

ASX:ACF

Acrow Formwork and Construction Services Limited

C/- Level 5, 126 Phillip Street

Sydney NSW 2000



## **ASX Release**

24 March 2020

### **Market Update – COVID-19 Impact**

On 27<sup>th</sup> February 2020, Acrow Formwork and Construction Services Limited (ASX: ACF) (“Acrow” or “the Company”) issued its FY20 half yearly profit results and advised the market that FY20 earnings expectations were in-line with consensus forecasts at the time.

To date, Acrow has experienced little material impact to demand for its products and services or its ability to supply those products and services. All overseas manufactured products required to ensure current sales and hire commitments to customers are maintained, have either arrived in the country or have been confirmed as shipped. This is especially relevant to the provision of our contracts with Sun Metals and BKH/ Barangaroo. Acrow’s growth capital expenditure program over the last two years has also placed the business in a solid position to accommodate our customer requirements, both now and in the medium term.

All our operational sites remain open. New contracts especially in the Civil Infrastructure space continue to be awarded. In fact, over the last week, Acrow has been awarded two significant new contracts with relation to the West Gate Tunnel and Melbourne Metro Rail projects.

However, given the heightened level of mitigation measures adopted by the business community to curtail the spread of COVID-19 and sensibly manage their business risks, it would be unlikely to expect that our business and industry will see no effect in the coming months. With the high degree of uncertainty around the depth and duration of this pandemic, forecasting for the balance of the year has become problematic. As such at this time Acrow has determined that it is prudent to withdraw its FY20 guidance.

Acrow acknowledges the uncertainty of these times and like all good businesses is placing the highest priority on cash flow management. As such, capital expenditure not directly required for service provision for existing and closely targeted contracts has been curtailed, all non-essential travel has been suspended, amongst a raft of other initiatives. In addition, favourable temporary lease reductions have been negotiated at several of our depots, following constructive discussions with our landlords.

Acrow’s banking facilities are amortising over 3 to 4 years and we are performing well within all terms. In addition, we have access to a \$3m trade facility including bank guarantee (currently \$0.9m issued) and overdraft.

The health and safety of our employees, customers, suppliers and contractors is paramount. At this stage, the Company continues to operate its depots on a business as usual basis. However, the Company will continue to actively monitor the situation and respond accordingly to the guidance provided by the health authorities and state and federal governments.

The Board will continue to provide further updates as necessary.

This announcement has been approved by the Acrow Board of Directors for release to the ASX.

-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 1,100 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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