

ASX MEDIA ANNOUNCEMENT

24 February 2017

GCS Reports Strong First Half Result and Delivers Improved Returns to Shareholders

Key Highlights

- Underlying Net Profit After Tax (NPAT) up 24% to \$7.8m
- Underlying EBITDA up 8% to \$16.9m
- Generated strong operating cashflow before tax of \$15.5m
- Strong balance sheet with a net cash position of \$14.0m
- Interim FY17 fully franked dividend of 1.0 cent per share declared, in addition to the 2.0 cents per share special dividend declared at the AGM in November 2016
- Core WA businesses continue to perform well in competitive market conditions
- Successful purchase and integration of East coast based Gallery Facades (formerly Podium Glazing) into the GCS Group
- Sale of interest in SmartScaff Joint Venture delivering \$17.5m in proceeds
- Project tender pipeline remains robust across Australia
- East coast expansion strategy continues with several acquisition targets shortlisted

Commenting on the first half results, Group Managing Director Enzo Gullotti said, “The group delivered a strong underlying result despite competitive market conditions, and reflects GCS’ diversified revenue streams and broad product offerings which underpin the Group’s profitability and growth potential across Australia. “

During the half year the Group successfully completed the acquisition of 51% of Gallery Facades (formerly Podium Glazing Australia). The acquisition represents the first step of GCS’ east coast expansion strategy. Since completion of the acquisition, Gallery Facades has been integrated with GCS’ management team, reporting and administrative systems and processes. The outlook for this business is very positive with a strong tender pipeline of opportunities currently being pursued.

In October 2016 GCS announced it had agreed to sell its 50% stake in the SmartScaff Joint Venture for \$10.5m in cash plus repayment of a \$7.0m outstanding loan. Proceeds from the sale of SmartScaff and the ongoing strong operating cashflow generation of the business leaves the balance sheet in a very strong \$14.0m net cash position.

In light of the strong operating results and financial position of the company, the Board of Directors is pleased to declare an interim fully franked dividend of 1.0 cent per share, payable to shareholders on 17 March 2017, with the record date for entitlements being 3 March 2017. This will bring total dividends paid to shareholders over the past 6 months to 4.0 cents per share fully franked, equivalent to \$8.0m, and reflects the Board’s commitment to shareholder returns.

Commenting on the outlook Mr Gullotti said “We remain confident of a continuation in the Group’s performance in the second half of this financial year. GCS is well placed to continue to improve operating performance, take advantage of a significant pipeline of new project opportunities across Australia, and to actively pursue market consolidation opportunities in FY17 and beyond, whilst continuing to deliver attractive returns to shareholders.”

-ENDS-



GLOBAL CONSTRUCTION
SERVICES LIMITED
ABN 81 104 662 259

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GCS



On-site Workforce



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Specialised Site Services

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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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