



2016 ANNUAL GENERAL MEETING

24 NOVEMBER 2016, 9:00 AM (WST), BURSWOOD, PERTH WA 6000

GLOBAL CONSTRUCTION SERVICES LIMITED

ABN 81 104 662 259

Board of Directors & Officers



- **Board of Directors**

Peter Wade

(Non-Executive Chairman)

Enzo Gullotti

(Group Managing Director)

George Chiari

(Executive Director)

Sam Mangione

(Non-Executive Director)

- **Officers**

Gabriel Chiappini

(Company Secretary)

Carlo Genovesi

(Chief Financial Officer/ Joint Co Sec)



Agenda



- Ordinary Business
(Peter Wade)
- Group Managing Director's Presentation
(Enzo Gullotti)
- Other Business
(Peter Wade)



Ordinary Business



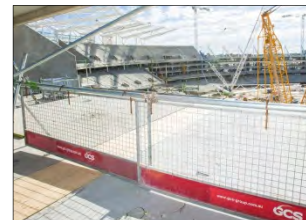
Financial Statements and Reports



FINANCIAL STATEMENTS AND REPORTS FOR THE YEAR ENDED 30 JUNE 2016

To consider and, if thought fit, to pass the following as an ordinary resolution:

“To receive and consider the Annual Financial Statements of the Company for the year ended 30 June 2016 including the Directors’ Report and the Auditor’s Report as set out in the Company’s Annual Report.”



RESOLUTION 1



NON-BINDING RESOLUTION TO ADOPT REMUNERATION REPORT

To consider and, if thought fit, to pass the following as an ordinary resolution:

“That the Remuneration Report as set out in the Annual Report for the year ended 30 June 2016 be adopted.”



RESOLUTION 1 continued



NON-BINDING RESOLUTION TO ADOPT REMUNERATION REPORT

The following proxies have been received:

Vote Type	Voted	%	% all Securities
For	67,314,651	98.24	33.61
Against	835,494	1.22	0.42
Open-Usable	371,466	0.54	0.19
Board	363,591	0.53	0.18
Non-Board	7,875	0.01	0.00
Open-Cond	0	0.00	0.00
Open Unusable	0	N/A	0.00
Abstain	48,798	N/A	0.02
Excluded	11,848,466	N/A	5.92

RESOLUTION 2



RE-ELECTION OF MR GEORGE CHIARI

To consider and, if thought fit, to pass the following as an ordinary resolution:

“That Mr George Chiari, being a director of the Company who, accordance with article 6.3 of the Company’s Constitution, retires by rotation and, being eligible, offers himself for re-election, be re-elected as a director of the Company.”



RESOLUTION 2 continued



RE-ELECTION OF MR GEORGE CHIARI

The following proxies have been received:

Vote Type	Voted	%	% all Securities
For	52,974,529	65.89	26.45
Against	27,020,605	33.61	13.49
Open-Usable	399,241	0.50	0.20
Board	391,366	0.49	0.20
Non-Board	7,875	0.01	0.00
Open-Cond	0	0.00	0.00
Open Unusable	0	N/A	0.00
Abstain	24,500	N/A	0.01
Excluded	0	N/A	0.00

RESOLUTION 3



APPROVAL OF 10% PLACEMENT FACILITY

To consider and, if thought fit, to pass the following as an special resolution:

“That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement.”



RESOLUTION 3 continued



APPROVAL OF 10% PLACEMENT FACILITY

The following proxies have been received:

Vote Type	Voted	%	% all Securities
For	46,662,311	58.06	23.30
Against	33,291,892	41.42	16.62
Open-Usable	419,241	0.52	0.21
Board	411,366	0.51	0.21
Non-Board	7,875	0.01	0.00
Open-Cond	0	0.00	0.00
Open Unusable	0	N/A	0.00
Abstain	45,431	N/A	0.02
Excluded	0	N/A	0.00

RESOLUTION 4



GRANT OF RIGHTS TO THE MANAGING DIRECTOR

To consider and, if thought fit, to pass the following as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval be given for the grant of 2,000,000 performance rights to the Managing Director, Mr Enzo Gullotti, under the Company’s Performance Rights Plan, on the terms summarised in the Explanatory Memorandum.”



RESOLUTION 4 continued



GRANT OF RIGHTS TO THE MANAGING DIRECTOR

The following proxies have been received:

Vote Type	Voted	%	% all Securities
For	45,762,282	60.81	22.85
Against	29,096,853	38.67	14.53
Open-Usable	392,016	0.52	0.20
Board	384,141	0.51	0.19
Non-Board	7,875	0.01	0.00
Open-Cond	0	0.00	0.00
Open Unusable	0	N/A	0.00
Abstain	41,375	N/A	0.02
Excluded	5,126,349	N/A	2.56

RESOLUTION 5



APPROVAL OF NON-EXECUTIVE DIRECTORS' REMUNERATION POOL INCREASE

To consider and, if thought fit, to pass the following as an ordinary resolution:

“That, for the purposes of Article 6.5 of the Company’s Constitution, ASX Listing Rule 10.17 and for all other purposes, the maximum aggregate sum that may be paid to non-executive Directors by way of remuneration for their services as directors of the Company be increased by \$150,000 from \$300,000 to \$450,000 per annum, to be paid in accordance with the terms and conditions set out in the Explanatory Statement.”



RESOLUTION 5 continued



APPROVAL OF NON-EXECUTIVE DIRECTORS' REMUNERATION POOL INCREASE

The following proxies have been received:

Vote Type	Voted	%	% all Securities
For	22,992,514	33.14	11.48
Against	46,000,580	66.30	22.97
Open-Usable	386,466	0.56	0.19
Board	378,591	0.55	0.19
Non-Board	7,875	0.01	0.00
Open-Cond	0	0.00	0.00
Open Unusable	0	N/A	0.00
Abstain	0	N/A	0.00
Excluded	11,039,315	N/A	5.51

Group MD's Presentation





FY16 Group Highlights

Financial

- Delivered strong underlying financial performance in FY16
- Revenue \$184.5m, up 22.6% on FY15
- Underlying NPAT of \$12.0m, up 37.5% on FY15
- Net loss of \$76.9m includes one off non cash impairment charges of \$88.9m
- Strong cash flow from operations (before tax) of \$31.5m
- Net debt reduced to \$13.8m, down 55% from FY15

Operations

- Diversified revenue streams and broad product offering underpinned growth and profitability of our businesses despite variable market conditions
- Significant Commercial sector revenue and earnings growth
- Strengthening position in maintenance contracting and labour services
- Executing on strategy to continue to build annuity revenue streams
- Easing Residential sector activity levels off a peak cycle
- Tender pipeline remains robust with strong activity in commercial & maintenance services

FY16 Group Highlights continued



Capital Management

- Strong balance sheet with net debt/equity of 10%
- Maintained disciplined execution of capital management strategy
- Refinanced debt facilities
- Final dividend declared of 1.0 cent per share fully franked

Strategic Priorities

- Actively exploring and assessing east coast expansion and consolidation opportunities
- Diversify revenue base from primary reliance on WA activity

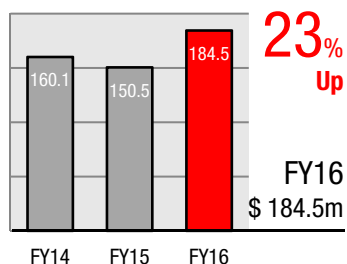




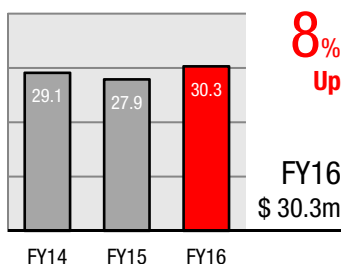
Financial Results

Full Year Financial Results 2016

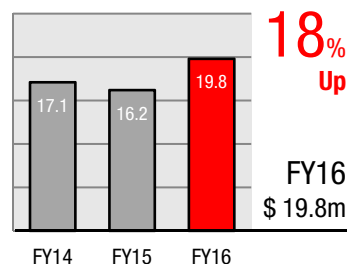
Revenue (\$m)



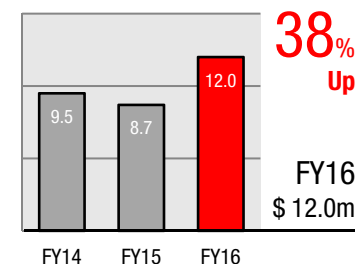
EBITDA (\$m)



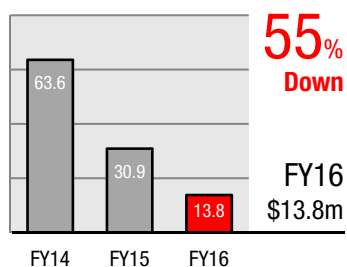
EBIT (\$m)



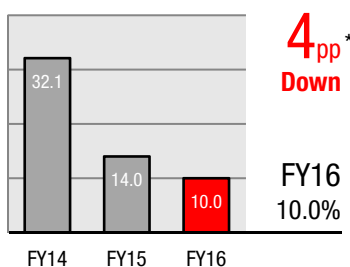
Underlying NPAT (\$m)



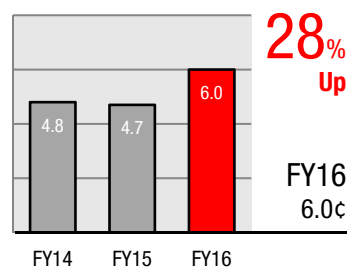
Net debt (\$m)



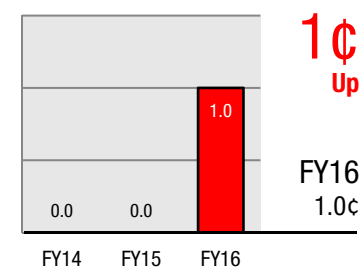
Net debt/ equity (%)



Underlying EPS (¢)



Dividends (cps)



* PP - Percentage points

Customer Sectors



Our strong market presence and customised solutions makes us a leading supplier to the Commercial, Residential, Resource, Industrial, Oil & Gas sectors.



KEY CLIENTS

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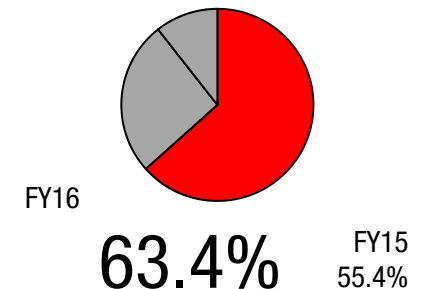


Commercial Sector



- General improvement in equipment utilisation being experienced
- Current major contracts are progressing well. Work continues as scheduled on Perth Children's Hospital, Crown Hotel, New Perth Stadium, and Capital Square.
- Project pipeline remains robust with continuing momentum and strong tender activity
- Significant private sector investment including new hotels and shopping centre expansions
- Further award of major commercial contracts to main contractors expected in second half of year
- Well positioned to capitalise on the growing investment pipeline in the commercial sector

Segment Size (by Revenue Share)



Revenue

Fiscal Year	Revenue
FY16	\$117.1m
FY15	\$83.5m

Up 40.3%

Adjusted EBITDA ⁽¹⁾

Fiscal Year	Adjusted EBITDA
FY16	\$17.7m
FY15	\$12.8m

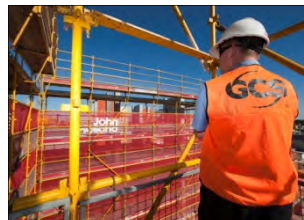
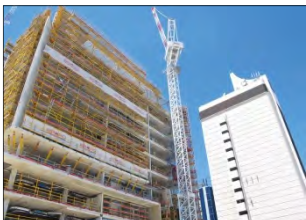
Up 38.3%

Net Assets

Fiscal Year	Net Assets
FY16	\$36.3m
FY15	\$72.4m

Down 49.9%

1 Adjusted EBITDA is EBITDA derived from the operating segments and excludes investments, other income, and GCS support functions including corporate office and treasury which are included in corporate/other.

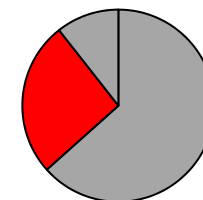


Resource, Industrial, Oil & Gas



- A solid performance with increased revenue and profitability despite challenging and competitive market conditions
- Current major scaffolding contracts are advancing well - includes Woodside's north-west shelf project (onshore and offshore), Ichthys project with Kaefer (Darwin), CITIC's Sino Iron project and FMG
- Actively pursuing new annuity revenue opportunities in the maintenance service sector

Segment Size (by Revenue Share)



FY16

26.0%

FY15
28.3%

Revenue

FY16

Up 12.7%

\$47.9m

FY15
\$42.5m

Adjusted EBITDA ⁽¹⁾

FY16

Up 13.2%

\$12.0m

FY15
\$10.6m

Net Assets

FY16

Down 32.8%

\$32.2m

FY15
\$47.9m



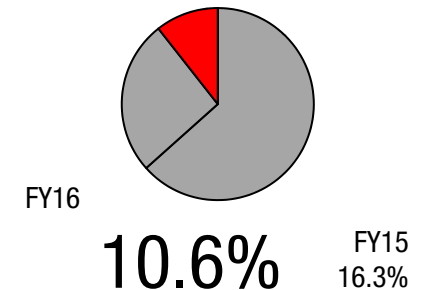
¹ Adjusted EBITDA is EBITDA derived from the operating segments and excludes investments, other income, and GCS support functions including corporate office and treasury which are included in corporate/other.

Residential Sector



- Revenue/EBITDA off peak levels and reverted back to more normal levels
- Cautiously positive, with residential building activity anticipated to remain broadly steady for the remainder of this calendar year
- Ongoing strong population growth and low interest rates to support housing demand
- Continue to maintain our strong market position

Segment Size (by Revenue Share)



Revenue

Fiscal Year	Revenue	Change
FY16	\$19.6m	Down 20.0%
FY15	\$24.5m	

Adjusted EBITDA ⁽¹⁾

Fiscal Year	Adjusted EBITDA	Change
FY16	\$5.0m	Down 28.6%
FY15	\$7.0m	

Net Assets

Fiscal Year	Net Assets	Change
FY16	\$14.9m	Down 28.4%
FY15	\$20.8m	

1 Adjusted EBITDA is EBITDA derived from the operating segments and excludes investments, other income, and GCS support functions including corporate office and treasury which are included in corporate/other.





Matters Subsequent

- Successful refinance of debt facilities
 - Enhances the Group's capital structure
 - \$40m working capital and equipment finance facility with CBA, and \$22m equipment finance facility with Toyota
 - Lower cost of debt - circa 30%
- Sale of 50% interest in Smartscaff
- Acquisition of 51% stake in Podium Glazing Australia
- Declaration of fully franked special dividend of 2.0 cps
- Letter of Intent received for Ritz Carlton development at Elizabeth Quay
 - \$59m project contract value with Probuild
 - Supply and install of formwork and concrete over 18 month period

SmartScaff Sale



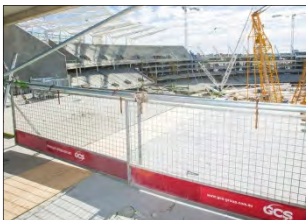
- Sale of 50% interest in Smartscaff for \$10.5m cash
- Repayment of \$7.0m loan outstanding with GCS
- Sale completed 28 October 2016
- GCS in ~\$10m net cash (cash and cash equivalents less debt) position



Podium Glazing



- Completed acquisition of 51% stake in Podium Glazing curtain wall and façade business in October 2016
- Premium commercial and residential projects in all capital cities in Australia
- Executive management team has in excess of 35 years experience in the sector
- Secured work in hand of ~\$100m in Victoria and Queensland
- Significant tender pipeline of work in excess of \$1 billion
- FY17 revenue expected circa ~70m
- Current key clients – BMX, Lend Lease, Hutchison



National Consolidation Strategy



Geographical Diversification

- Diversify end user exposure
- National business that is not reliant on any single state exposure issues
- Ability to respond to changing market conditions by re-locating equipment and resources where required

Enhanced Product Offering

- Integrated service offering for national clients
- Scale and critical mass will be a major advantage on large scale national projects

Fragmented Market

- Multiple small players operating in either single geographical locations and/or single stream service provider.
- Acquisition growth platform on a state by state basis

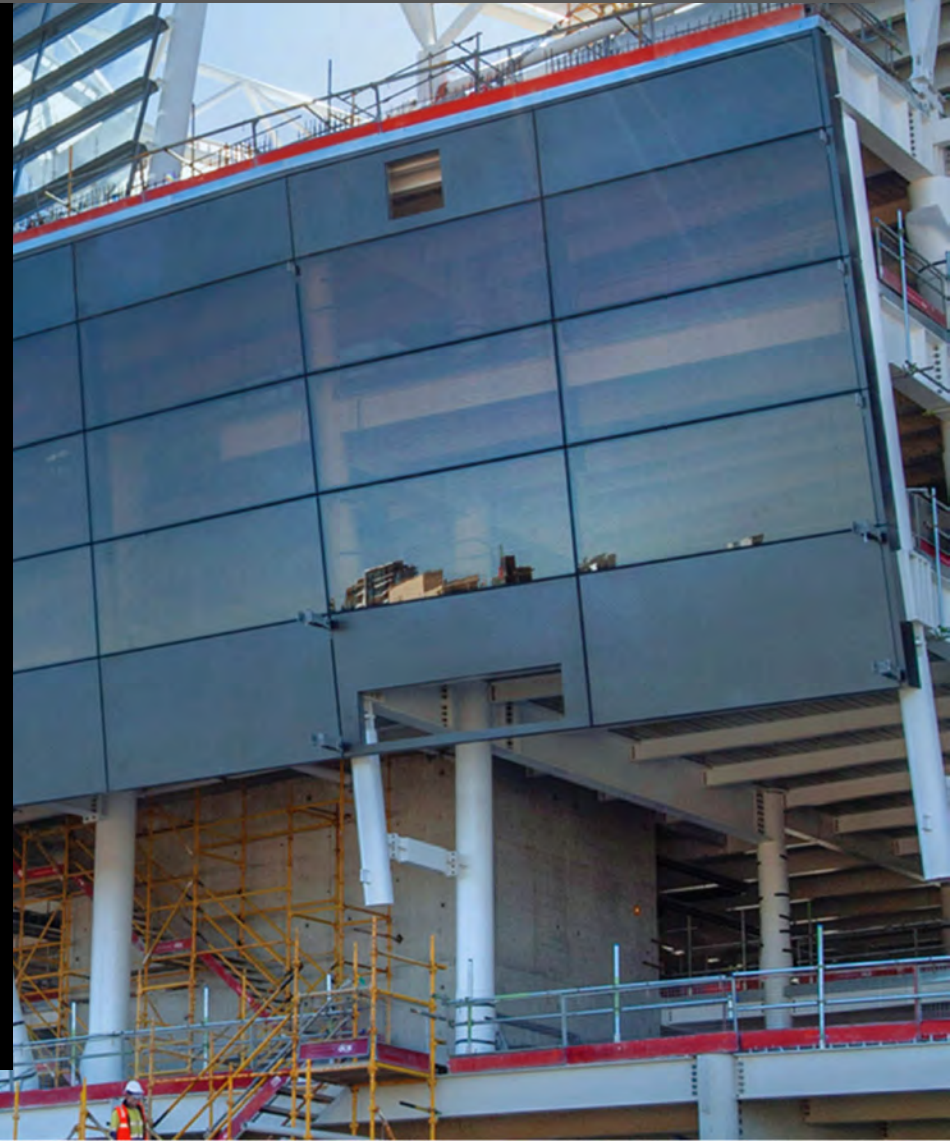
Synergistic Growth

- National client service offering
- Cross selling between geographical markets and service capabilities
- Centralised head office and administrative functions
- Industry best practice systems, processes, and equipment.
- Greater purchasing power

Outlook



- Strong results, balance sheet and cashflow generation to continue in FY17
- Poised to grow footprint across Australia replicating successful WA model
- Fragmented industry offers consolidation opportunities on the east coast
- Strategic acquisition opportunities already identified and are being reviewed
 - Anticipate 2 to be completed in FY17
 - One already completed
 - Two at preliminary negotiation stage
- Revenue potential over the next 3-5 years, based on achieving strategic market objectives, of circa \$500 million (currently \$180 million p.a. – WA only)
- Intending to pay dividends in FY17



Disclaimer



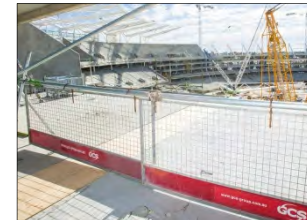
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