

INVESTOR PRESENTATION

2017 HALF YEAR RESULTS

GLOBAL CONSTRUCTION SERVICES LIMITED
24 FEBRUARY 2017



Introduction



Corporate

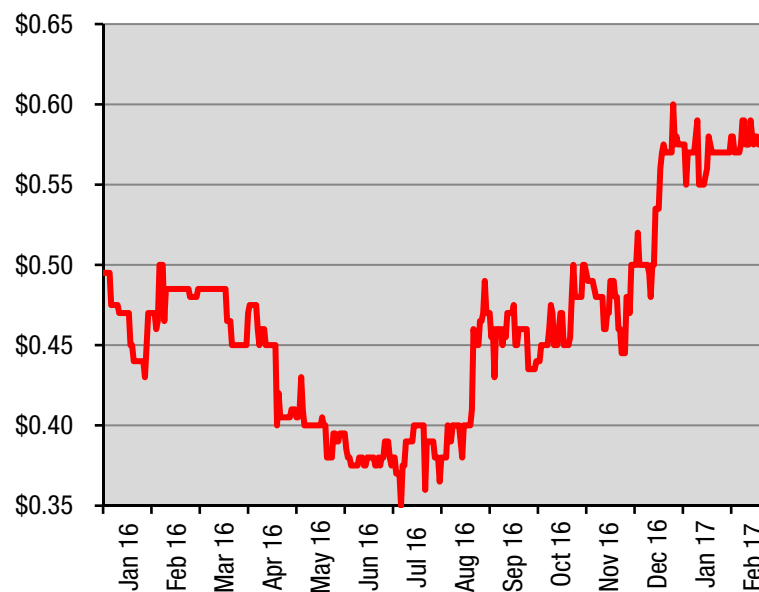
ASX Code	GCS
Ordinary Shares	200,284,332
Market Capitalisation*	\$ 116.2m
Enterprise Value	\$ 102.2m

* as at 23 February 2017 (58c)

Board & Management

Peter Wade	Non-Executive Chairman
Enzo Gullotti	Group Managing Director
George Chiari	Executive Director
Sam Mangione	Non-Executive Director
Carlo Genovesi	Chief Financial Officer
Susan Cameron	Company Secretary

Share Price (\$)



About GCS

GCS is a leading supplier of integrated on-site products and services to all industries.

Our national reach, local branch network and strong industrial presence enable us to provide for any stage of a project's lifecycle. We work in partnership with our clients to understand their needs and allocate the appropriate resources to deliver the best outcome. By delivering customised solutions, we ensure cost-effective savings without compromising quality and safety. Our wide-ranging experience and result driven strategies make us a supplier of choice and a reliable industry partner.



Products & Services



GCS is uniquely positioned in the Australian market place to provide a comprehensive range of products and services throughout the lifecycle of a project.

GCS is a leading supplier of integrated on-site products and services throughout Australia.



Health, Safety, Environment & Quality



Our professional reputation is built on delivering integrated products and services across multiple markets and sectors at industry-leading standards.

Central to growing and exceeding this ethic, is our Integrated Management System. Developed to communicate our Health; Safety; Environment; and Quality objectives, and apply consistent standards across our Australian network.



We are committed to safety – it's our primary focus and a part of our culture.



Division Locations



With strategic bases across Australia, GCS is uniquely positioned to service a wide range of industry sectors through its local branch network.

Group Highlights



- **Financial**

- Revenue \$102.5m, up 12% on pcp (1HFY16)
- EBITDA \$16.9m, up 8% on pcp
- Underlying NPAT of \$7.8m, up 25% on pcp
- Strong cash flow from operations (before tax) of \$15.5m
- Strong balance sheet with cash of \$44.1m and net cash position of \$14.0m
- Returning cash to shareholders with interim dividend declared of 1.0 cent per share fully franked. Total cash returns over past 6 months of 4.0 cents per share (\$8.0m) in fully franked dividends

- **Operations**

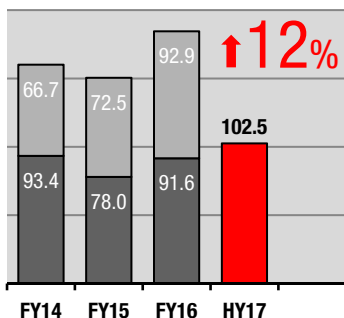
- Diversified revenue streams (85% WA, 15% East Coast) and broad product offering underpinned growth and profitability of our businesses despite variable market conditions
- Significant commercial sector revenue and earnings growth across Australia
- Executing on strategy to continue to diversify revenue streams
- Easing residential sector activity levels off a peak cycle
- Tender pipeline remains robust
- Acquisition of 51% of Gallery Facades Australia (formerly Podium Glazing Australia) completed, with integration progressing well
- Sale of 50% interest in SmartScaff JV delivered cash proceeds of \$17.5m

Financial Results

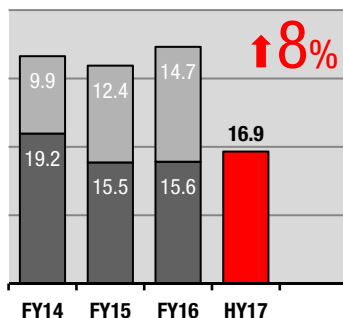


Half Year Financial Results 2017

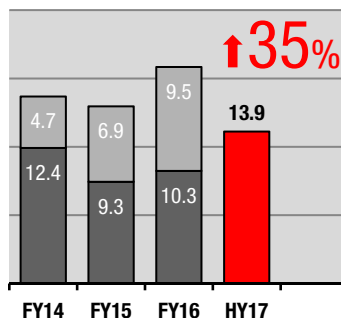
Revenue (\$m)



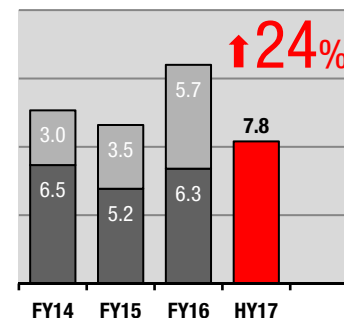
EBITDA (\$m)



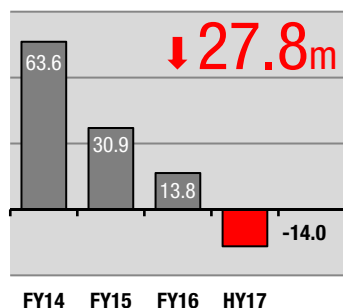
EBIT (\$m)



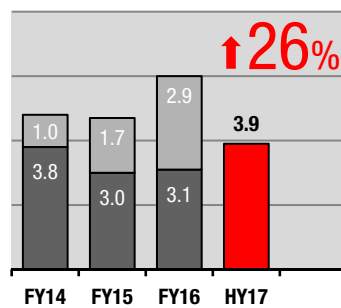
Underlying NPAT (\$m)



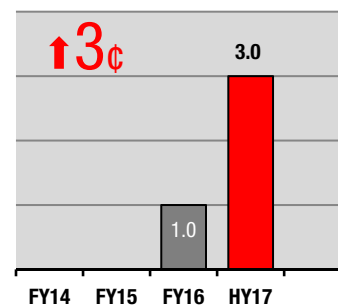
Net debt (\$m)



Underlying EPS (¢)



Dividend (¢ per share)



Financial Position



- Maintained disciplined approach to capital management
- Strong balance sheet
 - Cash balance of \$44m
 - Net cash position of \$14m
- Successfully completed refinance of debt facilities
 - Extended average debt maturity profile
 - Lower cost of debt
 - Undrawn funding capacity of \$40m available under all facilities to fund future growth

	Dec-16 \$m	Jun-16 \$m	Change %
Cash and cash equivalents	44.1	20.7	113
Receivables & Inventories	32.8	32.3	2
Prepayments	2.1	3.3	-36
Current Assets	79.0	56.3	40
Other Receivables	-	7.1	-100
Investments JV	-	10.6	-100
PP&E	103.8	104.9	-1
Intangibles	21.4	17.5	22
Deferred Tax Assets & other	3.9	5.1	-24
Non Current Assets	129.1	145.2	-11
TOTAL ASSETS	208.1	201.5	3
Current Payables	13.2	11.8	12
Borrowings	9.5	12.4	-23
Provisions	6.8	4.0	70
Deferred Income	3.4	2.9	17
Tax Liabilities	2.5	0.6	317
Current Liabilities	35.4	31.7	12
Borrowings	20.5	22.2	-8
Provisions	7.8	4.0	95
Deferred Tax Liabilities	0.3	0.2	50
Non Current Liabilities	28.6	26.4	8
TOTAL LIABILITIES	64.0	58.1	10
NET ASSETS	144.1	143.4	0
Equity	142.2	142.2	0
Retained Earnings	4.5	1.2	275
TOTAL SHAREHOLDERS EQUITY	146.7	143.4	2
Non-controlling interest	(2.6)	-	-
TOTAL EQUITY	144.1	143.4	0

Cash Flow



- Cash flow from operations
 - Cash from operating activities (before tax) of \$15.5m, down 13% on pcp due to working capital movements
- Capital expenditure (Cash & HP)
 - Total capex \$2.4m, \$0.5m down on pcp
- Cash proceeds of \$17.5m from sale of Smartscaff, including repayment of loan
- Cash of \$6.2m acquired on acquisition of Gallery Facades (formerly Podium Glazing)

	Dec-16 \$m	Dec-15 \$m	Change %
Receipts from Customers	101.4	91.1	11
Payments to Suppliers	(85.9)	(73.2)	17
Income Taxes Paid	(2.4)	(1.2)	100
Net inflows from operating activities	13.1	16.7	-22
Net PP&E	(2.4)	(2.9)	-17
Interest Received	0.3	0.3	0
Cash acquired as part of business acquisition	6.2	-	-
Related Party Loans repaid	7.0	0.5	1300
Proceeds from sale of equity investment	10.5	-	-
Net cash inflow/ (outflow) from investing activities	21.6	(2.1)	1129
Proceeds from Borrowings	-	-	-
Repayment of Borrowings	(8.1)	(15.3)	-47
Interest Paid	(1.3)	(1.5)	-13
Dividends Paid	(2.0)	-	-
Net cash inflow/(outflow) from financing activities	(11.4)	(16.8)	-32
Net increase/(decrease) in cash	23.3	(2.2)	1159
Cash at beginning of period	20.7	20.7	0
CASH AT END OF PERIOD	44.0	18.5	138

Customer Sectors



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



COMMERCIAL



RESOURCE, INDUSTRIAL,
OIL & GAS



RESIDENTIAL

KEY CLIENTS

THIESS



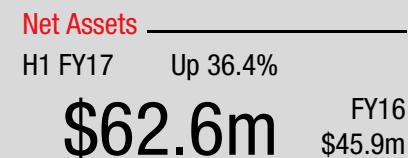
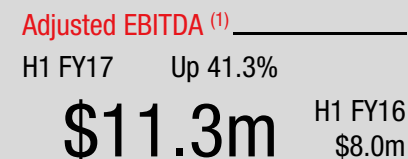
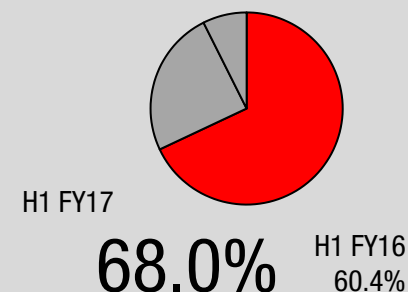
Commercial Sector



- General improvement in equipment utilisation being experienced
- Current major contracts are progressing well for both GCS in WA and Gallery Facades on the East Coast
- Received letter of intent for \$59m from Probuild for supply and install of formwork and concrete for Ritz Carlton Hotel and The Towers
- Project tender pipeline remains robust with continuing momentum and strong tender activity across Australia
- Pending award of major contracts to both GCS and Gallery Facades expected in the second half of FY17
- Well positioned to capitalise on the growing investment pipeline in the commercial sector across Australia



Segment Size (by Revenue Share)

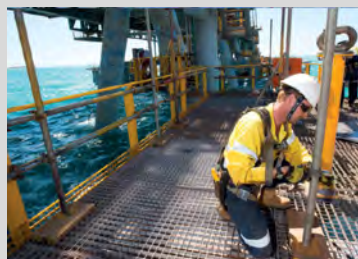


¹ Adjusted EBITDA is EBITDA derived from the operating segments and excludes investments, other income, and GCS support functions including corporate office and treasury which are included in corporate/other.

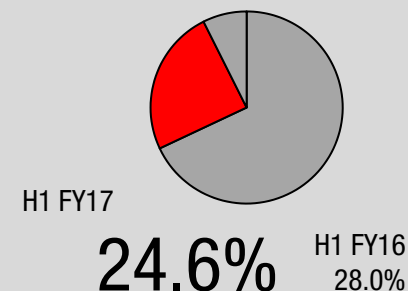
Resource & Industrial, Oil And Gas



- A solid performance with stable revenue and profitability despite challenging and competitive market conditions
- Major scaffolding contracts include 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)



Revenue

H1 FY17 Down 2.0%

\$25.1m

H1 FY16
\$25.6m

Adjusted EBITDA ⁽¹⁾

H1 FY17 Up 12.3%

\$7.3m

H1 FY16
\$6.5m

Net Assets

H1 FY17 Up 17.7%

\$37.9m

FY16
\$32.2m

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.

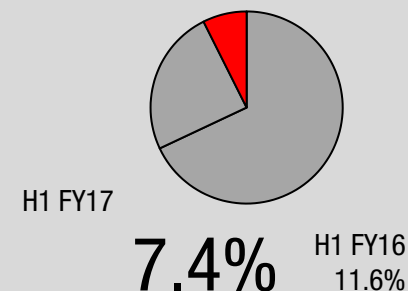
Residential Sector



- Revenue and EBITDA off peak levels
- Residential building activity anticipated to remain at these levels for the remainder of this calendar year
- Ongoing low interest rates and state government first home owners grant to support housing demand
- Continue to maintain our strong market position



Segment Size (by Revenue Share)



Revenue

Period	Revenue
H1 FY17	\$7.6m
H1 FY16	\$10.6m

Down 28.3%

Adjusted EBITDA ⁽¹⁾

Period	Adjusted EBITDA
H1 FY17	\$1.1m
H1 FY16	\$2.7m

Down 59.3%

Net Assets

Period	Net Assets
H1 FY17	\$18.5m
FY16	\$18.8m

Down 1.6%

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.

Gallery Facades Acquisition Update



- GCS acquired 51% stake in Podium Glazing Australia Pty Ltd in October 2016
- Podium Glazing subsequently re-branded Gallery Facades
- Gallery Facades designs, supplies and installs high performance architectural facades to premium commercial and residential projects across Australia
- Integration progressing well
- Positive financial contribution to GCS group since acquisition completed
- Approximately \$100m of work in hand, with a strong tender pipeline of projects across the East coast
- Gallery Facades is consolidated for reporting purposes



Capital Management



- **Returning Cash to Shareholders**

- Interim dividend declared of 1.0 cent per share (\$2.0m) fully franked
- Special dividend of 2.0 cents per share (\$4.0m) fully franked announced 24 November 2016 and paid 3 January 2017
- Final 2016 dividend of 1.0 cent per share (\$2.0m) fully franked paid 14 October 2016
- Total cash returned to shareholders over the last 6 months of \$8.0m
- Targeting 40 per cent payout ratio
- Ongoing consideration of capital management options



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
- National distribution channels to underpin higher utilization across the business
- Scale and critical mass will be a major advantage on large scale national projects

- **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
- Positioned to continue growing footprint across Australia replicating successful WA model
- Fragmented industry offers consolidation opportunities on the east coast
- Strategic acquisition opportunities identified and are being reviewed
- Target revenue potential over the next 3-5 years, based on achieving strategic market objectives, of circa \$500 million
- Strong balance sheet position provides flexibility with both capital management and acquisition funding

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