

ASX MEDIA ANNOUNCEMENT

25 August 2017

GCS Reports Strong Financial Results

Key Highlights

- Underlying Net Profit After Tax (NPAT) up 12.4% on pcp to \$13.5m
- EBITDA up 4.3% on pcp to \$29.2m
- Strong balance sheet with a net cash position of \$3.8m
- Final FY17 fully franked dividend of 1.0 cent per share declared, bringing total dividends from FY17 to 4.0 cents per share
- Core West Coast businesses continue to perform well with significant new projects commencing in the 2nd half of FY17
- Successful purchase and integration of East Coast based Gallery Facades into the GCS Group
- Acquisition of Summit Formwork broadens GCS's east coast product offering and is complimentary to Gallery Facades
- Sale of 50% interest in SmartScaff delivered \$17.5m in proceeds
- Strong pipeline of projects in the commercial sector across Australia
- East coast expansion strategy continues

Commenting on the results, Group Managing Director Enzo Gullotti said, "FY17 was a transformational year for GCS in progressing our strategy to become a truly national business. The acquisition of East Coast based Gallery Facades and Summit Formwork during the year provides GCS with a strong platform from which to grow our operations on the east coast of Australia going forward."

The strong result reflects GCS's diverse revenue streams and broad product offerings across the Australian construction services market. The core West Coast based businesses contributed approximately 76% of the group's revenue for the year, while 24% came from the newly acquired East Coast based businesses which have been successfully integrated into the GCS Group.

Revenue growth of 12.5% to \$207.7m was greater than EBITDA growth of 4.3% for the year reflecting the changing business and revenue mix. While continuing to maintain a strong balance sheet, operating cashflow before tax was down 24% to \$24.3m reflecting the additional working capital requirements of several new projects ramping up in late FY17 and early FY18. Capital expenditure of \$4.1m was down \$2.0m from the previous year also reflecting the changing capital requirements of the business.

Dividends

In light of the strong operating results and financial position of the company, the Board of Directors is pleased to declare a final fully franked dividend of 1.0 cent per share, payable to shareholders on 13 October 2017, with the record date for entitlements being 15 September 2017. Including the half year interim dividend and the special dividend declared last November, the company has declared full year dividends of 4.0 cents per share, equivalent to \$8.0m, fully franked to shareholders.

Outlook

Commenting on the outlook Mr Gullotti said "We are very confident of continuing to make substantial progress on our strategic priorities, improve operating performance



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GCS



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and leveraging growth in key markets across Australia. In terms of the year ahead, our core West Coast businesses commenced several new projects in the second half of FY17 going into FY18, and GCS will benefit from a full year contribution from the Gallery Facades and Summit Formwork acquisitions. We expect GCS to improve underlying NPAT in FY18 at a double digit rate from the year just completed, and to continue to deliver attractive returns to our shareholders.”

-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.

Further Information:

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