



INVESTOR PRESENTATION

GLOBAL CONSTRUCTION SERVICES LIMITED
2018 HALF YEAR RESULTS

23 FEBRUARY 2018

INTRODUCTION



Corporate

ASX Code GCS

Ordinary Shares 211,025,072

Market Capitalisation* \$ 179.4 m

Enterprise Value \$ 137.4 m

* as at 22 February 2018 (85.0c)

Board & Management

Peter Wade Non-Executive Chairman

Enzo Gullotti Group Managing Director

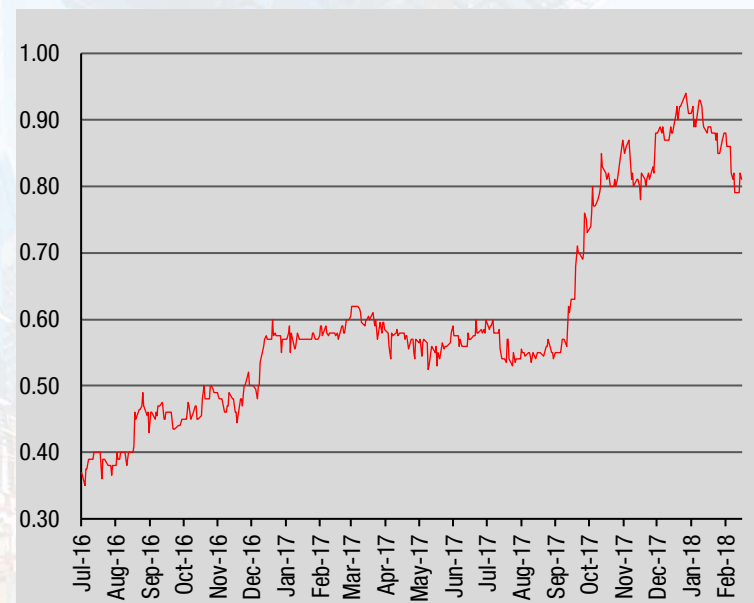
George Chiari Executive Director

John Derwin Non-Executive Director

Carlo Genovesi Chief Financial Officer

Susan Cameron Company Secretary

Share Price (\$)



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



FORMWORK & CONCRETE



SPECIALISED SITE SERVICES



FACADES



TRAINING CENTRE



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 support achieving our Health; Safety; Environment; and Quality objectives, and apply consistent standards across our Australian network.



Quality
ISO 9001
SAI GLOBAL



Oil & Gas
ISO 29001

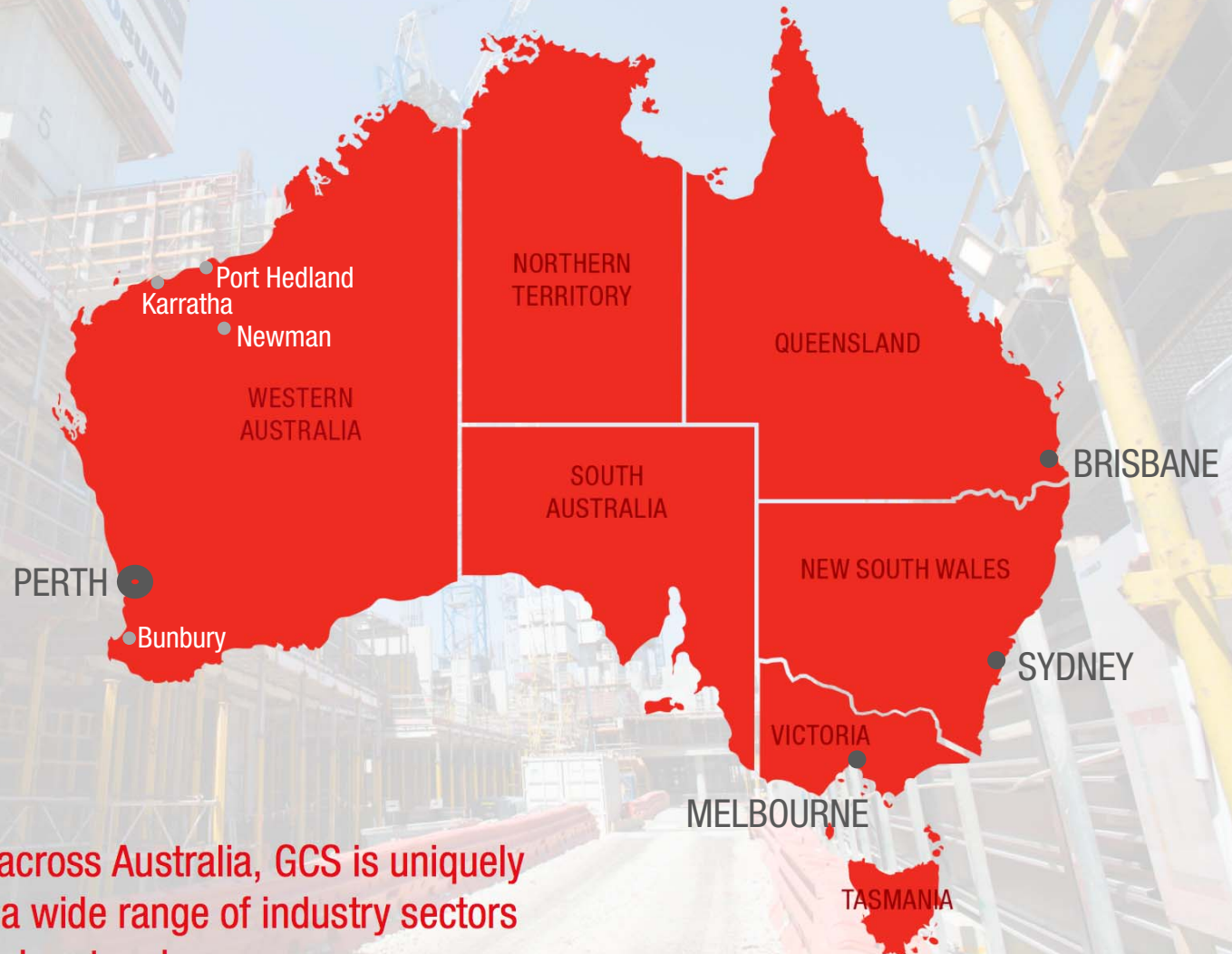


Health & Safety
AS 4801
SAI GLOBAL

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.

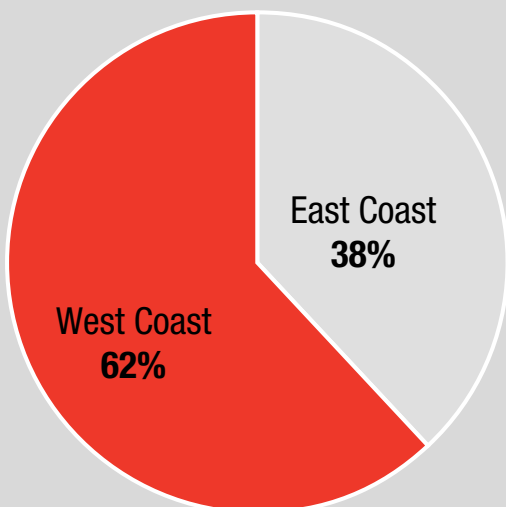
- FINANCIAL (includes discontinued operations)
 - Revenue \$121.1m, up 18.1% on prior corresponding period (pcp)
 - EBITDA \$13.6m, down 19.5% on pcp
 - Reported NPAT of \$6.4m, up 21.3% on pcp
 - Strong balance sheet with a record net cash position of \$42.0m
 - Cash flow from operations of \$17.0m up 30% on pcp
 - Fully franked interim dividend of 2.0 cents per share, up 100% on pcp, representing a >60% payout ratio
 - The company is well placed to pursue future growth and expansion opportunities
- OPERATIONS
 - Diversified revenue streams (62% West Coast, 38% East Coast)
 - Lower margins due to changing margin mix as business diversifies, with lower capital requirements
 - Increased commercial sector activity and revenue growth across Australia
 - Executing on strategy to continue to diversify revenue streams
 - Tender pipeline remains robust
 - Disposal of Equipment Hire Division for cash consideration of \$28.3m

CHANGING GEOGRAPHIC & REVENUE MIX

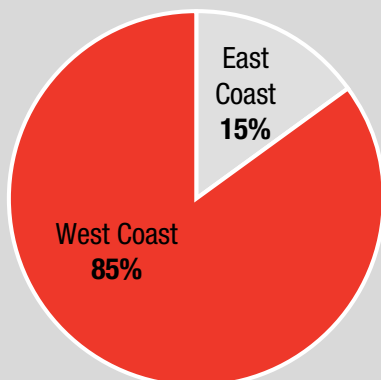


REVENUE BY GEOGRAPHY

HY 18

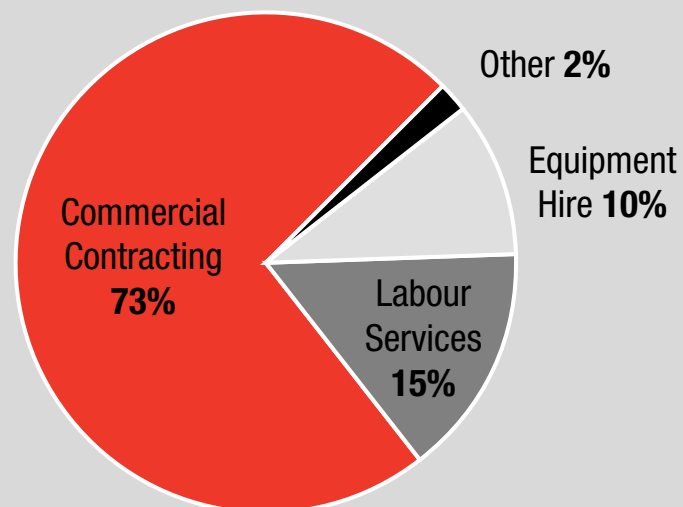


HY 17

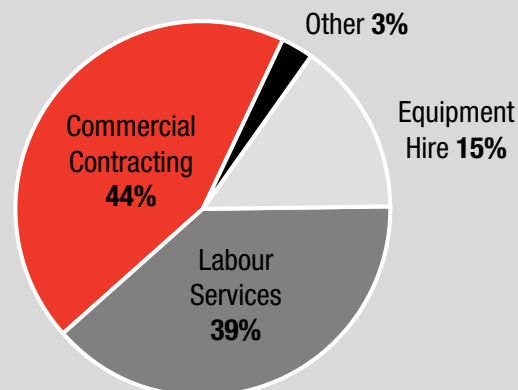


REVENUE BY CATEGORY

HY 18



HY 17

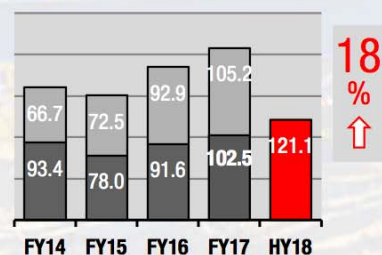


FINANCIAL RESULTS

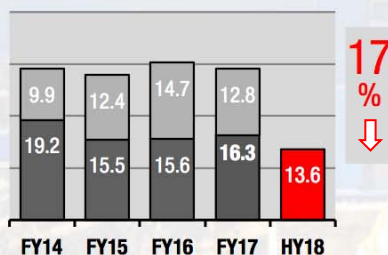


Half Year Financial Results 2017

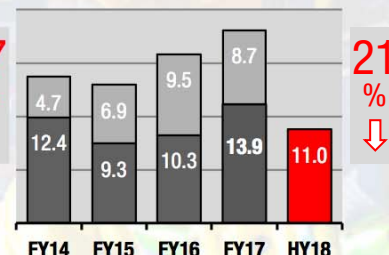
Revenue (\$m)



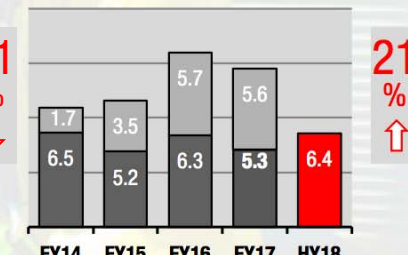
EBITDA (\$m)



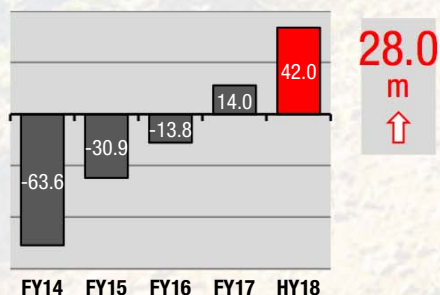
EBIT (\$m)



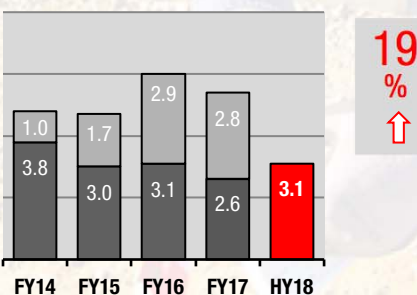
Reported NPAT (\$m) ⁽¹⁾



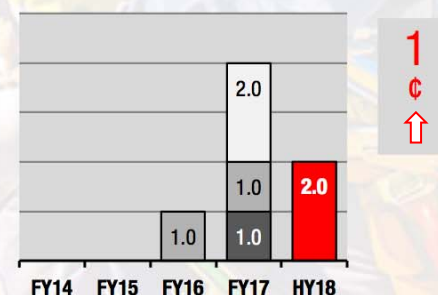
Net (Debt) / Cash (\$m)



EPS (¢)



Dividend (¢ per share) ⁽²⁾



⁽¹⁾ FY16 excludes \$88.9m after tax impairment charge

⁽²⁾ HY17 includes a 2 cent Special Dividend

FINANCIAL POSITION



- Disciplined approach to capital management
- Strong balance sheet
 - Cash balance of \$44.4m
 - Net cash position of \$42.0m
- Borrowings down \$25.0m to \$2.4m
- Significant undrawn funding capacity available to fund future growth

	Dec-17 \$m	Jun-17 \$m	Change %
Cash and cash equivalents	44.4	31.2	42%
Receivables & Inventories	42.5	44.3	-4%
Prepayments	1.8	4.2	-57%
Current Tax Assets	5.0	2.4	107%
Current Assets	93.7	82.1	14%
PP&E	93.3	116.4	-20%
Intangibles	23.6	23.9	-1%
Deferred Tax Assets & other	12.0	2.9	313%
Non Current Assets	128.9	143.2	-10%
TOTAL ASSETS	222.6	225.3	-1%
Current Payables	27.1	22.7	19%
Borrowings	1.6	9.4	-83%
Provisions	8.2	2.9	183%
Deferred Income	3.8	3.0	27%
Current Liabilities	40.7	38.0	7%
Borrowings	0.8	18.0	-95%
Provisions	8.3	15.2	-45%
Deferred Tax Liabilities	16.6	3.7	350%
Non Current Liabilities	25.8	36.9	-30%
TOTAL LIABILITIES	66.5	74.9	-11%
NET ASSETS	156.1	150.4	4%
Equity	148.5	147.9	0%
Retained Earnings	8.5	4.0	111%
TOTAL SHAREHOLDERS EQUITY	156.9	151.9	3%
Non-controlling interest	(0.8)	(1.5)	-
TOTAL EQUITY	156.1	150.4	4%

CASH FLOW



- Cash flow from operations
 - Continuing to generate strong operating cashflow
 - Cash from operating activities of \$17.0m, up 30% on pcp
- Capital expenditure (Cash & HP)
 - Total capex \$3.6m, up \$1.2m on pcp
- Cash proceeds of \$28.3m from sale of Equipment Hire Division
- Repayment of borrowings of \$25.6m, up \$17.5m on pcp
- Interest paid of \$0.5m, down \$0.8m

	Dec-17 \$m	Dec-16 \$m	Change %
Receipts from Customers	127.9	101.4	26%
Payments to Suppliers	(108.9)	(85.9)	27%
Income Taxes Paid	(2.0)	(2.4)	-17%
Net cash inflows from operating activities	17.0	13.1	30%
Net PP&E	24.7	(2.4)	1143%
Interest Received	0.1	0.3	-69%
Payments of contingent consideration on acquisition of subsidiaries and controlling interests	(1.1)	-	100%
Cash acquired as part of business acquisition	-	6.2	-100%
Related Party Loans repaid	-	7.0	-100%
Proceeds from sale of equity investment	-	10.5	-100%
Net cash inflow/ (outflow) from investing activities	23.7	21.6	10%
Proceeds from Borrowings	0.6	0.0	100%
Repayment of Borrowings	(25.6)	(8.1)	217%
Interest Paid	(0.5)	(1.3)	-65%
Dividends Paid	(2.0)	(2.0)	-
Net cash inflow/(outflow) from financing activities	(27.4)	(11.4)	141%
Net increase/(decrease) in cash	13.3	23.3	-43%
Cash at beginning of period	31.2	20.7	50%
Cash at end of period	44.4	44.1	1%

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

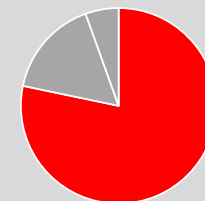


COMMERCIAL SECTOR



- Strong activity levels with new contract awards and current major contracts progressing well across the Group
 - **Western Australia**
 - Ritz Carlton Hotel and The Towers (contract value \$59m), Westfield Carousel shopping centre redevelopment for Scentre Group (contract value \$27.5m)
 - **Victoria**
 - Gallery Facades - Y3, Melbourne Quarter, Bendigo Hospital and Swanston Central (total contracts value circa \$90m)
 - GCS Summit Contracting - Melbourne Conservatorium of Music (contract value of \$13.5m)
 - **Queensland**
 - Gallery Facades – Sky Tower, 300 George Street commercial office tower (total contracts value of \$55.0m)
 - **New South Wales**
 - Gallery Facades – Darling Square SE plot, and 280 George Street apartment hotel (total contracts value of \$23m)
- 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)



HY18

78.3%

HY17
69.6%

Revenue ⁽¹⁾

HY18

Up 36.9%

\$88.1m

HY17
\$64.3m

Adjusted EBITDA ⁽²⁾

HY18

Down 7.7%

\$10.9m

HY17
\$11.8m

Net Assets

HY18

Up 3.1%

\$70.9m

FY17
\$68.8m

1 Revenue excludes discontinued operations

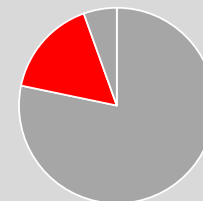
2 Adjusted EBITDA derived from the operating segments and excludes discontinued operations, investments, other income, and GCS support functions including corporate office and treasury which are included in corporate/other

RESOURCE, INDUSTRIAL, OIL & GAS SECTOR



- A solid performance despite revenue and profitability being impacted by lower activity levels as various contracts have run off
- Opportunity to broaden our maintenance and construction services capabilities to new and existing clients
- 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)



HY18
16.2%
HY17
22.4%

Revenue ⁽¹⁾

HY18 Down 11.6%
\$18.3m
HY17
\$20.7m

Adjusted EBITDA ⁽²⁾

HY18 Down 44.9%
\$2.9m
HY17
\$5.3m

Net Assets

HY18 Up 5.9%
\$40.7m
FY17
\$38.5m

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

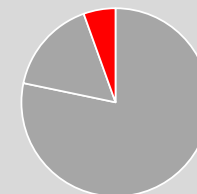


RESIDENTIAL SECTOR



- Revenue and earnings reflecting the softness of the residential housing market in Western Australia
- Residential building activity in WA anticipated to remain at these levels for the rest of this calendar year
- Modest economic growth and ongoing low interest rates to support housing demand
- Continue to maintain our leading market position

Segment Size (by Revenue Share)



HY18 **5.5%** HY17 8.1%

Revenue ⁽¹⁾

HY18 **\$6.2m** HY17 \$7.5m
Down 17.3%

Adjusted EBITDA ⁽²⁾

HY18 **\$0.7m** HY17 \$1.1m
Down 36.4%

Net Assets

HY18 **\$20.5m** FY17 \$21.7m
Down 5.6%

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



SALE OF EQUIPMENT HIRE DIVISION



- 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 \$28.3m
- GCS Hire represented circa 7% of the Groups total revenue in H1
- 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



- 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
- Audits underway across Australia to identify non-compliant installation of combustible cladding
- Thousands of buildings across Australia are likely to be impacted
- Gallery Facades expected to benefit from large-scale replacement of combustible cladding over the coming years



- RETURNING CASH TO SHAREHOLDERS

- Interim dividend declared of 2.0 cents per share (\$4.2m) fully franked representing >60% payout ratio
- Targeting ongoing minimum 50% payout ratio
- Continued consideration of capital management options given strong balance sheet and net cash position

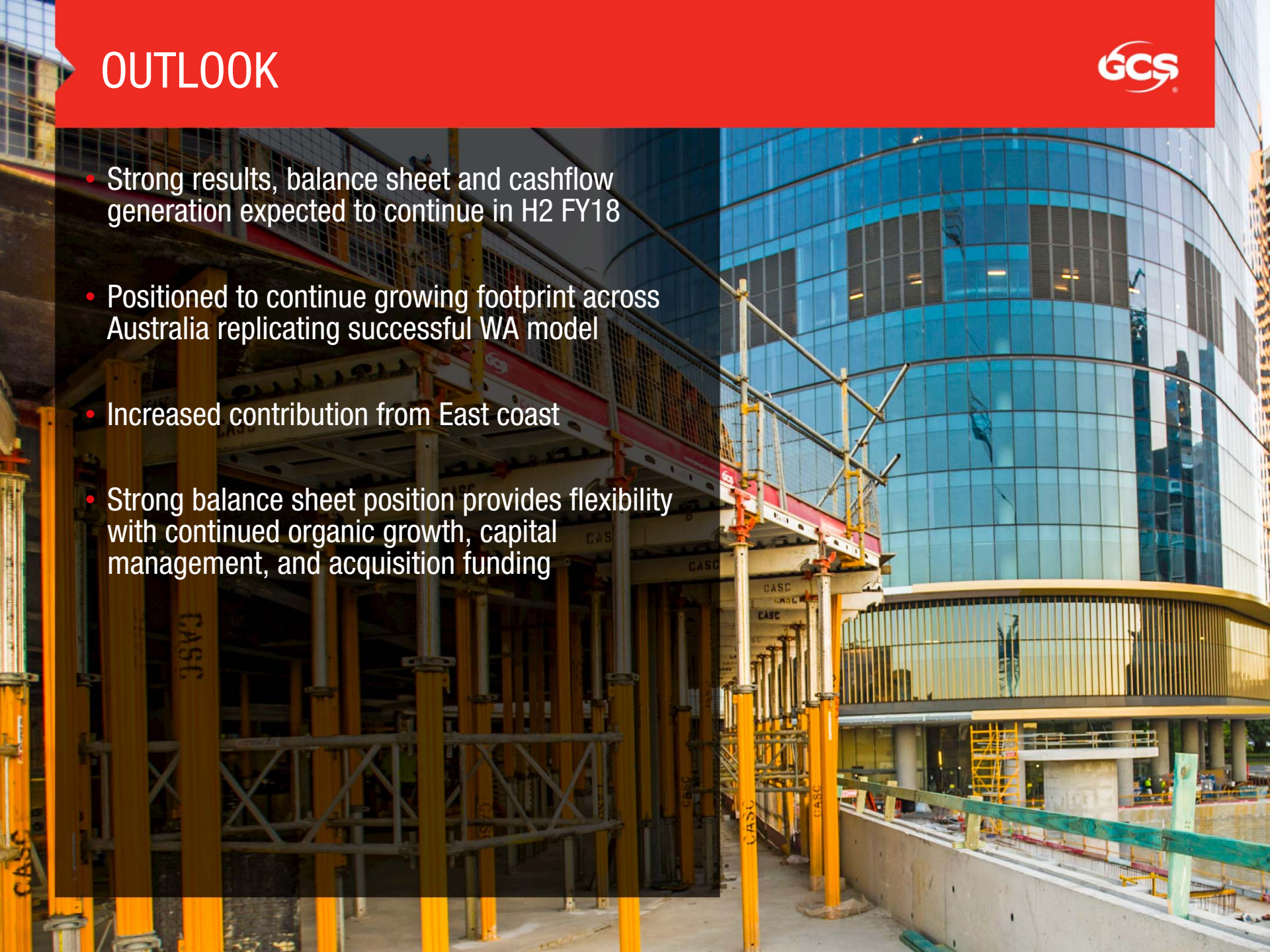


- CONTINUE TO STRENGTHEN MARKET POSITION AND BUILD UPON EXISTING BUSINESSES
 - Focus on East Coast businesses
- SECURE PROFITABLE GROWTH OPPORTUNITIES
 - Continue geographical expansion
 - Target new market opportunities
- MAINTAIN A STRONG BALANCE SHEET
 - Through the cycles
 - Support and respond to growth opportunities and market conditions
- DRIVE SHAREHOLDER RETURNS
 - Create value for shareholders
 - Targeting > 50% dividend payout ratio
 - Large franking credit balance available
- LEVERAGE AND BUILD HUMAN RESOURCE CAPABILITY
 - Support achieving the strategic objectives and growth of the business

OUTLOOK



- Strong results, balance sheet and cashflow generation expected to continue in H2 FY18
- Positioned to continue growing footprint across Australia replicating successful WA model
- Increased contribution from East coast
- 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

