

# Group MD's Presentation





# 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



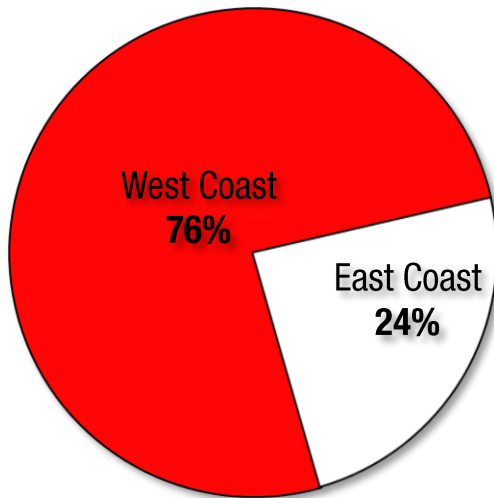
## SPECIALISED SITE SERVICES



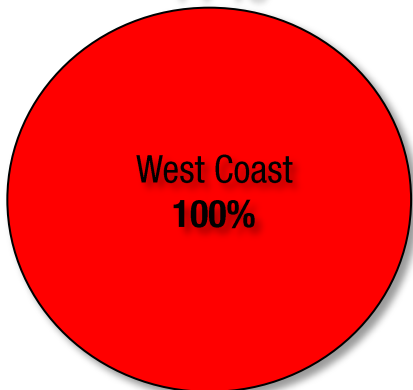
# CHANGING GEOGRAPHIC & REVENUE MIX



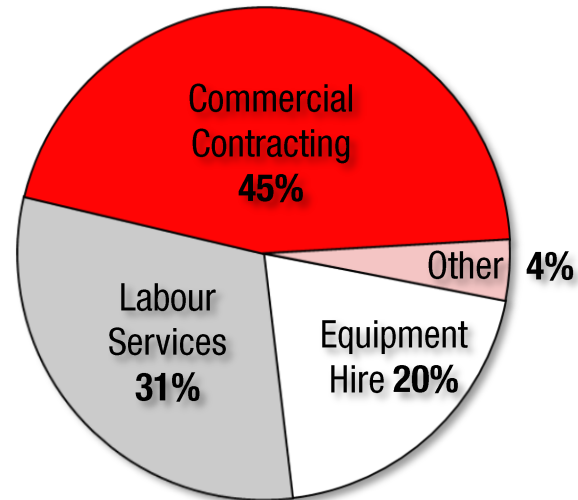
REVENUE BY GEOGRAPHY  
FY 17



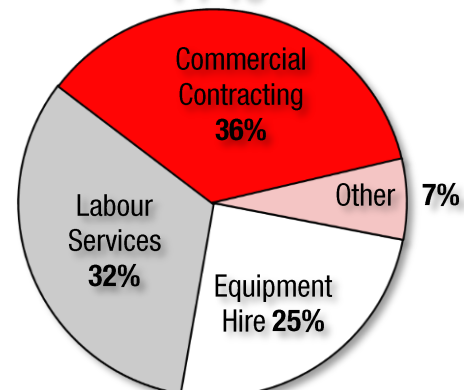
FY 16



REVENUE BY CATEGORY  
FY 17



FY 16

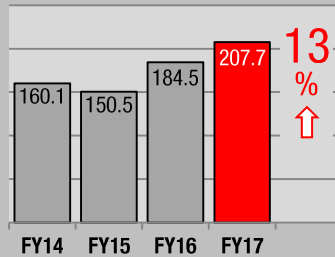




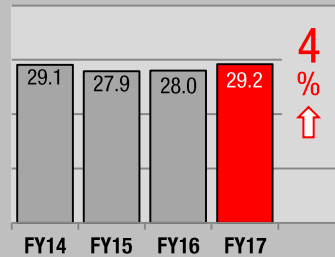
# FY17 Group Highlights

## Full Year Financial Results 2017

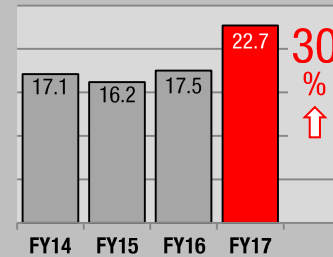
Revenue (\$m)



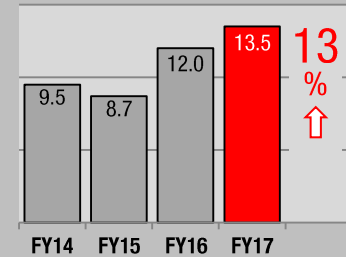
EBITDA (\$m)



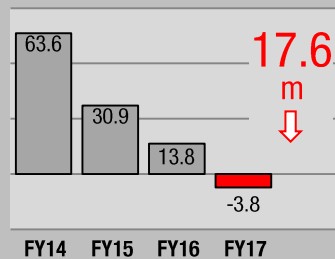
EBIT (\$m)



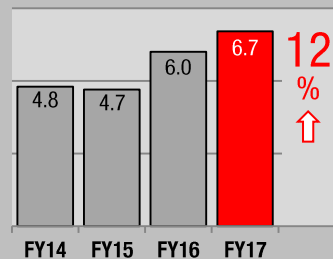
Underlying NPAT (\$m)



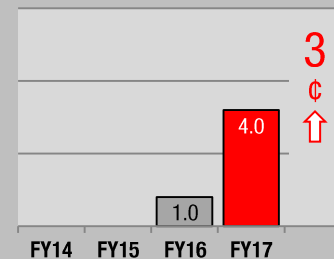
Net Debt / (Cash) (\$m)



Underlying EPS (¢)



Dividend (¢ per share)



# Capital Management



- Returning cash to shareholders
  - Special dividend declared on the 24 November 2016 of 2.0 cents per share (\$4.0m) fully franked and paid on the 3 January 2017
  - Interim dividend declared on the 24 February 2017 of 1.0 cent per share (\$2.0m) fully franked and paid on the 17 March 2017
  - Final dividend declared on the 25 August 2017 of 1.0 cent per share (\$2.0m) fully franked and paid on the 13 October 2017
  - Total cash returned to shareholders of \$8.0m for the year

Share Price (\$)





# Market Sectors



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

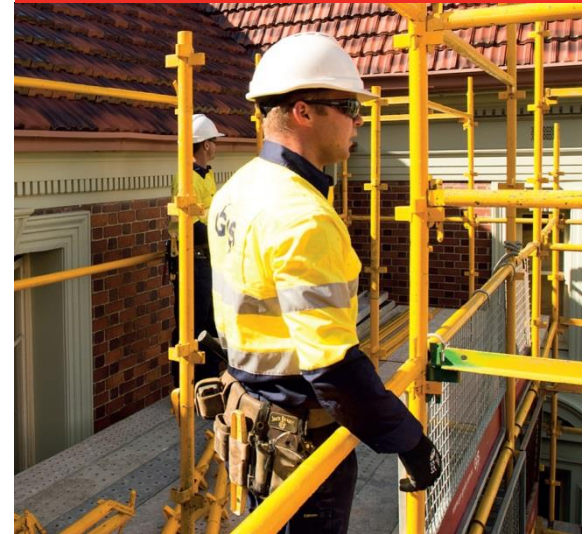
## COMMERCIAL



## RESOURCE INDUSTRIAL OIL & GAS



## RESIDENTIAL



## KEY CLIENTS

**MULTIPLY**

SCENTRE GROUP

**PROBUILD**

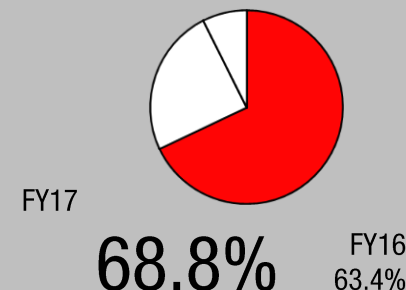


# COMMERCIAL SECTOR



- 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 companies
- 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 and infrastructure sectors 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.

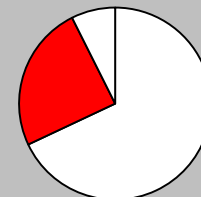


# RESOURCE, INDUSTRIAL, OIL & GAS SECTOR



- 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

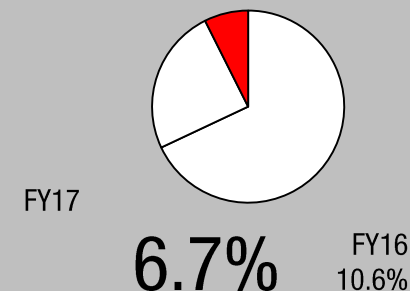
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# RESIDENTIAL SECTOR



- 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)



## 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.





# Matters Subsequent

- **Sale of GCS Hire**

- Settlement of the sale of GCS Hire Pty Ltd to Onsite Rental Group was completed 2 November 2017
- Under the sale agreement, Onsite purchased 100 per cent of the plant and equipment hire division assets for a cash consideration of \$29m, subject to final completion adjustments
- Completion of the transaction resulted in a Group net cash position of circa \$30m, with less than \$2m of debt remaining
- GCS Hire represented circa 10% of the Groups total revenue in FY17
- Minimal impact to EBITDA margin
- Immaterial impact to NPAT in FY18 and beyond
- Working through the final settlement and accounting for the sale transaction
- Transaction crystallises tax losses of circa \$34m, resulting in a positive cash flow benefit in relation to future tax payments over the next 2 – 3 years

# Matters Subsequent

continued



- **Project Awards**

- GCS Summit Contracting, Melbourne Conservatorium of Music \$13.5m contract value - Lendlease
- Gallery Facades, 300 George Street, Brisbane \$25m contract value - Multiplex Constructions
- Gallery Facades, Swanston Central, Melbourne, \$40m contract value - Multiplex Constructions

- **Facades rectification works**

- Gallery Facades specialises in installation of aluminium panelling on commercial projects, and is well positioned to meet medium to long term anticipated demands of widespread façade rectification works across Australia
- GCS will benefit from large-scale replacement of combustible cladding





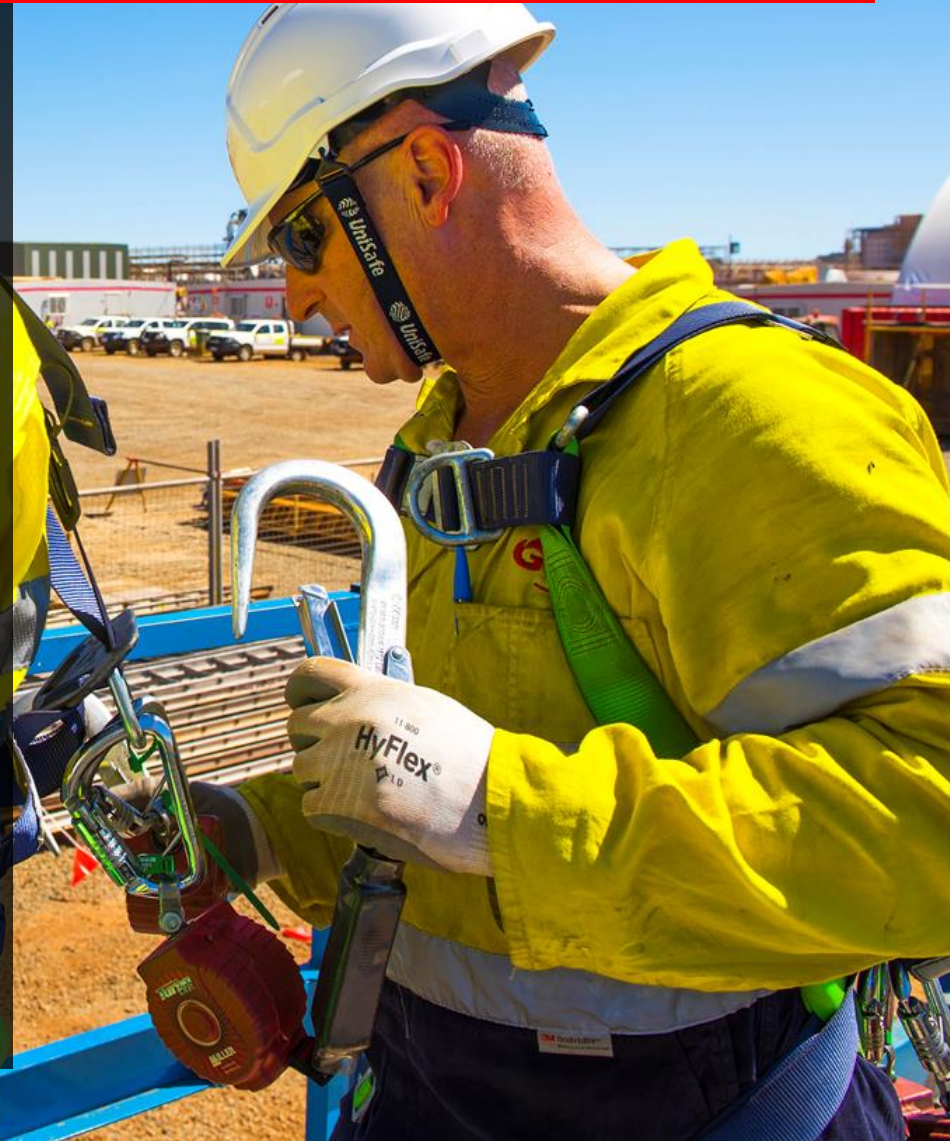
# Strategic Priorities

- Continue to strengthen market position and build upon existing businesses
  - Focus on East Coast businesses
- Secure profitable growth opportunities
  - Continue geographical expansion
  - Target new market opportunities
- Maintain a strong balance sheet
  - Through the cycles
  - Support and respond to growth opportunities and market conditions
- Drive returns
  - Create value for shareholders
  - 50% dividend payout ratio (up from 40%)
  - Large franking credit balance available
- Leverage and build human resource capability
  - Support achieving the strategic objectives and growth of the business

# Outlook



- Positioned to continue growing footprint across Australia replicating successful WA model
- Increased contribution from East coast
- Targeting double digit earnings growth in FY18
- Strong balance sheet position provides flexibility with continued organic growth, capital management, and acquisition opportunities





# Disclaimer



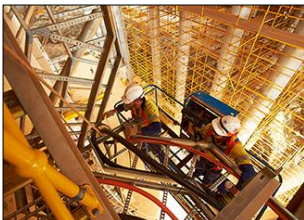
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