



Building on Strong Foundations



ANNUAL REVIEW 2020

Our purpose

‘To excel in creating sustainable solutions for a better world’

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About BESIX Watpac

BESIX Watpac is an Australian engineering-led multi-disciplinary contractor backed by a century of global expertise and financial strength. A wholly owned subsidiary of the award-winning BESIX Group, we specialise in complex construction across key sectors.



\$7.4B+

Work in hand



13,000+

Employees



25+

Countries



5

Continents



Global strength

With vast international experience and smart engineering capability, we have the expertise and financial strength to deliver large-scale complex infrastructure projects in key sectors. Whether it's the tallest building in the world, the iconic Burj Khalifa, or the award winning One Central Park in Sydney – from stadiums to schools, hospitals, bridges, port infrastructure, secure facilities, airports, defence assets and rail stations, ours is a reputation built on quality and certainty of delivery.



Local experience

Leveraging our rich Australian history, we strive to deliver excellence on every project. Through effective collaboration, we proudly combine our extensive local experience, partnerships and supply chain to consistently achieve outstanding results. And we do it all in a way that prioritises local economic benefits, sustainability, social inclusion, and the people and communities we work with.



Governance

BESIX Watpac is wholly owned by BESIX Group. In Australia operations are undertaken within a strong corporate governance framework, which aligns to the ASX principles for Corporate Governance.

BESIX Watpac's corporate governance encompasses important areas including Strategy, Policies, Risk Management Framework and Culture.

Highlights CY 2020



Financial Performance and Position

\$12.2m

Consolidated profit before tax

\$337.7m

Cash & deposits

\$477.7m

Bank guarantee and insurance bond facilities



Health and Safety

AWARDS

Master Builders Awards (NQ), Excellence in Workplace Health and Safety, North Queensland Stadium

0.39

National LTIFR

COVID-19

Effective Management Plan and response



People

21%

Employees with 10+ years at BESIX Watpac

17%

Females

202

Indigenous workers on projects (July-Dec)

~\$1.6m

Paid to Indigenous businesses (July-Dec)

Strategy

Our strategy revolves around operational excellence. Achieving excellence in our relationships, work winning initiatives, right through to our project execution - it is fundamental to how we operate across our business and it underpins our success.





Jean-Pol Bouharmont
CEO BESIX Watpac

Message from the Chief Executive Officer

2020 has been a strategic year, repositioning the business as an engineering-led multi-disciplinary contractor specialising in complex projects.

It is extraordinary to reflect on 2020 and how quickly and dramatically circumstances can change. The COVID-19 global pandemic impacted us all, and the ramifications will likely reverberate for many years.

When the pandemic began to unfold, we moved quickly to protect first and foremost our people, our projects, and resolutely - the trust our clients have placed in us.

Through the periods of disruption and tangible uncertainty, we were extremely proud of the way our business adapted to the challenges and changing conditions; and the resilience, flexibility and fortitude demonstrated by our people.

While the prolonged border closures across Australia frustrated some of our operational efforts, our people worked tirelessly to maintain connections and business momentum and project teams focused strongly on upholding operational excellence.

Strong foundations

Despite the upheaval of the past 12 months we delivered a commendable consolidated profit before tax of \$12.2 million.

Projects such as Brisbane's Herston Quarter STARS building, Underdale High School, Fitzroy Gasworks High School, Geelong Civic Centre, Singleton Mid Term Refresh, Naval Guided Weapons Maintenance Facility, Hornsby Hospital, along with our first successful diversification into heavy industrial civil with Sun Metals in Townsville, were all

contributors to our \$920 million of 2020 turnover. While lower than the prior year, this revenue base represented BESIX Watpac's selective tendering practices and alignment with a strategy to pursue more complex projects, including those in infrastructure and marine sectors.

We finished 2020 strongly, winning an extension and upgrade of a maximum-security prison in Melbourne, a commercial building in Sydney's Macquarie Park, and the ECI stage of a nationally significant medical and research facility for global vaccine manufacturer, Seqirus.

The company continued to maintain a strong balance sheet with substantial liquidity and has extensive capacity to provide required performance bonding on new projects. This not only provides financial and delivery certainty to all our stakeholders but enables us to participate as an equity partner on projects consistent with our diversification strategy.

Positioning for success

2020 has been a strategic year, repositioning the business as an engineering-led multi-disciplinary contractor specialising in complex projects.

As part of the BESIX Group, we have greater diversity, a stronger capability and can operate across all sectors of building and complex infrastructure projects including stadiums, bridges, marine works, and large-scale industrial projects.

The new BESIX Watpac value proposition and brand has been widely showcased through a sophisticated new website and is proudly displayed in marketing materials and on our sites and uniforms across the country.

A priority part of our growth strategy has been to ensure we have the right people in the right roles. To this end, we welcomed two new members to our Board during 2020 - Julieanne Alroe and Andrew Fraser, who bring considerable local credentials and knowledge.

We also strengthened our leadership team welcoming highly experienced appointments, General Manager Victoria/South Australia Simon Ballard, and General Manager New South Wales/ACT Peter Furlong.

Operational excellence

Our firm commitment, and where we continue to strive, is toward operational excellence. This means excellence in relationships, work-winning and project execution. We have committed substantial investment in support of new projects, alongside deepening our partnerships with clients, future clients and those we currently work with.

It was pleasing to see an improvement in our work health and safety performance in 2020. Our Lost Time Injury Frequency Rate (LTIFR) of 0.39 is an all-time low. Winning a Master Builders Award for Excellence in Workplace Health and Safety on one of our signature projects, the North Queensland Stadium, was great recognition of our efforts.

Our reconciliation endeavours progressed with the launch of our Reflect Reconciliation Action Plan. This laid the foundation for our National Indigenous Participation Policy, which formalised BESIX Watpac's ambitious Indigenous employment targets on projects - aimed at increasing economic independence for Aboriginal and Torres Strait Islander peoples in construction.

Looking to the future

We will continue to position for large scale, complex infrastructure and building projects across Australia and, for the first time, we have entered the market in New Zealand.

We are confident 2021 will be a transformational year for our business where we will see our new BESIX Watpac positioning realised, operationally.

Our efforts will remain steadfastly on execution and deepening our relationships - building on a reputation underpinned by excellence with a team that is client-focused, collaborative, proactive and above all, delivers on its commitments.

As we continue to traverse a period of uncertainty due to the ongoing pandemic, it is reassuring to know that we have the right team in place to navigate the challenges and deliver on our refocused strategy and our commitment to our clients.

In closing

Finally, we would like to thank our colleagues and acknowledge the hard work and commitment of our people. With their unwavering dedication, we look forward to a successful and productive 2021.

Jean-Pol Bouharmont
Chief Executive Officer

Board of Directors



Rik Vandenberghe
Chairman BESIX Watpac
BESIX Group Nominee



Johan Beerlandt
Alternate Non-Executive Director
BESIX Group Nominee



Julieanne Alroe
Non-Executive Director



Pierre Sironval
Non-Executive Director
BESIX Group Nominee



Andrew Fraser
Non-Executive Director



Linda Evans
Non-Executive Director



Carlo Schreurs
Non-Executive Director
BESIX Group Nominee



Martin Monro
Non-Executive Director



Investment Capability



As a major part of the BESIX Group, we have the financial strength to invest in our nation's prosperity. With a strong appetite as an equity partner and a history of project investment, we have the fiscal capacity, commercial acumen and experience to bring projects to life.

Our expertise in providing D&C solutions spans a range of essential services including state-of-the-art health and science precincts, large-scale educational projects, along with nationally significant Defence assets.

But we go further, offering the market an investment partner alongside our D&C offering. Our investment scope ranges from PPP's to private projects and affords clients the opportunity to realise their vision faster; with a uniquely positioned partner that is highly credentialed, future-focused and entrepreneurial.

“Partnering with BESIX Watpac as a financial investor provides a real alignment of interests and additional confidence in the successful outcome of the project.”

Mark Baker
CFO BESIX Watpac



HEALTH & SCIENCE

INVESTMENT CASE STUDY

Herston Quarter - STARS

Herston Quarter is a visionary 5-hectare health, hospital and aged care development delivered by BESIX Watpac through a Public Private Partnership with Australian Unity. As the first stage of the \$1.1 billion master planned Herston Health Precinct, the \$400 million project elevates Brisbane's international status as a world-leading healthcare and medical research precinct. The project comprised the new Surgical, Treatment and Rehabilitation Service (STARS) building, Spanish Steps and a sky-bridge linking the building to the Royal Brisbane and Women's Hospital, providing vital health infrastructure for a growing population.

BESIX Watpac's partnering approach and willingness to invest alongside its D&C delivery capabilities helped provide the financial certainty required to achieve contractual close and commence construction on this vital piece of public infrastructure.



Smart Engineering



BESIX Watpac's impressive track record of delivering large-scale and technically complex building and infrastructure projects continued throughout 2020, thanks in no small part to our acclaimed in-house engineering department.

It was a busy and productive year for the team, which is part of a group of more than 150 engineers and methodology experts, focused strongly on maximising value and delivering project certainty for our valued clients.

Located in Brisbane, Dubai and Brussels the global engineering team operates as one, drawing on expertise and learnings, incorporating world's best practise, and sharing the latest innovation trends both locally and internationally.

The local team was deeply involved in a number of complex tenders during the year. Embedded into the early design process, our in-house experts provided direction and technical

leadership, assisting our engineering partners to develop world class engineering solutions.

Experts were also immersed in existing projects such as BESIX Watpac's new headquarters, Jubilee Place in Brisbane, and the Australian Catholic University's \$206 million Saint Teresa of Kolkata Building. Taking an engineering-led approach to these complex building projects, the team interrogated each unique design during the implementation phase, undertaking reviews and analysis and identifying opportunities for structural improvements, superior procurement decisions, and an optimised program, resulting in a safer and more cost-effective overall proposition.

Clients and partners have valued the collaborative interactions with our specialists, and the opportunity to work one-on-one to benefit design outcomes together.



COMMERCIAL

ENGINEERING CASE STUDY

Poly Centre

The central core of the Poly Centre, a 25-storey commercial tower located in the heart of Sydney, was identified as an important area by our in-house engineering specialists. Working together with the design consultant, our team engineered a superior shape and improved the structural behaviour of this critical feature. This resulted in a faster and simpler construction of the building, saving time and cost, and benefited the reticulation of water, electricity and other vital services within the layout of the building.

Our Local Operations



We specialise in complex construction across key sectors.

Sector Expertise

Buildings and Infrastructure



DEFENCE



HEALTH & SCIENCE



EDUCATION



COMMERCIAL



MULTI-UNIT RESIDENTIAL



SECURE FACILITIES



AIRPORTS



AGED CARE



WATER INFRASTRUCTURE



BRIDGES



INDUSTRIAL



MARINE



RAIL STATIONS



VENUES & STADIUMS



FOOD PROCESSING

Flexible, Streamlined Project Delivery

We partner with our clients to deliver projects through various contracting methods, including Public Private Partnerships, Managing Contractor, Early Contractor Involvement, Design and Construct, or Construct Only. Irrespective of the contract model, we embrace a flat management structure to enable streamlined communication between all project stakeholders enabling effective decision making.



Best For Project Teams

Our teams are hand-picked specifically for each project. We bring together the best people, consultants, sub-contractors, and delivery partners to ensure the right technical skills, cultural fit and client focus to achieve on-time and on-budget project delivery.



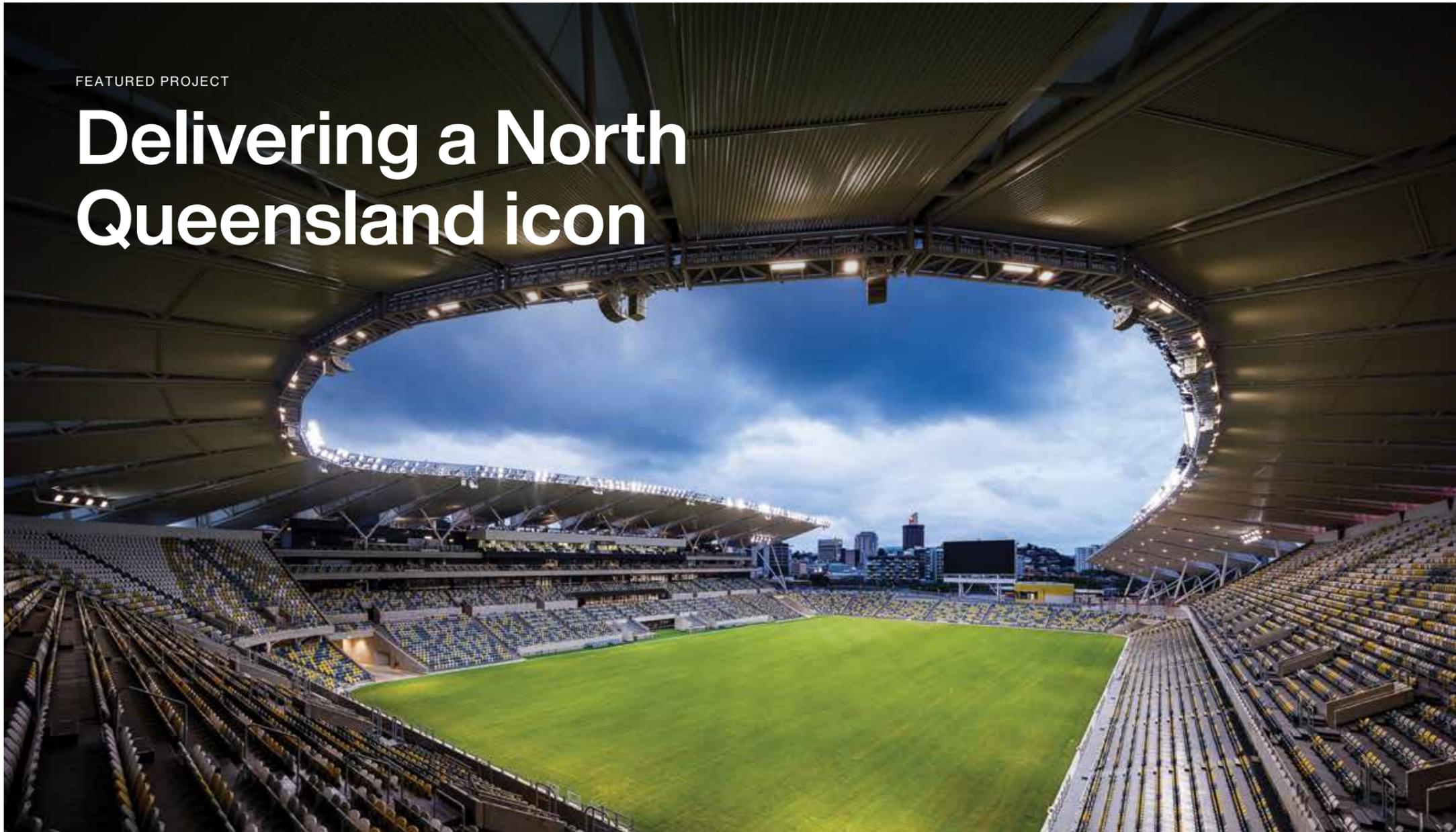
Project Highlights 2020

- Hornsby Hospital**
 Design & Construct
\$200m
 Hornsby, NSW
- Queensland Country Bank Stadium**
 Managing Contractor
\$318m
 Townsville, QLD
- Casey Hospital**
 PPP
\$135m
 Berwick, Victoria
- Herston Quarter, STARS**
 PPP
\$400m
 Herston, QLD
- Arthur Philip High School**
 Design & Construct
\$187m
 Parramatta, NSW
- Jubilee Place**
 Design & Construct
\$113m
 Fortitude Valley, QLD
- Brisbane Cricket Ground - Gabba Upgrade**
 Managing Contractor
\$35m
 Woolloongabba, QLD
- Roma Hospital**
 Construct Only
\$85m
 Roma, QLD
- ACU Saint Teresa of Kolkata Building**
 Design & Construct
\$206m
 Fitzroy, Victoria
- Sun Metals Zinc Refinery Expansion**
 Construct Only
\$117m
 Townsville, QLD
- MILVEHCOE Queensland**
 Managing Contractor
\$170m
 Redbank, QLD
- Adelaide Airport Terminal**
 Design & Construct
\$165m
 Adelaide, SA
- Poly Centre**
 Design & Construct
\$118m
 Sydney CBD, NSW
- James Cook University Ideas Lab**
 Design and Construct
\$24m
 Cairns, NQ
- Qantas Founders Museum**
 Construct Only
\$12m
 Longreach, QLD

Please note: Approximate values shown.

FEATURED PROJECT

Delivering a North Queensland icon



“A project such as this would always be subject to political and public scrutiny at every milestone and BESIX Watpac has handled the delivery of this iconic North Queensland stadium with considered and appropriate professionalism.”



VENUES & STADIUMS

The Queensland Country Bank Stadium was a transformative, once-in-a-generation project for North Queensland and a spectacular success for BESIX Watpac.

Almost five years in the making, the \$318 million world-class, multi-purpose stadium was delivered with maximum local economic and social benefits by our exceptional team.

The stadium scored a hat trick at the 2020 Master Builders Queensland construction awards for North Queensland, including the prestigious Project of the Year award, Best Sporting Facilities award and Excellence in Workplace Health and Safety.

The team was particularly proud of the significant community legacy left by the project, of increased skills and subcontractor capability. Our Indigenous employment target of 6% nearly doubled during the course of the project.



1.1M hrs Indigenous participation



488 local businesses



2,000 local jobs created during construction



85% local subcontractors



\$163M injected into the economy through local business

“To cap it off the Townsville monsoonal flood event eventuated in the middle of construction but to BESIX Watpac's credit the impact was minimal to the overall programme.”

“This is a magnificent contribution to the skyline of the city of Townsville, the likes of which we will probably not witness again for generations.”

Judge's Comments – 2020 Master Builders Awards

Our People



 **500+**
Australian based employees

Health and Safety

Work health and safety plays a critical role in the construction industry and never more so than during a global health emergency. In a year of unprecedented challenges as a result of COVID-19, we remained committed to the implementation of our work health and safety strategies, while managing the impacts of the pandemic on our work sites and in our offices. Throughout 2020, as the implications of the pandemic unfolded, we adopted new strategies through our Project COVID-19 Management Plan to protect our people from exposure to the virus; including vetting of workers, delineated work area, staggered shifts and meal breaks, social distancing, increased hygiene and cleaning practices, and work from home arrangements.

BESIX Watpac's strategy proved successful as evidenced through our ability to maintain operations throughout 2020, with no cases of COVID-19 transmission confirmed on any of our projects.

Our injury frequency rates have continued to improve. The Lost Time Injury Frequency rate is 0.39, an all-time low and a 2.98 reduction over 2020. Our Medical Treatment Injury Frequency Rate at 6.45 is also trending lower and is below our current target. In line with BESIX group reporting, a Total Recordable Injury Rate was also introduced.

Several health and safety initiatives were implemented during the year aimed steadfastly at continuous improvement of culture and performance, including 10 new Life Saving Rules. These rules were adopted to address key health and safety risks associated with known fatal and high potential incidents related to their activities.

Other health and safety initiatives and campaigns that commenced, or were renewed in 2020, included the Social Psychology of Risk culture improvement program, Incident Investigation capability improvement project, a falling object campaign and a Christmas mental health campaign. Some of these will continue to roll out in 2021 as BESIX Watpac continues to pursue even greater improvements in its safety performance.

Well-being and Employee Development

In a year largely dominated by COVID-19, our people displayed courage and adapted well to the unpredictable and concerning circumstances presented by the pandemic.

Our partnership with the Resilience Project helped to support the team with positive mental health strategies throughout the year, with a focus on Gratitude, Empathy and Mindfulness. Employees and their immediate families were invited to attend a webinar followed by a 21-day challenge where they received access to a series of videos and were encouraged to practise the proactive strategies.

Given the challenges of 2020, RU OK Day? became more important than ever. We hosted a pledge wall in each office where employees wrote a commitment on what they could do to support their mental health or that of their loved ones.

Learning and Development programs were modified to enable them to continue in a virtual format and preparation commenced for the launch of the Management, Leadership and Graduate, and Early Career Development programs to be conducted in 2021.

Our people remain critical to our success, and we will continue to invest in and support them, just as we did throughout 2020.



Social Procurement



“BESIX Watpac is serious about setting ambitious targets for Indigenous engagement. By increasing our cultural awareness and actively engaging with Indigenous owned enterprises, we grow the pool of talented people we have available to advance our business.”

James Alley
National Indigenous Affairs Manager, BESIX Watpac

The launch of our first Reflect Reconciliation Action Plan (RAP) in 2020 demonstrated the value we place on embedding Reconciliation initiatives throughout our business.

Our RAP laid the foundation for a company-wide Indigenous Participation Policy which formalised our commitment to indigenous participation targets for Aboriginal and Torres Strait Islanders peoples on our projects.

Driven by our business and supported by the National Indigenous Affairs Manager, the Policy is aimed at increasing economic independence for First Nations People in the construction industry.

More than simply creating jobs for Indigenous workers, it is about engaging with Indigenous owned businesses that supply the full range of requirements for our projects, from subcontracting through to supplying materials and specialist services.

BESIX Watpac already has an impressive track record in Indigenous participation, with rates on some of our projects well above targets. In 2020 we achieved 11.6% on the North Queensland Stadium, 12.3% at our Sun Metals Zinc Refinery site and 11.7% on the James Cook University Ideas Lab in Cairns.

We take great pride in creating employment, training and business opportunities for First Nations People and celebrated NAIDOC Week in 2020 by hosting events where we engaged with some of the fantastic Indigenous businesses that we have worked with to deliver important projects across Australia.

Work has commenced on our second Reflect RAP which is due to be released in 2021.

Community Benefit



“By supporting OzHarvest, we are helping those in need through the extraordinary efforts of this great charity.”

Jean-Pol Bouharmont
CEO, BESIX Watpac

As active community members, we back local groups and organisations, investing through sponsorships and donations and supporting our people to volunteer and fundraise in support of local and social endeavours.

In 2020, after a year like no other, we could think of nothing better than giving back to the community in a positive and practical way at Christmas time – raising awareness and funds for the Australian charity Oz Harvest.

BESIX Watpac's donation provided 50,000 meals for those who need it most, as well as collecting food donations at our offices across the country.

Our teams also went out on the road joining food runs, collecting and delivering rescued food in the spirit of giving.



“BESIX Watpac has actually taken a really personal approach with our local community. They have responded to anything the community wanted to talk about. Nothing has been too difficult. We've built a really solid relationship.”

CEO, South West Hospital and Health Service

Roma Hospital

BESIX Watpac received high praise for the delivery of the new Roma Hospital in 2020 which will benefit the people of South West Queensland for the coming decades. The delivery of this exceptional new hospital was in no small part due to the fantastic working relationship with our client and project partners, responsiveness, and timely support of the local community during the project.

Our personal and proactive approach to engagement with local suppliers and, where possible, local workers, Indigenous cadets, and renting local accommodation all contributed to the goodwill and excellent outcome.

The BESIX Watpac team was proud of the legacy that was left for Roma, enjoying being part of the community and sponsoring local events. Our 'Name the Crane' competition was a big success with every school in the region participating.



ARTHUR PHILLIP HIGH SCHOOL

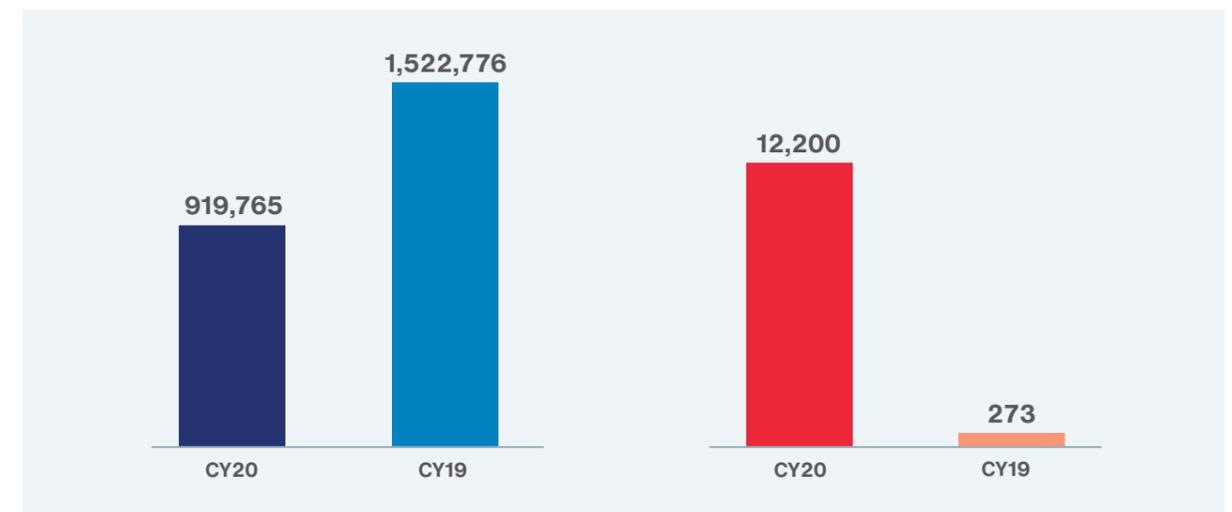
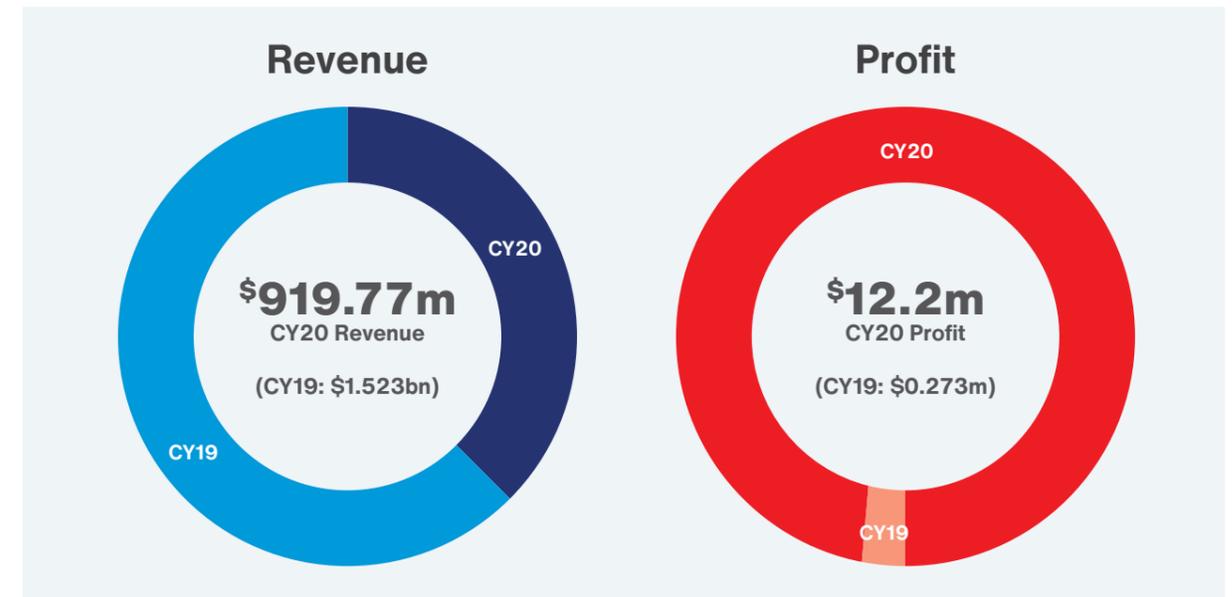
Financial Results

31 December 2020

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Profit and Loss

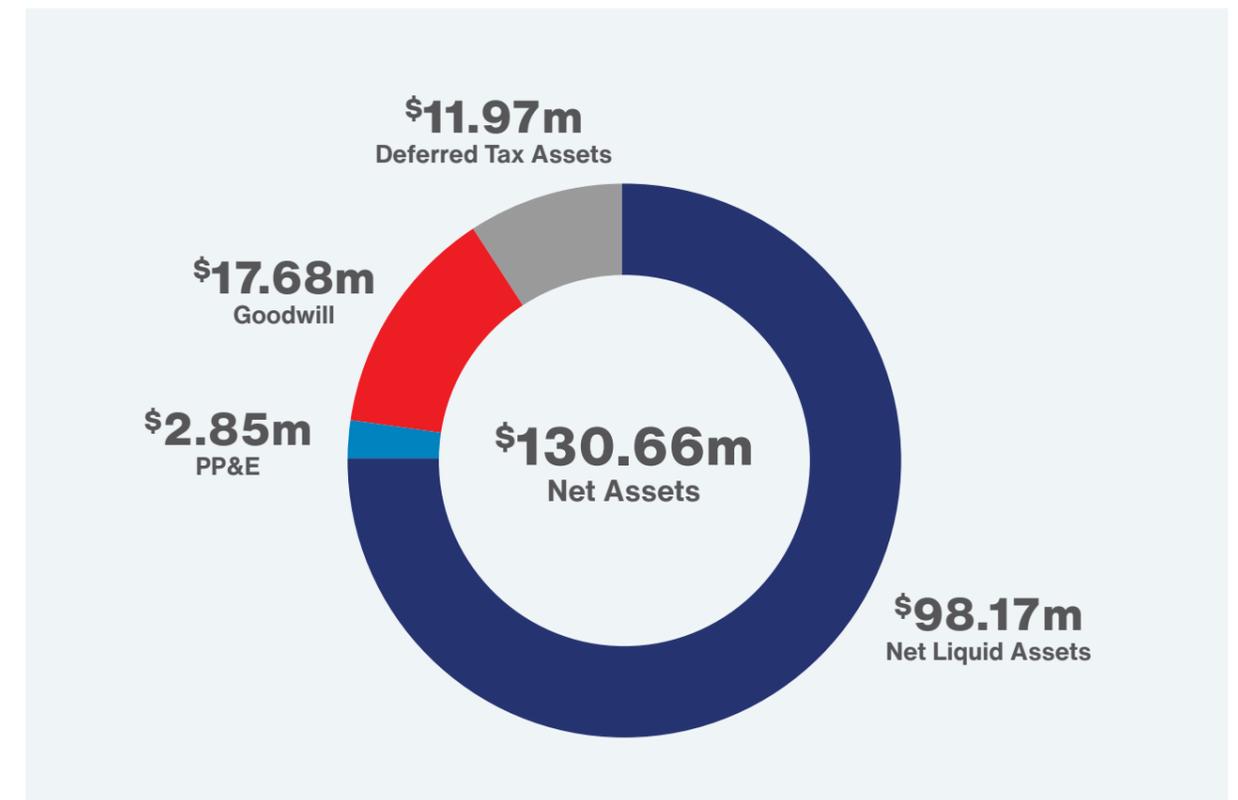
	For the year ended	
	31 December 2020 '000 AUD	31 December 2019 '000 AUD
Revenue	919,765	1,522,776
Cost of sales	(841,420)	(1,463,470)
Gross Profit	78,345	59,306
Other Income	5,119	5,165
Administration expenses	(71,264)	(64,198)
Profit before tax	12,200	273



Balance Sheet

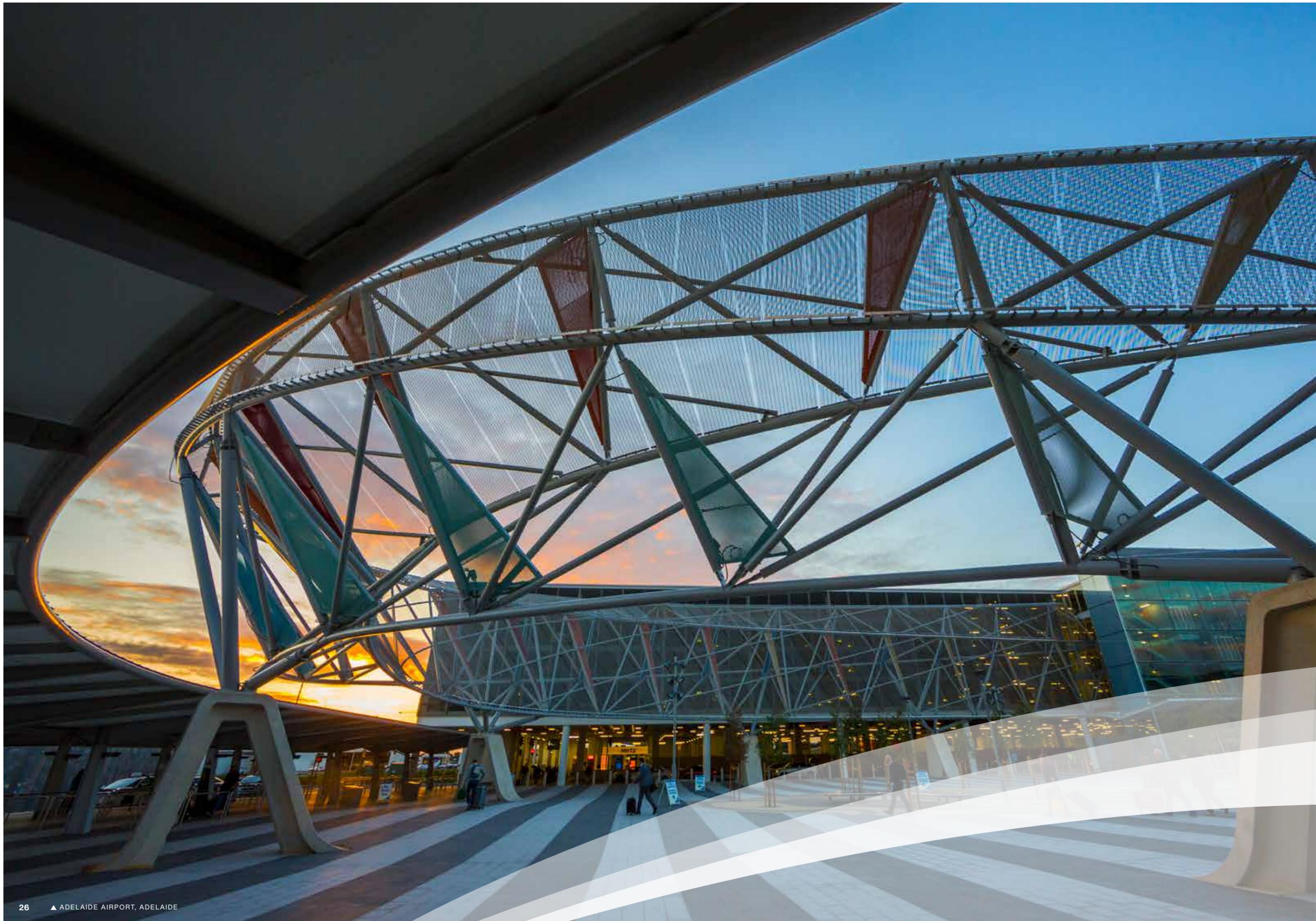
	As at	
	31 December 2020 '000 AUD	31 December 2019 '000 AUD
ASSETS		
Current assets		
Cash and cash deposits	337,706	414,337
Trade and other receivables	62,743	82,398
Inventories	-	152
Total current assets	400,449	496,887
Non-current assets		
Property, plant and equipment	2,845	6,032
Right-of-use assets	3,866	5,539
Intangible assets	17,676	17,676
Deferred tax assets	11,968	13,693
Total non-current assets	36,355	42,940
Total assets	436,804	539,827
LIABILITIES		
Current liabilities		
Trade and other payables	177,769	222,839
Contract liabilities	97,658	147,557
Lease liability	1,645	2,416
Employee benefits	12,033	13,729
Total current liabilities	289,105	386,541
Non-current liabilities		
Trade and other payables	10,994	20,408
Lease liability	2,559	3,359
Employee benefits	2,389	2,312
Provisions	1,094	1,057
Total non-current liabilities	17,036	27,136
Total liabilities	306,141	413,677
Net assets	130,663	126,150
EQUITY		
Issued capital	234,384	234,384
Retained earnings and reserves	(103,721)	(108,234)
Total equity	130,663	126,150

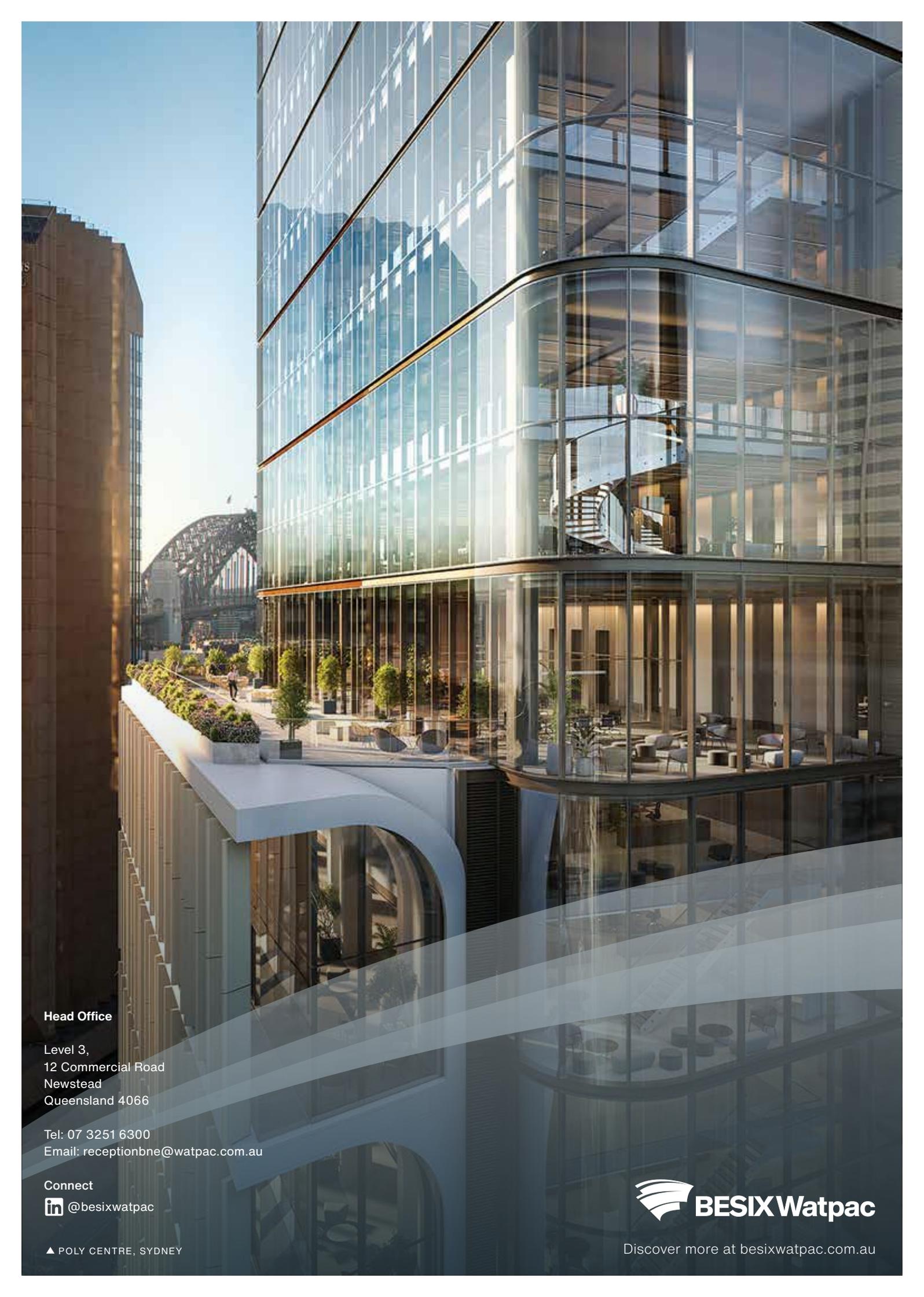
Balance Sheet continued



Financing Facilities

31 December 2020	Utilised '000	Unutilised '000	Available for utilisation '000
Bank guarantees	69,606	211,334	280,940
Insurance bonds	92,774	104,018	196,792
Total	162,380	315,352	477,732





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 **BESIX Watpac**

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