



16 November 2021

FOR IMMEDIATE RELEASE

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

BSA Limited: Annual General Meeting – Chairman’s and Chief Executive Officer’s Addresses to the Meeting

Chairman’s Address

Good afternoon shareholders, Board and management. As in the prior year I am pre-recording this address in Melbourne as uncertainty around state borders were present during the planning phase.

It does seem plausible that most states will return to a level of normality as we look forward to the second half of this financial year.

Financial year 2021 provided stable results despite the significant disruption to business activity caused by the pandemic. The BSA business model, proved largely resilient and adaptable to this constantly changing environment. Most of the COVID-19 disruption has been on the East Coast of Australia which comprises 75% of BSA’s operations.

During FY21 we did secure very significant contracts, which will set the platform for the next 5 years. Major customers such as NBN, Foxtel and Telstra have written long-term contracts with us. Arguably one of the most successful years in securing new long-term work.

The impact of the pandemic was felt most in our facility maintenance business, servicing the commercial, education and industrial sectors. We saw reduced trading volumes in this division due to constantly changing protocols and stay-at-home orders .

This unpredictability has unfortunately continued in the first half of FY22, which was the trigger for our recent trading update on 28th October 2021. In the last 6 months, unlike last financial year the construction sector was shut down in its entirety in Victoria and New South Wales. Whilst only temporary, it provided significant challenges.

Yet despite these disruptions BSA was still able to deliver a satisfactory financial result in FY21, and continued to return a stable dividend to shareholders.

BSA now has a secure contract base, and importantly an annuity business from which to “step off”, as we look for far more aggressive, if not transformational growth.

The springboard for this growth is a very coherent strategic intent which the Board signed off on recently. It’s an easy to articulate strategy.

We now have a pathway to be the market leader in tech enabled workforce management.

We aim to be the “go to” bridge between B2B customers on the one hand, and the large pool of skilled technicians in our National network.

We aim to deliver services to buildings and infrastructure, as well as the home, through technology enabled solutions.

Given this aspiration and to achieve our three-year \$750 million revenue objective, we intend to make well considered acquisitions,

We foreshadow going to the market at some point soon for an equity raise given the scale of some of the already filtered opportunities before us. We believe the deals will be accretive year one, and low in execution risk.

Additionally, the Board has been very focused on removing legal distractions.

Both BSA and Tandem (the latter now in administration) were defendants to the Shine class action, which in summary seeks to treat our technicians as employees not independent contractors.

We had until recently understood the importance of representing the industry as market leader and standing up for the rights of those that want to set up business for themselves as self-employed contractors.

But also weighing heavily on our minds is our primary role of running a business and creating shareholder value. Legal cases such as these are fraught with complexity, AND, as in any major dispute, contain an element of risk, even when your advisers insist you have the better side of the argument.

There is also significant "opportunity cost" of continuing to defend the action given the significant distraction to both the executive team and Board. So, having considered all of the above, we are in advanced discussions with the class action claimants to settle this matter, with the details still to be documented and signed off by the court.

Tim Harris our CEO has overseen BSA's navigation of the pandemic, which coincided with his commencement as CEO in March 2020. I would sincerely like to thank Tim and his executive team for their effort and dedication over the last financial year.

We have continued to focus on expanding the skillsets of our Board. To this end we welcome Michelle Cox as a new non-executive director. Michelle commenced, pending AGM approval, on 31 July 2021. Michelle has extensive experience in marketing and technology. We welcome her insights and the additional perspective she brings in the oversight of BSA's strategy.

It is with some sadness that in recent days Paul Teisseire advised me that he would be withdrawing his nomination for a further term.

Paul has been the backbone of the Board for over a decade, with his sound counsel, undoubted legal acumen and calm leadership of the Audit Committee. On a personal level I will miss him, and wish him well.

We did complete one acquisition in FY21, being Catalyst ONE. It was an important tactical bolt on, as it opened the CUI division to the mobile tower market, which is a significant market opportunity that we previously had not been able to access. The exceptional leadership team of Catalyst ONE have integrated well into the BSA culture and performed strongly in the period.






So in summary it's been an unpredictable operational environment. Yet, as you can see from the above and the list of achievements, a time where BSA has remain forward looking and focused.

In closing, I would like to again thank the Board and shareholders for their ongoing support, and of course the Executive team, our staff and contractors for their continued hard work and dedication.

I certainly look forward to next year, when hopefully, we can all be together in person. Thank you.

Michael Givoni
Chairman

FY21 saw a number of significant achievements across the Group, setting a robust platform for sustainable growth

 Portfolio Strong base of long term annuity income	 People New highly skilled management team in place in all areas	 Technology Enablement Technology enabled streamlined delivery processes rolled out	 Core Business Growth Actionable and coordinated plans in place across core business	 Diversified Growth Target sectors identified leveraging existing competitive advantages
Achievements in FY21: <ul style="list-style-type: none">• nbn (4 years + options) – increased market share from 26% to circa 36% (biggest single installer);• Foxtel (3 years + options) – increased market share from 50% to 100%;• Telstra (3 years + options) – secured work packages across both APS & CUI; and• APS – successful renewal of 95% of key expiring contracts on similar terms as well as securing a number of new clients.	Achievements in FY21: <ul style="list-style-type: none">• Completion of Executive team and Senior delivery team refresh;• Increase in talent to drive technology strategy; and• Streamlining of delivery teams to fit new client scopes and restore margins (10% reduction in employment costs & FTE's).	Achievements in FY21: <ul style="list-style-type: none">• Roll out of BSA Field Service Lightning (Salesforce) across APS portfolio (circa 1,200 customers);• Data driven asset management pilots successfully rolled out to key clients (significant shift in traditional delivery mechanisms); and• Tech enabled enhancements successfully trialled in ticket of work clients.	Achievements in FY21: <ul style="list-style-type: none">• Successful entry into wireless market through acquisition of Catalyst ONE; Three year tactical plans fully updated & reprioritised for CUI & APS leveraging our assessment of: <ul style="list-style-type: none">• Our core market dynamics;• Our points of competitive advantage;• Our leaders experience, market intelligence and relationships.	Achievements in FY21: <ul style="list-style-type: none">• Appointment of advisory firm to complement in-house market knowledge;• Detailed scoping and market mapping complete; and• Target sectors identified – assessments ongoing.



Chief Executive Officer's Address

Thank you Michael and once again welcome to all shareholders.

Slide 12 gives an overview of the key safety initiatives and metrics for the Group. This year BSA refreshed its key values which underpin everything we do as a business. As part of these refreshed values we continue to place emphasis on safety, with the fundamental value “We Work Safe & Go Home Safe” being the foundation on which the rest of our values are built.

FY21 and the first quarter of FY22 also saw a significant focus on proactively managing the impact of the pandemic on our workforce. This included working collaboratively with clients and regulators to ensure our workforce and customers remained safe and adhered to government mandated practices and restrictions at all times, as well as a number of internal initiatives focused on mental health and well-being for our workforce. One such initiative was the Executive led Stop for Safety Day in October, which included a keynote address by Gus Worland from Gotcha4Life on mental fitness, meaningful mateship and reaching out. We also led a pro-active participation in the national “R U OK?” initiative to raise awareness and address the psychological wellbeing of our workforce.

As a company, we continue to innovate and adapt our safety protocols and invest in our key pillars of: Systems, Risk Management, Safety Capability as well as Health and Wellbeing.

Safety is and remains our number one priority and we are proud to have a strong embedded safety culture across the Group, with a focus on continual improvement across all our business operations.

Turning to slide 13.

Financially, we were pleased to report a stable result for FY21 despite the headwinds and uncertainty in the economy.

Key tender successes discussed in the Chairman’s speech were awarded late in the first half of the financial year with mobilisation occurring in the second half. This, along with the stabilisation of nbn from peak volumes in FY20 has resulted in a decline in revenue; but a growth in secured long-term annuity style contracts which now represent 84% of revenue.

Revenue and underlying EBITDA were in line with guidance and I’m pleased to report another strong cash result, with 77% operating cash conversion and the Group retaining its net cash position.

As a result, the Board approved a fully franked final dividend of 0.5 cents per share, bringing the declared dividends for the year to 1 cent per share, therefore continuing the consistent flow of dividends over recent years.

Despite some pandemic driven delays in the awarding of new key contracts and infrastructure spend in FY21 our order book remains robust, and we predict a strong increase in demand for our services in the new year as confidence returns to the economy, client spend patterns return to normal and the backlog of delayed upgrade works comes to market.

Slide 14 gives an overview of current and historic financial performance within our core operating divisions.

Whilst the Communications and Utility Infrastructure division delivered revenues below prior year at \$211.1m and EBITDA of \$16.9m due primarily to lower nbn volumes compared to the FY20 peak, the division successfully delivered on the key objective of diversifying our client base. This was achieved through key contract wins with Telstra and Vocus as well as through the successful acquisition of Catalyst ONE giving the Group a strategic entry into the growing wireless market. The smart metering contracts continue to grow year on year and remain a key focus area with strong returns.

The Advanced Property Solutions division delivered revenues slightly below prior year at \$211.4m and EBITDA of \$9.4m, pleasingly showing a growth in EBITDA margins of 0.4% due to improvements in operational efficiency including some technology enablement pilots and initiatives.



The APS segment includes our Fire Build and core Maintenance portfolios which are now consolidated. Fire Build revenue decreased reflecting the cyclical nature of construction with a number of key contracts completed in the period and some project awards delayed. A strong pipeline of work remains with significant infrastructure spend expected at the end of FY22.

It was very pleasing to see revenue on maintenance contracts increased over the period, despite a significant temporary slowdown in discretionary spend driven by the pandemic. This shows the growing strength of our underlying workbook and positions the Group well to benefit from the strong supply of work we predict in 2022, as client confidence returns and the accumulated backlog of work from 2020 and 2021 across many sectors comes to market.

Our Group priorities for FY22 shown on **slide 15** leverage on the solid long term base set during FY21. The recent contract wins, entry into the wireless market and successful role out of our leading workforce management technology platform has set a robust platform for sustainable growth. Our focus is on optimising delivery to enhance margins as well as further diversifying our client and product offering by leveraging our key differentiators of: workforce management expertise, end customer experience and client collaboration.

These core competencies are being recognised by our existing client base and we see opportunities to take these attributes to new clients and complimentary sectors, markets, and geographies. These competencies have also helped us frame target markets and sectors for inorganic activity to accelerate growth for the Group as shown on **slide 16**.

We see significant benefit in complementing our organic growth plans with acquisitions. Senior management and the Board have spent considerable time in the second half of FY21 and early FY22 identifying target markets and sectors that meet our selection criteria, leverage our core competencies as well as enable us to drive economies of scale through utilisation of our existing fixed cost base, in-house management expertise and leading technology platforms. We have made further significant progress in this area since year end as mentioned by the Chairman.

Slide 17 gives an update on latest trading conditions and our medium-term targets previously announced.

As outlined in the FY21 Investor Presentation in August, we anticipated COVID-19 restrictions driven by the voracity of the Delta variant would impact volumes in both CUI and APS. We have seen this occur in early FY22 with the suspension of all non-critical activity in New South Wales and Victoria, construction site restrictions and shutdowns in New South Wales and Victoria and delays in tenders and infrastructure spend while progress towards the 80% vaccination target was achieved.

In CUI, the division experienced significant temporary operational impacts, given the majority of our revenue is generated where the lockdowns hit hardest. Of our major delivery platforms only nbn remained classified as an essential service under government definitions, with all other revenue streams facing a variety of negative restrictions and shutdowns imposed through government orders. This impact is clearly temporary with the backlog of volume needing to be caught up now restrictions have eased and we are already observing early signs of recovery.

The impacts felt through the APS division where discretionary work was paused either through government enforced shutdowns or short-term client site closures are also temporary in nature. We are already starting to see resumptions of this work as restrictions are lifted.

Generally, we expect volumes to rebound strongly through calendar year 2022 as the majority of our maintenance work is non-discretionary and there will be pressure to accelerate delivery in our minor projects and reactive works programs as well as across major construction.

As a group, we mitigated the impacts in Q1 of FY22 through cost rationalisations and staff stand downs where appropriate. However, given the stated government goal of resumption of business as usual at 80% vaccination rates we maintained our core workforce, management, supervisors, safety and support professionals to ensure we can ramp-up and meet customer needs as restrictions ease.



The impact of maintaining this cost base whilst revenue was temporarily paused is reflected in our recently announced half year guidance, which remains unchanged. As noted before, we are observing normal operational patterns slowly returning however given the uncertainty in client confidence and proximity to calendar year end we are not able to give reliable guidance for FY22 at this point but can confirm we are on track for our FY24 target of \$750 million of revenue with returns in the range of at least 6-8%, through a combination of organic and inorganic growth opportunities. We feel the successes in FY21 have set a very strong base for future growth with plans, people and processes now in place to deliver on the targets set.

Please do note the Disclaimer currently showing on **Slide 18** is current at the date of this presentation but is a summary only, and does not purport to be complete.

Before concluding, I would like to thank my Executive team and the whole BSA workforce – both our own employees and our wide sub-contractor workforce for their drive and dedication in what has been a very testing time for us all in both our personal and professional lives – it is truly appreciated by myself and the Board.

Tim Harris
Chief Executive Officer



CEO Address

Tim Harris



Health & Safety Performance

Focus on continuous improvement across all areas of health, safety and well-being

Health and Safety Initiatives

- Refreshed BSA values underpinned by “we work safe & go home safe”.



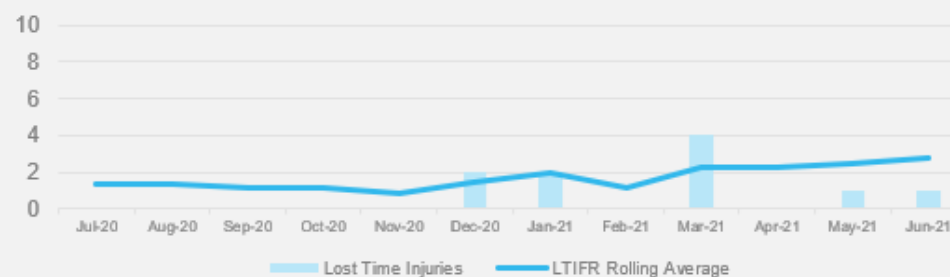
- Focus on mental wellbeing:
 - Proudly supporting R U OK day; and
 - Stop for Safety month keynote by Gus Worland Gotcha4Life.
- Launch of BSA Health & Wellbeing Hub, partnering with Heath at Work.



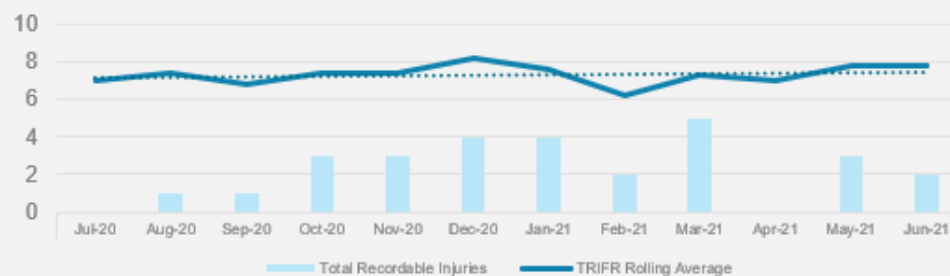
Operational Metrics

- Health and Safety survey completed - BSA rated above average with the feedback used to drive our FY22 continuous improvement initiatives.
- Continued investment in safety resources & capability, supporting operations on the ground to further embed BSA best practice.
- Proactive focus on COVID-19 measures to ensure the safety and well-being of our people and customers continues.

Lost Time Injuries



Total Recordable Injuries





Full Year Highlights

Revenue & Underlying EBITDA in line with guidance supported by strong operating cash conversion

Financial Results



- Key tender successes secured significant revenue for FY22 and beyond (minimal FY21 impact);
- nbn volumes stabilising post FY20 activations peak;
- Annuity style revenues represent **84%** (FY20 81%) of total revenue;
- Revenue **\$422.5m** ↓ **13.2%**;
- Underlying EBITDA of **\$23.1m** ↓ **10.8%**;
- EBITDA Margin **5.5%** ↑ **0.2%**;
- Operating cash conversion of **77%** (OCFBIT/EBITDA)*;
- Net cash of **\$11.9m**; and
- Full year dividends of **1.0 cent**.

Subject to rounding

** Operating Cash Flows Before Interest and Tax (OCFBIT) as a percentage of EBITDA (continuing operations)*

Order Book



- Group focus remains on growing sustainable annuity style revenue streams across both divisions;
- Recurring revenue increase to 84% (FY20 81%);
- Non-recurring revenue primarily relates to Fire Build construction contracts where we see a strong pipeline of work for those skills especially as the forecast boom in infrastructure work comes to market; and
- Key tenders secured in early FY22 include:
 - NSW Telecommunications Authority – Site Acquisition, Environment & Design;
 - Gatton Correctional Facility – Fire detection & suppression;
 - 101 Castlereagh St – HVAC Upgrade design & construction; and
 - Sydney Catholic Schools – Preventative and Reactive maintenance services.

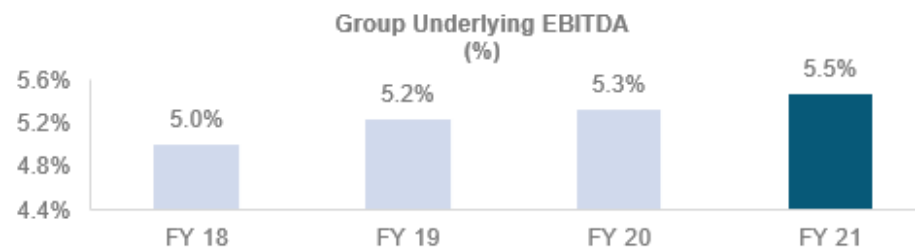
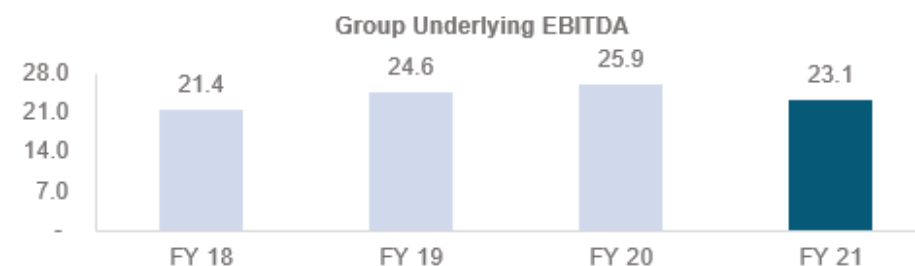
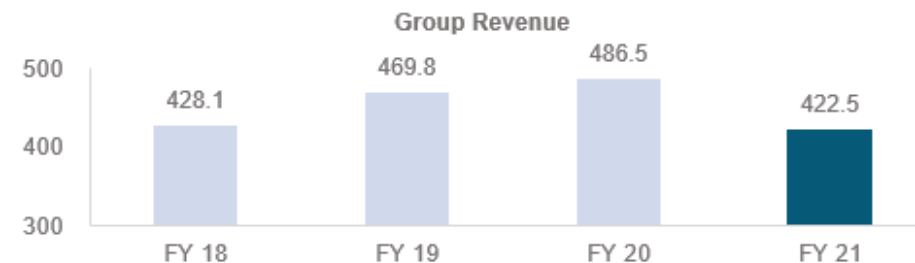
Segment Results

Volume driven impacts in FY21 with continued improvement in Underlying EBITDA% and further reduction in Corporate costs

Revenue (\$'m)	FY18	FY19	FY20	FY21
CUI	249.4	251.5	270.9	211.1
APS	178.7	218.3	215.6	211.4
Total Revenue	428.1	469.8	486.5	422.5

EBITDA (\$'m)	FY18	FY19	FY20	FY21
CUI	18.5	19.3	21.0	16.9
APS	6.9	9.5	8.6	9.4
Corporate & Other	(4.0)	(4.2)	(3.7)	(3.2)
Underlying EBITDA	21.4	24.6	25.9	23.1

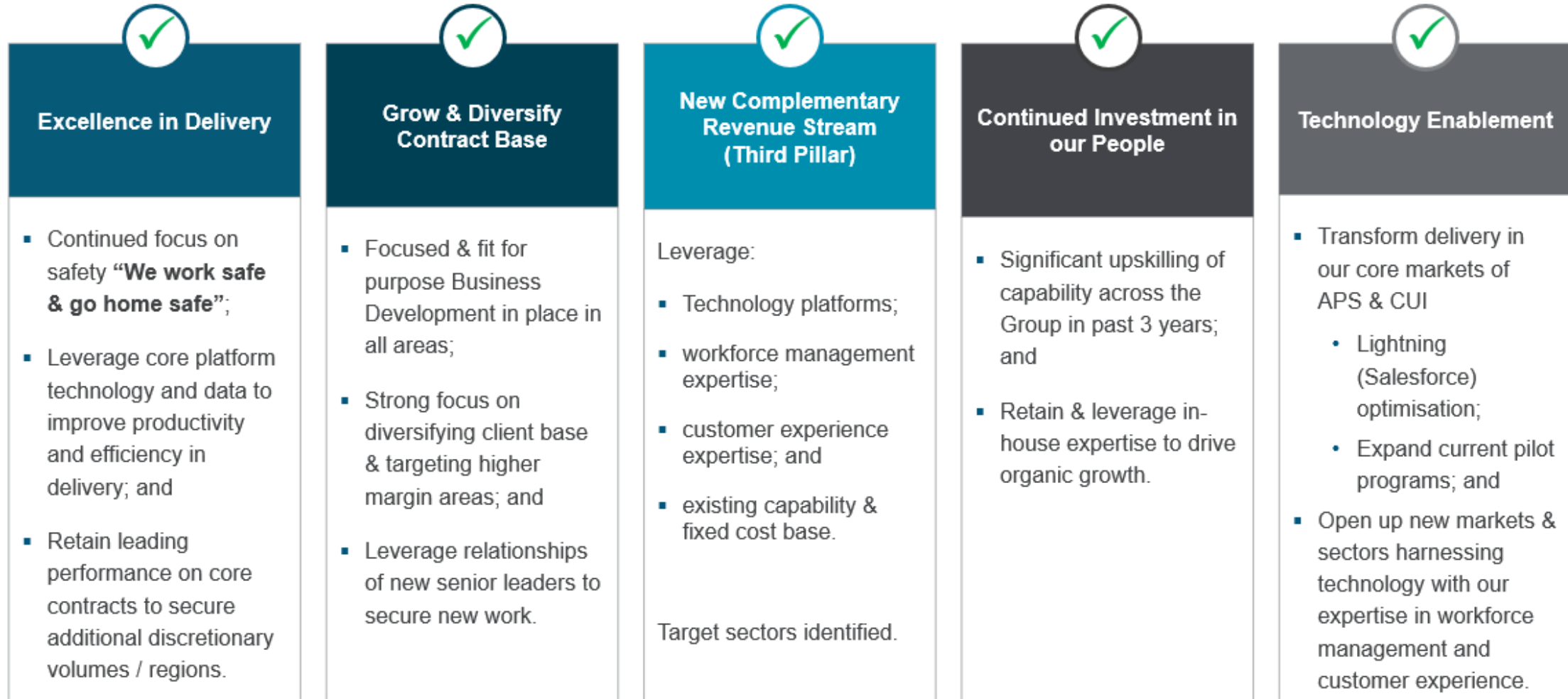
EBITDA %	FY18	FY19	FY20	FY21
CUI	7.4%	7.7%	7.8%	8.0%
APS	3.9%	4.4%	4.0%	4.4%
Corporate & Other	(0.9%)	(0.9%)	(0.8%)	(0.8%)
Underlying EBITDA %	5.0%	5.2%	5.3%	5.5%



Subject to rounding

FY22 - Group Priorities

Leveraging the robust platform for growth through excellence in delivery and technology enablement



Group Priorities - Inorganic Growth Program

Whilst our core markets remain robust with strong pipelines across our existing business, an acquisition of a new complementary revenue stream remains a core Group priority with significant progress made to date

New Complementary Revenue Stream (Third Pillar)

- We continue to work on identifying a new complementary revenue stream (Third Pillar) in order to drive profitable growth through diversification & scale;
- Our approach in assessing these acquisition opportunities has remained stringent and disciplined against our selection criteria; and
- Significant progress has been made to date on identification of both industries (adjacent and new markets) and acquisition opportunities.

Bolt-on Acquisitions

- Identifying suitable acquisition opportunities remains core to both the CUI and APS divisions to drive profitable inorganic growth;
- Capability and geographical expansion underpin our bolt-on programme funnel of opportunities; and
- Potential to drive margin enhancement by leveraging existing people and processes to drive cost and revenue synergies.

Acquisition Selection Criteria

1

Aligned to BSA's DNA with synergy opportunity (leverage technology, core expertise in workforce management & in-house fixed cost base)

2

Financially sensible and EPS accretive

3

Diversification of clients and sectors in resilient markets with long term growth fundamentals

4

Meaningful scale and margin performance

Outlook



Temporary downturn in 1H FY22 – FY24 target remains on track

Trading Update

COVID-19 restrictions have impacted volumes and profitability in both CUI and APS;

- Government directive has always been for business as usual to return once 80% vaccination target is met with indicative timelines;
- Staffing levels maintained (with stand-downs where appropriate) to ensure suitable workforce in place once restrictions ease;
- Deferral of work is expected to rebound once restrictions ease;
- Group is in a solid financial position with a robust balance sheet;
- Core CUI contract base secured and mobilized during FY21 coupled with APS work in hand will provide the underlying revenue base for FY22; and
- Healthy pipeline of works across both business units.

FY24 Target on Track

- 3 year growth target to FY24 remains
 - Revenue of \$750m;
 - EBITDA margins of 6% - 8% (minimum);
 - Dividend payout ratio of circa 60%; and
 - No adverse change to risk profile and quality of earnings.
- To be achieved through combination of organic growth in existing markets and execution of inorganic growth initiatives into complimentary sectors and markets.



Disclaimer

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.