



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

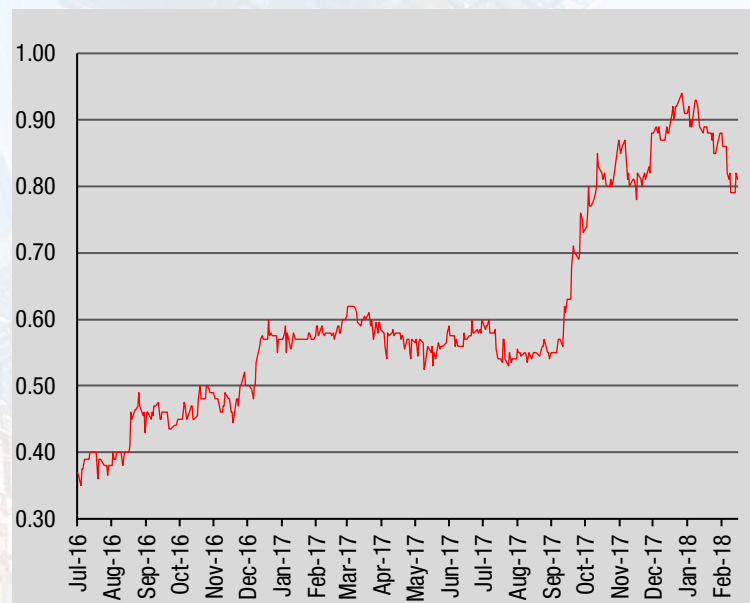
George Chiari Executive Director

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

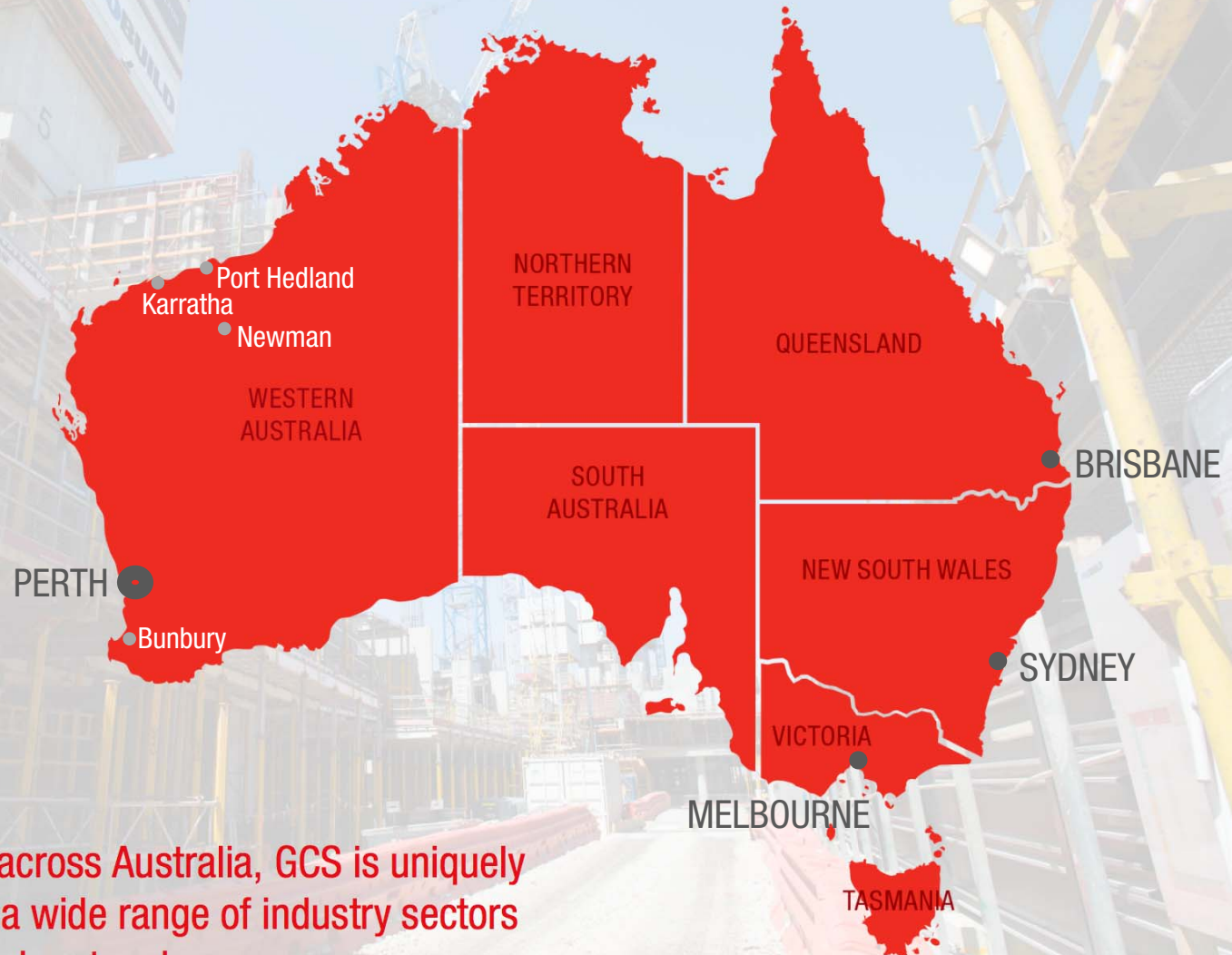


Health & Safety
AS 4801
SAI GLOBAL

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.

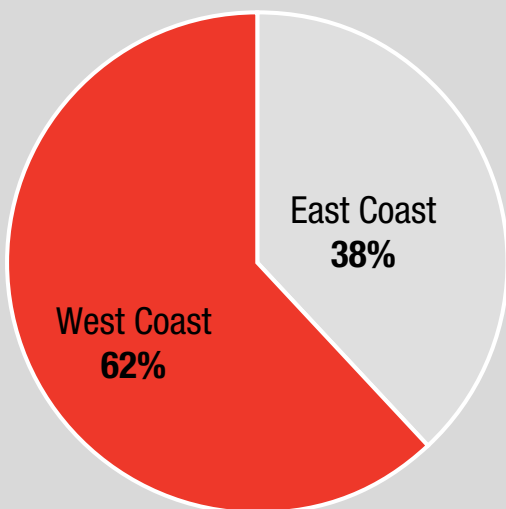
- FINANCIAL (includes discontinued operations)
 - Revenue \$121.1m, up 18.1% on prior corresponding period (pcp)
 - EBITDA \$13.6m, down 19.5% on pcp
 - Reported NPAT of \$6.4m, up 21.3% on pcp
 - Strong balance sheet with a record net cash position of \$42.0m
 - Cash flow from operations of \$17.0m 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

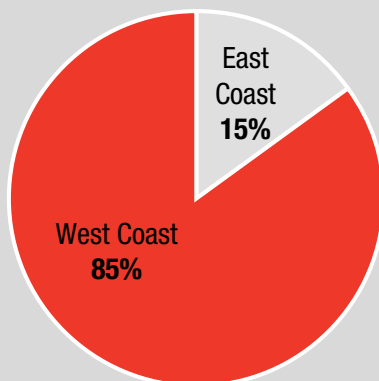


REVENUE BY GEOGRAPHY

HY 18

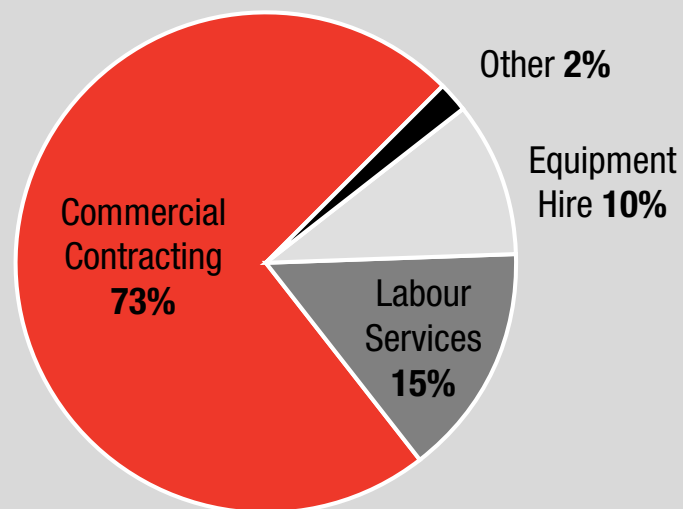


HY 17

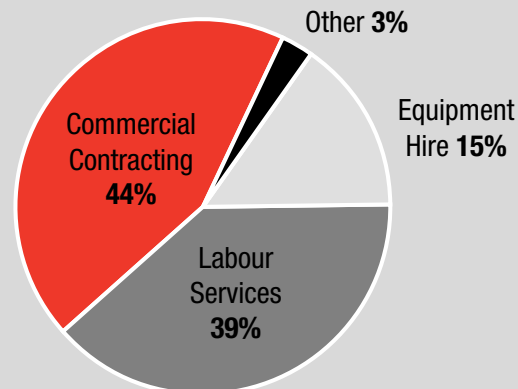


REVENUE BY CATEGORY

HY 18



HY 17

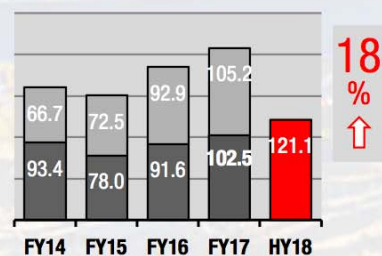


FINANCIAL RESULTS

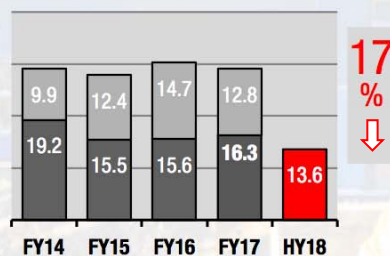


Half Year Financial Results 2017

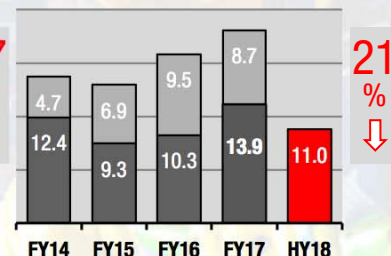
Revenue (\$m)



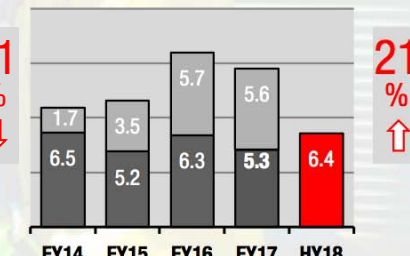
EBITDA (\$m)



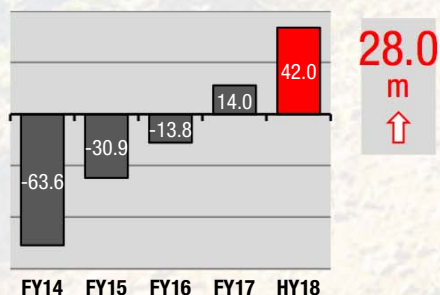
EBIT (\$m)



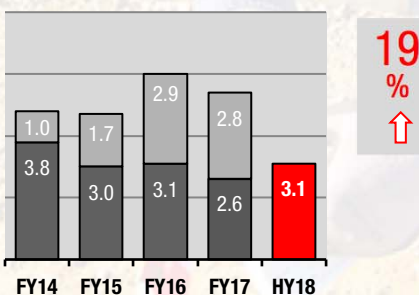
Reported NPAT (\$m) ⁽¹⁾



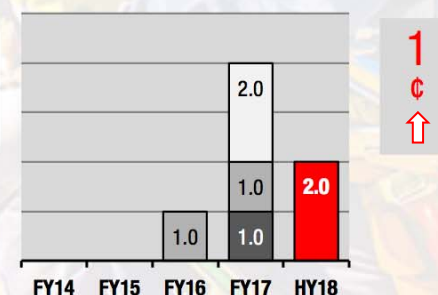
Net (Debt) / Cash (\$m)



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 pcg
- Capital expenditure (Cash & HP)
 - Total capex \$3.6m, up \$1.2m on pcg
- Cash proceeds of \$28.3m from sale of Equipment Hire Division
- Repayment of borrowings of \$25.6m, up \$17.5m on pcg
- 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

MULTIPLEX

SCENTRE GROUP

PROBUILD

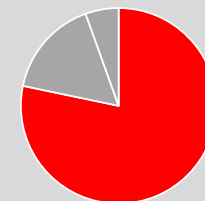


COMMERCIAL SECTOR



- 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

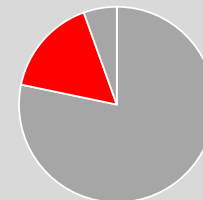
2 Adjusted EBITDA derived from the operating segments and excludes discontinued operations, investments, other income, and GCS support functions including corporate office and treasury which are included in corporate/other

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

Adjusted EBITDA ⁽²⁾

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

Net Assets

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

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

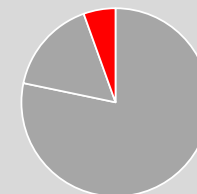


RESIDENTIAL SECTOR



- 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	Down 17.3%	
		HY17
		\$7.5m
		\$6.2m

Adjusted EBITDA ⁽²⁾		
HY18	Down 36.4%	
		HY17
		\$1.1m
		\$0.7m

Net Assets		
HY18	Down 5.6%	
		FY17
		\$21.7m
		\$20.5m

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



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

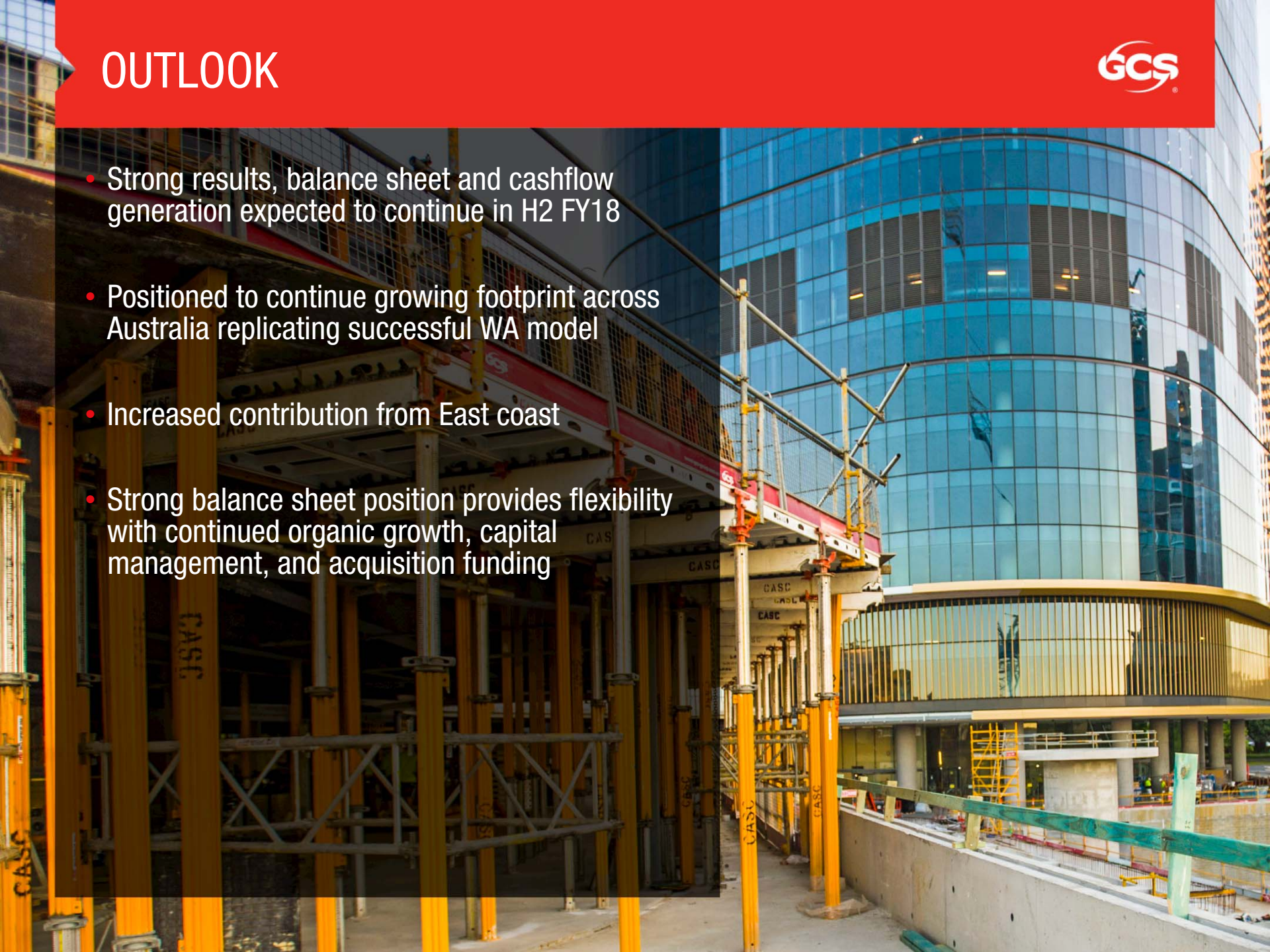


- CONTINUE TO STRENGTHEN MARKET POSITION AND BUILD UPON EXISTING BUSINESSES
 - Focus on East Coast businesses
- SECURE PROFITABLE GROWTH OPPORTUNITIES
 - Continue geographical expansion
 - Target new market opportunities
- MAINTAIN A STRONG BALANCE SHEET
 - Through the cycles
 - Support and respond to 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



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