

ASX Release

25 November 2020

Annual General Meeting - Chairman's Address

Good afternoon ladies and gentlemen,

I am Peter Lancken, Chairman of the Board and on behalf of Acrow Formwork and Construction Services, I welcome you to the 2020 Annual General Meeting.

It would be fair to say that 2020 has been a year like no other in my working life and the life of this Company. The onset of the Covid-19 pandemic in early calendar 2020 has had a profound impact on our lives and the economy. Thankfully, I am pleased to say that due to Acrow's market positioning, the implementation of swift mitigation measures by management, and both the federal and state government's determination to keep essential services operating, Acrow has to-date successfully navigated these conditions, and recorded a solid financial performance in the 2020 financial year, which Steven Boland will outline during his address shortly.

Having earlier regrettably withdrawn the interim dividend payment, due to the uncertainty surrounding the financial impact of the pandemic on our business, it was pleasing to see that Acrow's full year earnings performance provided your Board with the confidence to reinstate the dividend, declaring a final dividend of 1.05 cents per share (fully franked), which was paid to shareholders on 13th November.

Two years ago, Acrow embarked on a strategy of repositioning the business away from the highly fragmented and competitive two-storey residential scaffold market, towards the highly specialised, higher margin, civil formwork sector. In line with this strategy, in October 2019, Acrow acquired Uni-span, a complementary formwork and industrial scaffold Company, with operations across the east coast of Australia.

I am delighted to report that the integration of the Uni-span business was successfully completed during the year. Uni-span has not only provided Acrow with an expanded product and service offering, that now allows us to bid for contracts that would otherwise be outside our capabilities, it has also delivered an exciting new opportunity to build a national industrial scaffold business, operating within similar market dynamics to the formwork market. In addition, Uni-span significantly enhances Acrow's Product Sales strategy, to complement our hire business, which will be a key focus of the Company going forward.

In August 2018, Acrow acquired Natform, a construction screens business to augment its formwork business. I am pleased to report that after a slow start, the business is now exceeding initial expectations, and in 4Q20 reported its best quarterly profit since being acquired, a trend which has continued into the new financial year.

In December 2019, the Company raised \$5.2m at 30 cents per share, to assist in funding our growth strategy through the purchase and deployment of specialised formwork equipment. This equipment was primarily acquired to service the Sun-metals contract, our largest contract to-date, and other various obligations. I am pleased to report that the initial return on this invested capital is exceeding 40%.

As Acrow evolves, so too will the composition of the Board to best meet the needs of the Company. As such, we were pleased to welcome the appointment of David Moffat to the Board as a Non-executive Director in September 2019, a seasoned construction industry professional. Regrettably, Joshua May announced his resignation last month due to other work commitments. Josh's contribution to the Board and management will be greatly missed, and we wish him all the best in his future endeavours. The Company has actively been looking for a new Non-Executive Director to replace Josh and expects to be able to announce an appointment shortly.

Acrow has come a long way over the last few years. Its involvement in marquee civil infrastructure projects including the Sydney and Melbourne Metro Rail, the Melbourne Western Distributor, and Snowy 2.0 projects is a testament to the recognition by the civil construction industry of the enhanced capabilities of Acrow and its team. With a record level of transport infrastructure spend proposed over the next five years, your Board remains optimistic about the future of the Company.

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Acrow Formwork and Construction Services Limited

C/- Level 5, 126 Phillip Street

Sydney NSW 2000



In closing, I would like to thank the dedication and commitment of our Board, executive team, and staff, particularly given the challenging environment endured over the year. On behalf of the Board and the executive team, we would also like to extend our appreciation for the support from our contractors, customers, suppliers, and not least our shareholders.

Thank you

Peter Lancken

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

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