

ASX MEDIA ANNOUNCEMENT

4 June 2018

ACQUISITION OF REMAINING INTEREST IN GALLERY FACADES TO IMPROVE FUTURE EARNINGS

Highlights:

- GCS moves to 100% shareholding in Gallery Facades through acquisition of remaining 49% non-controlling interest
- Gallery Facades' revenue expected to grow by over 20% in FY19 to more than \$100m, with current secured work in hand exceeding \$238m
- Acquisition expected to be Earnings Per Share ('EPS') accretive in future financial periods
- Consideration of 11.1m GCS shares to be issued to Gallery Facades' minority shareholders. A further 4.1m GCS shares may be issued pursuant to an earn-out arrangement linked to Gallery Facades' financial performance in FY19
- Transaction consistent with GCS's strategy to diversify revenue streams across geographic regions and to provide an integrated construction services offering to the Group's tier one client base

Background and Transaction

In October 2016 Global Construction Services Limited ('Company') (ASX:GCS) acquired a 51% interest in Gallery Facades (then known as Podium Glazing).

Following a period of significant growth in Gallery Facades, GCS is pleased to announce the acquisition of the remaining 49% non-controlling interest. The acquisition will be completed via the issue of 11.1m ordinary fully paid GCS shares to Gallery Facades' minority shareholders. Up to an additional 4.1m shares may be issued pursuant to an earn out arrangement based on Gallery Facades achieving a predetermined profit target in FY19. All shares issued as consideration will be subject to escrow periods.

All existing arrangements relating to the initial acquisition of 51% of Gallery Facades remain unchanged.

Post completion, Gallery Facades will be consolidated on a 100% basis; the current 49% non-controlling interest will no longer be deducted from profit available for distribution to GCS shareholders. Given the effective date for the transaction is 3 June 2018, the transaction will not result in any material change to GCS's previously announced FY18 profit guidance. The transaction is however expected to be EPS accretive in FY19 and beyond.

About Gallery Facades

Gallery Facades designs, supplies and installs high performance architectural facades to premium commercial and residential projects across Australia for tier one construction companies.

Gallery Facades' current secured work in hand exceeds \$238m. These works are supported by integrated design, supply and installation project teams located across Australia.



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Under the guidance of Mr Paul Dawson and Mr Jacky Zhang (who collectively have more than 60 years' industry experience), Gallery Facades has grown significantly since its establishment, expecting turnover to increase by more than 20% in FY19 to \$100m.

Pleasingly, Gallery Facades executives have extended their employment contracts until 2023 which will allow Gallery Facades to continue to deliver a high level of service to their increasing client base.

Transaction Commentary

Mr Enzo Gullotti, GCS Group Managing Director said "GCS is pleased to enhance our already strong affiliation with Paul, Jacky and the Gallery Facades team. Their contribution to GCS shareholder value has been significant. We are confident that this transaction will underpin a stronger foundation from which GCS can continue to grow its East Coast of Australia operations and will be highly accretive to GCS shareholders.

This acquisition has strengthened GCS's value offering to its tier one client base and we are eager to explore the possible synergies that we can offer as a single contractor providing concrete, formwork and facade construction packages across Australia."

Commenting on the transaction, Mr Paul Dawson, Managing Director Gallery Facades said "The Gallery Facades team is excited to strengthen our relationship with GCS. Their financial stability, experienced management team and national presence have provided Gallery Facades with the means to expand our business substantially.

Following this transaction Gallery Facades is now well placed to capitalise on a project pipeline that exceeds \$1.0 billion, further strengthening our position as a leading curtain wall facades contractor for tier one construction companies. To demonstrate our confidence in Gallery Facades and GCS, Jacky and I are pleased to have extended our executive services agreements for a further five years and look forward to a prosperous future with the GCS team."

-ENDS-

ABOUT GCS

The GCS Group is an Australian construction and maintenance services company that offers a diverse range of integrated products, services, and solutions covering the Infrastructure; Energy; Oil & Gas; Resource & Industrial; Commercial; and Residential sectors. The GCS Group's strategy for growth is to continue to capitalise on opportunities in the sectors it currently services, explore new markets and products, diversify into related industry sectors, and acquire selected new businesses that create value for shareholders.

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