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FOR IMMEDIATE RELEASE

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

TRADING UPDATE, DIVIDEND POLICY, GROWTH INITIATIVES & CAPITAL MANAGEMENT

BSA Limited (ASX: BSA) wishes to further update the market on trading activities and strategic initiatives.

Financial Year Profitability

For the financial year ending 30 June 2020, we expect revenue from continuing operations to be in the range of \$475m to \$485m, compared to \$469.7m for the year ended 2019. We expect reported EBITDA from continuing operations to be in the range \$22m-\$23m¹ million compared to \$21.8m for FY19.

We are pleased to report we have seen continued resilient performance by our Connect (58% of BSA H1 20 revenue) and Fire Build (19% of H1 20 revenue) business units but have experienced some slow down and deferral of discretionary work within our Maintain (23% of H1 20 revenue) business unit. The slowdown in the Maintain business has primarily been due to weakness in the tertiary education, transport, and retail sectors. We expect demand to return through FY21 as client confidence returns and the requirement for well-maintained assets increases across many sectors.

We are also pleased to report that to date, given our tight cost control and focus on working capital, we have retained a strong cash position and have not seen any material impact on receivables or other working capital as a result of the pandemic.

Interim Dividend

On 25 March 2020, BSA advised that it had made the decision to defer payment of its interim dividend for the half year ended 31 December 2019 until 27 October 2020 given the uncertainty caused by the onset of the COVID-19 pandemic.

Given solid trading, improved certainty and BSA's proactive focus on managing working capital, BSA is pleased to announce that the interim dividend of 0.5 cents per share, fully franked, will now be paid earlier than expected on 8 July 2020 to shareholders on the register at Friday 27 March 2020.

¹Underlying EBITDA from continuing operations (excluding AASB16 and significant one-off costs) is expected to be in the range of \$20m-\$22m.



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Dividend Policy

BSA acknowledges the importance of paying regular, reliable dividends to its shareholders. BSA is focused on growing revenues and operating profits in a controlled manner whilst maintaining a tight focus on working capital to deliver strong levels of free cash flow.

BSA is pleased to advise that its new dividend policy is to target a payout ratio of between 40-60% of earnings per share, paid as both an interim and full year dividend. BSA expects that all near term dividends will be fully franked.

The Board believes that the 40-60% payout ratio strikes the right balance between rewarding shareholders with a reliable income stream whilst retaining capital for further investment in the business to pursue our pipeline of strategic growth initiatives.

Growth Initiatives & Capital Management

Our long-term financial goal is to maximise growth in shareholder value.

BSA has recently undertaken and completed a comprehensive strategic review. Our core markets have strong demand and we are well positioned for future organic growth. BSA is also investigating inorganic merger & acquisition opportunities to enhance our client offering.

BSA maintains a significant franking credit balance of \$13.9m as at 30 June 2019. The board is currently considering a range of capital management options to release franking credits.

BSA will communicate the outcome of its capital management review in due course.

-Ends-

This Announcement is authorized by the Board.

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