

ASX:ACF

Acrow Formwork and Construction Services Limited

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Sydney NSW 2000



ASX Release

22 April 2022

Acrow upgrades prior strong FY22 earnings guidance on robust 3Q22 performance

Key Highlights:

- Acrow upgrades its FY22 earnings guidance, as the Company continues to leverage off strong Australian construction markets, especially in the Civil Infrastructure sector
- FY22 underlying NPAT of \$16.3-17.3m is now expected, at the mid-point up 93% on the previous corresponding period (PCP)
- This strong profit guidance is premised on forecast FY22 revenue of \$144-147m, which at the midpoint is 37% above PCP
- March 2022 quarter (3Q22) hire revenue of \$13.9m was a record quarterly result
- Acrow continues to win significant new work on marquee projects, including the Cross River Rail, Melbourne Metro, Bruce Highway, Melbourne Western Distributor and Snowy Hydro 2
- Aided by Acrow's strong contract book and pipeline, the Company successfully negotiated a \$7.5m increase in its existing Equipment Finance facility with Westpac.

Acrow Formwork and Construction Services Limited (ASX: ACF) ('Acrow' or 'the Company'), a leading provider of engineered formwork, scaffolding and screen systems, is pleased to announce upgraded earnings guidance for its 12 months ended 30 June 2022 financial year (FY22).

A summary of the upgraded guidance for FY22 is as follows:

	FY22 Guidance ^(a)		% Change ^(b)	
	Current (1)	Previous (2)	(1)/(2)	(1)/FY21 Actual
Revenue	\$144-147m	\$140-145m	2	37
EBITDA	\$34.5-35.5m	\$33.5-34.5m	3	44
NPAT (Underlying)	\$16.3-17.3m	\$15.5-16.5m	5	93
EPS	6.5 – 6.9c	6.2-6.5c	6	68

(a) Previous FY22 guidance metrics accompanied the 1H22 results announcement

(b) Current versus Previous FY22 guidance percent movements based on mid-point comparisons

FY22 earnings guidance upgraded, fed by a strong 3Q22 revenue growth and contract pipeline

Acrow's March 2022 quarter (3Q22) performance exceeded its prior expectations as the Company benefited from continued high activity levels in Australia's commercial construction sector, especially in the Civil Infrastructure market segment. Leveraging off this strength, Acrow has continued to win significant new packages of work on a number of marquee projects, including the Brisbane Cross River Rail, the Melbourne Metro, Queensland's Bruce Highway upgrade, the Melbourne Western Distributor and the large Snowy Hydro 2 renewable energy project.

Acrow's 3Q22 Hire revenue totalled \$13.9m, a quarterly record for the Company. This included the best ever single-month result for this revenue category (\$4.9m in March).

New Hire revenue contracts secured in 3Q22 totalled \$12.3m, which was up a healthy 11% on PCP. The year-to-date figure for this revenue metric, which is a crucial lead indicator of Acrow's future performance, is 22% higher on a PCP basis.

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This strong 3Q22 revenue performance coupled with the new contracts brought to book in the quarter has underpinned a further upgrade to the Acrow Group's FY22 revenue guidance, which is now projected to be \$144-147m. At the midpoint, this is 37% above PCP.

This revenue uplift will, in turn, bolster Acrow's FY22 earnings expectations. Premised on the Company's upwardly revised mid-point projections, the projected ranges and PCP movements are:

- EBITDA of \$34.5-35.5m, up 44%
- Underlying NPAT of \$16.3-17.3m, up 93%
- EPS of 6.5-6.9 cents/share, up 68%

Acrow adds to debt funding facilities in anticipation of continued growth

Aided by Acrow's strong contract book and pipeline, the Company successfully negotiated a \$7.5m increase to its existing Equipment Finance facility with Westpac. The additional headroom in this facility will greatly assist the Company to further capitalise on the success it is experiencing in winning significant new packages of work in the Civil Infrastructure sector.

Acrow Formwork and Construction Services Limited CEO Steven Boland said: "We are very pleased to announce a further upgrade to our FY22 revenue and earnings guidance metrics. These now higher numbers have been underpinned by our continued ability to leverage off the slew of Federal and State government-funded infrastructure projects going from the design phase to reality. But it is one thing seeing increased activity levels across the commercial construction and infrastructure sectors. It is entirely another getting a material slice of this activity. The very strong growth in both revenue and profitability in FY22 now in prospect reflects well on Acrow's ability to provide a compelling case for the provision of its equipment and services. This success in part reflects the attractiveness of our suite of world class formwork, screen and scaffold products, but it is the customer solutions focus and overall expertise of our industry leading engineering team that is the fundamental Acrow point of difference. This gives prospective clients many of their equipment requirements under one roof. The continued growth of our contract book also reflects well on the sustained efforts of our sales team, who have continued to lock in new work at record levels despite the challenges still presenting in the Australian economy, the COVID-19 pandemic included.

We remain confident that activity levels across the broader commercial construction sector, especially that in the civil space, will stay strong for quite some time yet."

This release was approved by the Acrow Board of Directors.

-ENDS-

About Acrow

Acrow Formwork and Construction Services Limited (ASX:ACF) provides engineered formwork, scaffolding and screen systems solutions as well as in-house engineering and industrial labour supply services to its construction sector clients.

Acrow is made up of three distinct business divisions: Acrow Formwork and Scaffolding Pty Ltd, which hires high-quality scaffolding and provides bespoke engineered formwork for major building construction and infrastructure projects in Australia; Natform Pty Ltd, a specialist screen systems provider which designs and hires screen systems for the construction industry; and Uni-span Australia Pty Ltd, a provider of formwork and scaffolding solutions, equipment and services, which is complemented by in-house engineering and industrial labour supply.

Acrow currently operates in 10 locations across Australia and owns over 60,000 tonnes of formwork and scaffolding products. The Company has identified a number of near-term growth opportunities and is focused on growing its footprint in the civil infrastructure market of Australia's east coast, with a particular focus on New South Wales and Victoria.

To learn more, please visit: www.acrow.com.au

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