



INVESTOR PRESENTATION

GLOBAL
CONSTRUCTION
SERVICES LIMITED

2018 FULL YEAR RESULTS
14 AUGUST



GCS has undertaken a significant transformation over the last 2 years

KEY ACTIONS

- Expanding its Formwork/Structures business, focused on delivery to blue chip Tier 1 building companies, from a WA footprint to a national footprint
- Acquiring a leading Facade supply and installation business focused on national delivery to blue chip Tier 1 building companies
- Focusing its Access business (rope access / scaffolding) on the Oil & Gas and Mining sectors
- Exiting its capital intensive Equipment Hire business
- Announcing a merger of equals with SRG Ltd (SRG). GCS has incurred \$0.7m of costs associated with the merger in FY18
- Building a stronger balance sheet with \$35m of Net Cash and \$133m of Net Tangible Assets at 30 June 2018

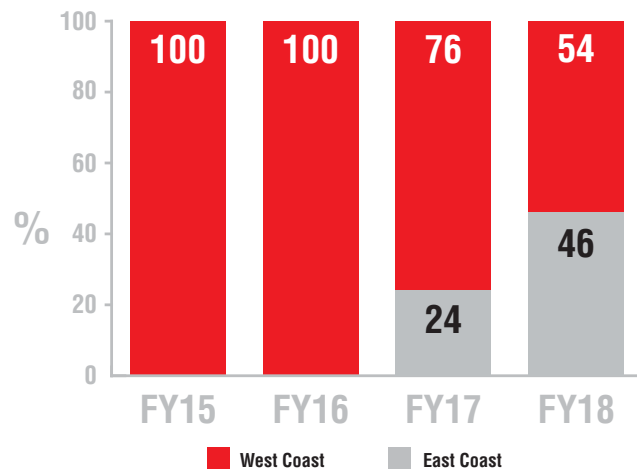
CORPORATE TRANSACTIONS

ASX announcement	Transaction	Business overview	Consideration
25 Aug 16	Acquisition Gallery Facades (51%)	National curtain wall and facade supply and installation company	<ul style="list-style-type: none"> • Insurance bonding facility • Cash earn-out
31 Oct 16	Sale SmartScaff	Scaffolding hire and sales company	<ul style="list-style-type: none"> • \$10.5m cash
10 Apr 17	Acquisition Summit business and assets	Victorian formwork and concreting company	<ul style="list-style-type: none"> • \$7.4m cash • \$5.6m GCS scrip • Cash earn-out
27 Sep 17	Sale GCS Hire business and assets	Equipment rental division	<ul style="list-style-type: none"> • \$28.3m cash
4 Jun 18	Acquisition Gallery Facades (49%)	As above	<ul style="list-style-type: none"> • GCS scrip earn-out
12 Jun 18	Merger of Equals with SRG	Multi-national diversified complex services company	<ul style="list-style-type: none"> • GCS scrip

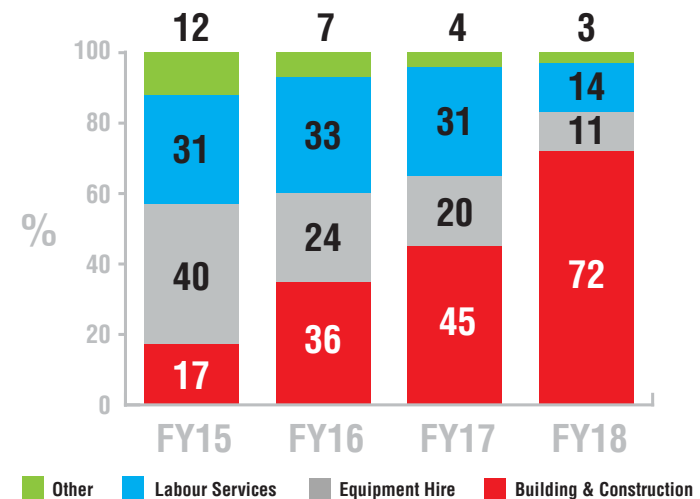
GCS now strategically positioned as a national service business with low levels of growth/maintenance CAPEX targeting:

- Commercial, infrastructure and resource construction across Australia
- Shutdown/maintenance support services in the Infrastructure, Mining and Oil & Gas sectors across Australia

GEOGRAPHICAL REVENUE (%)













SERVICE OFFERING REVENUE (%)



GCS TRANSFORMATION








GCS now operates 5 Divisions providing services to 3 Business Segments

CASC	GCS SUMMIT	GALLERY FACADES	GCS INTEGRATED (METRO & SW)	GCS INTEGRATED (NW)
				
<p>Western Australian based concrete and formwork company providing construction services to Tier 1 clients</p>	<p>Victorian based concrete and formwork company providing construction services to Tier 1 and 2 clients</p>	<p>National curtain wall and facade installation company providing design, supply and installation services to Tier 1 clients</p>	<p>Western Australian based scaffold, formwork and access solutions company providing equipment and onsite workforce services across all sectors</p>	<p>Western Australian based construction, maintenance, rope access and scaffold services company providing services to Oil & Gas and Mining companies</p>
TOP CUSTOMERS IN FY18				
				
BUSINESS SEGMENT SERVED				
<p>COMMERCIAL</p>	<p>COMMERCIAL</p>	<p>COMMERCIAL</p>	<p>COMMERCIAL</p>	<p>RESOURCE, INDUSTRIAL, OIL & GAS</p>
			<p>RESOURCE, INDUSTRIAL, OIL & GAS RESIDENTIAL</p>	

DELIVERY OF OUR STRATEGIC PRIORITIES



Strategic Priorities	Actions in FY18	Outcome
<p>CONTINUE TO STRENGTHEN MARKET POSITION AND BUILD UPON EXISTING BUSINESSES</p> <ul style="list-style-type: none"> Focus on East Coast businesses 	<ul style="list-style-type: none"> Consolidation and structural re-organisation of GCS Summit New service offerings in Integrated NW Acquisition of 49% of Gallery Facades Proposed merger of equals with SRG 	
<p>SECURE PROFITABLE GROWTH OPPORTUNITIES</p> <ul style="list-style-type: none"> Continue geographical expansion Target new market opportunities 	<ul style="list-style-type: none"> East Coast new delivers 46% of total revenue Commercial Contracting now delivers 72% of total revenue 	
<p>MAINTAIN A STRONG BALANCE SHEET</p> <ul style="list-style-type: none"> Through the cycles Support and respond to growth opportunities and market conditions 	<ul style="list-style-type: none"> Net cash of \$35m at 30 June 2018 Net Tangible Assets of \$133m at 30 June 2018 	
<p>DRIVE SHAREHOLDER RETURNS</p> <ul style="list-style-type: none"> Create value for shareholders Targeting > 50% dividend payout ratio Large franking credit balance available 	<ul style="list-style-type: none"> Reported Net Profit After Tax (NPAT) inclusive of discontinued operations of \$15.1m within market guidance range of \$14.4m to \$15.4m Dividend payout ratio of 72% 	
<p>LEVERAGE AND BUILD HUMAN RESOURCE CAPABILITY</p> <ul style="list-style-type: none"> Support achieving the strategic objectives and growth of the business 	<ul style="list-style-type: none"> Appointment of new CFO Appointment of new GM CASC Launch of Safety Leadership Programme for frontline leaders Building engineering capability 	

FINANCIAL

- Revenue up 33% to \$247.5m
- Underlying EBITDA of \$24.9m
- Underlying EBIT of \$21.0m
- Underlying NPAT for GCS Shareholders up 30% to \$14.1m
- Adjusted EPS up 24% to 6.7 cents
- Adjusted ROCE of 17.2%

SHAREHOLDERS

- Net Cash of \$35.0m
- Net Tangible Assets of \$133.3m
- Final dividend declared of 2.5 cents
- FY18 dividend of 4.5 cents – 72% payout ratio
- Tax losses of \$29.5m
- Work in Hand of \$316m
- Pipeline of \$2.1bn

TRANSFORMATION

- Sale of GCS Hire business and assets
- Consolidation and structural re-organisation of GCS Summit
- Acquisition of Gallery Facades non-controlling interest
- Announcement of merger of equals with SRG. \$0.7m of merger costs in FY18

COMMERCIAL

- Revenue up 64% to \$200.2m
- East Coast revenue now 59% of segment
- East Coast margins lower as asset light
- Substantial commercial pipeline
- Facade rectification opportunity

RESOURCE, INDUSTRIAL, OIL & GAS

- Revenue down 30% to \$35.6m
- Revenue impacted by Ichthys LNG and Sino Iron Ore projects
- Margins reduced from lower revenue
- Record sector production and exports (maintenance opportunity)
- Significant new wave of expansion projects (construction opportunity)

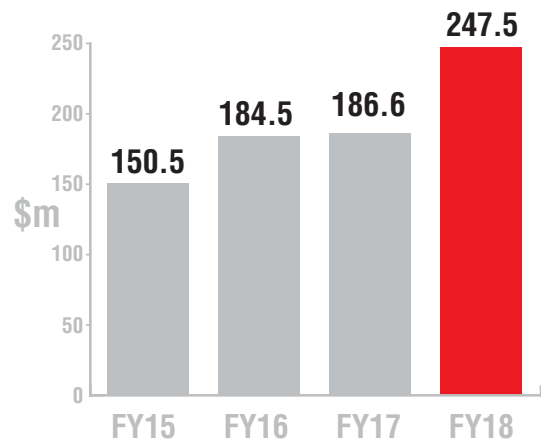
RESIDENTIAL

- Revenue down 17% to \$11.7m
- Revenue impacted by continued soft WA housing market
- Margins reduced from lower revenue

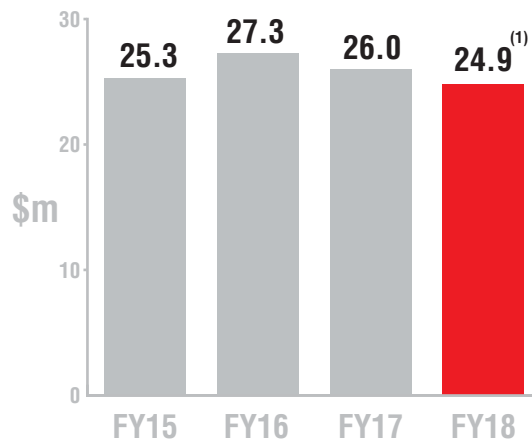
FINANCIAL PERFORMANCE



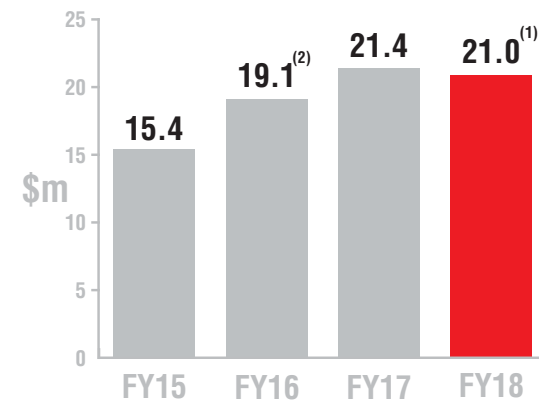
REVENUE (\$m)



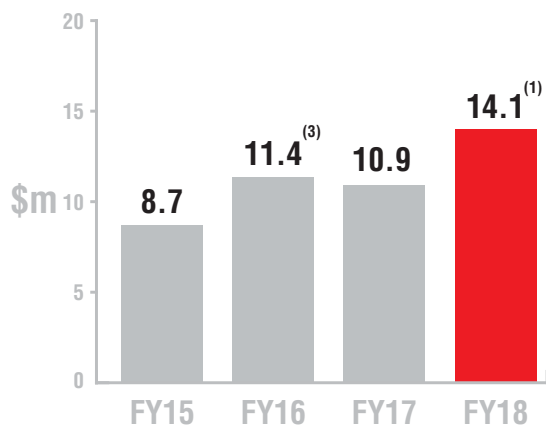
UNDERLYING EBITDA (\$m)



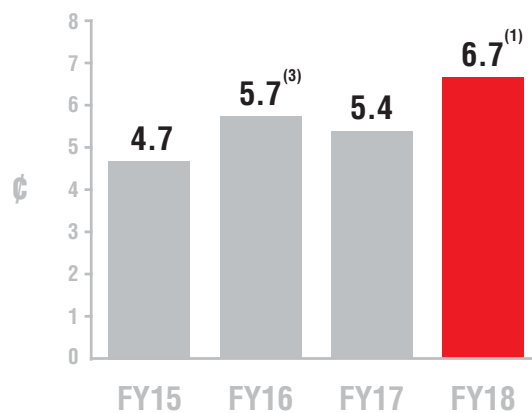
UNDERLYING EBIT (\$m)



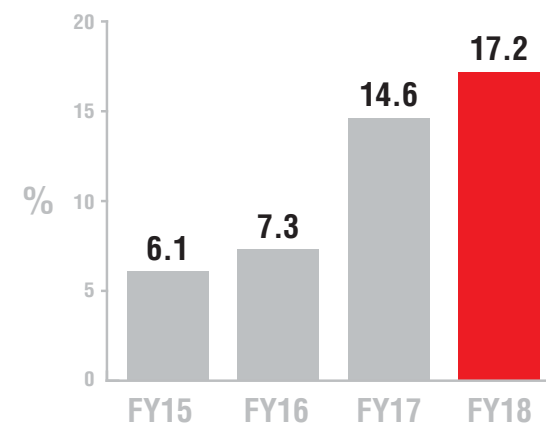
UNDERLYING NPAT (\$m)⁽⁴⁾



ADJUSTED EPS (cents)



ADJUSTED ROCE (%)⁽⁵⁾



¹ After add-back of \$0.7m merger costs

² After add-back of \$106m (pre-tax) impairment

³ After add-back of \$106m (pre-tax) impairment and 30% effective tax rate

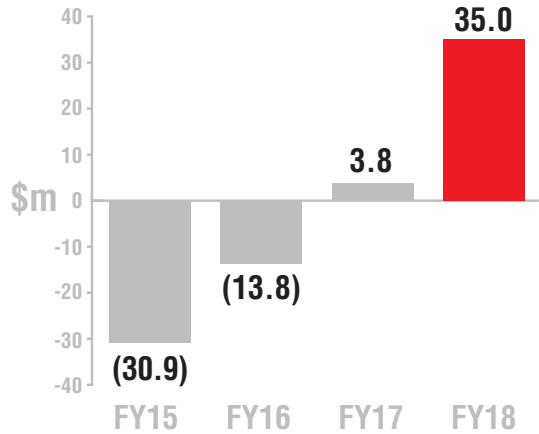
⁴ NPAT attributable to GCS Shareholders

⁵ See slide 17

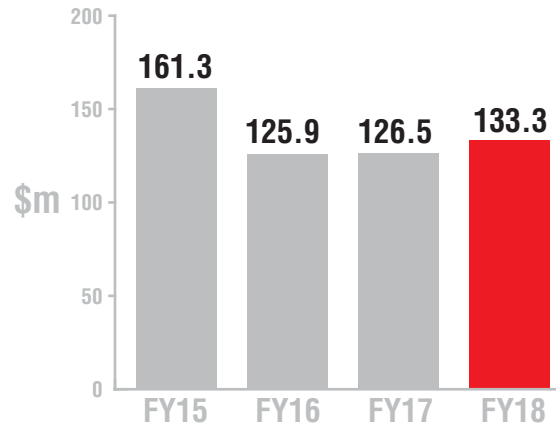
FINANCIAL STRENGTH



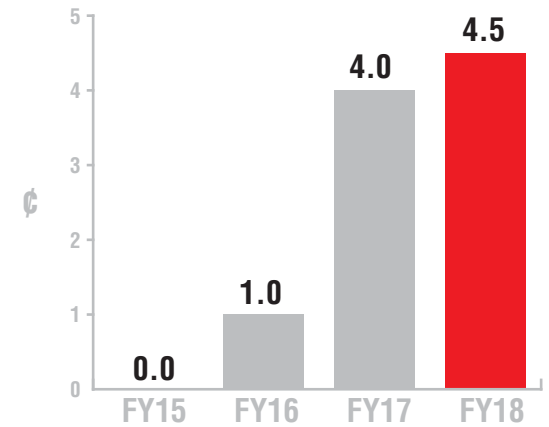
NET CASH/(DEBT) (\$m)



NET TANGIBLE ASSETS (\$m)



DIVIDENDS (cents)



TAX LOSSES (\$m)



WORK IN HAND (\$m)



PIPELINE (\$m)



Acquisition of remaining interest in Gallery Facades

- In October 2016, GCS Group acquired a 51% controlling interest in Gallery Facades
- On 4 June 2018, following a period of significant growth, GCS Group moved to 100% shareholding in Gallery Facades through acquisition of the remaining 49% non-controlling interest
- Consideration of 11.1m GCS shares issued to Gallery Facades minority shareholders
- A further 4.1m shares may be issued pursuant to an earn-out arrangement based on Gallery Facades achieving a pre-determined profit target in FY19
- All shares issued as consideration are subject to escrow period
- All existing arrangements relating to the initial acquisition of 51% of Gallery Facades remain unchanged



Proposed GCS / SRG merger of equals

Strategic rationale

- Greater combined offering:
 - Vertically integrated offering in building services
 - Extended offering in asset maintenance
 - Cross selling opportunities of specialised services
 - Enhanced footprint
 - Sector diversity
- Leverage common and complementary customers / sectors / geography
- Utilising scale to optimise fixed cost base
- Increased asset utilisation and greater capital efficiency
- Unlocking value for all shareholders



GCS & SRG merger of equals creates SRG Global to build a leading global Specialist Engineering, Construction and Maintenance group

Status update

- Merger of equals between SRG Limited and Global Construction Services Limited to create SRG Global via a recommended scheme of arrangement (GCS to acquire 100% of SRG shares)
- 2.479 GCS shares for each SRG share. GCS shareholders to own 51% and SRG shareholders to own 49% of the Group
- Unanimously recommended by both GCS and SRG Boards
- Independent Expert concluded the Scheme is in the best interests of SRG Shareholders

Scheme indicative timetable

EVENT	TIMING
Scheme booklet dispatched to SRG shareholders	Complete
Appendix 4E Released	Complete
SRG Scheme Meeting	22 Aug 18
Second Court Hearing	27 Aug 18
Scheme Effective Date	28 Aug 18
Scheme Record Date	4 Sep 18
Implementation Date	11 Sep 18

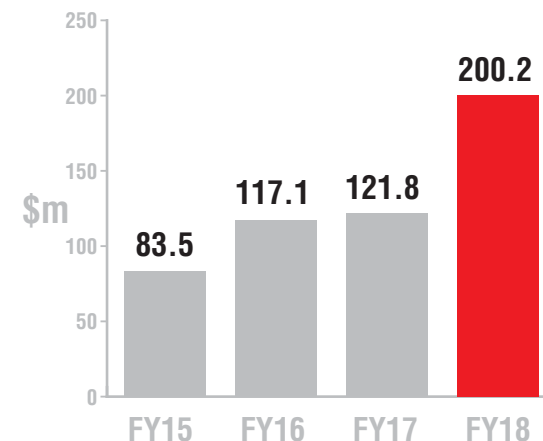
OVERVIEW

- The Commercial Segment led the transformation of GCS during the year with revenue increasing 64% to \$200.2 million
- Commercial revenue growth within the East Coast markets continued with the East Coast now comprising 59% of FY18 segment revenue (FY17: 38%)
- East Coast margins lower as asset light
- Acquisition of remaining 49% shareholding in Gallery Facades, taking GCS's ownership interest to 100%. This strategic acquisition increases the Group's exposure to the substantial project tender pipeline of Gallery Facades (including facade rectification works)
- Structural reorganisation of East Coast concrete and formwork business complete which will provide a solid basis on which the business can contribute further to Group profit

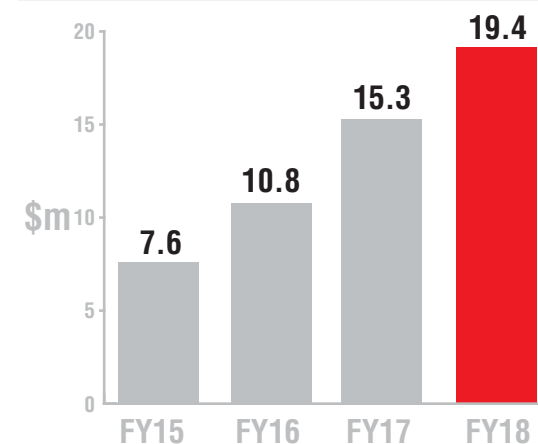
LOOKING FORWARD

- Substantial project tender pipeline for all business units that contribute to this segment
- Well placed to capitalise on facade rectification works

REVENUE (\$m)



EBIT (\$m)



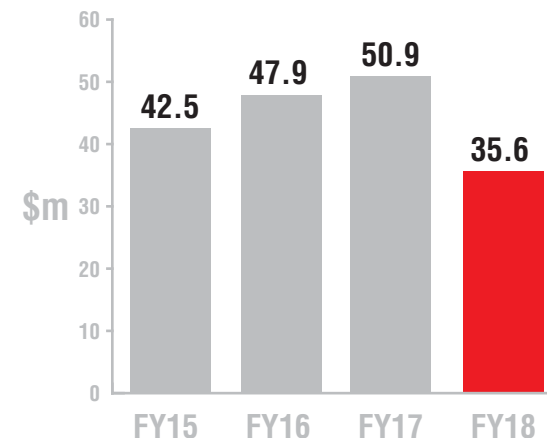
OVERVIEW

- Segment revenue declined by 30% during the year – consistent with reduced construction activity levels across the underlying sectors
- Revenue impacted by 2 key factors:
 - Completion of construction of Ichthys LNG Project
 - Reduced activity levels at CITIC Pacific Mining's Sino Iron Ore Project
- Margins decline in year as a result of lower revenue

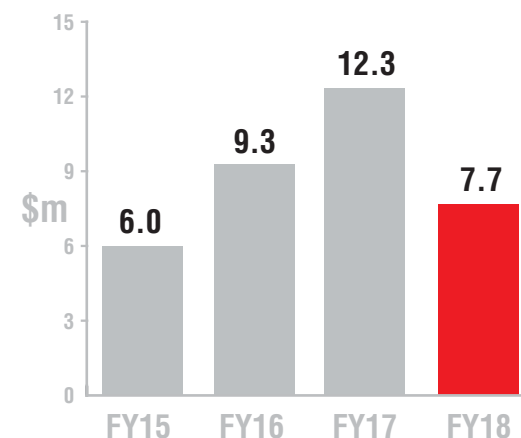
LOOKING FORWARD

- Improving outlook and market sentiment in the sectors driven by record production and exports (maintenance earnings)
- Significant new wave of expansion projects now emerging in underlying sectors (construction earnings)
- Opportunity to broaden our maintenance and construction services capabilities to new and existing clients
- 3 year extension to CITIC Pacific contract signed in March 2018
- 4 year extension to Woodside contract expected to be finalised in Q1 FY19

REVENUE (\$m)



EBIT (\$m)



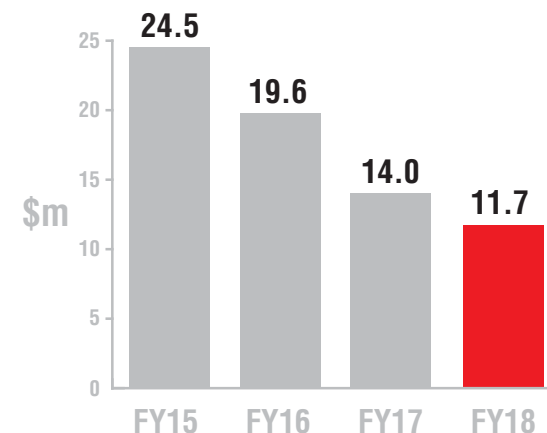
OVERVIEW

- Revenue and earnings reflecting the continued soft residential housing market in Western Australia
- Margins decline in year as a result of lower revenue

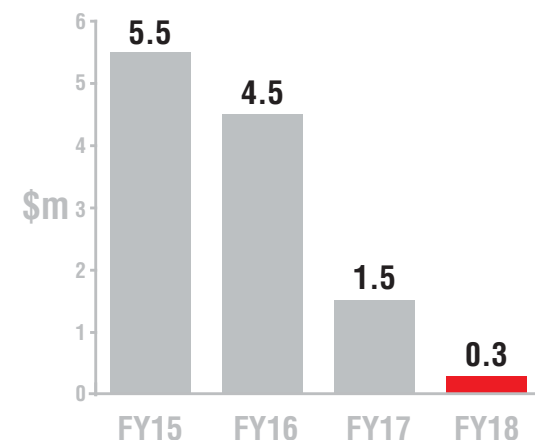
LOOKING FORWARD

- Modest economic growth coupled with a low interest rate environment expected to support Western Australia housing demand
- Expected improvement in the Resource, Industrial and Oil & Gas sectors should also contribute to Western Australian housing demand

REVENUE (\$m)



EBIT (\$m)



PROFIT & LOSS



- Revenue up 33% to \$247.5m primarily from:
 - Increased activity in Commercial
 - Partially offset by reduced activity in Resource, Industrial, Oil & Gas
- EBIT down \$1.1m (5%) to \$20.3m:
 - Commercial up \$4.2m from increased revenue
 - Resource, Industrial, Oil & Gas down \$4.6m from completion of Ichthys LNG Project and reduced activity at Sino Iron Ore Project
 - Residential down \$1.2m from soft WA housing market
 - Central \$0.5m lower costs, despite absorbing \$0.7m of merger costs in FY18
- Underlying EBIT of \$21.0m* in FY18
- Effective tax rate of 29% in FY18
- Non-controlling interest eliminated on 4 June 2018 from acquisition of 49% of Gallery Facades, bringing the Group's ownership to 100%
- Reported net profit after tax attributable to GCS shareholders up 25% to \$13.6m

PROFIT & LOSS	FY17 Reported \$m	FY18 Reported \$m
Revenue	186.6	247.5
Operating costs	(160.6)	(223.3)
EBITDA	26.0	24.2
<i>EBITDA margin (%)</i>	13.9%	9.8%
Depreciation & amortisation	(4.6)	(3.9)
Share of profits on equity accounted investees (net of tax)	0.4	0.0
Loss on disposal of equity accounted investees	(0.5)	0.0
EBIT	21.4	20.3
<i>EBIT margin (%)</i>	11.4%	8.2%
Net finance costs	(0.1)	(0.2)
Profit before tax	21.3	20.1
Tax	(7.4)	(5.9)
Net profit after tax	13.9	14.2
Discontinued operations (net of tax)	(1.0)	0.9
Net profit after tax inc discontinued operations	12.9	15.1
Non-controlling interests	(2.0)	(1.5)
Net profit after tax attributable to GCS shareholders	10.9	13.6

*After add-back of \$0.7m merger costs

CASH FLOW



- Working capital outflow of \$11.3m from:
 - Increased activity in Commercial Segment
 - \$7.5m of overdue trade debtors received on 2 July
- Capex from continuing operations stable at \$4.5m
- Tax cash inflow as a result of tax losses from the sale of GCS Hire business assets
- Proceeds from sale of GCS Hire assets used to pay down borrowings
- Cash and equivalents increased by \$8.1m in the year
- Net cash at 30 June 2018 of \$35.0m up \$31.3m in FY18

CASH FLOW	FY17 Reported \$m	FY18 Reported \$m
EBITDA	26.0	24.2
Movt in working capital	(1.8)	(11.3)
Cash flow from operating activities (before financing and tax)	24.3	12.9
Capital expenditure - continuing ops	(3.9)	(4.5)
Capital expenditure - discontinued ops	(0.2)	(1.2)
Free cash flow (before financing and tax)	20.2	7.1
Tax received / (paid)	(5.2)	1.4
Net interest paid	(2.3)	(0.7)
Dividends paid	(8.0)	(6.2)
Net change in borrowings	(3.3)	(23.2)
Acquisition of subsidiaries inc contingent consideration	(2.3)	(1.7)
Sale of investment in associates	10.5	0.0
Sale of property, plant and equipment	0.8	31.2
Net change in cash and cash equivalents	10.4	8.1

FINANCIAL POSITION



- Trade and other receivables up \$15.7m from increased activity in the Commercial Segment, together with overdue payments of \$7.5m received on 2 July
- Property, plant and equipment down \$23.5m from the sale of GCS Hire assets
- Trade and other payables up \$13.9m from increased activity in Commercial segment
- Current and non-current borrowings down \$23.1m from proceeds of sale of GCS Hire assets
- Total borrowings at 30 June 2018 of:
 - Insurance premium funding \$2.9m
 - HP \$1.4m

FINANCIAL POSITION	FY17 Reported \$m	FY18 Reported \$m
Current assets		
Cash and equivalents	31.2	39.2
Trade and other receivables	35.5	51.2
Other current assets	15.4	16.8
Total current assets	82.1	107.2
Non-current assets		
Property, plant and equipment	116.4	92.9
Intangibles	23.8	23.5
Deferred tax assets	2.9	11.7
Other non-current assets	0.0	0.1
Total non-current assets	143.2	128.2
Total assets	225.3	235.5
Current liabilities		
Trade and other payables	(22.7)	(36.6)
Borrowings	(9.4)	(3.6)
Provisions	(2.9)	(6.2)
Other current liabilities	(3.0)	(2.3)
Total current liabilities	(38.0)	(48.7)
Non-current liabilities		
Borrowings	(18.0)	(0.7)
Provisions	(15.2)	(11.6)
Deferred tax liabilities	(3.6)	(17.7)
Total non-current liabilities	(36.9)	(29.9)
Total liabilities	(74.9)	(78.6)
NET ASSETS	150.3	156.9
EQUITY		
Issued capital	(147.7)	(155.8)
Reserves	(0.1)	10.3
Retained earnings	(4.0)	(11.4)
Non-controlling interest	1.5	0.0
TOTAL EQUITY	(150.3)	(156.9)

- FY17 and FY18 EBIT excludes GCS Hire result, as included within discontinued operations
- Total capital employed down \$24.7m in FY18 primarily from the sale of GCS Hire assets
- Adjusted ROCE of 17.2% in FY18

FINANCIAL POSITION	FY15 Reported \$m	FY16 Reported \$m	FY17 Reported \$m	FY18 Reported \$m
Trade and other receivables, prepayments, current tax assets	33.4	33.0	42.1	55.3
Inventories	7.2	2.6	8.8	12.7
Trade and other payables, current provisions, deferred income, current tax liabilities	(21.8)	(19.4)	(28.6)	(45.1)
Net working capital	18.8	16.2	22.3	22.9
Other receivables	7.6	7.1	0.0	0.1
Property, plant and equipment	171.7	104.9	116.4	92.9
Intangible assets	59.0	17.5	23.8	23.5
Net deferred tax liabilities	(10.6)	4.9	(0.8)	(5.9)
Non-current provisions	(3.6)	(4.0)	(15.2)	(11.6)
Total capital employed	251.2	157.2	146.6	121.9
Cash and equivalents	20.7	20.7	31.2	39.2
Borrowings	(51.6)	(34.5)	(27.4)	(4.2)
Net cash	(30.9)	(13.8)	3.8	35.0
Net assets	220.3	143.4	150.3	156.9
Reported EBIT	15.4	(86.6)	21.4	20.3
Add back impairment	0.0	105.7	0.0	0.0
Add back merger costs	0.0	0.0	0.0	0.7
Underlying EBIT	15.4	19.1	21.4	21.0
Total capital employed	251.2	157.2	146.6	121.9
Add back impairment	0.0	105.7	0.0	0.0
Adjusted capital employed	251.2	262.9	146.6	121.9
Adjusted ROCE	6.1%	7.3%	14.6%	17.2%

RECENT PROJECT EXPERIENCE



RITZ CARLTON - PERTH



SCOPE OF WORKS

Scaffold and access solutions; Formwork & concrete contracting; Protection screen system / Formwork materials; Hoist supply & installation; Facade installation; Supply & installation of scaffolding; and Supply of plant & equipment.

OPTUS STADIUM - PERTH



SCOPE OF WORKS

Formwork & concrete contracting; Facade installation; Labour hire; Supply & installation of site accommodation village; Supply & installation of scaffolding; Supply of rope access personnel; Supply of plant & equipment; and onsite depot.

WESTFIELD CAROUSEL - PERTH



SCOPE OF WORKS

Formwork & concrete contracting; Supply & installation of site accommodation; Supply of scaffolding; and Supply of plant & equipment.

CAPITAL SQUARE - PERTH



SCOPE OF WORKS

Formwork & Concrete contracting; Facade Installation; Rope Access personnel; Labour Hire; Supply & Installation of Site Accommodation; Supply & Installation of Scaffolding; and Supply of Plant & Equipment.

300 GEORGE STREET - BRISBANE



SCOPE OF WORKS

Facade installation: Design, manufacture, supply, logistics, install, certify and warranty.

MELBOURNE QTR C1 - MELBOURNE



SCOPE OF WORKS

Facade installation: Design, manufacture, supply, logistics, install, certify and warranty.

SKYTOWER - BRISBANE



SCOPE OF WORKS

Facade installation: Design, manufacture, supply, logistics, install, certify and warranty.

839 COLLINS ST (Y3) - MELBOURNE



SCOPE OF WORKS

Facade installation: Design, manufacture, supply, logistics, install, certify and warranty.

RECENT PROJECT EXPERIENCE



DHL SE PLOT – SYDNEY



SCOPE OF WORKS

Facade installation: Design, manufacture, supply, logistics, install, certify and warranty.

SUMMUS - MELBOURNE



SCOPE OF WORKS

Construction of complex in-situ concrete vertical walls; Supply & installation of specialised formwork systems and scaffold systems. Supply and installation of perimeter screens and handrail systems.

MCM - MELBOURNE



SCOPE OF WORKS

Construction of in-situ concrete vertical walls and horizontal concrete slabs; Supply & installation of specialized formwork systems; Supply & installation of scaffold systems; Supply & installation of perimeter screens, handrail systems precast panels, reinforcement and post tensioning.

SPRING ST - MELBOURNE



SCOPE OF WORKS

Construction of in-situ concrete vertical walls; Supply & installation of hydraulic core system; Construction of in-situ horizontal concrete slabs; Supply & installation of specialized formwork systems & scaffold systems; Supply & installation of perimeter screens, handrail systems and reinforcement.

WOODSIDE - PILBARA



SCOPE OF WORKS

Supply of scaffolding and onsite depot.

SINO IRON ORE PROJECT - PILBARA



SCOPE OF WORKS

Supply & installation of scaffolding; Supply of rope access personnel; Supply of plant & equipment; and onsite depot.

FMG - PILBARA



SCOPE OF WORKS

Supply of rope access personnel including NDT; Supply of painting and blasting services.

RIO TINTO - PILBARA



SCOPE OF WORKS

Supply of project services & management; Supply & installation of scaffolding; Supply of rope access personnel including NDT; Supply of maintenance services and facilities management.

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