

# 2023 ANNUAL GENERAL MEETING

CEO Presentation

Steven Boland – CEO



Raising the **Standard** in Construction.

Acrow Formwork and Construction Services Ltd (ASX:ACF)



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**This Presentation was approved by the Acrow Board of Directors**

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# ACROW OVERVIEW



Acrow is a leading provider of smart integrated construction systems.



1950



Apr 2018



6 states



12



460 FTE



~1300 clients



47 engineers

## COMPETITIVE ADVANTAGE



## SECTORS SERVICED

- CIVIL INFRASTRUCTURE
- INDUSTRIAL – ENERGY, PULP, PAPER, INFRA, PORTS & MINING
- COMMERCIAL



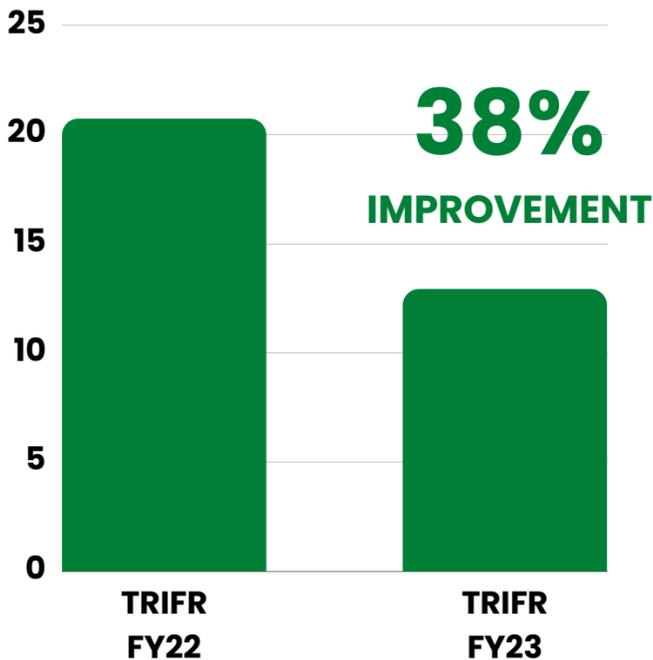
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# SAFETY IS OUR PRIORITY

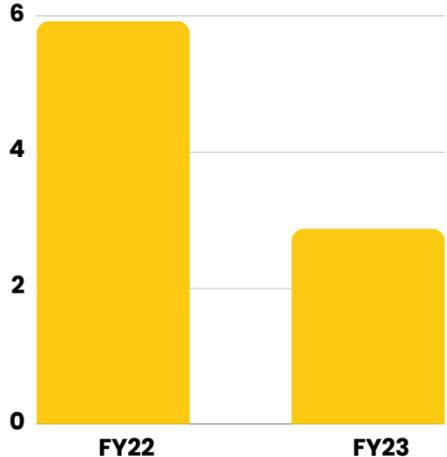


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## ZERO HARM IMPROVEMENT



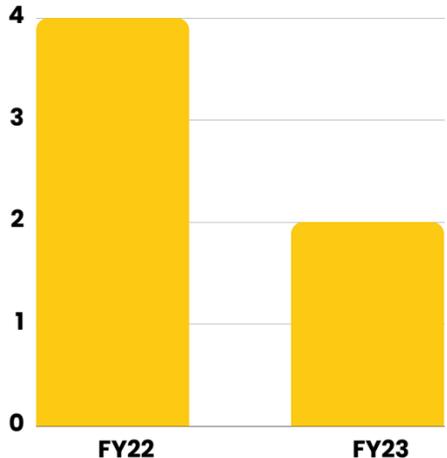
## LTIFR <sup>1</sup>



## TOTAL RECORDABLE INJURIES



## LOST TIME INJURIES



1. Lost Time Injury Frequency Rate

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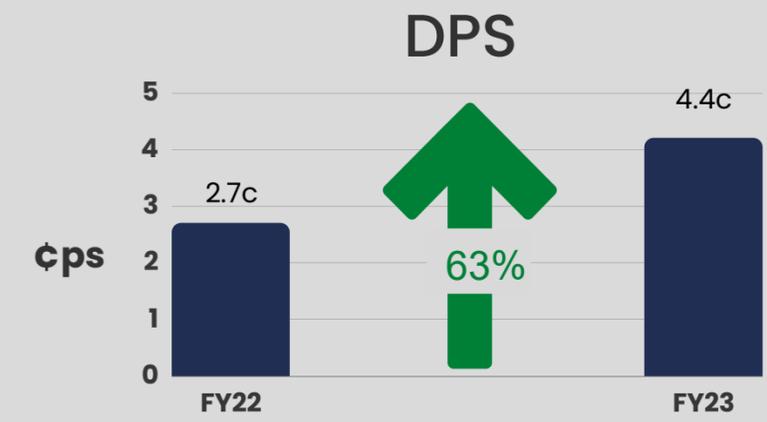
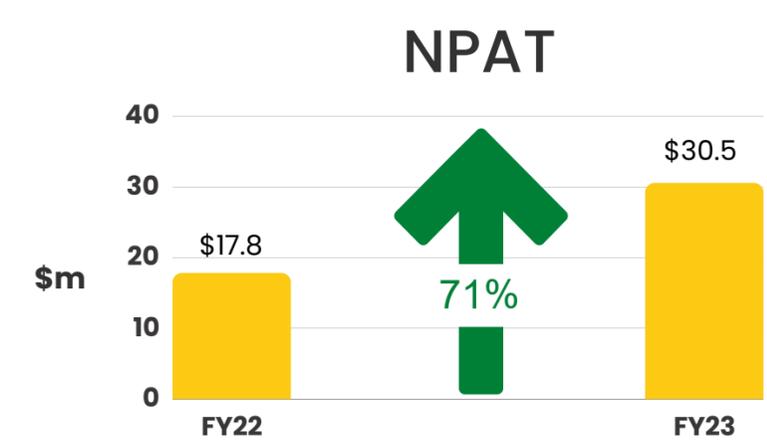
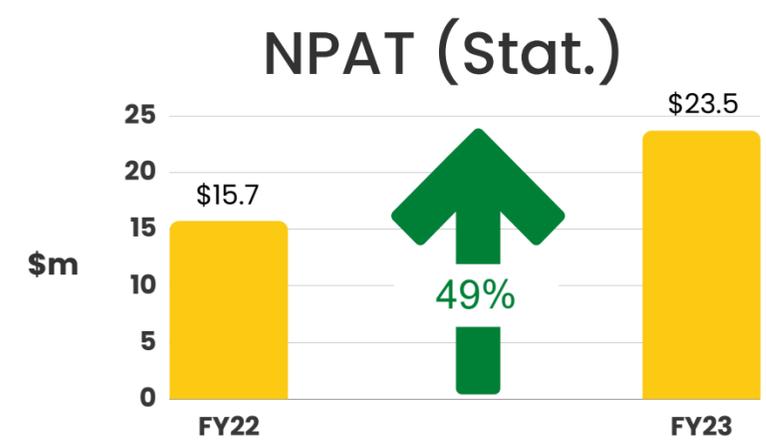
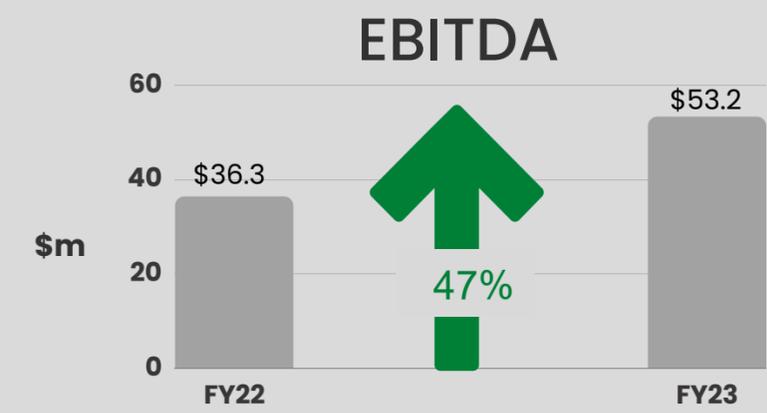
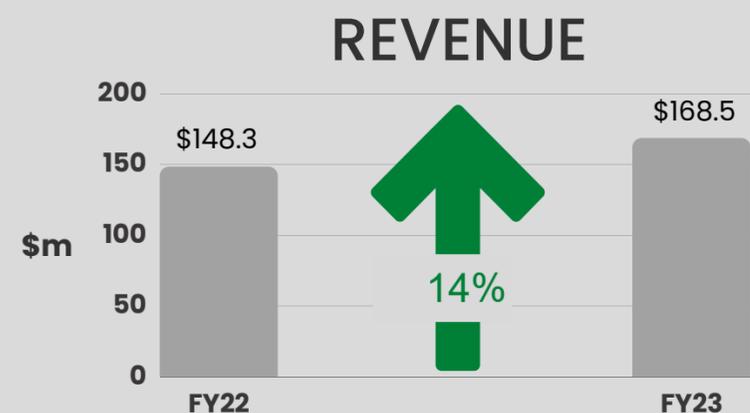


# ACROW FY23 RESULTS SUMMARY AND TRACK RECORD

# KEY FINANCIAL METRICS - FY23



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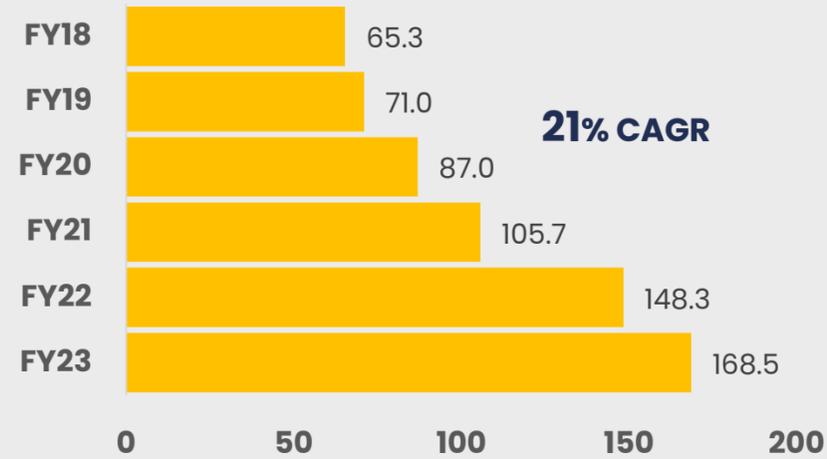
1. All metrics are underlying unless otherwise stated.

# STRONG TRACK RECORD<sup>1</sup>

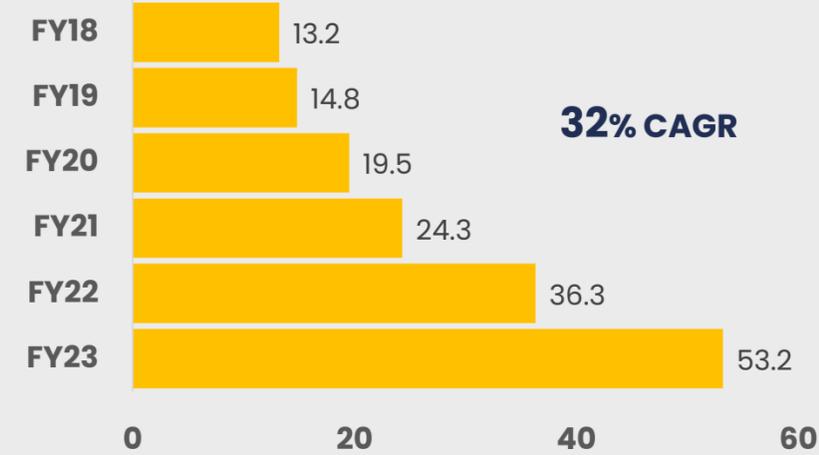


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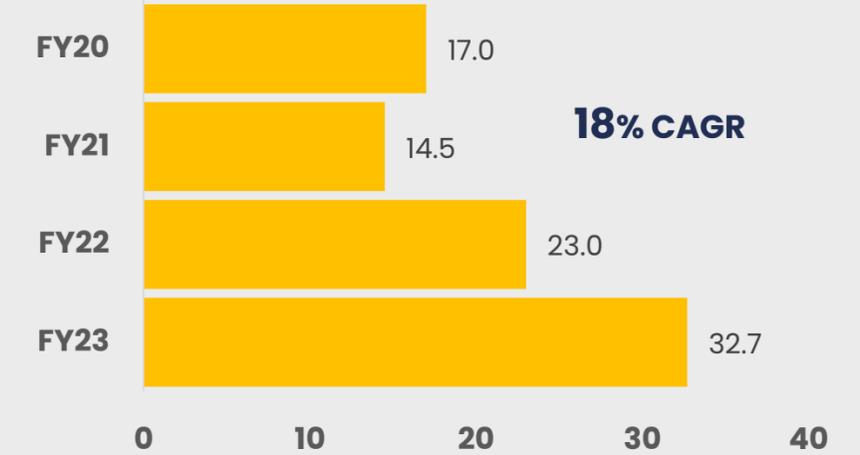
## Revenue (\$m)



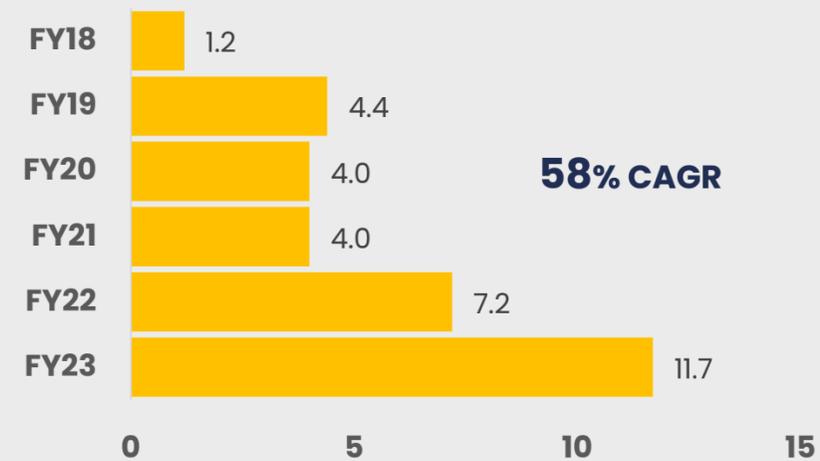
## EBITDA (\$m)



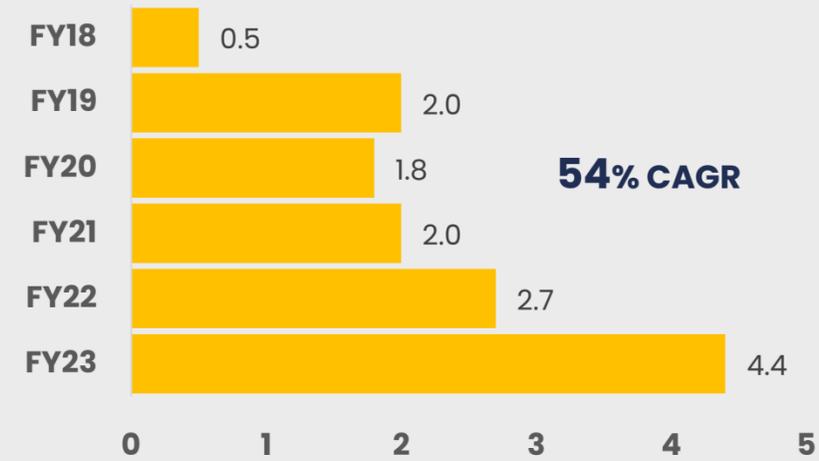
## Return On Equity (%)



## Earnings Per Share (¢)



## Dividends Per Share (¢)



1. All metrics are underlying unless otherwise stated.

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# MARKET OUTLOOK & OPPORTUNITIES

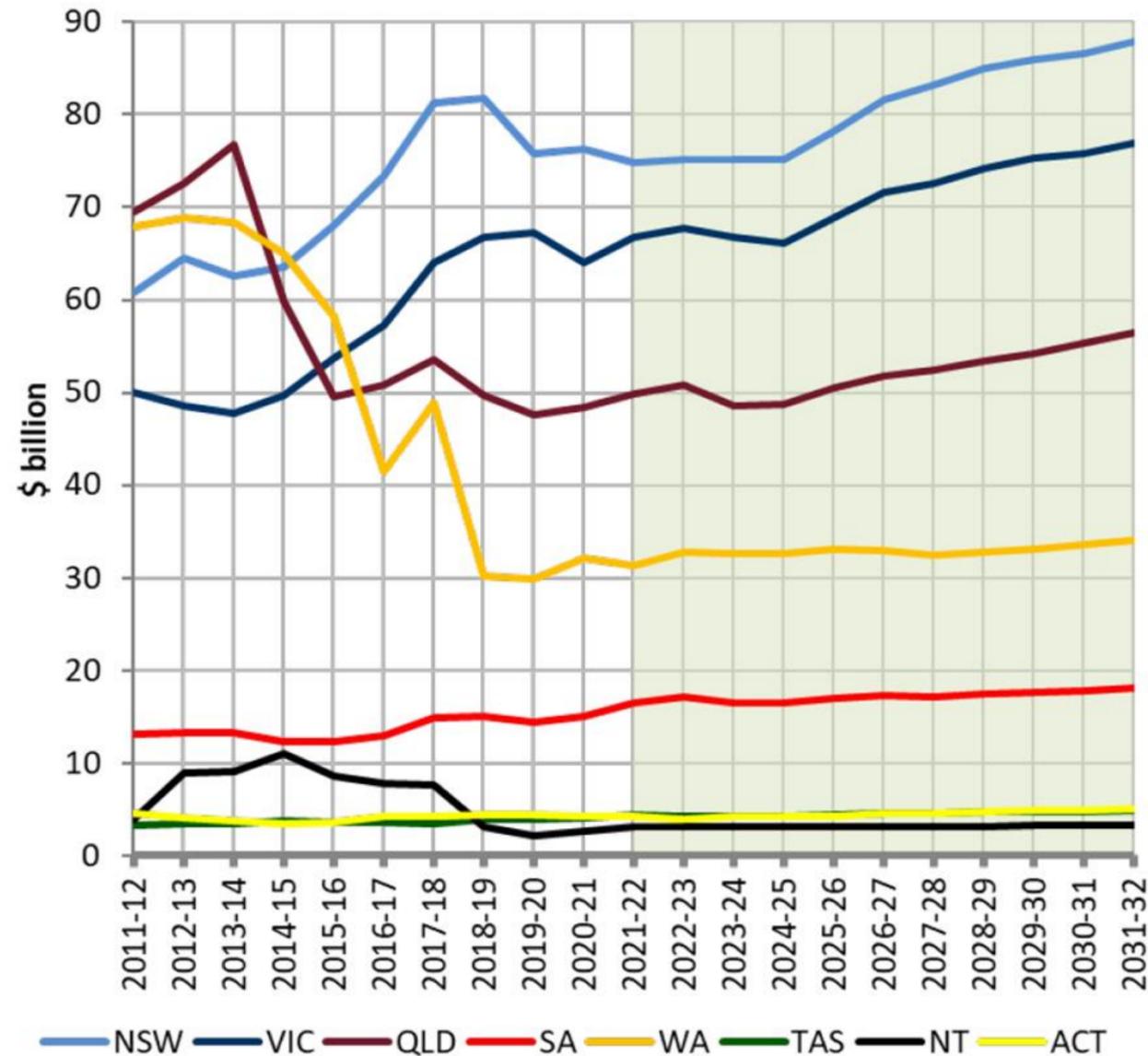
Pre-assembled Franklin Adit for Metro Tunnel, VIC

# TOTAL BUILDING ACTIVITY – FORECASTS<sup>1</sup>



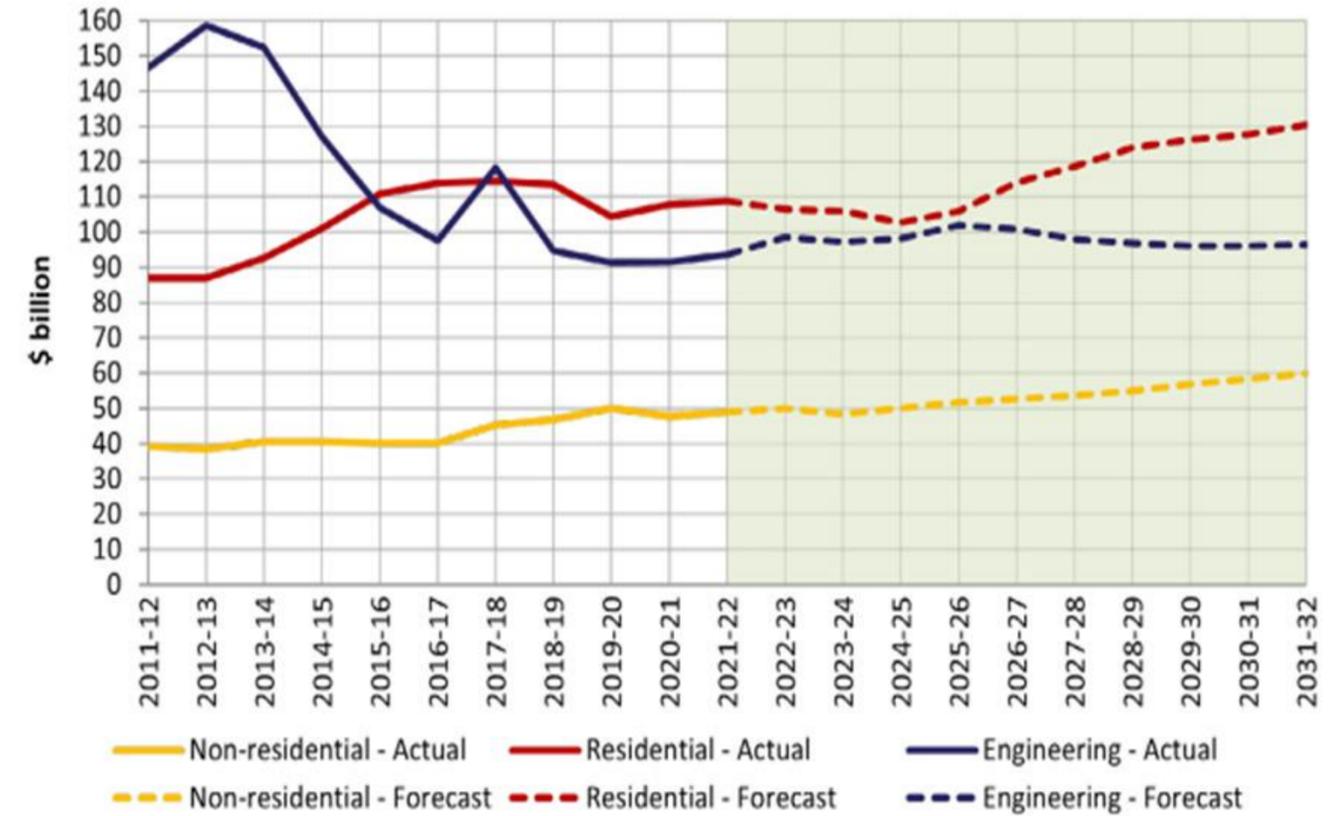
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## FORECAST TOTAL BUILDING & CONSTRUCTION WORK



1. ABS & ACIF forecasts

## FORECAST OF VALUE PER CATEGORY



### RESIDENTIAL BUILDING

- New houses
- New other residential (apartments & townhouses)
- Large alterations & additions
- Other (mainly small alterations & additions)

### NON-RESIDENTIAL BUILDING

- Accommodation
- Educations
- Entertainment & recreation
- Health & aged care
- Industrial
- Miscellaneous
- Offices
- Other commercial
- Retail & wholesale

### ENGINEERING CONSTRUCTION

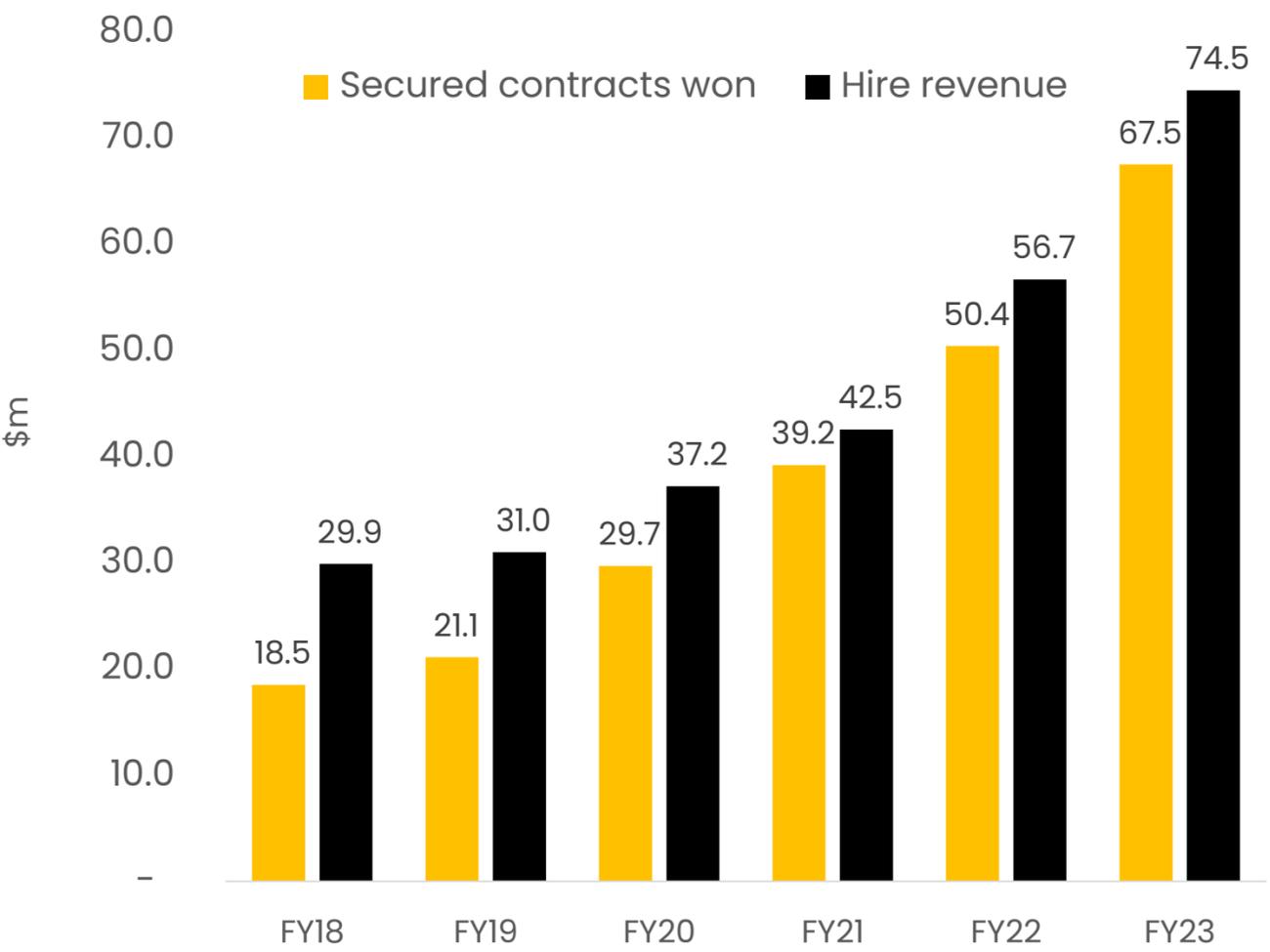
- Roads
- Bridges, railways & harbours
- Electricity & pipelines
- Water & sewerage
- Telecommunications
- Heavy industry incl. mining
- Recreation & other

# SECURED HIRE CONTRACTS AND PIPELINE



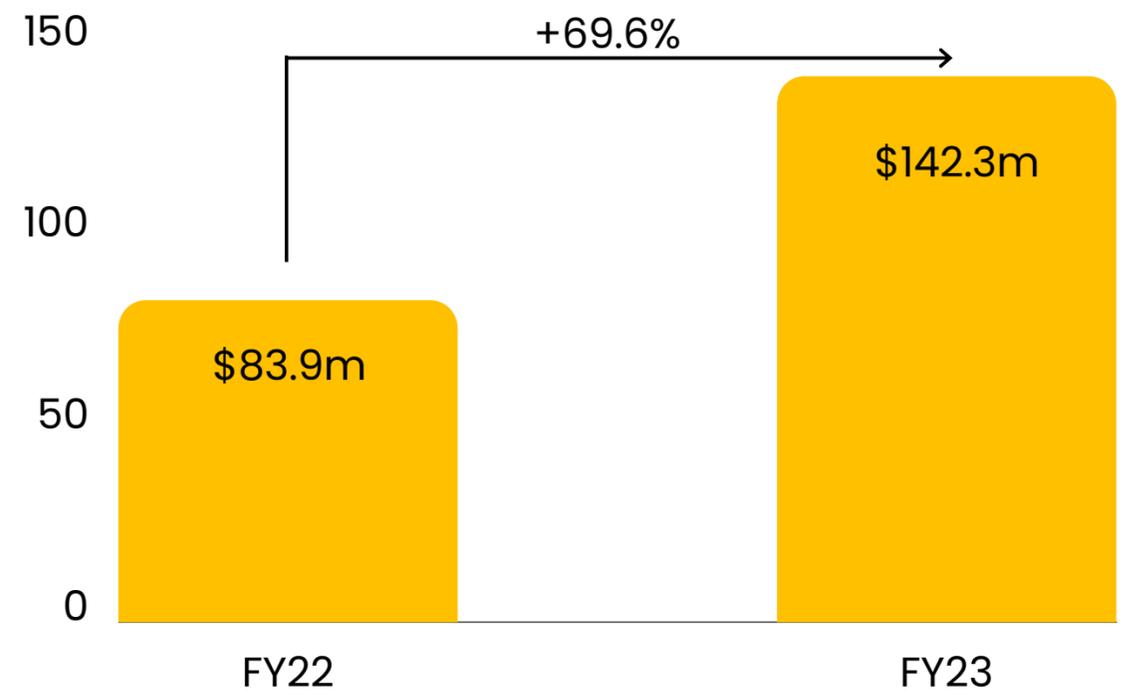
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## SECURED HIRE CONTRACTS



- ◆ Key lead indicator for future performance
- ◆ Linear relationship between secured contracts won and hire revenue

## PIPELINE<sup>1</sup>



- ◆ **Formwork** ~80% of pipeline
- ◆ **Jumpform** - \$26m of tenders (commenced quoting May 2023)
- ◆ **Screens** - Natform and premium screens driving strong uplift
- ◆ Does not include the labour hire component of Industrial Services shutdown work

1. Comprises tenders and quotes provided

# UPCOMING MAJOR TRANSPORT INFRASTRUCTURE PROJECTS – AUSTRALIA



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## Suburban Rail Loop, Victoria

Will deliver a 90km rail line linking every major train service from the Frankston Line to the Werribee Line via Melbourne Airport. Three transport super hubs at Clayton, Broadmeadows and Sunshine will connect regional services, so passengers outside Melbourne won't have to travel through the CBD to get to reach destinations. To be delivered in 4 stages.

\$ 30.0Bn+



## North-East Link Program, Victoria

The biggest ever investment in Melbourne's north-east – changing the way people move around Melbourne. The North East Link Tunnels will fix the missing link in the city's freeway network. The project will also complete the Ring Road in Greensborough, overhaul the Eastern Freeway, build Melbourne's first dedicated busway and the North East Trail – more than 34km of walking and cycling paths.

\$ 16.0Bn+



## Inland Rail, Queensland Section

Connecting Melbourne and Brisbane via regional Victoria, New South Wales and Queensland, this 1,700km rail project will complete our national freight network.

\$ 4.6Bn+



## Sydney Metro West, New South Wales

Sydney Metro West is the newest of Sydney's metro rail proposals. It is currently proposed that Metro West will initially run between Sydney CBD and Westmead, via stations at White Bay, Five Dock, Burwood North, North Strathfield, Sydney Olympic Park, Parramatta. Ultimately, the service is planned to be extended to the new Western Sydney Airport at Badgery's Creek.

\$ 2.6Bn+



## Coomera Connector (Stage 1)

The Stage 1 section of the Coomera Connector between Coomera and Nerang has been identified as a priority section to be built. By constructing additional crossings of the Coomera and Nerang rivers, Stage 1 of the Coomera Connector will reduce pressure on the M1 by providing an alternative route for the growing communities and commercial hubs of Helensvale and Coomera.

\$ 2.2Bn+



## M6 (Stage 1) Motorway, Sydney, New South Wales

Will deliver the missing link from Sydney's south to the wider Sydney motorway network making journeys easier, faster, and safer. It will remove more than 2,000 trucks a day from surface roads and help return local streets to local communities.

\$ 1.6Bn+

# JUMPFORM



- ❖ **Contracts secured**
  - 5 projects secured to-date
  - 4 wins include an Acrow screens package
- ❖ **Exclusive 10-year agreement**
  - Jacking Systems (NZ)
  - Commenced Q4 FY22
- ❖ **Competitive advantage**
  - Proprietary electric ball screw jacks - all computer controlled
  - All components re-usable with minimal special fabrication needed on each project
  - Quick and hassle-free jumping operations save time and labour
- ❖ **Estimated market size - \$150m per annum**
- ❖ **FY23 - \$4.0m revenue and \$3.6m sales contribution**
- ❖ **Current pipeline \$26m across all states**
  - High margin business
  - Commenced active quoting May 2023
- ❖ **Target revenue \$20m within 30 months**

# SCREENS



## ❖ Products

- **Natform screens** – light duty protection screens, 3m maximum width and suitable for applications where slab loading is limited, and the screen is to only provide edge protection
- **Premium screens** – heavy duty screens for more complex applications, widths up to 5.4m using a simple extending feature. Can be used in applications such as façade lifting and installation

## ❖ Premium screen assets purchase

- Acquired screen assets, intellectual property, and contracts for \$11.5m
- Year-1 ROI to exceed 40% hurdle rate
- Complements existing Natform screen assets – additional flexibility and versatility
- Tier 1 project access

## ❖ Screens reported record revenue of \$13.0m (including \$2.0m from premium screens)

## ❖ Growth drivers

- Expand product footprint across all states – premium screens currently only available in SE Qld
- New product development
- Cross-sell opportunities

# PRODUCT DEVELOPMENT



## ❖ Products

- **Acrowdeck** – Modular slab formwork system
- **Powershore 150** – Heavy duty shoring system with 50% more capacity than similar systems on the market
- **Universal Soldier System** – Multipurpose formwork system primarily used on infrastructure project in a multitude of applications

## ❖ Market Opportunities

- **Acrowdeck** will allow us to target the commercial sector in NSW and Victoria
- **Powershore 150** introduces us to the heavy-duty shoring market and expands our capabilities to complete more specialised engineering work
- **Universal soldier system** is versatile to suit various formwork requirements in the infrastructure space

## ❖ Benefits

- Own the IP and not be bound by restrictions of a licensor
- Control the supply chain and ability to diversify manufacturing across multiple geographies
- Manage costs as you are not tied to a specific supplier
- Develop products suited to the Australian market

# INDUSTRIAL SERVICES



- ❖ **Background**
  - Part of Uni-span acquisition 2020
  - Four-fold increase in revenue since 2020
  - Initially a Queensland centric business
- ❖ **Competitive advantage**
  - Highly skilled workforce
  - Accreditation/safety
- ❖ **New products/new markets**
  - Expanded into NSW, SA and Tas.
  - Power stations shutdowns - purchase of furnace kit
  - Hydro - labour higher/product sales
  - Industrial/mining - shutdowns
- ❖ **Growth drivers**
  - Snowy 2.0 - Product sales/labour hire
  - Market share gains - expand in existing east coast states
  - Target M&A - broadened scope - Nth Qld/SA/WA

# REBRAND



## ONE TEAM. ONE BRAND. ONE ACROW.

### ❖ Signifies:

- Unifying Acrow & all acquisitions (Natform, Uni-span, Heinrich & now MI Scaffold)
- Fresh, new and reincarnated Acrow
- Clear and concise message to the market on who Acrow is (Engineering and Construction)
- Leading supplier of engineering, quality formwork, scaffold, screens, Jumpform & industrial services

### ❖ Symbolic:

- National footprint – national network (10 locations across Australia)
- An extension of our customer's team, building trust (link/handshake)
- Australia's complete construction solution provider (full stop)
- Engineering relationship & recognising the significance of this expertise across the business
- Bold, Imaginative & Grounded team (B.I.G. personality)

### ❖ Vision, Value & Purpose:

- To set the National Standard in engineered industrial and construction services.
- Smart, Can-do Partners – drive us to embrace change, prioritise safety, & deliver exceptional results while fostering a united and customer-centric team
- We partner with industrial and construction professionals to remove their barriers to success.

**Raising the Standard in Construction Services.**

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# ACQUISITION OF MI SCAFFOLD

# MI SCAFFOLD ACQUISITION

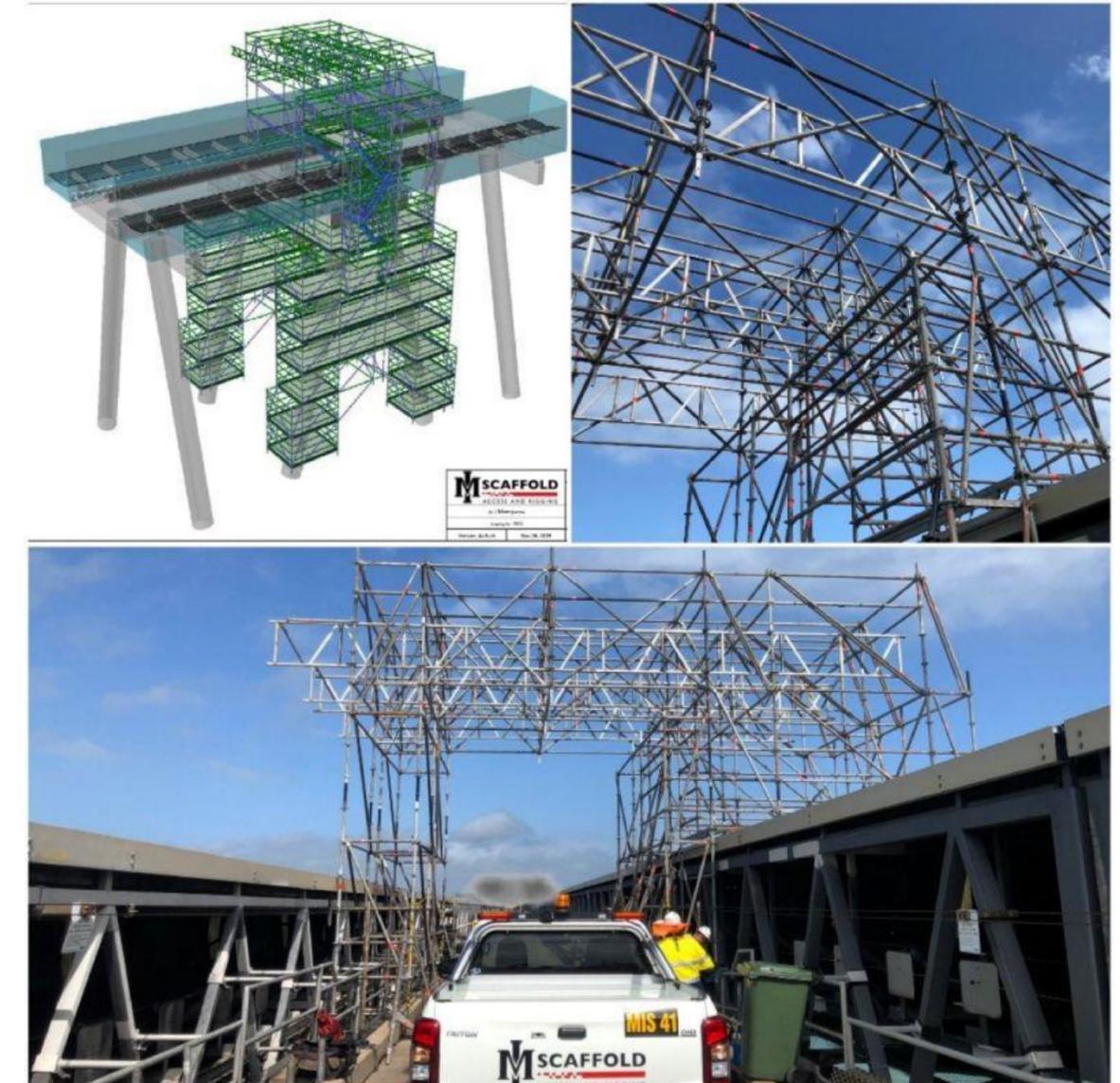


Highly complementary to Acrow's existing industrial services platform

## OVERVIEW

- ❖ Since establishment in 2012, MI Scaffold has grown into a market leading industrial scaffolding, access and rigging services supplier with ~180 employees and ~250 clients. Revenue - \$33.5m, EBITDA - \$6.6m<sup>1</sup>
- ❖ The MI scaffold leadership team has over 90 years of combined experience in the scaffold, access and rigging disciplines across the mining, construction, engineering, maintenance, ports and shipping sectors
- ❖ Servicing large scale projects predominately across the industrial, infrastructure, mining and marine markets and across North and Central Queensland, through branches in Mackay and Gladstone
- ❖ Longstanding blue-chip customer/site relationships with large portion of revenue derived from highly recurring maintenance services
- ❖ MI Scaffold is one of a few companies in Australia that has heavily invested in the Layher® system, making it a significant differentiator for clients requiring complex and safe scaffold solutions, including suspended and cantilevered solutions in the industrial, commercial, oil & gas and mining sectors.
- ❖ Acquisition consideration of \$36.4m, including \$26.4m upfront and up to \$9.9m in earnouts over 24 months
- ❖ Acquisition multiple of ~4.0 times normalised EBITDA<sup>1</sup>
- ❖ Funding 50:50 debt and equity

## EXAMPLES OF LAYHER® SOLUTIONS



1. Average 3-year revenue and EBITDA (normalised) over FY21-FY23

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# SNAPSHOT OF KEY MARKETS SERVED



Entry into new Industrial Services sectors serving large, blue-chip clients

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**New Sector** **Marine & Port**

This block features three photographs illustrating marine and port construction. The top image shows a long pier structure extending into a body of water, with extensive scaffolding and support beams. The middle image depicts a large, rusted metal pipe being positioned or supported by a complex scaffolding system. The bottom image shows a platform or structure being built in the water, with workers visible on the structure.

**Infrastructure**

This block contains three photographs of infrastructure projects. The top image shows a bridge or elevated roadway under construction, supported by several large concrete pillars. The middle image features a large, dark structure completely encased in a dense network of metal scaffolding. The bottom image shows a long, narrow structure, possibly a bridge or walkway, extending over a body of water, with scaffolding visible underneath.

**Energy & Resources**

This block displays three photographs related to energy and resources. The top image shows a large industrial crane or conveyor system with a complex metal framework. The middle image is a close-up of a tall, cylindrical tower or chimney, heavily encased in scaffolding. The bottom image shows a large, circular, metallic structure, possibly a turbine or part of a mining machine, being worked on or transported.

**Industrial**

This block includes three photographs of industrial construction. The top image shows a crane lifting a large, rectangular metal structure. The middle image is an interior view of a large industrial structure, possibly a silo or tank, with extensive scaffolding and blue protective sheeting. The bottom image shows an outdoor industrial yard with a large building, a truck, and workers, with a sign for 'Scarfold' visible in the background.

# INDICATIVE PRO FORMA BUSINESS MIX<sup>1</sup>

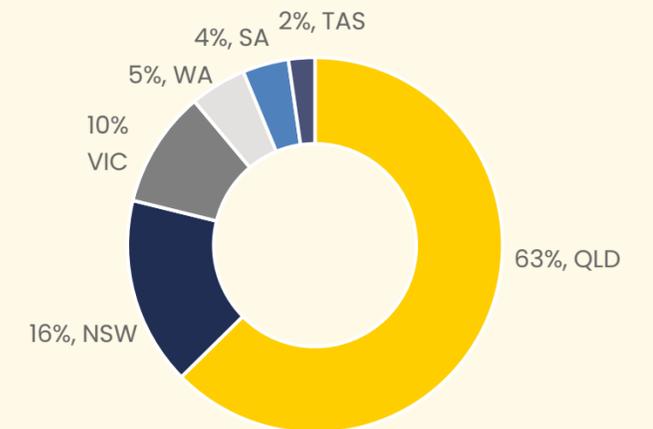
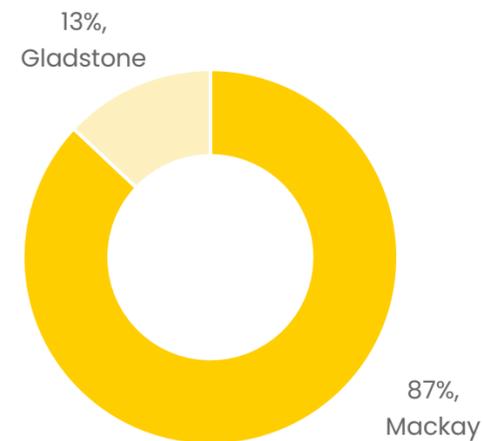
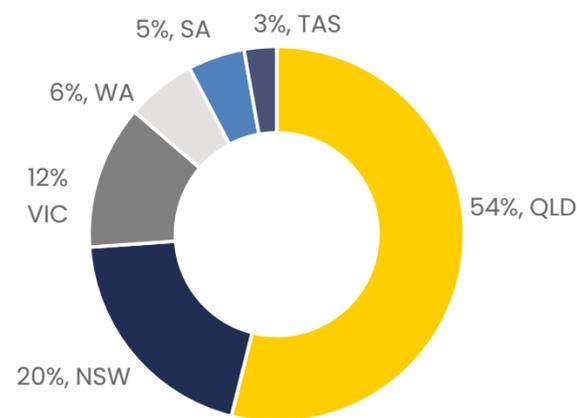


An acquisition of MI Scaffold will significantly enhance Acrow's industrial services division and exposure to attractive infrastructure, industrial and mining markets

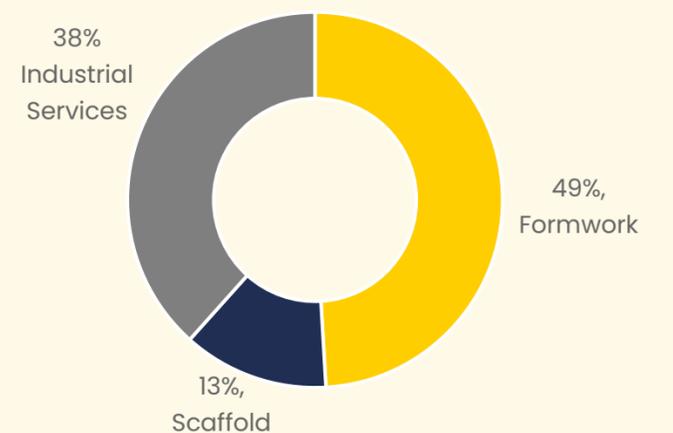
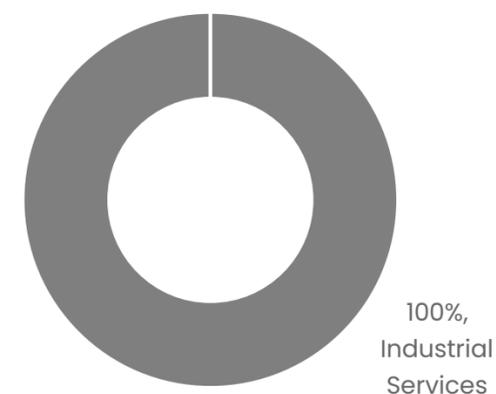


Pro Forma

## Revenue by Geography



## Revenue by Capability



1. Acrow and MI Scaffold revenue and customer splits are presented on an FY23 revenue basis. Acrow "Scaffold" division primarily comprises of scaffolding hire and associated services to commercial and residential markets.

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# GUIDANCE UPDATE - POST ACQUISITION

# GUIDANCE UPDATE – TO REFLECT ACQUISITION



Underlying Acrow business performing within previous guidance range

METRIC (UNDERLYING)	FY24 GUIDANCE (New)	FY24 GUIDANCE (Previous)	%CHG ON FY23 <sup>1</sup>
Revenue	\$215m - \$225m	\$190m - \$200m	up 31%
EBITDA	\$72m - \$75m	\$67m - \$70m	up 38%

*Forecast underpinned by:*

- ❖ Secured hire revenue contracts in FY23 of \$67.5m up 35% on pcp.
- ❖ Asset acquisitions and MI Scaffold to contribute estimated \$12.4m in incremental EBITDA (\$17.1m annualised)
- ❖ Revenue and profit to be generated from FY23 capital expenditure program
- ❖ FY24 capex budget including MI Scaffold circa. \$25m. Stay in business \$6m, Growth \$19m

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# SUMMARY



- ❖ **Record financial results**
- ❖ **New revenue streams from organic and acquisition growth initiatives continue**
- ❖ **Record hire contract wins/pipeline**
- ❖ **ROE 32.7% - more than doubles over 4 years**
- ❖ **FY24 EBITDA guidance up 38% (midpoint) on pcp**

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24

# THANK YOU

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