



Acquisition of Acrow by NMG Corporation Ltd and Capital Raising



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Agenda

1. Investment Highlights
 2. Business Overview
 3. Financial Overview
 4. Offer Details & Capital Structure
- A. Appendix – Risks
- B. Appendix – Foreign Selling Restrictions



Introduction to the Transaction

Overview

- Acrow Holdings Pty Ltd (“**Acrow**” or the “**Company**”) is a market leading hirer of formwork and scaffolding systems to large construction and civil infrastructure providers across Australia
- Acrow was acquired in a private equity backed MBO / MBI from Boral in 2010 and has since been successfully restructured and repositioned to focus on actionable organic growth and complementary M&A opportunities
- NMG Corporation Limited (**NMG**) has executed a conditional agreement to acquire Acrow for \$23.0m (2.6x trailing EBITDA) and is raising \$28.0m (**Offer**) to fund the transaction, working capital requirements and costs of the Offer
- Senior management and existing Directors will participate significantly in the transaction, demonstrating strong ongoing commitment to the success of the business
- Subject to Shareholder approval of the Acrow acquisition, NMG expects to re-commence trading on or about 6 April 2018 under the name Acrow Formwork and Construction Services Limited (ASX:ACF)

Key Offer Metrics

Equity raising	\$28.0m
Shares issued under equity raise	140.0m
Issue Price	\$0.20 per share
Market capitalisation at listing (undiluted)	\$32.3m
Pro forma net cash	\$2.1m
EV at listing (undiluted)	\$30.2m
EV / underlying FY17 EBITDA	3.4x

Acrow Key Operating Highlights

Underlying EBITDA CAGR (FY15-FY17)	c.59%
Top 20 customer % of FY17 revenue	c.39%
Equipment replacement value	>\$100m
Total equipment tonnage (31 December 2017)	c.37,500 tonnes
Number of sites	7
Safety record – FY17 LTI	5

Source: Acrow Management

Lost Time Injury (LTI) = an occurrence that resulted in a fatality, permanent disability or time lost from work of one day/shift or more.

Investment Highlights

Key Investment Highlights

Acrow presents an opportunity to acquire an attractively priced business with strong cash flows that is well placed to exploit the growth in east coast infrastructure spend

1 Robust financial profile

- Strong revenue business with growing margins
 - FY16 to FY17 underlying EBITDA growth of c.68%, \$5.2m to \$8.8m respectively
 - HY2018 EBITDA of c.\$5.0m
- High cash conversion with significant free cash flows
- Pro forma net cash of \$2.1m at listing with a c.\$12m undrawn debt facility

2 High quality and versatile portfolio of assets

- High quality portfolio of formwork systems and scaffold and a highly recognised brand
- Acrow systems provide installation efficiency and versatility benefits to clients – certain equipment can be used in formwork and scaffolding projects and all easily moved between depots
- The replacement value of equipment is estimated at greater than \$100m

3 Strong underlying industry fundamentals

- Construction activity has recorded historical growth and is expected to remain strong supported by a strong pipeline of civil infrastructure construction

4 Near term growth opportunities

- Expanding formwork capabilities on the east coast
- Targeted capex on equipment in strategic growth areas
- Will actively pursue complementary bolt-on acquisitions
- Indicative market capitalisation following the Offer is \$32.3m

5 Attractive valuation

- \$28.0m equity raising
- Implied EV on completion is \$30.2m
 - EV / underlying FY17 EBITDA is 3.4x
- \$8.4m firm commitments received already

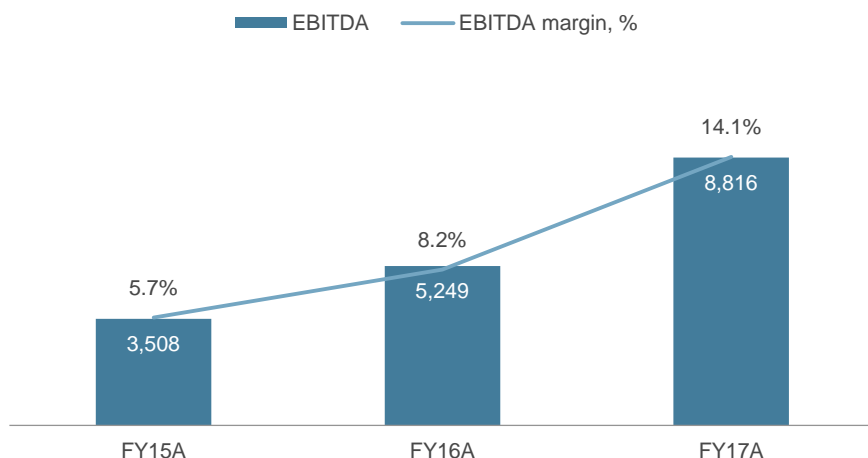
6 Early cornerstone support

- Includes industry leaders, demonstrating support
 - Peter Lancken (*Currently Non-Executive Director of Acrow, current NED and former Chairman of Kennards Hire*)
 - Kennard Family

Robust Financial Profile

Acrow has increased EBITDA and improved cash conversion, providing the potential for a strong dividend yield

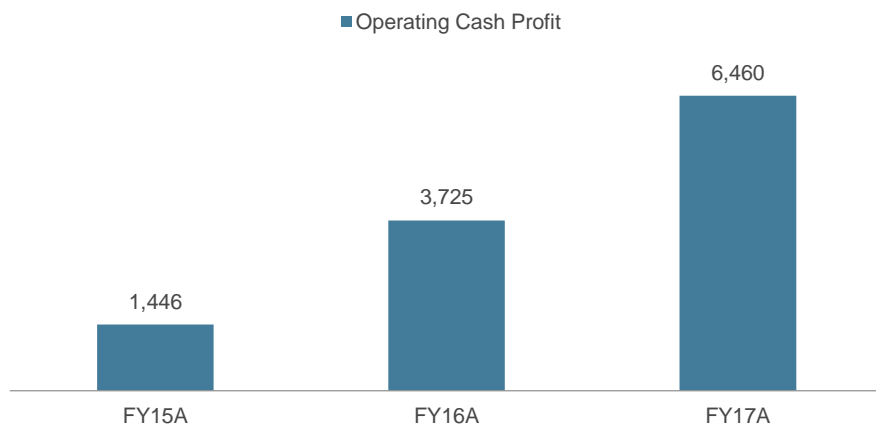
Historical Underlying EBITDA⁽¹⁾ (\$'000)



Commentary

- Underlying EBITDA has increased steadily year-on-year, demonstrating the successful turnaround of Acrow
 - FY15 to FY17 EBITDA CAGR was c.59%
 - Growing margins over FY15 to FY17 a result of the increased contribution of dry hire of formwork and scaffolding to the sales mix
 - For the first half of FY18, Acrow's EBITDA was \$5.0m and margin was 15%
- Acrow is cash generative and increased operating cash profit⁽²⁾ to \$6.5m in FY17, c.73% growth on FY16
- Cash flow provides the opportunity for strong dividends
 - Dividend policy of 30-50% payout on operating cash profit

Operating Cash Profit⁽²⁾ (\$'000)



Note:

(1) EBITDA adjustments on page 24

(2) Operating cash profit is underlying EBITDA less maintenance capex (see page 26)

High Quality and Versatile Portfolio of Hire Assets

Acrow's asset value and long useful life is underpinned by its high quality, well-maintained equipment with an estimated replacement value of > \$100m

Supercuplok



- **Heavy duty and high load capacity** scaffold and shoring system designed and developed by Acrow, with all the versatility of the Cuplok system
- Ability to be used as heavy falsework systems for transfer floors and bridge headstocks as well as in any beam slab construction in buildings

GASS



- **Lightweight** shoring system that provides a fast, efficient and versatile falsework structure with the benefit of providing load capacity up to 140kN
- Ideally suited to 'table form' applications along with conventional strike and fix flexibility

Acrowform



- Modular formwork soffit system using only two major components to form large areas of slab soffit in very quick time
- Ability to support slabs up to 400mm thick and suits quick turnaround of multi storey residential post tensioned flat slab constructions which is popular in Australia

Cuplok



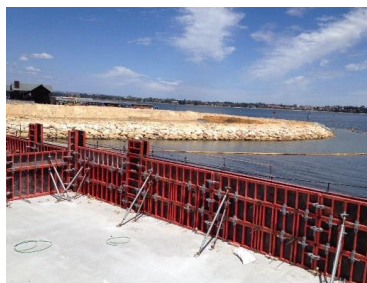
- **Multi-purpose** scaffold system suitable for access scaffolding
- **High strength** – ability to be used as tall scaffolds (up to 60m), loading bay structures, hanging scaffolds and other special scaffolds
- **Fast, safe and easy to assemble and dismantle**

Powershore



- **High load** shoring system suited for heavy civil works such as bridge headstock falsework and shoring and a strong competitor to RMD Megashore
- Built in strength of each individual galvanised component contributes to construction of a support tower capable of supporting leg loads in excess of 300kN

Acrowall-80



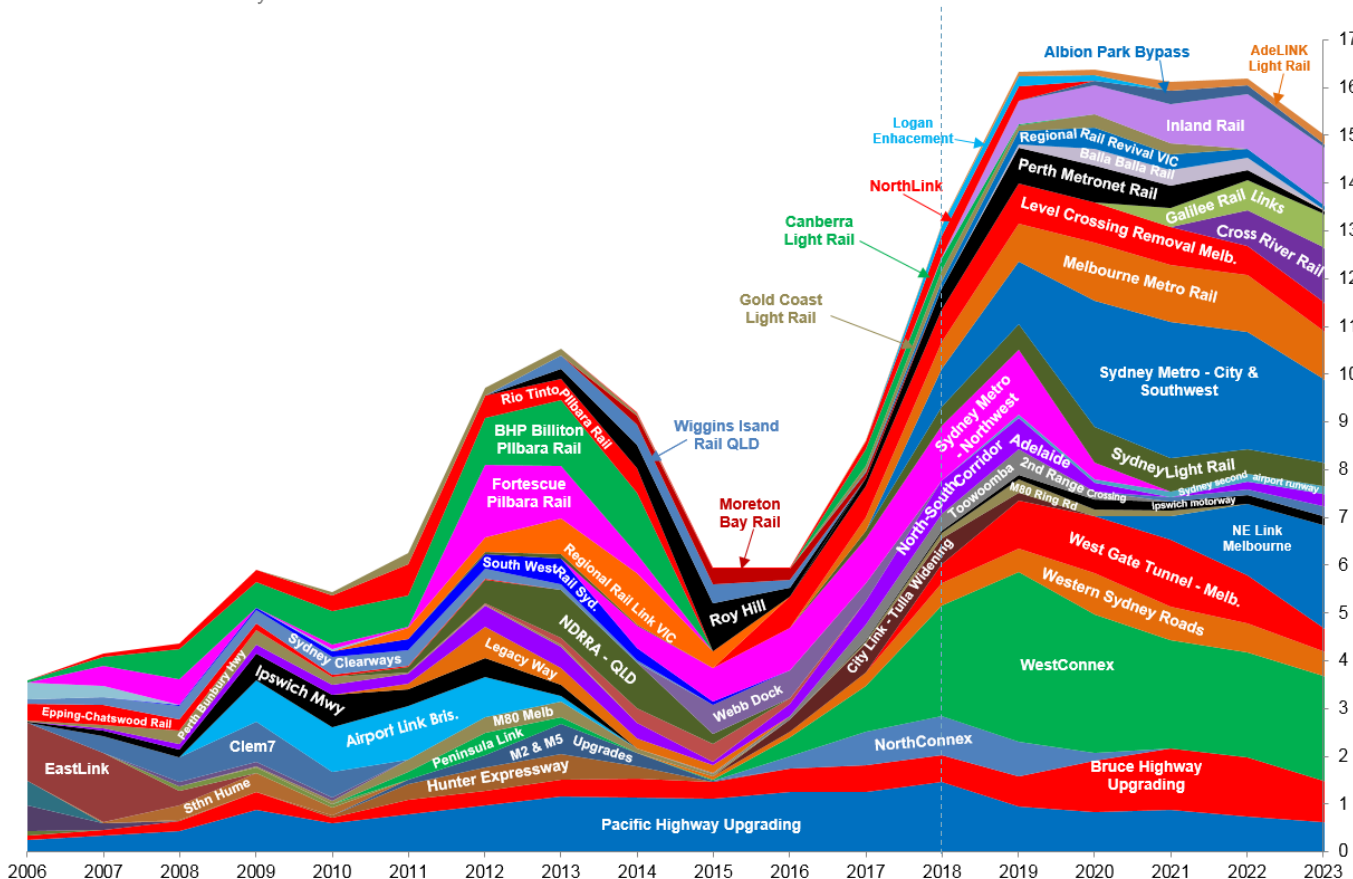
- Built in accordance to AS3610 guaranteed class 3 finish
- Ideally suited to the heavy civil sector
- Maximum permissible concrete pressure of 80kPa for single panel height form arrangements up to 3.3m – maximum wall heights up to 13.5m

Strong Underlying Industry Fundamentals

The outlook for east coast civil infrastructure construction is strong, in particular transport related projects, as evidenced with the pipeline of transport infrastructure projects

Major Transport Infrastructure Projects – Australia (\$Bn)

Value of Work Done by Year



Source: Macromonitor, January 2018
Years Ended June

Commentary

Acrow is currently working on the following projects:

- Pacific Highway upgrade
 - Divided highway, bridges and underpasses
- NorthConnex
 - Bridges and structures
- WestConnex
 - Bridges, structures and tunnel
- Toowoomba 2nd range
 - Bridges, culverts, tunnels and underpasses
- Gateway Motorway North
 - Bridges and structures
- Western Distributor Melbourne
 - Divided highway, tunnel, bridges and structures
- Perth Freight Link
 - Divided highway, bridges and underpasses
- Kingsford Smith Drive
 - Cantelevered structures (extra lane), bypasses and underpasses
- Sydney Metro North West
 - Rail upgrade (metro), tunnels, stations and carparks

4 Near Term Growth Opportunities

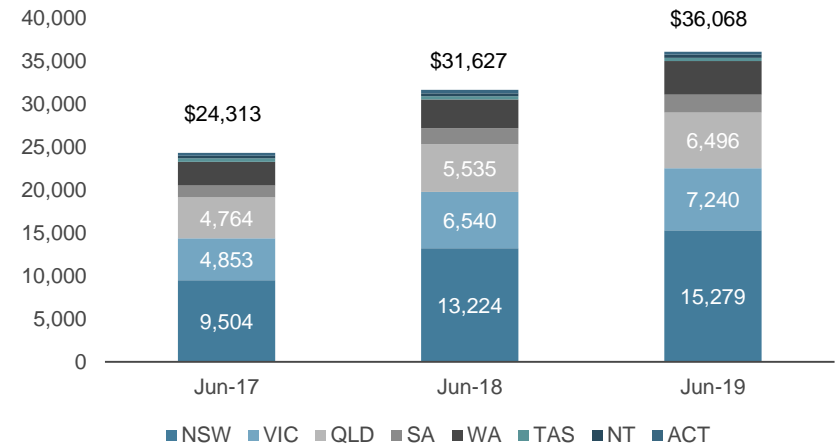
Acrow is aiming to position itself as a premium provider of engineered Formwork equipment hire solutions to the civil infrastructure industry in Australia

Acrow's Near Term Growth Opportunities

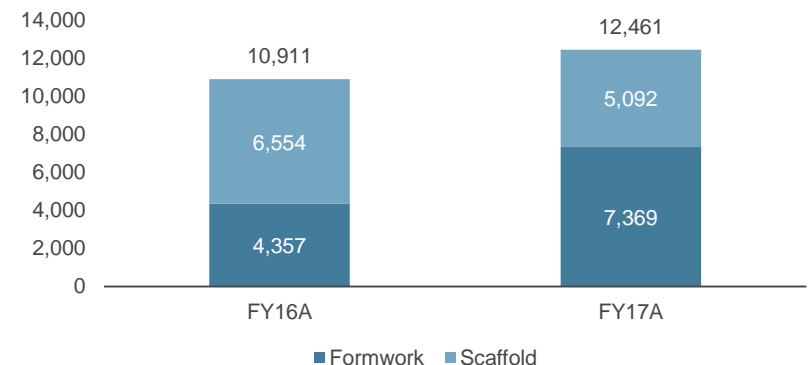
Opportunity	Comments
Business Capability	<ul style="list-style-type: none"> Acrow's formwork capability is most recognised in Queensland and Northern NSW, where Acrow is the market leader Acrow intends to replicate it's success in Queensland in the larger infrastructure market, NSW A newly created National Formwork role has been created (and filled) by the existing Queensland General Manager Role to focus on exporting the knowledge, capabilities and customer relationships evident in the Queensland business into primarily the NSW and Victorian businesses of Acrow, with specific focus on providing exceptional customer service and outcomes
Near Term Capex	<ul style="list-style-type: none"> Acrow's growth is currently limited by the availability of equipment. As a result, Acrow is currently selectively bidding for work on the East Coast Near term capex opportunities to acquire capital equipment with the goal of deploying the new equipment into the high growth civil infrastructure market Expected utilisation and hire rates will see short payback periods of 2 to 3 years
M&A	<ul style="list-style-type: none"> Acrow intends to actively pursue complementary bolt-on acquisitions where those acquisitions provide the opportunity to fast-track growth in the Civil Infrastructure and Formwork supply market

Transport Infrastructure Spend – State Splits (\$m)

Value of Work Done by Year



QLD Experience – Contribution Margin (\$'000)



Attractive valuation metrics at IPO

Asset Backing

- c.37,500 tonnes of equipment
- Hire assets written down value of \$27.4m, as at 31 December 2017
- Estimated replacement value greater than \$100m

Earnings Metrics at IPO

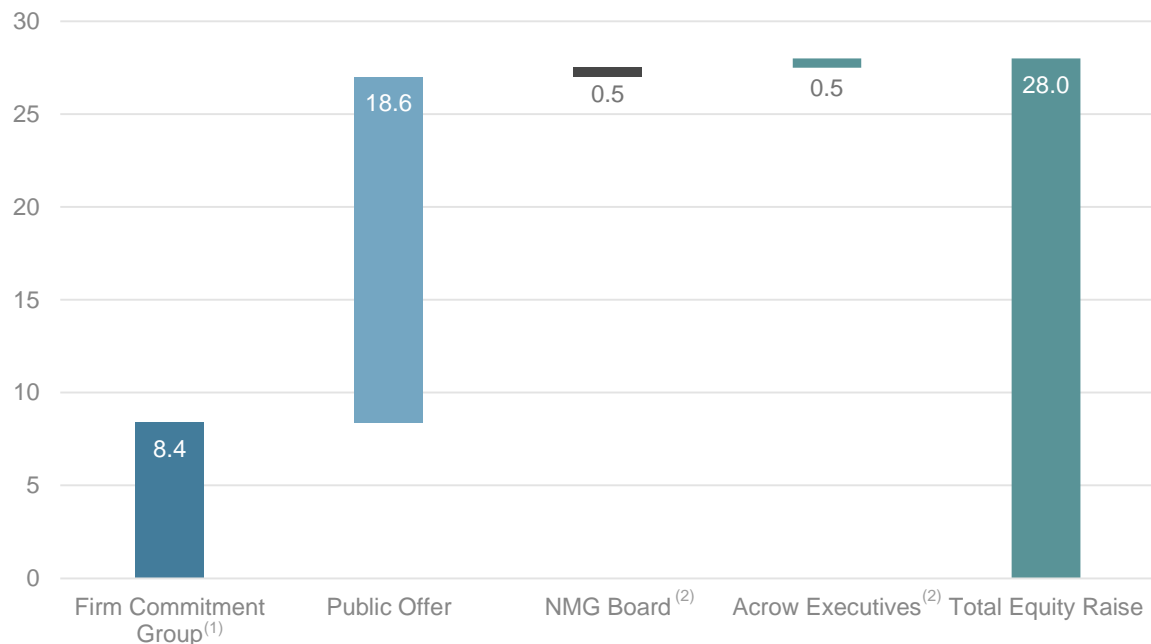
- EV on IPO of \$30.2m
- EV / underlying FY17 EBITDA of 3.4x
- EV / FY17 operating cash profit of 4.7x
- Net cash of \$2.1m at listing with a c.\$12m undrawn debt facility

Acquisition provides the opportunity to acquire a leading provider of formwork and scaffold hire with good near term growth prospects

Early Cornerstone Support

Acrow has entered into firm commitments for \$8.4m of the total equity raising under the Public Offer

Cornerstone Investment Bridge (\$m)



Commentary

- **Cornerstone investors** have provided firm commitments for ~\$8.4m
 - Includes a \$0.8m convertible note which will convert upon Completion of the Offer to fund the IPO process
 - Majority from key industry leaders showing early support with binding commitments, including the **Kennard Family** and **Peter Lancken** (Non-Executive Chairman)
- **NMG Board and Acrow Executives⁽²⁾** have agreed to commit a further \$0.5m each
- Balance under the Public Offer is \$18.6m, to raise a total of \$28.0m equity

Early firm commitments from industry leaders demonstrates strong support for the Company and its growth initiatives

Note:

(1) Includes Peter Lancken

(2) Based on indicative commitments and subject to change

Benefits of Listing Acrow

Following the successful restructure and repositioning of the business, Acrow is now focused on growth initiatives supported by strong underlying industry fundamentals

Prior Ownership

- Cash used to de-lever business following MBO, rather than on growth
- Focus on turnaround and standalone following Boral MBO
- Lower margin housing construction boom drove business activity
- Last portfolio company in private equity fund



Listed Company

- Cash and debt facility available to acquire formwork with ROI / growth capex and shareholder returns
- Management successfully turned around and repositioned business to focus on growth initiatives
- Infrastructure cycle now accelerating
- Attractive purchase price

Business Overview

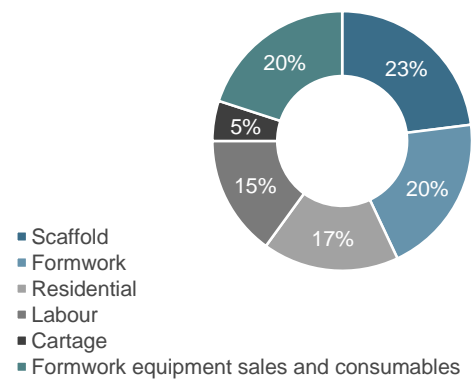
Overview of Acrow

Acrow has six major sources of revenue, low customer concentration and geographic diversity across its national network

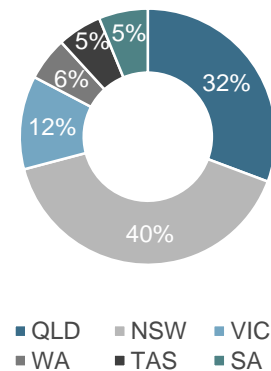
Overview

- Acrow undertakes six key activities:
 - **Formwork hire:** 'dry' hires formwork equipment that forms the temporary mould to support concrete structures in their construction. It also 'dry' hires falsework equipment that is used to support suspended horizontal structures during their construction
 - **Scaffold hire:** provide access solutions when working at heights. Acrow supplies builders and building contractors with a 'wet hire' access solution (and uses labour subcontractors and a small amount of own labour to erect and dismantle the equipment). Acrow also 'dry' hires scaffold equipment
 - **Residential:** hire, labour and cartage revenue generated from the rental of scaffold equipment that services the detached housing and small residential development markets. Residential operations are managed as a separate division
 - **Labour:** revenue generated from the supply of a 'wet hire' scaffold access solution (largely using subcontracted, third party labour)
 - **Cartage:** revenue generated from the transport of equipment to and from scaffold jobs using subcontractor drivers
 - **Formwork sales and consumables:** revenue generated from the sale of plywood, timber, hardware & consumables

Total Revenue by Category (FY17)

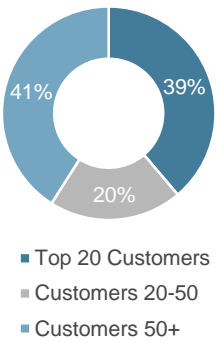


Total Revenue by Geography (FY17)



Total Revenue by Customer (FY17)

Average customer spend = \$50k
Average tenure of top 20 clients = 7 years

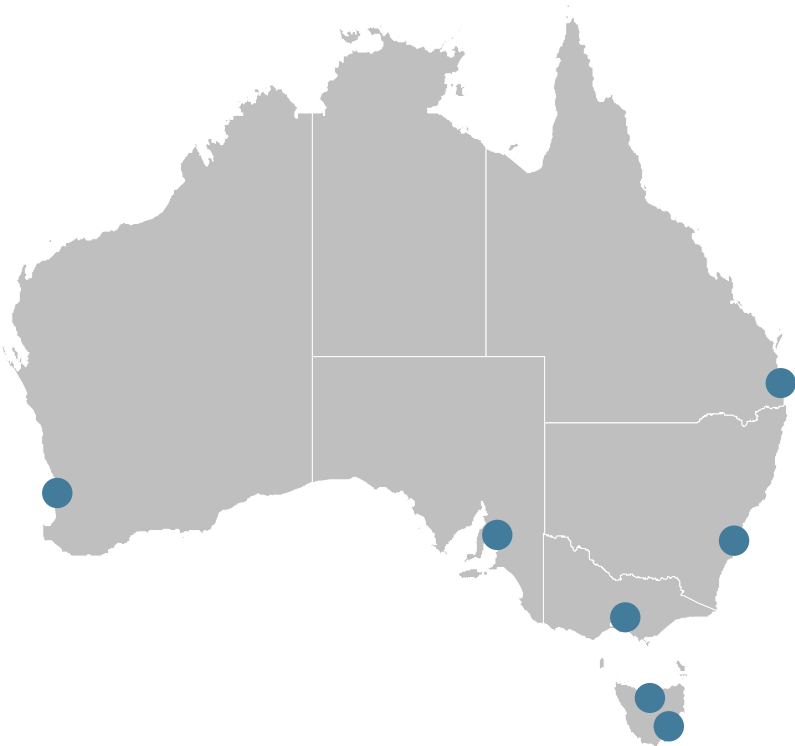


National Branch Network

Acrow operates a national branch network. The network has been consolidated to focus on major markets and enhance branch profitability, reduce costs and improve controls

Branch Summary

Branch	Size (m ²)	Asset Focus ⁽²⁾
Sydney	28,558	S / F
Melbourne	9,100	S / F
Brisbane ⁽¹⁾	24,063	S / F
Hobart	3,500	S / F
Launceston	3,500	S / F
Adelaide	14,820	S / F
Perth	17,600	F Only



National network facilitates hire equipment allocation in accordance with demand, diversifies risk and allows the business to exploit profitable opportunities

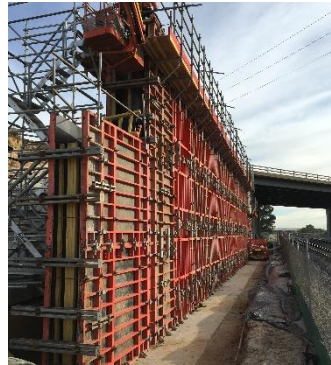
Note:
(1) Brisbane includes a smaller secondary site (4,063m²) that is on a month-to-month lease agreement
(2) S = Scaffold, F = Formwork

Recent Projects – Formwork

Recent formwork projects where Acrow's equipment were used are shown below

Fremantle Constructions

- **Project description:** Roe Highway Extension - Perth. Widening of several structures to accommodate higher traffic volumes
- **Acrow revenue:** ~\$250k
- **Project duration:** 20 weeks
- **Gear:** Acrowall-80



Torre Development

- **Project description:** Construction of a 15 storey residential apartment tower consisting of 190 dwellings at Festival Place Newstead in Brisbane
- **Acrow revenue:** ~\$1m
- **Project duration:** 28 weeks
- **Gear:** Acrow Powershore and Acrow GASS



Recent Projects – Infrastructure

Recent infrastructure projects where Acrow's equipment were used are shown below

Seymour White Constructions

- **Project description:** Pacific Highway and Wyong Road Intersection upgrade at Tuggerah
- **Acrow revenue:** ~\$170k
- **Project duration:** 40 weeks
- **Gear:** Acrowall-80, Soldiers, Bridge Brackets, Access Platforms



Nexus Delivery

- **Project description:** Second Toowoomba Range Crossing, Queensland - 25 new bridges and structures to be undertaken
- **Acrow revenue:** ~\$750k
- **Project duration:** 102 weeks
- **Gear:** Supercuplok, Soldiers, Acrowall-60, Acrowall-80, Bridge Brackets



Recent Projects – Scaffold

Recent scaffolding projects where Acrow's equipment were used are shown below

Deicorp

- **Project description:** Construction of St Basils aged care facility in Randwick, Sydney. Construction consisted of 4 residential buildings
- **Acrow revenue:** ~\$2m
- **Project duration:** 40 weeks
- **Gear:** 1,100 tonnes of scaffolding - Acrow Supercuplok and Cuplok for perimeter scaffold and access



Meriton Development

- **Project description:** Construction of 7 luxury high density residential apartments in Lewisham, Sydney
- **Acrow revenue:** ~\$2m
- **Project duration:** 45 weeks
- **Gear:** 1,550 tonnes of scaffolding - Acrow Supercuplok and Cuplok for perimeter scaffold and access



Excellent Safety Record

Acrow’s focused approach to safety provides the business with a competitive advantage over many of its less sophisticated and smaller competitors

Overview of Safety Policy

- Acrow’s Work Health & Safety (WHS) policy and procedures seek to fulfil multiple objectives, including legislative requirements, mitigating corporate risk and ensuring the health and wellbeing of Acrow employees and sub-contractors
- Acrow seeks to implement its WHS policy and procedures, not by taking a command and obey approach, but by adopting a collegial methodology that leads to long term behavioural changes and will create an interdependent WHS culture
- Ongoing focus and support of health initiatives to encourage a healthy lifestyle outside of work
- Acrow’s WHS policy is overseen by Joe Cerritelli – GM of Health and Safety. Joe facilitates co-operation between management and staff to identify, develop and implement safety measures and formulate WHS policies and procedures

Historical Safety Statistics

Statistic	FY13	FY14	FY15	FY16	FY17
Hours Worked	380,830	344,440	339,956	326,122	204,053
Lost Time Injuries	1	0	4	4	5
Lost Time Injury Frequency Rate	2.6	0	11.8	12.3	15.9
Recordable Injuries	6	13	4	18	14
Recordable Injury Frequency Rate	15.8	37.7	11.8	55.2	44.6

- Hours Worked = total hours worked by Acrow direct employees in given accounting period
- Lost Time Injury (LTI) = an occurrence that resulted in a fatality, permanent disability or time lost from work of one day/shift or more
- Lost Time Injury Frequency Rates (LTIFR) = the number of lost-time injuries within a given accounting period relative to the total number of hours worked in the same accounting period. Formula used is “Number of lost time injuries in accounting period” divided by “Total hours worked in accounting period” whose sum is multiplied by 1,000,000
- Recordable Injuries (RI) = LTI + medical treatment injuries (MTI)
- MTI = an injury or disease that resulted in a certain level of treatment given by a physician or other medical personnel
- Recordable Injuries Frequency Rates (RIFR) = the number of RI within a given accounting period relative to the total number of hours worked in the same accounting period. Formula used is “Number of RI in accounting period” divided by “Total hours worked in accounting period” whose sum is multiplied by 1,000,000

Acrow's Board of Directors

Well credentialed Board with substantial industry and financial market experience

Peter Lancken

Non-Executive Chairman

- Over 25 years experience in a range of executive and director roles in equipment hire, industrial, and real estate companies
- Previously Managing Director and Non-Executive Chairman of Kennards Hire Pty Limited. His tenure at Kennards spanned over 20 years.
- Currently Non-Executive Director of Kennards Hire Pty Ltd and Propertylink Group (ASX:PLG) and Non-Executive Chairman of Crimestoppers NSW

Steven Boland

Executive Director and Chief Executive Officer

- Steven joined Acrow in 2013 and is currently the Chief Executive Officer
- His previous experiences include CEO of Melbourne Rebels Rugby Club, Global Executive Director (Recycling) of Visy Industries, and Executive Director (Commercial Waste) of Veolia Environment UK

Mike Hill

Non-Executive Director

- Managing Director of Bombora Group, a boutique independent investment partnership
- Previously Operating Partner at Ironbridge Capital for 15 years
- Chairman of rhipt Ltd (ASX:RHP), AHA Life Ltd (ASX: AHL) and Janison Education Group Ltd (ASX:JAN)

Gregg Taylor

Non-Executive Director

- 20 years experience in financial markets across a range of sectors
- Previously Investment Executive at Blue Ocean Equities and Investment Manager at Schroders
- Founded and managed multiple global operating businesses in sports, retail and media sector

Josh May

Non-Executive Director

- Over 20 years experience in Corporate Advisory and M&A, including over the past 12 years as a Director of Oaktower Partnership, an independent corporate advisory business based in Sydney
 - Chartered Accountant with previous senior roles with Ernst & Young (Sydney), Horwath Clarke Whitehill (London, UK), and Grant Thornton (Adelaide)
 - Lead financial adviser on numerous transactions in the construction and infrastructure services sector, including the Management Buyout of Acrow from Boral in 2010
-

Experienced and High Quality Management Team

Acrow's senior management team has a blend of capabilities based on a combination of external functional skills and deep industry experience

Steven Boland

Chief Executive Officer

- Steven joined Acrow in 2013 and is currently the Chief Executive Officer
- His previous experiences include CEO of Melbourne Rebels Rugby Club, Global Executive Director (Recycling) of Visy Industries, and Executive Director (Commercial Waste) of Veolia Environment UK

David Williams

Chief Financial Officer

- David joined Acrow in 2013, bringing more than a decade of experience, particularly in waste management and environmental services
- His previous roles include NSW General Manager Finance in the Recycling Division of Visy Industries, and Head of Finance (UK) of the Commercial & Recycling Division of Veolia Environment Services UK

Colin Fisher

General Manager (VIC & Tasmania)

- Colin is the National Operations Manager at Acrow, having previously worked at Honeywell Business Solutions as a General Manager
- Prior to Honeywell Business Solutions he worked at Visy Industries as the General Manager, and as the National Operations Manager at Onyx UK Limited

Robert Caporella

General Manager, National Formwork

- Robert has been working with Acrow since 1994 and is currently the General Manager of National Formwork
- Robert previous role was General Manager for Queensland and South Australia. He continues to oversee both operations

Tony Lyons

General Manager (NSW)

- Tony joined Acrow in 2013 and is currently the General Manager for operations in New South Wales
- His prior roles include Business Manager at Polytrade Recycling, General Manager at Visy Recycling, and General Management roles at Veolia Environmental Services

Conan Godrich

General Manager (WA)

- Conan brings a decade of experience with Acrow and is currently the General Manager for WA operations
 - His prior roles include Account Manager (Gnangara Operations) at Rinker Australia, and Sales and Customer Service at OneSteel Reinforcing
 - Conan holds a Bachelor of Commerce from Murdoch University and a Degree in Project Management from Curtin University of Technology
-

Financial Overview

Financial Overview

Summarised Financial Performance (\$'000)

Y/E 30 June, \$'000	FY15A	FY16A	FY17A	HY18A
Summary P&L				
Formwork Hire	12,625	10,960	12,669	6,992
Scaffold Hire	11,493	13,395	14,393	7,922
Residential	8,627	10,334	10,360	4,001
Labour & Cartage	17,603	16,023	12,243	7,434
Formwork sales & consumables	11,294	13,190	12,664	7,259
Total Revenue	61,642	63,902	62,329	33,608
Formwork Hire	12,625	10,960	12,669	6,992
Scaffold Hire	11,493	13,395	14,393	7,922
Residential	3,802	4,401	4,426	1,690
Labour & Cartage	2,597	2,308	1,852	1,064
Formwork sales & consumables	3,028	3,389	3,189	1,925
Total Contribution	33,545	34,453	36,529	19,592
<i>Contribution Margin</i>	<i>54.42%</i>	<i>53.92%</i>	<i>58.61%</i>	<i>58.30%</i>
Yard Related Expenses	(11,773)	(12,254)	(11,470)	(6,032)
Labour	(12,523)	(12,009)	(11,759)	(6,145)
Other	(5,741)	(4,941)	(4,484)	(2,373)
Total Overheads	(30,037)	(29,204)	(27,713)	(14,550)
Restructure costs and provisions ⁽¹⁾	(700)	(530)	(525)	-
Reported EBITDA⁽¹⁾	2,808	4,719	8,291	5,042
Underlying EBITDA pre restructure costs and provisions	3,508	5,249	8,816	5,042
<i>Margin</i>	<i>5.69%</i>	<i>8.21%</i>	<i>14.14%</i>	<i>15.00%</i>

Commentary

- Financial overview presented represents reported and underlying historical financial information
- Revenue mix has progressively shifted towards dry hire from wet hire / labour & cartage
- Increase in dry hire (formwork and scaffold hire) within revenue mix has grown contribution margin
- Growth in contribution margin and careful management of overheads has grown EBITDA margin from 5.7% in FY15 to 14.1% in FY17 and FY18 demonstrating further improvements with positive HY18 margins
- These financials do not include the additional corporate costs of being listed

Note:

Totals may differ due to rounding

(1) Unaudited and based on management accounts. Restructuring costs consist of redundancy, branch relocation, duplicate rents and other non-recurring costs associated with the business restructure

Balance Sheet

Acrow had ~\$28.2m of pro forma net assets at December 2017 (on a cash free, debt free basis), which includes ~\$27.4m of hire equipment

Pro Forma Consolidated Balance Sheet (Cash Free, Debt Free)

\$'000	Dec-17
Summary Balance Sheet	
Receivables	10,695
Inventory	2,407
Other Current Assets	513
Total Current Assets	13,615
Property, Plant & Equipment	27,944
Total Assets	41,559
Creditors & Accruals	13,174
Provisions	168
Total Liabilities	13,342
Pro Forma Net Assets	28,217

Commentary

- The table at left presents the summary balance sheet as at 31 December 2017 on a cash free and debt free basis
- **Receivables** comprises amounts owing for sales to customers net of doubtful debtors provision
- Acrow has a debtors insurance policy which covers the majority of the debtor balance. The policy applies to debtors that have been placed into administration or liquidation and includes an aggregate first loss of \$250k
- **Inventory** is stated net of a provision for obsolete stock. Inventory remains relatively flat month-to-month at ~\$2.4m
- **Other Current Assets** include prepayments and deferred expenses
- **Property, Plant & Equipment** largely includes hire equipment (\$113m cost offset by \$85m depreciation charge)
- **Creditors & Accruals** include trade creditors for inventory purchases and subcontractor payments and accruals for creditors, employee payroll and benefits and other sundry expenses
- **Provisions** include annual leave and long service leave
- **Available carry forward tax losses** of approximately \$40m are not reflected in the balance sheet, and are subject to the final determination of tax treatment⁽¹⁾

Note:

Totals may differ due to rounding

(1) The final availability and quantum of the tax losses will be subject to many factors which may or may not be inside the control of the Company or Acrow. As such these tax losses may not be able to be utilised in full or at all. Therefore, recipients of this presentation should exercise caution in relation to reliance on those potential tax losses

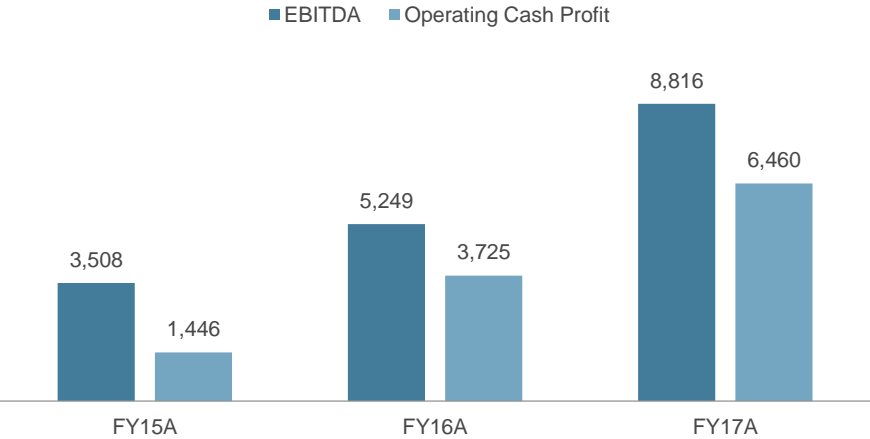
Cash Flow

Acrow has increased Operating Cash Profit from \$1.4m in FY15 to \$6.5m in FY17

Cash Flow Statement (\$'000)

\$'000	FY15A	FY16A	FY17A	HY18A
Summary Cash Flow Statement				
EBITDA	3,508	5,249	8,816	5,042
Maintenance capex	(2,062)	(1,524)	(2,356)	(777)
Cash tax	-	-	-	-
Operating Cash Profit	1,446	3,725	6,460	4,265

Underlying EBITDA and Operating Cash Profit (\$'000)



Commentary

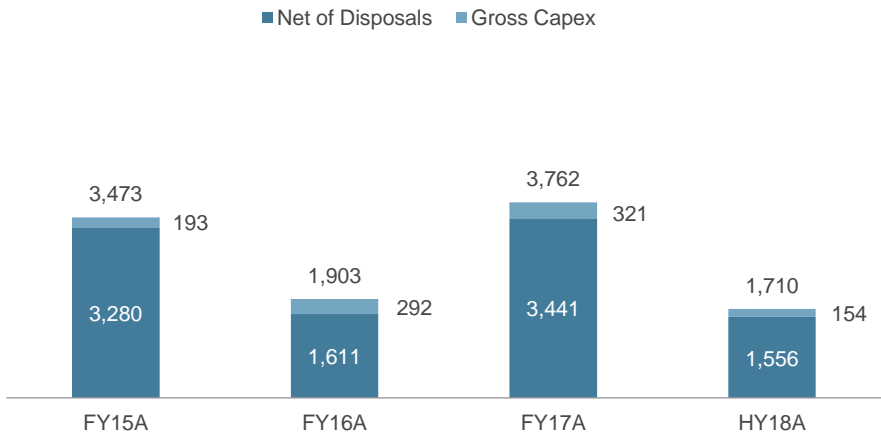
- The proxy for operating cash profit in the Acrow business is EBITDA less maintenance capex
- **Operating cash profit** has increased from \$1.4m in FY15 to \$6.5m in FY17, representing a 111% CAGR
- **Cash flow conversion** is strong and improving at c.73% (FY17), and c.84% for H1 FY18
- **Working capital** (largely comprising trade debtors and trade creditors), is predictable and consistent, with minimal seasonal fluctuations

Note:
Totals may differ due to rounding

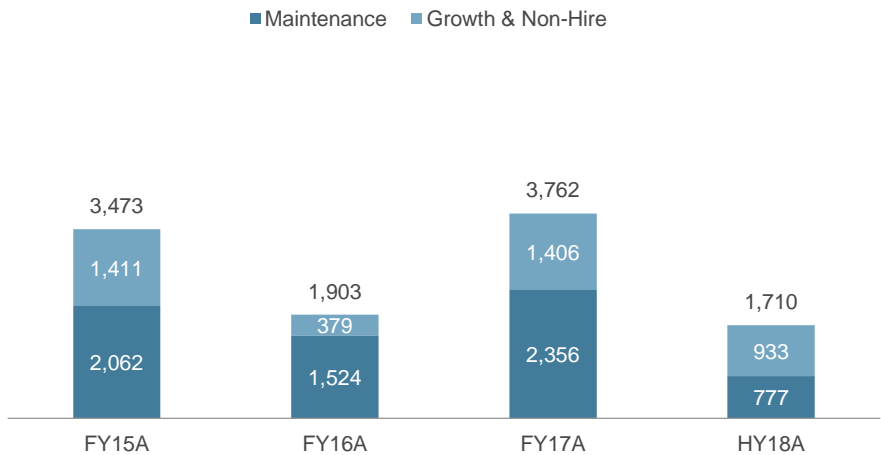
Capital Expenditure

Acrow has averaged maintenance capex of ~\$2m between FY15 to FY17

Gross and Net Capex (\$'000)



Growth and Maintenance Capex (\$'000)



Commentary

- The charts at left present the historical gross and net capex spend, split between growth and maintenance, for the historical periods FY15 to FY17
- **Maintenance capex** has averaged ~\$2m over the historical period. This capex represents spend on maintaining the existing hire equipment
- **Growth and non-hire capex** has averaged \$0.5m-\$1.5m over the historical period. This capex includes investment in IT systems and expansion of the hire asset base
 - Acrow undertook significant growth capex in FY12 to expand the formwork hire equipment fleet including new equipment to expand capabilities (predominately Acrowall and GASS)
- **FY17 capex** includes:
 - \$0.2m IT platform upgrade
 - \$0.9m further investment to expand the fleet of GASS equipment (high demand product)
 - Remainder of expenditure is new scaffolding and formwork equipment to accommodate strong market activity / high utilisation of existing equipment

Offer Details & Capital Structure

Indicative Capital Structure & Sources and Uses of Funds

Indicative Capital Structure and Market Capitalisation⁽¹⁾

	Shares (m)	% of mkt cap	Value (\$m)
Existing Shares in NMG	16.9	10.5%	\$3.4
New Capital Raised ⁽²⁾	140.0	86.6%	\$28.0
Conversion Shares issued to repay debt	2.3	1.4%	\$0.5
Loan Funded Shares	2.5	1.5%	\$0.5
Total Undiluted Market Capitalisation	161.7	100.0%	\$32.3
Performance rights	12.4		
Options ⁽³⁾	7.4		
Total fully diluted shares	181.5		
Net cash			\$2.1
Net debt / (cash)			(\$2.1)
Enterprise value			\$30.2

Source and Uses of Funds (\$28.0m raising)

Sources	\$m
New equity	28.0
Total Sources	28.0
Uses	\$m
Purchase consideration	23.0
Transaction fees	2.5
Working capital	2.5
Total Uses	28.0

Note:

(1) Total free float post transaction is expected to be 145.1m, or approximately 89.7% of issued shares outstanding; (2) Includes conversion of \$800,000 (4.0m shares) of convertible loan already received; (3) Includes 1.6m new options granted to Board & Management and 5.8m existing options

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Pro Forma Ownership

Shareholder interests prior to, and following, Completion of the Offer

In millions Shareholders	At Prospectus Date					At Completion of the Offer					
	Shares	Undil. %	Options	Diluted	Dil. %	Shares (m)	Undil. %	Options	Perf. Rights	Diluted	Dil. %
Existing NMG Shareholders (excl. Board) ⁽¹⁾	15.7	92.6%	4.2	19.8	87.5%	17.2 ⁽²⁾	10.6%	4.2	0.0	21.4	11.8%
Board & Management ⁽³⁾	1.3	7.4%	1.6	2.8	12.5%	14.3 ⁽⁴⁾	8.9%	3.2	12.2 ⁽⁵⁾	29.7	16.4%
New Shareholders (under Offer) ⁽⁶⁾	0.0	0.0%	0.0	0.0	0.0%	130.2	80.5%	0.0	0.2	130.5	71.9%
Total	16.9	100.0%	5.8	22.7	100.0%	161.7	100.0%	7.4	12.4	181.5	100.0%

Note: Totals may differ due to rounding

Performance Rights, Options and Loan Funded Shares

- **Performance rights** granted to Management and Board are subject to a performance and service condition:
 - Exercise price: nil
 - Service: continuous employee / director of Company for 2 years from the issue date; and
 - Performance: FY19 EBITDA exceeding \$11m
 - Expiry: if unvested after 2 years from the issue date, expires immediately
- **Options**, post Completion, include:
 - **1.65m new options** granted to management, Board and advisors, exercisable at \$0.20 per share and expiring three years from the issue date subject to a service period of two years from the issue date, and the 20 day VWAP exceeding \$0.40 per share
 - **5.75m existing options** which vest according to a range of share price performance hurdles (20 day VWAP from \$0.20 to \$0.60 per share) at an exercise price of \$0.20 per share

- **Loan funded shares** have the following material terms:

- Loan term: 5 years;
- Interest: no interest payable; and
- Vesting hurdles: continuous employee / director of Company for 2 years from the issue date, and 20 day VWAP exceeding \$0.40 per share

Escrow Arrangements

- Shares held at Completion by the new Board of Directors are subject to the following voluntary escrow arrangements:
 - 1/3 of shareholding until FY19 results lodged;
 - 1/3 of shareholding until HY20 results lodged; and
 - 1/3 of shareholding until FY20 results lodged

Note:

(1) Includes former and resigning NMG Directors Jonathan Pager and Brett Chenoweth; (2) Includes c.1.5m conversion shares; (3) Shares owned by the new Board and Management; (4) Includes c.7.75m new shares, c.1.7m loan funded shares and c.0.7m conversion shares issued to the new Board and c.2.25m new shares and c.0.8m loan funded shares issued to Management; (5) Includes 8.3m rights issued to the Board and 3.8m issued to Management; (6) New shares issued to shareholders under the Offer, excluding new shares issued to Board, Management and former and resigning NMG Directors

Indicative Timetable

Indicative Timetable and Key Events

Event	Date
Despatch Notice of Meeting to NMG Shareholders	Wednesday, 7 February 2018
Bookbuild	Monday, 5 March 2018
Lodgement of Prospectus with ASIC (under which Offers will not open until receipt of NMG Shareholder approval)	Tuesday, 6 March 2018
NMG Shareholder Meeting	Monday, 12 March 2018
Opening date of Offer under Prospectus	Tuesday, 13 March 2018
Closing date of Offer under Prospectus	Tuesday, 27 March 2018
Settlement of Securities under the Offer	Wednesday, 28 March 2018
Completion of acquisition of Acrow and Offer under Prospectus	Thursday, 29 March 2018
Allotment of Securities under the Offer	Thursday, 29 March 2018
Re-instatement to official list of ASX	Friday, 6 April 2018

A. Appendix - Risks

Risks

Contractual risk – Share Purchase Agreement

- Pursuant to the Share Purchase Agreement, the Company has agreed to acquire 100% of the issued capital of Acrow subject to the fulfilment of certain conditions, including meeting the requirements of Chapters 1 and 2 of the ASX Listing rules. There is a risk that the Share Purchase Agreement conditions cannot be fulfilled and, in turn, the Proposed Transaction is not completed
- If the Proposed Transaction is not completed, the Offers and the re-listing of the Company will not proceed
- Under the terms of the Share Purchase Agreement, the Company's sole recourse for breaches of warranties or indemnities by the Acrow Vendors is the W&I Insurance Policy (subject to certain limited exceptions). There is a risk that the warranty insurer will not pay out, or pay out in full, any claims made under the W&I Insurance Policy, or that the damage suffered by the Company for such breaches exceeds the policy limit or falls within an exclusion

Industrial relations

- Acrow operates within a highly unionised industry. Many of its staff are employed on enterprise bargaining agreements negotiated through various industrial associations. Whilst Acrow endeavours to maintain amicable relationships with relevant unions, such as the Construction, Forestry, Mining and Energy Union, and has not been the subject of any industrial disputes so far, there are no assurances that Acrow will not experience industrial action in the future. A lengthy union dispute and industrial action would cause the financial performance of Acrow to suffer
- As Acrow's clients operate in highly unionised industries (e.g. construction and mining) there is also the risk that Acrow's clients will experience industrial action. Any such industrial action could reduce the demand for Acrow's services and/or products, thereby decreasing revenue

Construction industry downturn

- As a service provider to the construction industry, the financial performance of Acrow is highly reliant on the level of activity within that industry. The level of activity in the construction industry can be cyclical and sensitive to a number of factors beyond the control of the Company. Any downturn in the construction industry is likely to have a significant effect on the financial performance and/or financial position of the Company

Major infrastructure projects cancelled or delayed

- Major infrastructure projects undertaken by the private and public sector are susceptible to a number of factors including economic and political conditions. The cancellation or delay of a major infrastructure project is likely to have a significant effect on the financial performance and/or financial position of the Company

Safety and industrial accidents

- The provision of Acrow's products and services is subject to safety related risk and can be considered high-risk. Acrow provides 'wet hire' solutions in its scaffolding business, where labour is provided to assemble and dismantle scaffolding (**Wet Hire**). These workers often work at heights and operate in dangerous environments such as construction sites, where there may be loose debris and hazardous materials. Whilst most of this labour is provided through subcontractors, Acrow is not absolved of its obligations under the Work Health and Safety Act 2011 (Cth). This risk is amplified by the fact that Acrow cannot control the safety practices of its clients (i.e. those who hire the scaffolding and labour)
- This increases Acrow's exposure to workplace injury claims. Whilst Acrow takes preventative measures, there is no guarantee that accidents or unsafe operations will not occur and injure its own workers or third parties. A serious accident may negatively impact the financial performance and/or financial position of the Company. There are currently two workplace injury proceedings in which Acrow has been joined as a defendant

Risks (Cont'd)

Reliance on third party suppliers

- Acrow relies on third-party suppliers in its business operations
- Where Acrow provides Wet Hire solutions most of the labour is provided through subcontractors. Whilst Acrow's products are designed in-house, the material used in their manufacture and the manufacturing process itself is supplied by/outsourced to third parties
- If key suppliers were to cease their relationships with Acrow, there would be significant disruption to its business whilst Acrow arranges replacement suppliers. This may have a material impact on the ability of Acrow to service its clients, which would be likely to have a material impact on its financial performance
- Acrow's ability to serve its clients to a high standard is also dependent on retaining quality suppliers. There is no guarantee that the services and/or products provided by its suppliers will be of the same high standard as those of Acrow. It is not practical for Acrow to check every component. This may result in defective equipment being hired out to Acrow's clients, which may not be discovered until an incident occurs. This increases Acrow's exposure to potential claims

Exchange rate fluctuation

- Acrow's clients operate in industries, such as infrastructure, that are highly influenced by the capital expenditure policies of both federal and state governments, which are beyond its control. Any change in to the government's spending policy that adversely affects Acrow's clients, such a decision to reduce spending on infrastructure, is likely to reduce demand for Acrow's products and/or services and impact negatively on revenue

Changes in government policies

- Acrow's clients operate in industries, such as infrastructure, that are highly influenced by the capital expenditure policies of both federal and state governments, which are beyond its control. Any change in to the government's spending policy that adversely affects Acrow's clients, such a decision to reduce spending on infrastructure, is likely to reduce demand for Acrow's products and/or services and impact negatively on revenue

Failure to protect intellectual property

- Acrow's scaffolding and formwork equipment is designed in-house. It currently owns two granted patents in Australia for a stair stringer and a clamp assembly. However, Acrow is still reliant on trade secrets, know-how and copyright, which are not the subject of formal intellectual property registration. There is a risk that the measures Acrow has in place to protect its intellectual property may not be adequate. Any such deficiency in these measures may adversely affect its business (for example, the use of its intellectual property by competitors)
 - Acrow may be unable to detect unauthorised use of its intellectual property rights. Monitoring unauthorised use of its intellectual property is difficult and may require significant resources
-

Risks (Cont'd)

Breach of third party intellectual property rights

- There may be a risk that the validity, ownership or use of intellectual property relating to Acrow's business is challenged by third parties. This may require Acrow to incur significant costs and expenses to protect its intellectual property rights or defend claims by third parties for infringement of intellectual property rights. If Acrow is not successful in any such litigation or claims, it may be required to pay damages and costs to third parties. In addition, if any such claims result in Acrow being unable to continue to use any of its key intellectual property, and it is unable to find a cost-effective alternative, then this may materially adversely impact Acrow's reputation, business, operations and financial performance. Whether or not litigation is successful, Acrow's involvement in litigation could result in significant cost and expense to Acrow and cause a distraction to management. This may affect Acrow's business and financial performance. If Acrow is required to develop or support new technology and intellectual property, it may require significant capital expenditure by Acrow

Changes in technology

- The technology in scaffolding and formwork sector is constantly evolving. Accordingly, there is a risk that new entrants will develop technology that is superior to that of Acrow. If such technology has advantages over Acrow's products, the Acrow products may lose their attraction to the market and to Acrow's clients. Acrow's success will depend, in part, on its ability to adapt its products and services in response to changing technologies, client and/or user demands and competitive pressures. Failure to do so may impact the success of Acrow's business. Furthermore, the cost of responding to changing technologies is unpredictable and may impact Acrow's profitability or, if such cost is prohibitive, may reduce Acrow's ability to expand or maintain its business

Competition

- Increased competition could result in price reductions, under-utilisation of equipment and personnel, reduced operating margins and loss of market share. Despite Acrow's ability to compete effectively in the markets in which it operates, any of these occurrences may adversely affect the Company's financial performance and/or financial position
- An increase in competition may also result in Acrow being unable to increase its prices which, combined with rising labour costs, may adversely affect the Company's financial performance and/or financial position

Reliance on key personnel

- Acrow relies on the experience and knowledge of its senior management team to oversee the day-to-day operations of Acrow
 - Acrow is also dependent on the continued service of its executives, as well as other existing sales, client marketing and engineering personnel, because of the complexity of its products. Acrow is relies on its ability to recruit and retain suitably qualified personnel. In particular, Acrow operates a comprehensive in-house engineering department. This competitive advantage may be lost if it is unable to attract quality engineers. In the event that such key personnel leave their employment or engagement with Acrow, or Acrow is unable to recruit suitable replacements or attract additional personnel when required, such loss or inability to attract new personnel could have a materially adverse effect on Acrow's business, operational performance and financial results
-

Risks (Cont'd)

Failure to retain or attract clients

- Acrow's business depends on its ability to retain its existing clients and its growth depends on its ability to attract further business from existing clients and to attract new clients. Acrow's ability to retain existing clients and attract new ones, and its clients' level of usage, depends on many factors including the adequacy of its products with respect to matters such as functionality, reliability, cost-effectiveness, pricing, client support and value compared to competing products. In addition, the ability to attract and retain clients may be affected by external factors beyond its control, including a decline in economic conditions, the conduct of its competitors or changes to laws and regulations. In particular, the majority of Acrow's clients operate in volatile markets such as construction
- Several of Acrow's current contracts include termination for convenience rights in favour of the client. If a client exercises these termination rights, it could impact the Company's anticipated revenue stream, which is accentuated in respect of long-term projects and contracts that provide scope for multiple engagements or where future projects are anticipated
- Acrow clients at the end of their contracts are generally free to use other providers for their scaffolding and formwork needs. If clients discontinue or reduce their use of Acrow's products, Acrow's revenue could decrease

Price risk

- There is a pricing risk in respect of Acrow's current and future contracts. If the initial estimate of costs by Acrow in projects that it has tendered for has been understated or costs increase by a margin greater than that accounted for in the pricing of the contracts, then this will adversely affect the Company's financial performance and/or financial position. Further, if future fixed price contracts are priced incorrectly, or costs increase above those anticipated at the time of entering the contracts, this may adversely affect the Company's financial performance and/or financial position.
- A portion of Acrow's business is based on the supply of plant and equipment and labour to erect and dismantle for a fixed price. If the amount of plant and equipment required for a particular job or the number of man hours to erect and dismantle is underestimated than this may adversely affect the Company's financial performance and/or financial position.
- Fixed price contracts also expose the Company to risks of work interruptions, such as inclement weather conditions, causing potential delays to project work. Acrow may be contractually bound by project time frames or in order to maintain key customer relationships to bear the costs of additional resources required to meet customer project deadlines.

Labour constraints and rising labour costs

- The operations of Acrow's Wet Hire business are labour intensive. Any shortage of labour could cause labour costs to rise sharply. This would impact Acrow both directly and indirectly, by an increased cost of subcontractors. If Acrow is unable to increase prices to offset any such rise, then the Company's financial performance and/or financial position may be adversely affected
-

Risks (Cont'd)

Asset secure facility

- Acrow has an asset secure facility that will remain in place. Any breach of the terms of that facility by Acrow will allow the facility provider to exercise its secured interest over the assets of Acrow in the normal course

Tax losses

- The Company has not yet obtained advice on tax losses that may or may not be available to it

Additional requirements for capital

- While the Company believes that it will have sufficient funds to meet its growth strategy in relation to the Acrow business and has sufficient working capital for the near term, there can be no assurance that future strategies can be met without further financing. The Company may seek to exploit opportunities of a kind that will require it to raise additional capital from equity or debt sources
 - Accordingly, the Company may need to engage in equity or debt financing to secure additional funds. There can be no assurance that the Company will be able to obtain additional capital from equity or debt sources on favourable terms or at all. If the Company is unable to raise capital if and when needed, this could delay, suspend or reduce the scope of the Company's business strategy and could have a material adverse effect on the Company's activities which could adversely affect its business, financial condition and operating results
 - Any additional equity financing may be dilutive to existing Shareholders and any debt financing, if available, may involve restrictive covenants, which limit the Company's operations and business strategy
-

B. Appendix – Foreign Selling Restrictions

Foreign Selling Jurisdictions

Hong Kong

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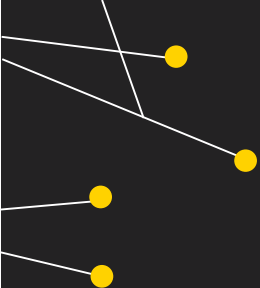
- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

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Thank you

