

23 August 2022

ACROW ANNOUNCES VERY STRONG FY22 FINANCIAL RESULTS (UNAUDITED)**FY22 Key Highlights**

- Revenue of \$148.3m up 40%
- EBITDA of \$36.3m up 49%
- Underlying NPAT of \$17.8m up 104%
- Statutory NPAT of \$15.7m up 296%
- Underlying EPS of 7.2c up 79%
- FY23 EBITDA guidance of \$43m to \$44m up 20% (midpoint)

Acrow Formwork and Construction Services Limited (ASX: ACF) ("Acrow" or the "Company") is today pleased to report the FY22 Full Year Financial Results. For the 12 months ended 30 June 2022, the Company reported record sales revenue, EBITDA, and underlying NPAT, up 40%, 49%, and 104%, respectively. A final dividend of 1.5 cents per share (60% franked) was declared. Dividends paid and declared for the full year were 2.7 cents per share (42% franked).

				%
12 months ended 30 June (\$000)	FY22	FY21	Variance	change
Sales	148,346	105,744	42,602	40%
EBITDA	36,312	24,349	11,963	49%
NPAT (underlying)	17,813	8,713	9,100	104%
Significant items/share-based payments	(2,119)	(4,052)	1,933	-48%
NPAT (reported)	15,694	3,963	11,731	296%
Operating Cash Profit ²	22,953	11,676	11,276	97%
EPS (underlying) (cps)	7.2	4.0	3.2	79%
Dividends (cps)	2.7	1.9	0.8	42%

Key financial highlights include:

- Group revenue up 40% on PCP to \$148.3m, attributable to a strong trading performance across all divisions and states, led by Industrial Services, up 110%. Performance was all organically generated
- Sales contribution of \$81.4m, up 32%, driven primarily by growth in the Formwork hire business
- Underlying EBITDA of \$36.3m, up 49%, and EBITDA margin of 24.5%, up 1.5ppts
- Statutory NPAT up 296% to \$15.7m, assisted by a substantial decline in significant items and share-based payments, down 48% to \$2.1m
- Underlying EPS up 79% to 7.2 cents per share

- Net debt to EBITDA down from 1.2 times to 1.1 times¹.
- Operating Cash Profit of \$23.0m, up 92%

Commenting on the results, Acrow CEO, Steven Boland, said: "This has been a watershed year for Acrow. We have reported record financial results, with underlying earnings per share growing 79% to 7.2 cents per share on the prior year. Moreover, we have now achieved an EPS cumulative average growth rate of 57% over the four years to FY22."

"Most pleasing is that all divisions and all state markets reported improved performance on the prior year and that this growth was achieved entirely from organic growth initiatives. During the year we continued to strengthen our relationships with our key customers, securing a record \$50.4m in new hire contracts which was up 28% on the previous year. This is the most important lead indicator to future performance of our business."

"Acrow prides itself on operating to a rigid investment hurdle of no less than 40% on our growth capital programs. In the three years to FY22 we acquired and deployed \$32.5m in additional formwork and industrial services equipment, and have achieved a cumulative annual average return of 46.7%²"

Key operating highlights during the period included:

- The record results were achieved entirely through organic growth across all divisions and states;
- Another period of record hire contract wins, with \$50.4m in new hire contracts in the 12 months to 30 June 2022, up 28% on the PCP;
- An \$84m pipeline, up 14% on the PCP, with formwork related projects comprising 87% of the pipeline;
- Formwork hire revenue increased by 37% to \$39.8m;
- The Industrial Services division continued its strong growth trajectory with revenue and sales contribution up 110% and 53%, respectively;
- Significant steps were taken to minimise the impact of supply chain and logistics

Capital Expenditure and Return

Total capital expenditure in FY22 was \$21.1m, with \$7.0m spent on maintenance capital and \$14.2m deployed on growth capital.

Over the three years to FY22, Acrow has committed \$32.5m to growth capital, dedicated primarily to expanding the Company's engineered product suite across our Formwork and Industrial Services divisions. Acrow has traditionally targeted a minimum 40% return on investment.

This has generated an average return of 46.7% per annum, an excess of 6.7% over our hurdle rate.

¹ EBITDA is calculated on a pre-AASB16 basis.

² Cumulative sales contribution margin to cumulative growth capital deployed

Balance Sheet and Cashflow

During the year, net debt rose by \$10.4m to \$32.8m, primarily due to capital investment, and a one-off increase in working capital requirements for Product sales and Industrial Services (labour side) businesses. Net debt to EBITDA¹ declined from 1.2 times to 1.1 times over the period.

Working capital increased by \$20m due to a significant rebase relating to product sales, in particular timber and the expansion of labour hire within the Industrial Services business. Working capital to sales is expected to stabilise at around 18% - 20% of total sales.

In July 2021, Acrow completed a \$10.5m capital raise that was well supported by new and existing institutional shareholders and sophisticated investors. The proceeds were deployed in funding growth in both the Industrial Services & Civil Formwork businesses.

Dividends paid during the year totalled \$4.9m, net of the dividend reinvestment plan.

Tax commitments remained low during the year due to the use of carry forward tax losses combined with the utilisation of the government's instant asset write-off scheme.

Priorities and Outlook

The Company is guiding for another strong year. Management is currently projecting FY23 revenue to be in the range of \$165m to \$175m up 15%³ and underlying EBITDA of \$43.0m to \$44.0m up 20% on the prior year.

For the short-medium term the key drivers of growth are expected to include:

- **Industrial Services** - Continue to expand revenue base on the East Coast. Push hard into SA and WA markets via targeted new contract wins and potential M&A activity
- **NSW Formwork** - Continue to grow market share and overall revenues with a specific focus on major projects such as Snowy 2.0, Sydney Gateway and Sydney Metro west
- **Qld Formwork** - Capitalise on significant major project opportunities on Bruce Highway upgrade, Cross River Rail, and Inland Rail, amongst others
- **National Formwork organic growth** - Continue to grow revenues in all other states outside of Queensland via the use of the wide range of Acrow products, that will continue to drive significant new revenue channels
- **Integrated Engineering Service** - Expand our engineering services to include providing complete turn-key design solutions for customers across all product groups
- **Natform** - Continued market share growth via innovation and service capability
- **Jump Form** - revenue and profit contributions from the two initial Queensland contracts

In concluding Steven Boland said: "FY23 is shaping up to be another record year. The hire contracts secured in FY22 and a robust pipeline of opportunities bode well for the year ahead. Notably, the guidance provided today is based on the current assumption that growth will continue to be generated from organic initiatives."

"In the civil formwork market, many of the marquee projects that we are engaged on have several years to run, and we remain well positioned to secure additional packages as they are presented. Furthermore, there is a broad pipeline of new projects that will be commencing in the

³ Midpoint

not too distant future that I believe will continue to deliver considerable growth opportunities for Acrow over the next decade. I am also very excited about the prospects for our new Jump Form division that will commence trading in September this year. I believe this will be one of the most significant developments within Acrow for some time."

"Following a year of COVID-19 related project disruptions and delays, the Natform screens business is projected to report record revenue in FY23, assisted by already secured projects."

"We continue to be presented opportunities in Industrial Services, which will continue to grow and diversify our operations both nationally and by industry segments."

"Succession planning and building a strong leadership team has been a key initiative of the Board over the last few years. Following several external appointments and internal promotions, I believe Acrow now has an industry leading team to drive growth into the future, especially within our engineering department."

"In closing, I look forward to another strong year ahead, and providing an update to the market at the upcoming Annual General Meeting in November 2022."

This release was approved by the Acrow Board of Directors.

This summary should be read in conjunction with the presentation released to the ASX today

The results will be presented by CEO & Managing Director, Steven Boland, and CFO Andrew Crowther, on an investor and analyst briefing call at 11.00 am AEST on Wednesday, 24 August 2022. Call access details were provided in a separate release to the ASX on Tuesday, 16 August 2022.

-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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