 2.4%	<b>\$2.4</b> 0.3%	<b>22.9%</b>

DO - Discontinued Operations (HVAC Build major projects)

CO – Continuing Operations

## Continuing Operations

- ✓ Revenue of **\$469.7m** (up **9.7%**)
- ✓ Underlying EBITDA of **\$24.6m**
- ✓ Reported EBITDA of **\$21.8m**
- ✓ Strong growth on a comparable basis

## Discontinued Operations

EBITDA of **\$(11.2m)** comprises:

- Underlying performance (\$3.4m)
- First half costs re. closure of WA/QLD (\$2.8m)
- Sale costs to date, onerous lease accounting & other (\$4.9m)

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