

## ASX Release

27 November 2019

### Acrow Chairman's Address

Good afternoon ladies and gentlemen,

My name is Peter Lancken, and I am the Chairman of Acrow Formwork and Construction Services. On behalf of the Board I would like to welcome you to the 2019 Annual General Meeting.

I would like to welcome our new member to the Board, David Moffat. David brings with him 35 years of construction industry expertise and relationships and in his short time with Acrow has already provided invaluable insights to the Company. I would also like to thank outgoing Director Michael Hill, who was instrumental in navigating and transitioning the Company from private ownership to a public listing in April 2018. I am pleased to say that Michael will maintain an ongoing relationship with the Company in a consulting capacity. The Board will continue to review its skills and capabilities as the Company grows and evolves over time.

I now have pleasure in presenting to you today a summary of the 2019 financial year, our first full year as a publicly listed Company. Whilst it was widely reported in the media that the second half of financial year 2019 was challenging for the Australian construction industry, Acrow still managed to report a commendable set of numbers. This is an endorsement to the dedication and commitment of Steven Boland and his team. To re-cap:

- The group reported record revenue of \$71m, up 9% on the prior year, reflecting solid growth in the Formwork business and the contribution from the Natform acquisition;
- It was the 5<sup>th</sup> consecutive year of earnings growth, with record underlying EBITDA of \$11.6m, up 9%;
- We reported an underlying net profit after tax of \$7.5m and underlying earnings per share of 4.4¢ps;
- The balance sheet remained strong with net debt closing the year at \$3.6m and net gearing at just 8%; and
- Operating cash profit of \$8.8m was flat on the prior year.

As a result, the Board declared a final dividend of 1.0¢ps (unfranked) for a full year dividend of 2.0¢ps (unfranked). This was at the mid-point of the Company's target payout ratio range of 30-50% of Operating Cash Profit. The Board remains committed to managing the payout ratio within this range, subject to future capital requirements.

During the year Natform, a screen-based formwork systems business, was acquired and successfully integrated into the group. Whilst it was unfortunate that the construction downturn in its core Queensland and New South Wales markets impacted the business, our strategy to take Natform into non-traditional markets, and target cross-sell opportunities across the expanded client base is proving successful with several new contract wins in conjunction with Acrow product offerings.

Where we believe we can create long-term value for shareholders, we will continue to seek both organic and acquisition growth opportunities. As such, Acrow announced and completed the acquisition of Uni-span Australia Pty Ltd in October 2019. Whilst I will let Steven provide more granularity around the acquisition and its merits, I will say that it is a highly complementary business, that not only provides scale benefits to Acrow, but opens new market opportunities with leading global formwork products and systems.

I'm pleased to say that looking longer-term, Acrow's expanded asset base and capabilities have now positioned the group well to leverage off construction project opportunities across the civil, commercial and industrial sectors nationally.

In closing, I would sincerely like to thank the dedication of our Board of Directors, our Managing Director, Steven Boland and his executive team. On behalf of the Board and the executive team, we would also like to extend our appreciation to our hard-working employees, and the ongoing support from our contractors, customers and suppliers. Finally, we would like to thank the support of our loyal shareholders.

Thank you

Peter Lancken

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