

ASX:ACF

Acrow Formwork and Construction Services Limited

C/- Level 5, 126 Phillip Street

Sydney NSW 2000



ASX Release

22 November 2021

2021 Annual General Meeting - Chairman's Address and CEO Presentation

Acrow Formwork and Construction Services Limited (ASX:ACF) ("Acrow" or the "Company") is pleased to attach the following documents to be presented at its 2021 Annual General Meeting being held at 11am (AEDT) today:

- Chairman's Address
- CEO's presentation

This release was approved by the Acrow Board of Directors.

-ENDS-

About Acrow

Acrow is a leading hirer of formwork and scaffolding systems to large construction and civil infrastructure providers across Australia, operating a network of formwork and scaffolding branches in six states and employing approximately 245 people. The business services a diversified customer base of approximately 1,300 customers.

Acrow has a high quality and versatile portfolio of assets and has identified a number of near-term growth opportunities, most particularly through the investment in capital equipment to take advantage of a range of opportunities in the growing East Coast civil infrastructure market, particularly in New South Wales and Victoria where the business is still underrepresented.

For further information, please contact:

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Andrew Crowther
Chief Financial Officer
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Acrow Chairman's Address

Good afternoon ladies and gentlemen,

I am Peter Lancken, Chairman of the Board and on behalf of Acrow Formwork and Construction Services, I welcome you to the 2021 Annual General Meeting.

During FY21, Acrow continued on its journey of becoming the leading provider of engineered formwork sales and hire equipment to the civil infrastructure markets, and the leading engineered scaffold solutions provider in Australia.

Despite the disruptions caused by the COVID-19 pandemic to the general economy, Acrow delivered another year of strong financial results in FY21. Revenue was up 22% to \$106 million and pre-tax profit was up 35% to a record \$10.2 million. As a result, the Board declared a final dividend for the year of 1.15 cents per share, bringing total dividends for the year to 1.90 cents per share, fully franked, up 81% on the previous year.

Much of this continued success is the result of two transformational acquisitions over the last three years, which have significantly strengthened and expanded our business, providing Acrow with a broad suite of formwork, scaffold, screening products and engineering services to the construction and industrial maintenance markets. The business was particularly enhanced with the acquisition of Uni-Span in 2019, which also provided Acrow with an exclusive distribution arrangement with ULMA, a leading global manufacturer and supplier of formwork, shoring, and temporary scaffolding systems.

In addition, the acquisition of Uni-span provided Acrow with the building blocks to develop a complementary new business vertical, Industrial Services, at the time a nascent, primarily Queensland centric business. During FY21, the Industrial Services business expanded its operations with contract wins in New South Wales, South Australia, and Tasmania and successfully entered new market segments, including providing engineered scaffold solutions for shut-down maintenance work for power utilities, mining operations, and other large manufacturing sectors. This resulted in a doubling of sales revenue during the year. Notwithstanding this, the future potential for this business remains substantial as we continue our push into these new markets and new market segments.

Much of Acrow's success is also due to the depth and talent of the entire Acrow team, from back office services, to sales & marketing, relationship management, supply side management, logistics and our engineers, all working together to deliver solutions which differentiate our products and services and help build on our reputation and success across our market segments. Securing contracts on flagship projects such as Melbourne Metro Rail, Brisbane Cross River Rail, Bruce Highway, and Snowy Hydro to name a few is a testament to the strength of our team, products, and service offering.

Our businesses all share an entrepreneurial and customer-focused culture, and teamwork across these business units has provided numerous opportunities to cross-sell our expanded product suite and engineering capabilities. Notably, during this period of growth, we have been careful to maintain a prudent capital management approach, only building on our portfolio of assets, subject to a rigid investment principle of achieving a minimum 40% return on investment during the first year of purchase.

After the balance date, we raised \$10.5 million through a placement at 38 cents per share to fund growth opportunities in our industrial services and civil formwork businesses. I would like to acknowledge the support of our existing and new shareholders who believe in our business and helped make this capital raise successful. This new capital places us in a strong position to take advantage of the large pool of opportunities in the industrial services sector and the transport infrastructure construction boom currently underway.

As Acrow evolves we have ensured that our Board is refreshed with the skills and experience required to guide our future development. I would like to thank Josh May, who retired from the board in October 2020 and acknowledge Gregg Taylor and Margaret Prokop for their service. Gregg will retire after this Annual General Meeting and Margaret on December 31, 2021.

It is a pleasure to welcome to the Board two new directors, Melanie Allibon and Laurie Lefcourt. Melanie joined us on 1 September 2021, and is an experienced global people manager and company director, having held executive level human resources roles at Pacific Brands, Seven Group, and Newcrest. Melanie is also currently a non-executive director of ASX-listed Boom Logistics.

Effective 1 October 2021, Laurie Lefcourt, an experienced non-executive director and senior finance executive, also joined our Board. She has held senior finance roles at Queensland Rail and Rio Tinto and is currently a non-executive director of ASX-listed Tamawood and Advance Nanotek.

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In closing, on behalf of the Board, I would like to express my gratitude to Steven Boland, his leadership team, Acrow's dedicated team of employees, our suppliers, our clients, and our shareholders for the part they have all played in Acrow's success to date.

As we embark on what is projected to be a long-lived civil infrastructure construction cycle, with spending currently estimated to be more than \$100Bn over the next five years, we are excited about the future for the Company. Due to our innovative engineering, formwork & scaffolding expertise, and broad product suite, we believe Acrow is well-positioned for many years of continued growth.

Thank you

Peter Lancken



Acrow Formwork &
Construction Services Limited



Annual General Meeting

CEO ADDRESS AND TRADING UPDATE

Chief Executive Officer – Steven Boland

22 November 2021

Hassall Street, Parramatta

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This Presentation was approved by the Acrow Board of Directors

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Become the
leading
Engineered
**Formwork
Sales & Hire
Equipment
Solutions**
provider in
Australia



Become the
leading
Engineered
**Scaffold
Solutions**
provider to the
Australian
Industrial Scaffold
market



Recruit train and
retain the best
management and
engineering
Talent to drive
the business



Target High ROI
**Organic
Growth**
opportunities
across States,
cross-sell and new
products



Earnings accretive
Acquisitions
primarily across
formwork
solutions but may
include
strategically
positioned
scaffold
businesses
(especially in
industrial space)

KEY FINANCIALS – FY21¹

REVENUE

\$105.7m

+ 22%

EBITDA

\$24.3m

+25%

Pre-tax Profit

\$10.2m

+35%

NPAT

\$8.7m

+10%

EBITDA MARGIN

23.0%

+60bps

UNDERLYING EPS

4.00cps

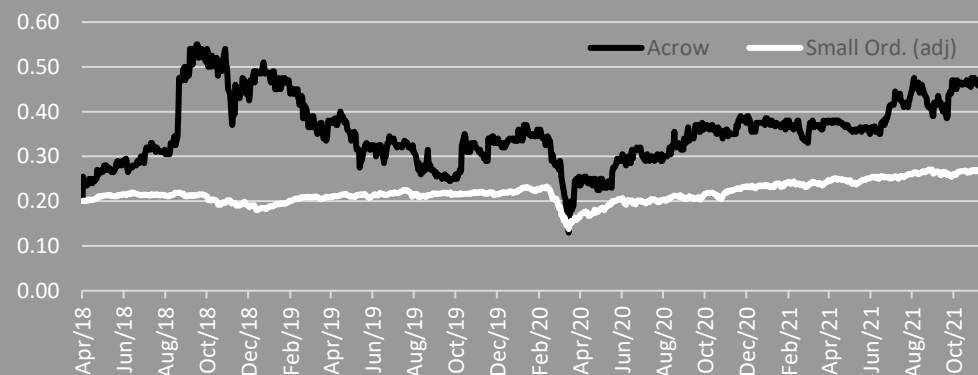
flat

FULL YEAR DIVIDEND

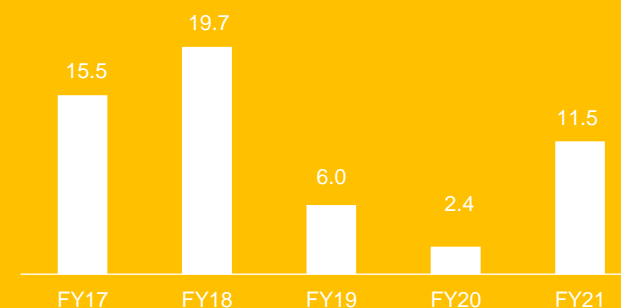
1.90cps

+81%

ACF Share Price Relative to ASX Small Ordinaries



Lost Time Injury Freq. Rate



NATFORM

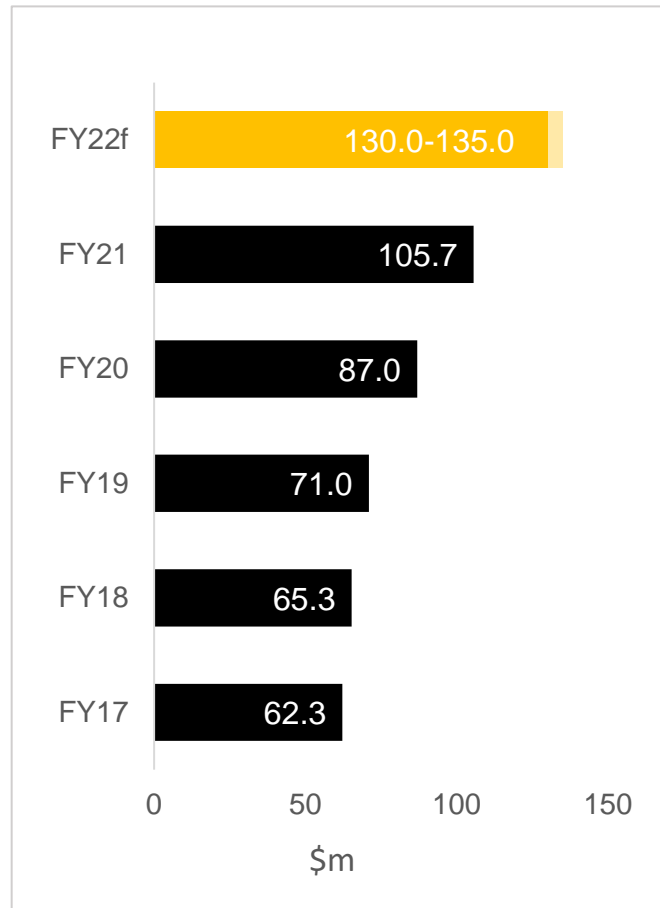
uni-span

ULMA

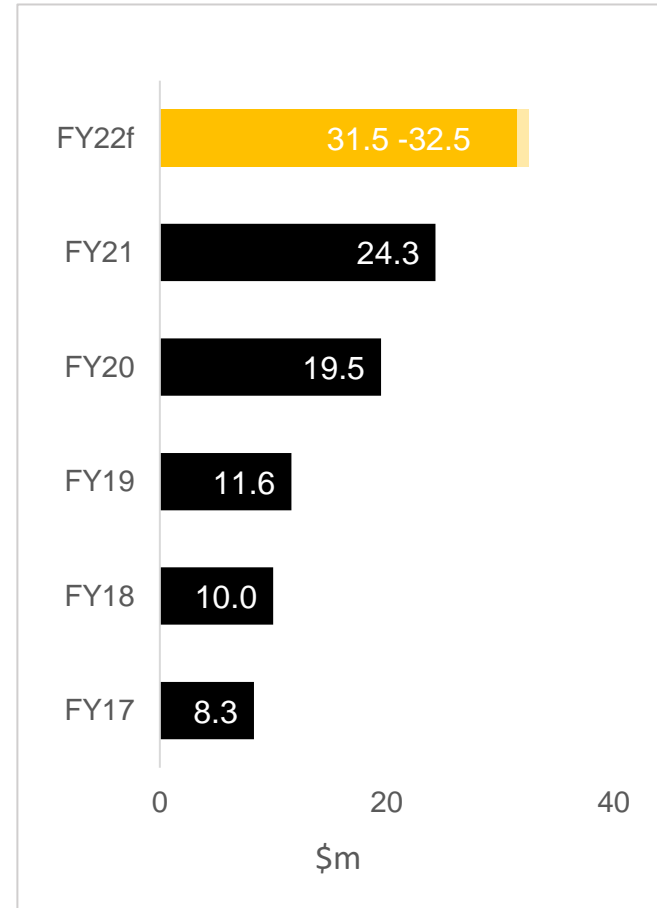
1. Underlying performance. Comparisons are to the previous corresponding period (PCP). CEO Address - 2021 AGM

UNINTERRUPTED GROWTH

Total Revenue^{1,3}



EBITDA^{2,3}



1. Revenue includes sale of ex hire equipment 2.FY17-FY19 is pre AASB16 (including lease payment expense) 3. Includes guidance provided in ASX Release dated 04 November 2021

KEY ACHIEVEMENTS – FY21

Record Secured Hire Contracts

Secured hire contracts up 34% on PCP to \$39.3m

Melbourne Formwork Momentum

Formwork revenue up 84%
- growing recognition in civil infrastructure market

Industrial Scaffold

Revenue up 114%, secured hire contracts up 51% - expansion into New South Wales, SA, Tas.

Natform Record Sales Continues

Total revenue up 31% on PCP

Expanded Offering & Footprint

Fully integrated product offering across Acrow/Uni-span/ULMA/Natform & across all states

Product Sales Growth

Comprises 35% of group revenue.
Effective tool in client acquisition & retention



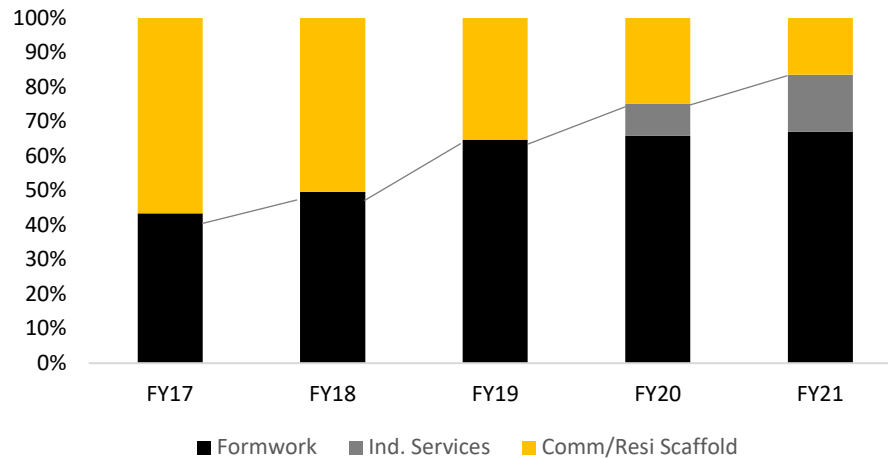
NATFORM

uni-span

ULMA

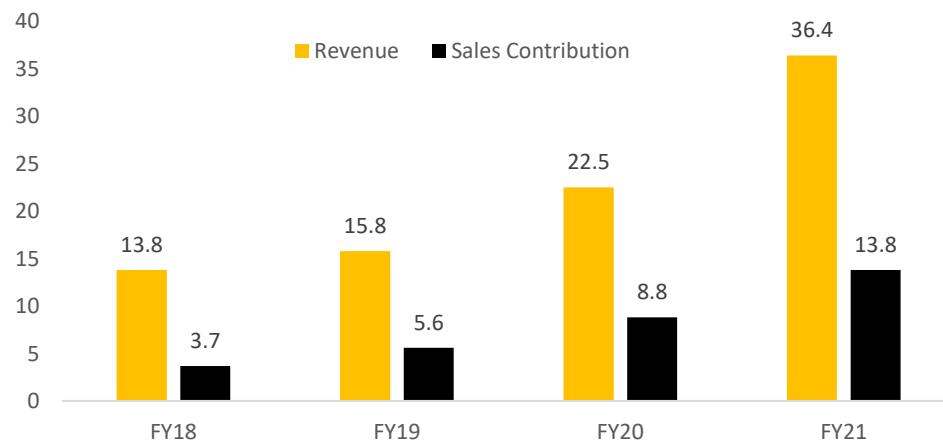
STRATEGIC PIVOT CONTINUED

Group Sales Contribution



- Strategic pivot continued towards highly engineered formwork/industrial services markets
- Significant exposure to publicly funded civil infrastructure projects continues
- Formwork/Industrial Services comprised 84% of sales contribution in FY21, up from 75% FY20
- Capital investment to continue across Formwork and Industrial Services
- Product Sales continues to be an important channel to market for acquiring and retaining new and existing clients

Group Product Sales



MARQUEE CIVIL PROJECTS INVOLVEMENT



KEY DRIVERS FOR FORMWORK SUCCESS

Case Study – Melbourne Metro Rail (State Library Station)

Scope of Work

Engaged to provide a self-propelled multipurpose gantry for forming of tie beams and roof beams

Product

ULMA MK Carriage System typically used to support tunnel formwork but adapted into a gantry structure.

Solution

The gantry travelled the entire 250m length of the main cavern enabling the upper-level tie beams to be formed at a height of 14 metres. Upper section then removed and adapted to create a working platform at 8 metres.

Benefits

The versatility and adaptability to a variety of situations has enabled the customer (CYP) to complete their initial scope but also additional works, saving time and money. CYP have now engaged Acrow to supply an additional two gantries to complete other construction works on site due to the success of this system.



KEY DRIVERS FOR FORMWORK SUCCESS

Mt Piper Power Station, NSW

Scope of Work

Engaged to complete the scaffolding work for the shutdown of Mt Piper Power. Offering the full scaffold package including design, supply and install. At the peak, there will be up to 50 workers on site operating 24hrs a day.

Product

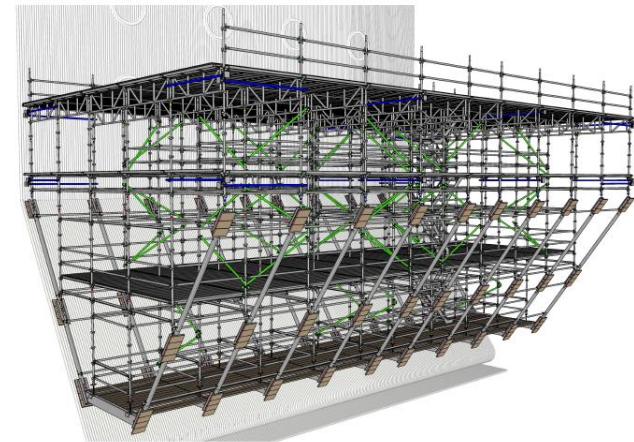
•350t Ringlok Scaffold •150t Quick stage Scaffold •Furnace Kit

Solution

Supply the newly developed Furnace kit that will sit in the throat of the furnace to allow a 50m high scaffold to be erected to provide access to the burners, throat, and sides of the furnace for non-destructive testing and repair works. Plus, access scaffold structures to various elements of the power station to allow safe access.

Benefits

Uni-span Industrial Services offer the full turnkey solution from design to supply and install on critical power network infrastructure. The lightweight nature of the Furnace kit significantly reduces manual handling requirements and risk of fatigue from working in a confined space.



Furnace Kit Schematic

KEY DRIVERS FOR FORMWORK SUCCESS

Case Study – 31 Duncan Street

Scope of Work

Design, supply and install of a variety of propping to allow Hutchinson builders to remove and strengthen columns of the existing carpark to support a new tower above it and maintain the existing carpark

Product

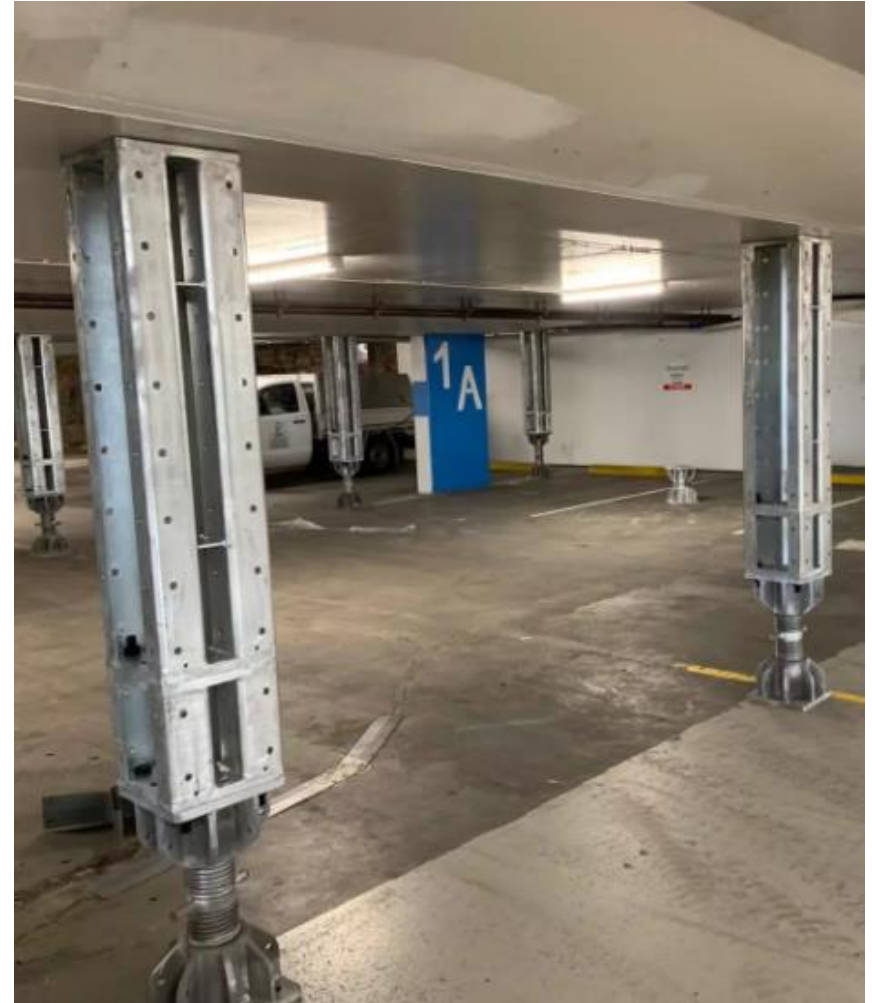
Our newly developed **Powershore 150 system**, which is a heavy-duty prop capable of supporting 150t. We also had several other systems complimenting it for loads of a smaller magnitude.

Solution

By using Powershore 150, the propping quantity could reduce, and in some instances replace the nearest competitor's four prop solution with a singular Powershore 150 prop.

Benefits

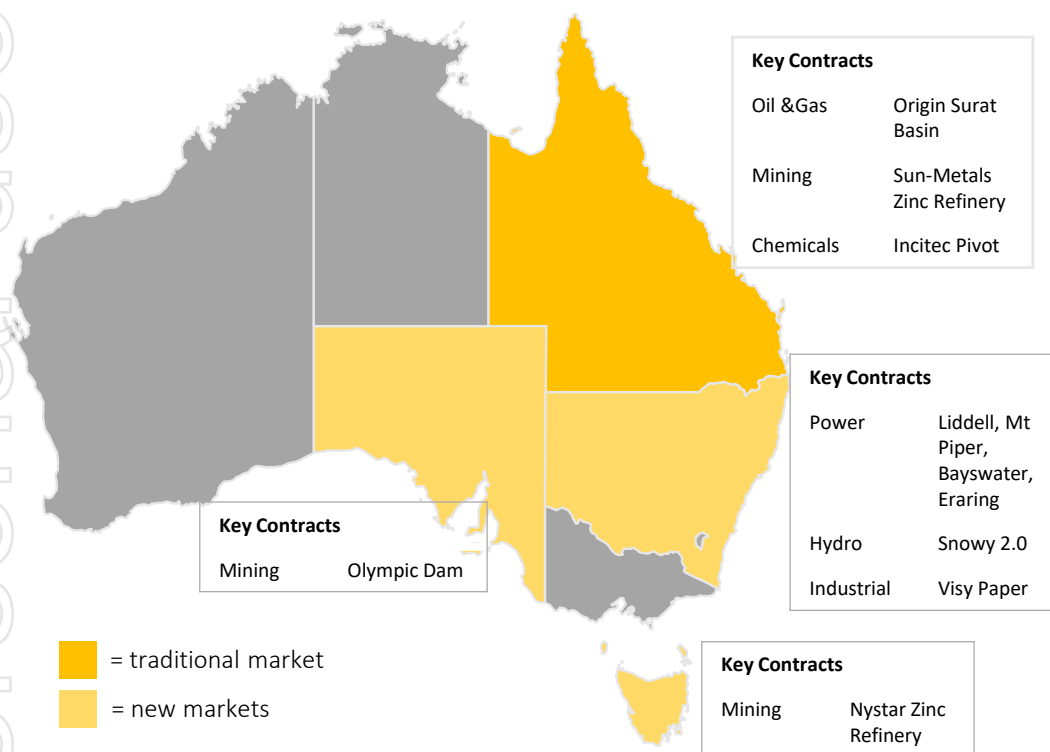
High capacity to weight ratio and the load carrying capability at large heights sets the system apart. Also, Acrow's ability to provide the client a seamless all in-one solution, including RPEQ design certification and installation



INDUSTRIAL SERVICES –KEY NEW BUSINESS UNIT

	FY20 (A\$m)*	FY21 (A\$m)	FY22 target (A\$m)
Revenue	10.2	21.7	35.0-40.0
EBITDA	4.8	10.1	15.0 - 16.5

* 8 months contribution



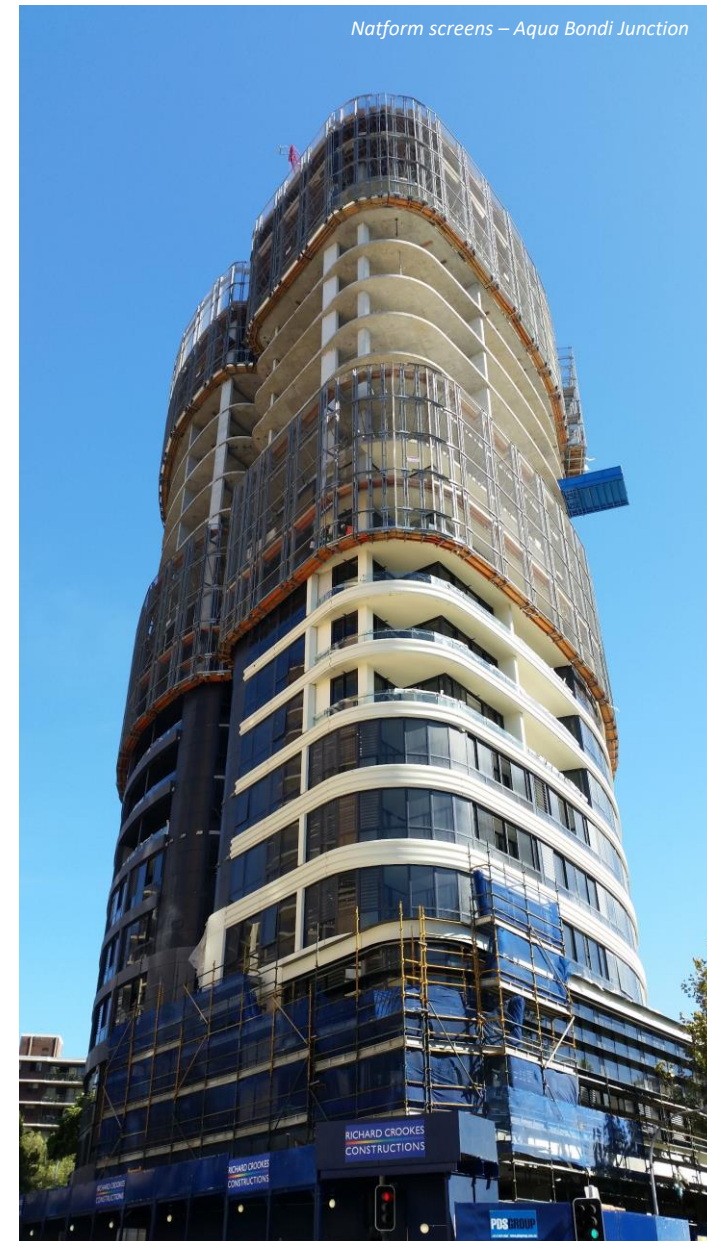
- ❑ Division of Uni-span acquired October 2019
- ❑ Similar market dynamics to formwork sector
- ❑ Significant growth opportunities – further capital required
- ❑ Successfully expanding outside of traditional Queensland market
- ❑ New market segments – Power, Hydro Mining, Industrial

BlueChip Clients



CAPITAL POSITION AND CASHFLOW

- ❑ Improved balance sheet flexibility to pursue organic growth opportunities
 - Refinanced debt facility with Westpac in May 2021 – expanded headroom by \$13.5m-
 - Successful \$10.5m capital raise in post 30 June balance date – 22 July 2021
- ❑ FY22 projected capex requirements
 - Stay in business - \$5m
 - Growth Capex - \$15m
- ❑ FY22 projected gearing remains comfortable
 - Net debt/EBITDA – circa. 1.0 times



ACROW TEAM AND CULTURE



TEAM

- ❑ Focus on succession planning
- ❑ Developing depth of talent across all divisions –especially in engineering
- ❑ Focus on attracting best talent in the industry. Recent appointments:
 - *Brad Craven – General Manager Victoria*
 - *Peter Bellden - National Operations Manager Industrial Services*
 - *Peter Fehrenbach – NSW General Manager*
 - *Evan Field – National Engineering Manager*
 - *Robert Parovel – General Manager People and Culture*
- ❑ Recent Internal promotions:
 - *Matthew Caporella – Chief Operating Officer*
 - *Jurie Roteger - National General Manager Industrial Services*
 - *Jason Merjane - National General Manager Natform*



CULTURE

- ❑ Safety first
- ❑ Our customers are at the heart of everything we do
- ❑ Solutions focused
- ❑ Becoming employer of choice
- ❑ Set industry standards
- ❑ We are open , honest and always constructive
- ❑ We are **One Team**

SHORT-MEDIUM TERM GROWTH OPPORTUNITIES

Industrial Services

Expand into new markets and territories across the East Coast of Australia

Formwork - Sydney

Grow market share - new General Manager appointed

Formwork - Queensland

Substantial infrastructure development programs across Rail, Road, Defence & Utilities

Natform

Consolidate New South Wales
Grow market share in Qld and Victoria
Commence operations in SA

Expanded Offering & Footprint

Fully integrated product offering across Acrow/Uni-span/ULMA/Natform & across all states

Product Sales

Generates new revenue stream and strengthens client retention

GUIDANCE AND OUTLOOK

- ❑ Secured hire contracts +54% on pcp in four months to 31 Oct
- ❑ November activity levels expected to exceed record October levels
- ❑ Formwork – strong activity levels in Queensland and Western Australia. Victoria, stable following strong FY21. NSW growing market share
- ❑ Natform – NSW work in hand to translate to strong 2H FY22
- ❑ Industrial Services – FY22 target revenue of \$35m-\$40m & EBITDA \$15.0 – \$16.5m
- ❑ FY22 guidance¹:
 - Revenue: \$130m - \$135m (+23-28%)
 - EBITDA: \$31.5m - \$32.5m (+30-34%)
 - NPAT: \$13.8m - \$14.5m (+59-67%)
 - EPS: 5.8cps - 6.2cps (+45-55%)

1. Underlying. % change is based on pcp



Wiggins Island Export Terminal, Gladstone