



8 February 2021

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

FOR IMMEDIATE RELEASE

Strategy Execution Update

Sydney, 8 February 2021: BSA Limited (ASX: BSA) wishes to provide a business update for the 6 month period ending 31 December 2020.

BSA will release its half-year reviewed results on 18 February 2021.

The 6 month period saw the company successfully deliver on a number of its stated strategic and tactical goals designed to set a strong platform for further growth. These achievements include:

1. Increasing market share and tenure on key material contracts

- a. nbn – new 4 year services and installations agreement which increased our market share from 26% to circa 36% and positions BSA as a key strategic delivery partner to nbn into the future
- b. Foxtel – new 3 year contract increasing our market share from 50% to 100%.

2. Diversification of clients and services

- a. Telstra – new key client secured for an initial 3 year period through a partnership arrangement with Kordia Australia. Work secured across both our operating divisions (“Communications and Utilities Infrastructure” as well as “Advanced Property Solutions”)
- b. Wireless entry – expanded our strong fixed line product offering into the wireless market through the acquisition of Catalyst ONE.

3. Cost Efficiency & Technology

- a. Market leading Salesforce Field Services Lightning technology rolled out across whole APS client base – this will lead to significant improvement in data insight, processing speed, cost efficiency and customer satisfaction
- b. Advanced scoping of market place B2B platform for technical service providers
- c. Cost efficiency and rationalisation measures successfully implemented across direct and indirect cost areas – ie robotic process automation (“RPA”) introduced to aid processing of claims for high work order volume clients
- d. Structure & organisational design and delivery changes that serve to move the business to a more variable cost model as well as reduce overall overhead spend. As a consequence BSA was able to hold and in some cases enhance gross margin and underlying EBITDA notwithstanding short term deferrals of revenue.

The positive financial impacts of these significant achievements for the group will be predominantly realised from FY22 onwards as these contracts and initiatives transition and bed down through 2H FY21. We also expect client discretionary spend levels to return to historic norms during the course of this calendar year as the economy opens up and confidence returns.

For the 6 month period to December 2020, the group is expecting to report a temporary decline in financial performance relative to the prior corresponding period. This is primarily impacted by reduced overall market volumes in nbn compared to the roll out peak in FY20 coupled with the previously reported headwinds experienced in the APS division from COVID19 without any material offset from the successful initiatives executed as outlined above.

The company has also incurred a number of one off costs in the period relating to restructuring to drive future cost efficiency and reflect new delivery models on key contracts as well as legal costs.

Furthermore, with the Salesforce technology platform successfully deployed within APS in the period, the group has also commenced depreciating the establishment costs of this asset – these depreciation amounts are non-cash but impact on Net Profit After Tax compared to prior corresponding period.

The company achieved a strong cash result with an ~82% Operating Cash Flow conversion for the period reflecting the robust underlying business and retains a very strong balance sheet position providing capacity for future growth initiatives.

As a result, the Board proposes to continue to pay an interim dividend of 0.5 cents per share subject to finalisation of the financial results.

The unaudited financial results compared to prior corresponding period are as follows:

Summary (\$'m)	1H FY21 <i>Subject to review</i>	1H FY20
Revenue	\$213.2	\$258.9
EBITDA Underlying	\$11.4	\$14.3
<i>EBITDA Underlying %</i>	5.3%	5.5%
EBITDA Reported	\$8.5	\$12.8
<i>EBITDA Reported %</i>	4.0%	4.9%
Net Profit After Tax	\$1.3	\$4.7
Operating cash/EBITDA conversion* %	82%	66%
Net cash at period end	\$21.4	\$15.2

* Cash from operations excluding ATO deferral repayments, interest and tax

This temporary decline is expected to continue in 2H FY21 before the new contract positions, increased market shares and cost efficiencies fully come on line in FY22. We expect FY revenue to be in the range of \$400m-\$420m with similar margins to the first half.

Outlook

As outlined above, the new management team successfully delivered on a number of key strategic priorities in the period to December 2020 that has set an extremely solid platform for FY22 and beyond.

The Board and management are now actively looking at materially accelerating further growth with a view to achieving minimum targets over a 3 year period (FY24) as follows:

- Revenue of \$750m
- EBITDA margins of 5% (minimum)
- Dividend payout ratio of 60%
- No adverse change to risk profile and quality of earnings

This planning includes assessment of potential significant acquisitions and investment opportunities to further diversify our portfolio of services. This will enable us to better leverage our overhead base, drive revenue efficiencies through deployment of our workforce management and customer experience excellence and use technology to transform traditional market delivery methodologies.

The financial information in this announcement is subject to auditor review, which will be completed in conjunction with the preparation of the Appendix 4D that will be released to the market on 18 February 2021 accompanied by an investor briefing from Tim Harris, CEO, at 11.00am (AEDT).

The audio briefing will be streamed live and may be accessed via the BSA Limited company page on the Open Briefing website: <http://www.openbriefing.com/OB/4093.aspx>.

The presentation slides will be available through the link.

Participants will need to pre-register for the call at the link below:

Pre-Registration Link: <https://s1.c-conf.com/DiamondPass/10011958-jd87d4.html>

Once registered, participants will receive a calendar invite and a unique code, which is to be quoted when dialling into the call. To ask a question participants will need to dial “*1” (star, 1) on their telephone key pad.

The webcast will open 15 minutes prior to the start of the presentation.

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This announcement is authorised by the board.

For further information, please contact:

Tim Harris
Chief Executive Officer
BSA Limited
T: +61 2 8748 2464
E: corporate@bsa.com.au