



# INVESTOR PRESENTATION

GLOBAL CONSTRUCTION SERVICES LIMITED  
2017 FULL YEAR RESULTS

25 AUGUST 2017



# INTRODUCTION



## Corporate

ASX Code GCS

Ordinary Shares 210,525,072

Market Capitalisation\* \$ 116.8 m

Enterprise Value \$ 113.0 m

\* as at 24 August 2017 (55.5c)

## Board & Management

Peter Wade Non-Executive Chairman

Enzo Gullotti Group Managing Director

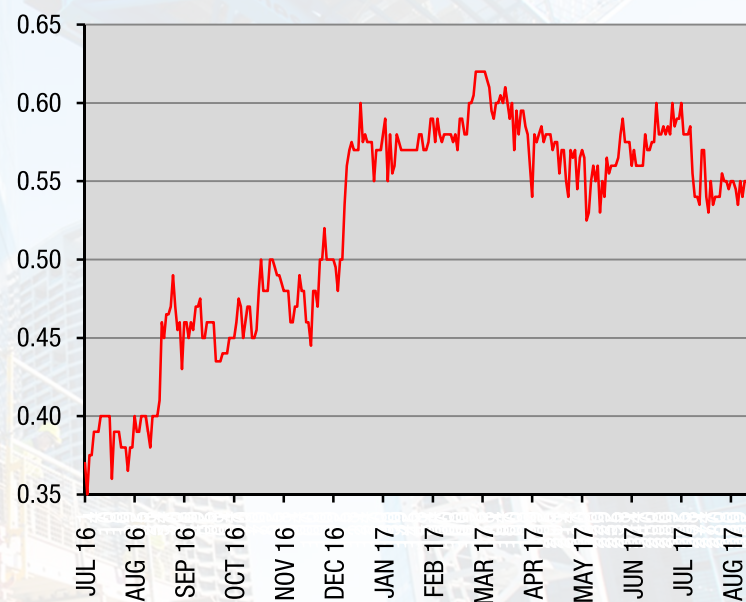
George Chiari Executive Director

John Derwin 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.

## ONSITE WORKFORCE



## SCAFFOLD & ACCESS



## PLANT & EQUIPMENT



## SITE ACCOMMODATION



## FORMWORK & CONCRETE



## SPECIALISED SITE SERVICES





# 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.



Quality  
ISO 9001  
SAI GLOBAL



Oil & Gas  
ISO 29001

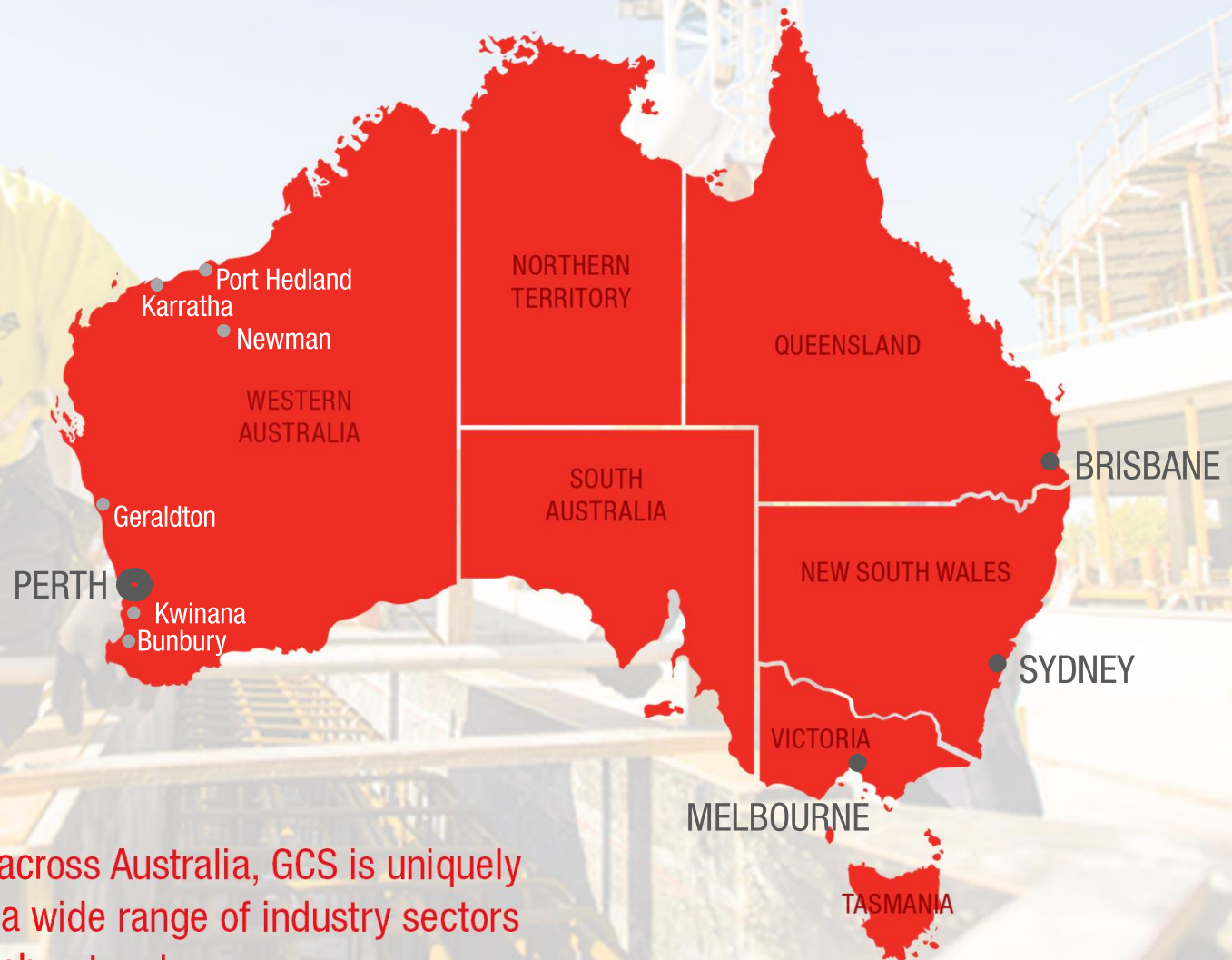


Health & Safety  
AS 4801  
SAI GLOBAL

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



# LOCATIONS



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



## • FINANCIAL

- Revenue \$207.7m, up 12.5% on prior corresponding period (pcp)
- EBITDA \$29.2m, up 4.3% on pcp
- Underlying NPAT of \$13.5m, up 12.4% on pcp
- Strong cash flow from operations (before tax) of \$24.3m
- Strong balance sheet with cash of \$31.2m and net cash position of \$3.8m
- Fully franked final dividend of 1.0 cent per share. Full year dividend of 2.0 cents per share, up 200% on pcp.
- Total cash returned to shareholders for the year of 4.0 cents per share (\$8.0m) fully franked includes special dividend of 2.0 cents per share

## • OPERATIONS

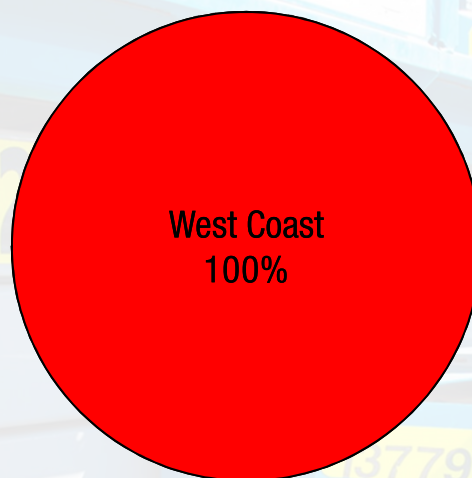
- Diversified revenue streams (76% West Coast, 24% East Coast), changing margin mix and broader product and services offering underpinned growth and profitability with lower capital requirements
- Significant commercial sector revenue and earnings growth across Australia
- Executing on strategy to continue to diversify revenue streams
- Tender pipeline remains robust
- Acquisition of 51% of Gallery Facades Australia (formerly Podium Glazing Australia)
- Acquisition of 100% of business and assets of Summit

# CHANGING GEOGRAPHIC & REVENUE MIX

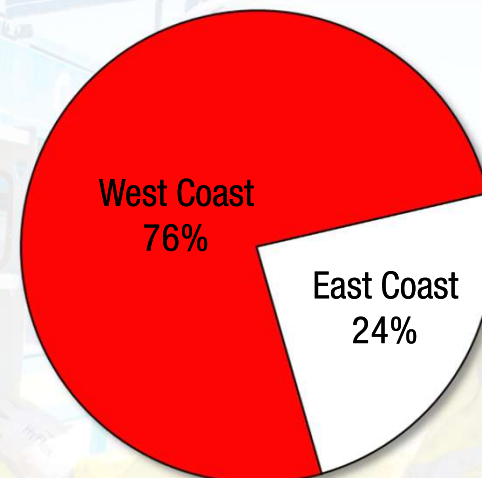


## REVENUE BY GEOGRAPHY

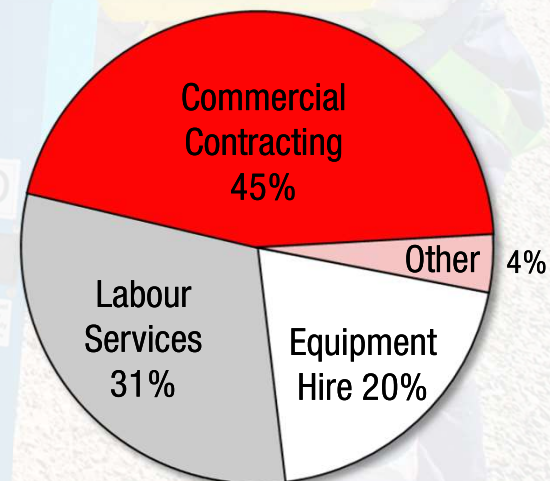
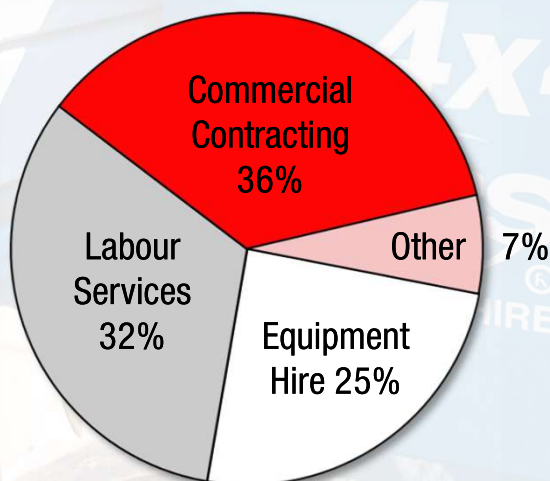
FY 16



FY 17



## REVENUE BY CATEGORY



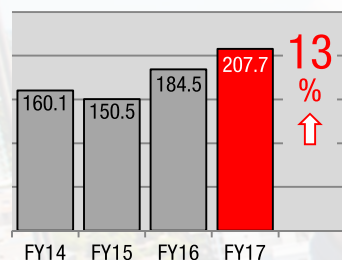


# FINANCIAL RESULTS

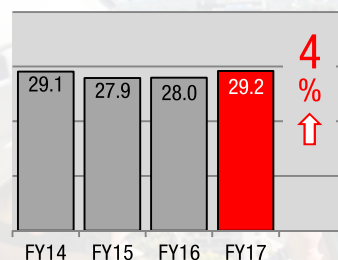


## Full Year Financial Results 2017

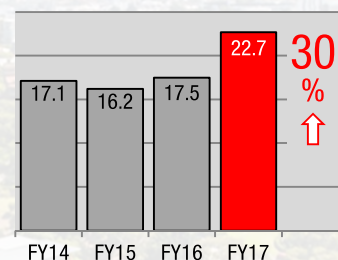
Revenue (\$m)



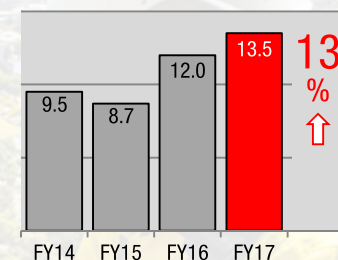
EBITDA (\$m)



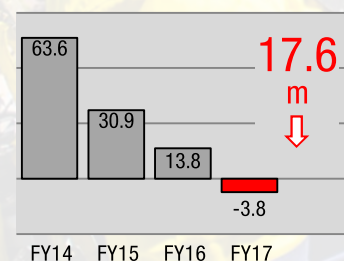
EBIT (\$m)



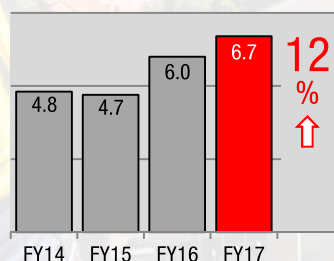
Underlying NPAT (\$m)



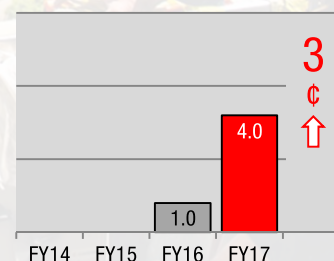
Net Debt / (Cash) (\$m)



Underlying EPS (¢)



Dividend (¢ per share)



# FINANCIAL POSITION



- Maintained disciplined approach to capital management
- Strong balance sheet
  - Cash balance of \$31.2m
  - Net cash position of \$3.8m
- Borrowings down \$7.1m
- Undrawn funding capacity of \$42.5m available

	JUN-17 \$m	JUN-16 \$m	CHANGE %
Cash & cash equivalents	31.2	20.7	51%
Receivables & inventories	44.3	32.3	37%
Prepayments	4.2	3.3	27%
Current tax assets	2.4	-	-
Current Assets	82.1	56.3	46%
Other receivables	-	7.1	-100%
Investments JV	-	10.6	-100%
PP&E	116.4	104.9	11%
Intangibles	23.9	17.5	37%
Deferred tax assets & other	2.9	5.1	-43%
<b>Non Current Assets</b>	143.2	145.2	-1%
<b>TOTAL ASSETS</b>	225.3	201.5	12%
Current payables	22.7	11.8	92%
Borrowings	9.4	12.4	-24%
Provisions	2.9	4.0	-28%
Deferred income	3.0	2.9	3%
Tax liabilities	-	0.6	-100%
<b>Current Liabilities</b>	38.0	31.7	20%
Borrowings	18.0	22.2	-19%
Provisions	15.2	4.0	280%
Deferred tax liabilities	3.7	0.2	1750%
<b>Non Current Liabilities</b>	36.9	26.4	40%
<b>TOTAL LIABILITIES</b>	74.9	58.1	29%
<b>NET ASSETS</b>	150.4	143.4	5%
Equity	147.9	142.2	4%
Retained earnings	4.0	1.2	233%
<b>TOTAL SHAREHOLDER EQUITY</b>	151.9	143.4	5%
Non-controlling interest	(1.5)	-	-
<b>TOTAL EQUITY</b>	150.4	143.4	5%





# CASH FLOW



- Cash flow from operations
  - Cash from operating activities (before tax) of \$24.3m, down 23% on pcp due to working capital requirements on new projects
- Capital expenditure (Cash & HP)
  - Total capex \$4.1m, \$2.0m 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)
- Cash paid of \$7.4m for the acquisition of Summit
- Dividends paid of \$8.0m

	JUN-17 \$m	JUN-16 \$m	CHANGE %
Receipts from customers	204.3	186.2	10%
Payments to suppliers	(180.0)	(154.8)	16%
Income taxes paid	(5.2)	(3.2)	63%
Net cash inflows from operating activities	19.1	28.2	-32%
Net PP&E	(3.3)	(5.6)	-41%
Interest received	0.4	0.7	-43%
Payments for acquisition of subsidiaries and controlling interests	(1.2)	-	0%
Payments of deferred consideration	(1.1)	-	0%
Related party loans repaid	7.0	0.6	1067%
Proceeds from sale of equity investment	10.5	-	-
Net cash inflow/ (outflow) from investing activities	12.3	(4.3)	386%
Proceeds from borrowings	0.2	1.9	-89%
Repayment of borrowings	(10.5)	(22.4)	-53%
Interest paid	(2.7)	(3.4)	-21%
Dividends paid	(8.0)	-	-
Net cash inflow/(outflow) from financing activities	(21.0)	(23.9)	-12%
Net increase/(decrease) in cash	10.4	-	-
Cash at beginning of period	20.7	20.7	0%
<b>CASH AT END OF PERIOD</b>	<b>31.1</b>	<b>20.7</b>	<b>50%</b>

# MARKET 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

**MULTIPLEX**

SCENTRE GROUP

**PROBUILD**



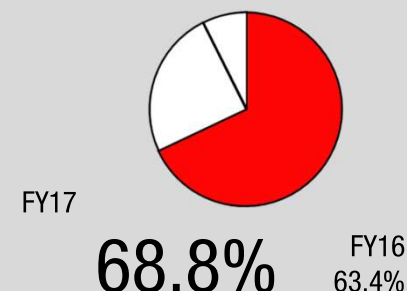


# COMMERCIAL SECTOR



- General improvement in equipment utilisation being experienced
- Current major contracts are progressing well across the Group
- Commenced \$59m contract for supply and install of formwork and concrete for Ritz Carlton Hotel and The Towers, and also awarded \$7m for installation of the external facade
- Commenced \$27.5m works on Westfield Carousel shopping centre redevelopment for Scentre Group
- Gallery Facades awarded new major contracts to the value of circa \$100m with national tier one construction company's
- Project tender pipeline remains robust with continuing momentum and strong tender activity across Australia
- Well positioned to capitalise on the growing investment pipeline in the commercial sector across Australia

## Segment Size (by Revenue Share)



**Revenue**

Year	Revenue	Change
FY17	\$142.8m	Up 21.9%
FY16	\$117.1m	

**Adjusted EBITDA <sup>(1)</sup>**

Year	Adjusted EBITDA	Change
FY17	\$19.6m	Up 10.7%
FY16	\$17.7m	

**Net Assets**

Year	Net Assets	Change
FY17	\$68.8m	Up 49.6%
FY16	\$46.0m	

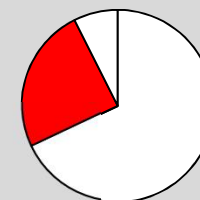
1 Adjusted EBITDA is EBITDA derived from the operating segments and excludes investments, other income, and GCS support functions including corporate office and treasury which are included in corporate/other.

# RESOURCE, INDUSTRIAL, OIL & GAS SECTOR



- A strong performance with increased revenue and profitability reflecting increased maintenance services activity
- Shift from construction investment to production operating expenditure providing annuity revenue opportunities in the maintenance services sector
- Improving outlook and market sentiment in this sector driven by record production and exports

## Segment Size (by Revenue Share)



FY17

**24.5%**

FY16  
26.0%

## Revenue

FY17

Up 6.3%

**\$50.9m**

FY16  
\$47.9m

## Adjusted EBITDA <sup>(1)</sup>

FY17

Up 20.0%

**\$14.4m**

FY16  
\$12.0m

## Net Assets

FY17

Up 19.6%

**\$38.5m**

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.

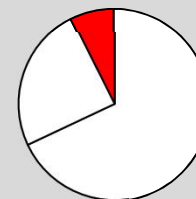


# RESIDENTIAL SECTOR



- Residential building activity anticipated to remain at these levels for FY18
- Modest economic growth and ongoing low interest rates to support housing demand
- Continue to maintain our leading market position

## Segment Size (by Revenue Share)



FY17

6.7%

FY16  
10.6%

## Revenue

FY17

Down 28.6%

\$14.0m

FY16  
\$19.6m

## Adjusted EBITDA <sup>(1)</sup>

FY17

Down 62.0%

\$1.9m

FY16  
\$5.0m

## Net Assets

FY17

Up 14.8%

\$21.7m

FY16  
\$18.9m

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.

# GALLERY FACADES 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
- Positive financial contribution to GCS Group since acquisition
- Approximately \$200m of work in hand, with a strong tender pipeline of projects across the East coast
- Gallery Facades is consolidated for reporting purposes





# SUMMIT ACQUISITION UPDATE



- GCS acquired 100% of the business and assets of Melbourne based Summit Formwork (Aust) Pty Ltd and Summit Investment Services Pty Ltd (Summit) for \$18.4m
- Acquisition completed 11 May 2017
- Initial transaction consideration of \$12.9m, comprising \$7.4m cash and \$5.5m in GCS script (subject to voluntary escrow provisions). Consideration balance of \$5.5m subject to earnout arrangement based on achieving EBITDA targets over the next three years
- Leading provider of construction services in Victoria specialising in formwork, concreting and reinforcement
- Integration is progressing well
- Platform to target and pursue other synergistic opportunities on the East Coast



- RETURNING CASH TO SHAREHOLDERS
  - Final 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
  - Interim dividend of 1.0 cent per share (\$2.0m) fully franked paid 17 March 2017
  - Total cash returned to shareholders of \$8.0m for the year
  - Targeting 40 per cent payout ratio
  - Ongoing consideration of capital management options given strong balance sheet and net cash position





- CONTINUE TO STRENGTHEN MARKET POSITION AND BUILD UPON EXISTING BUSINESSES
- SECURE PROFITABLE GROWTH OPPORTUNITIES
  - Continue geographical expansion
  - Target new market opportunities as they arise
- MAINTAIN A STRONG BALANCE SHEET
  - Through the cycles
  - Support and respond to growth opportunities and market conditions
- DRIVE RETURNS
  - Create value for shareholders
  - Targeting 40% dividend payout ratio
- LEVERAGE AND BUILD HUMAN RESOURCE CAPABILITY
  - Support achieving the strategic objectives and growth of the business

# OUTLOOK



- Strong results, balance sheet and cashflow generation to continue in FY18
- Positioned to continue growing footprint across Australia replicating successful WA model
- Increased contribution from East coast with full year results from Gallery Facades and Summit
- Targeting double digit earnings growth in FY18
- Strong balance sheet position provides flexibility with continued organic growth, capital management, and acquisition funding





# DISCLAIMER



The information in this presentation is not an offer, nor constitutes investment advice or any recommendation to subscribe or acquire securities in Global Construction Services Limited, nor retain or sell any securities currently held.

The presentation has been prepared without taking into account any person's individual investment objectives, financial situation or particular needs. Before making an investment decision, investors should consider the appropriateness of the information having regard to their own investment objectives and seek independent professional advice.

Actual outcomes may vary materially from any forecasts, projections or implied forecasts. A number of important factors and risks may cause actual performance to differ materially.

The information in this presentation is current at the date of this presentation and is based on publicly available information, internally developed data and other sources.

The information was prepared with all due care and diligence however no warranties or representations are made to the accuracy, reliability or completeness of the information.

Ph: 139 GCS (139 427)  
[www.gcs-group.com.au](http://www.gcs-group.com.au)

