

H1FY23

# Half Year Results Presentation

24 FEBRUARY 2023

SHAPE

SHAPE AUSTRALIA CORPORATION LIMITED  
ABN 14 654 729 352





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SHAPE

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# Welcome



# Corporate Snapshot

SHAPE

## CAPITAL STRUCTURE AS AT 31 DECEMBER 2022

ASX Code	SHA
Shares on issue	83,489,260
Share price	1.52
Market capitalisation	\$126,903,675
Cash	\$112,577,850
Borrowings	\$6,687,500
Net cash	\$105,890,350
Dividend declared from H1 FY23	5 cents





# Corporate Snapshot



DLG  
SHAPE



## About SHAPE

Leading Australia-wide fitout and construction services specialist.

### OUR VISION

Our vision is to be the partner of choice and the place where everyone wants to work.

### MARKETS AND INDUSTRIES SERVICED

Operating with a truly national footprint across our network of branches, we build the best teams for every project. Our people bring specialist experience, a commitment to quality and industry leading safety practices to deliver on quality, timeliness and with exceptional customer service across every major market and sector.

### FITOUT AND REFURBISHMENTS

We bring diverse capabilities, transparency, and a partnership approach to deliver inspiring spaces.

### FAÇADES

From aesthetic upgrades to compliance-driven cladding replacement requirements, our team are specialists in working in live environments.

### MODULAR

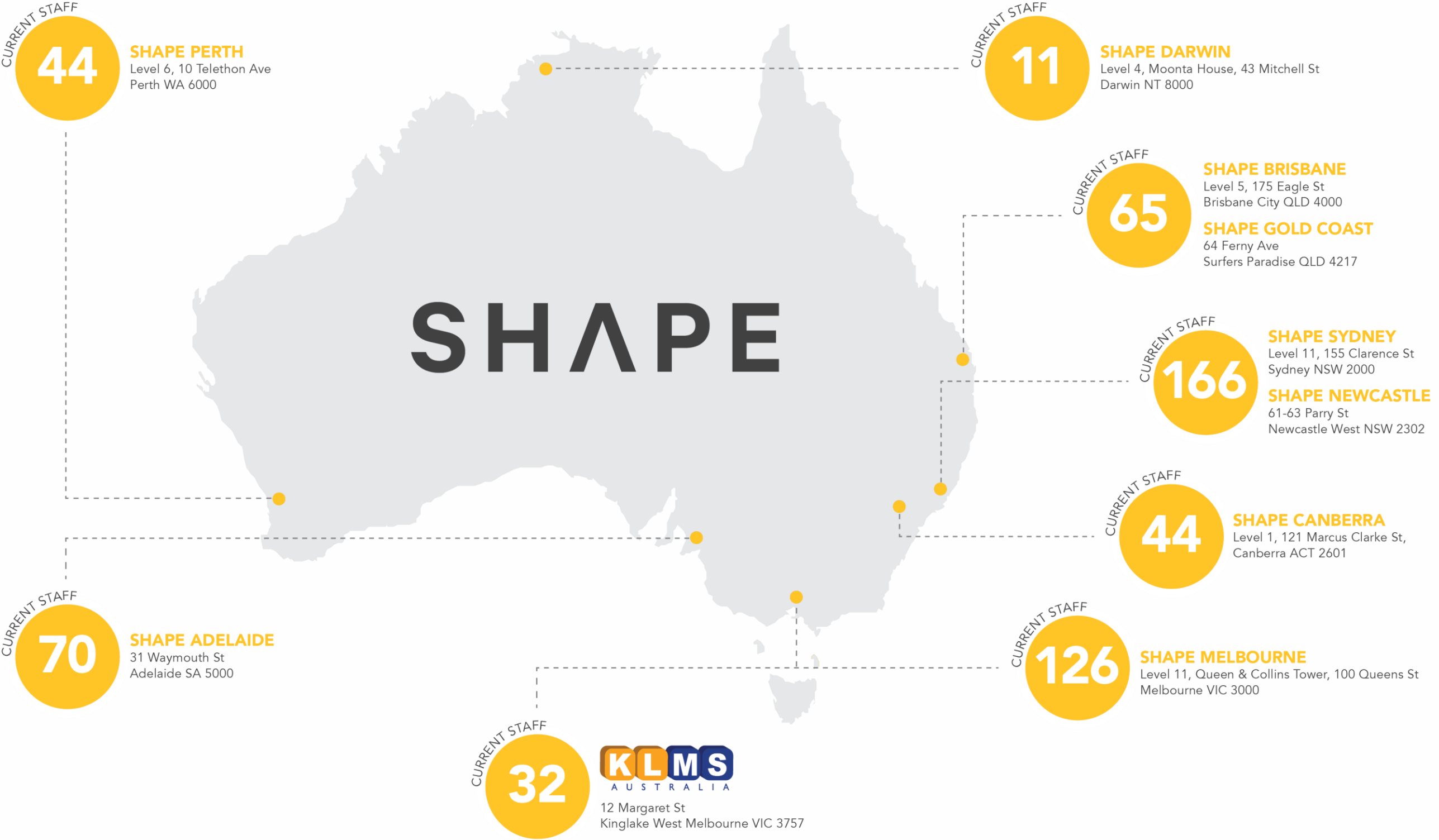
We provide bespoke and innovative modular solutions for the education, healthcare government and commercial sectors.

### DEFENCE

We understand the security requirements and specific needs and protocols of government. Our experience includes the successful delivery of office fitouts, base building upgrades, building services installation, commissioning, and more.

### NEW BUILD

With considerable experience in all facets of new build projects, we understand implicitly how all the critical elements of these environments work together.





# Board of Directors

SHAPE



**Jim Sloman OAM**  
Non-Executive Director

**Craig van der Laan**  
Non-Executive Director

**Jane Lloyd**  
Non-Executive Director

**Peter Marix-Evans**  
CEO and Managing Director

**Greg Miles**  
Non-Executive Chair

**Kathy Parsons**  
Non-Executive Director

**Scott Jamieson**  
CFO and joint  
Company Secretary

**Michael Barnes**  
Non-Executive Director



# H1FY23 Financial Highlights

SHAPE

REVENUE

**\$436.3M**

^ 32%

EBITDA

**\$9.3M**

UNDERLYING  
^ 108%

STATUTORY  
v 11%

NET PROFIT AFTER TAX

**\$4.7M**

UNDERLYING  
^ 200%

STATUTORY  
v 19%

GROSS PROFIT

**7.4%**

UNDERLYING  
^ 16%

STATUTORY  
v 13%

EARNINGS PER SHARE

**5.6 CENTS**

UNDERLYING  
^ 194%

STATUTORY  
v 20%

CASH

**\$112.6M**

^ 19%

PROJECT WINS

**\$409.3M**

v 14%

BACKLOG ORDERS

**\$369.3M**

v 9%

There are no differences between the underlying and statutory results for H1FY23.  
Underlying and statutory comparison variances differ as a result of one-off items from the prior corresponding period relating to costs of listing, changes in revenue recognition and other non-typical amounts as outlined in Appendix A

# H1FY23 Operational Highlights

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<b>SAFETY</b>	<p>Our safety commitment and culture is spearheaded by our "Path to Perfect Safety" programme:</p> <ul style="list-style-type: none"><li>Λ 32% improvement to <b>TRIFR</b> (4.7).</li><li>Λ 29% increase in the number of proactive <b>safety observations</b> logged (28,000+).</li></ul>
<b>PEOPLE &amp; CULTURE</b>	<ul style="list-style-type: none"><li>✓ Sustainability Award for maintaining a constructive culture as measured through the Human Synergistics OCI tool.</li><li>✓ Great Place to Work™ Certification achieved with a score of 94%.</li><li>Λ 17% increase in our total workforce (558 total employees).</li></ul>
<b>PARTNERSHIPS</b>	<ul style="list-style-type: none"><li>✓ Maintained world class Net Promoter Score of <b>+82</b>.</li><li>✓ 80% of projects secured from repeat clients.</li><li>✓ 85% of projects delivered achieved Perfect Delivery™.</li></ul>
<b>GROWTH &amp; DIVERSIFICATION</b>	<ul style="list-style-type: none"><li>✓ Established two new regional offices in Newcastle and Gold Coast.</li><li>✓ Focus on growth in Defence capabilities</li><li>✓ Continued investment in to sector diversification through Health, Façade and Education sectors.</li><li>✓ Integration of modular acquisition business KLMSA on target with all financial systems integration complete and ongoing focus on operational efficiencies.</li></ul>
<b>ENVIRONMENTAL &amp; SOCIAL IMPACT</b>	<ul style="list-style-type: none"><li>✓ FY23 Diversity and Inclusion Action Plan implemented.</li><li>✓ WGEA compliant and female participation maintained at circa 30%.</li><li>✓ Achieved all objectives defined in our Reconciliation Action Plan (Innovate).</li><li>✓ Over \$490k in value of goods, services &amp; donations to support charities as part of our positive commitment to social impact through our Community+ program.</li><li>✓ Climate active certification achieved for SHAPE corporate Business Operations.</li></ul>



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# Financial Overview



# Financial Commentary

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- Positive business performance in H1 FY23 with 32.5% increase in Revenue
- Underlying NPAT increased 200% on prior corresponding period.
- Well-positioned for growth maintaining a strong backlog orderbook of \$369M.
- Sound cash management and strong cash position of \$112.6M maximising opportunities through interest rate increases.
- Scalability of overhead provides efficiencies as revenue grows
- Modular acquisition integration complete with a focus on operational efficiencies and growth in H2 FY23 and beyond

\$'000	H1FY23	H1FY22	MOVEMENT
Revenue	436,251	329,137	↑ 32%
Reported EBITDA	9,342	10,504	↓ 11%
Underlying EBITDA	9,342	4,487	↑ 108%
Statutory NPAT	4,708	5,781	↓ 19%
Underlying NPAT	4,709	1,569	↑ 200%
OTHER METRICS			
Reported EBITDA margin	2.1%	3.2%	↓ 33%
Underlying EBITDA margin	2.1%	1.4%	↑ 57%
Underlying Gross Margin	7.4%	6.4%	↑ 16%





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# Operations

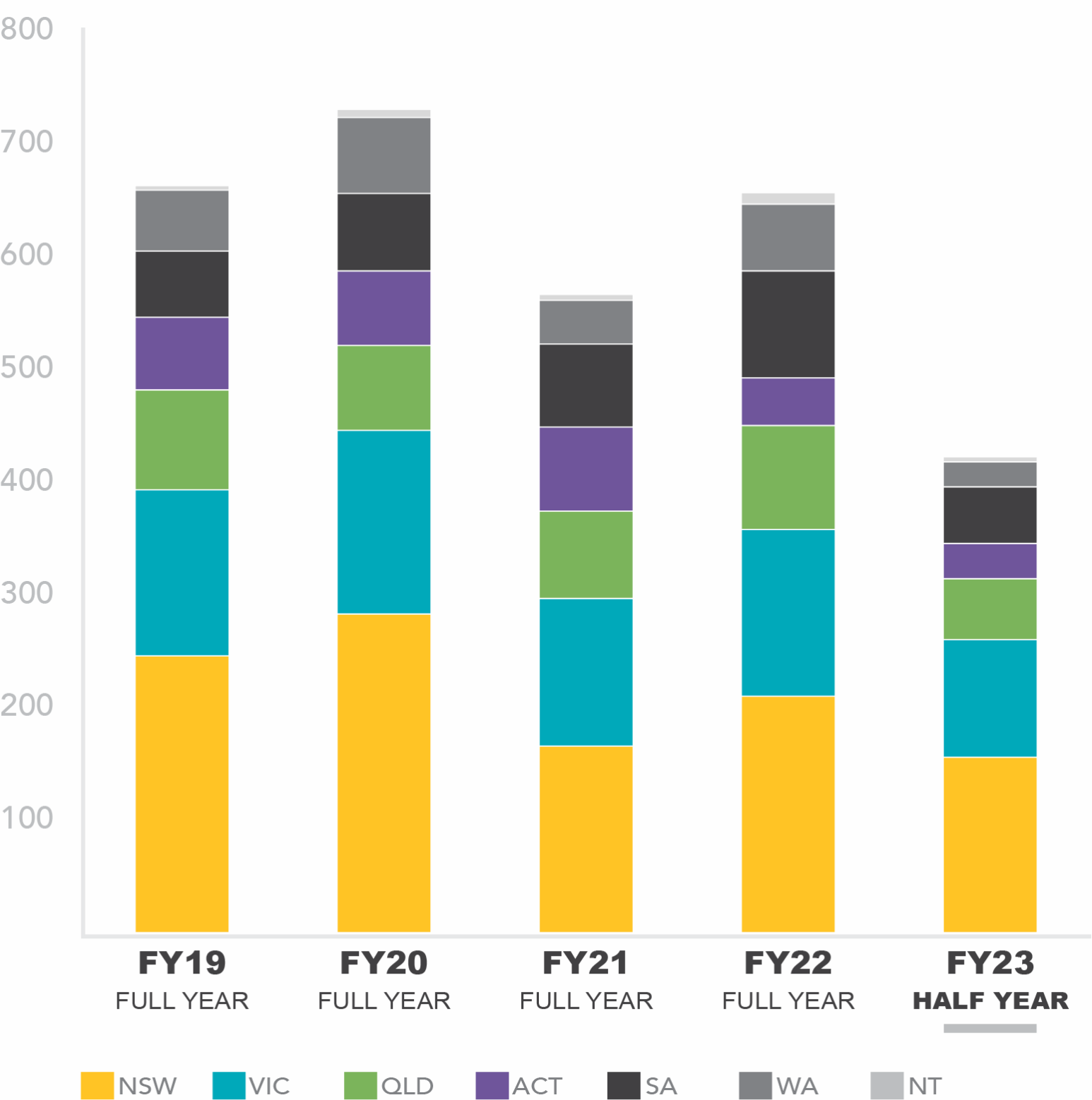


# Key Sector & Project Overview

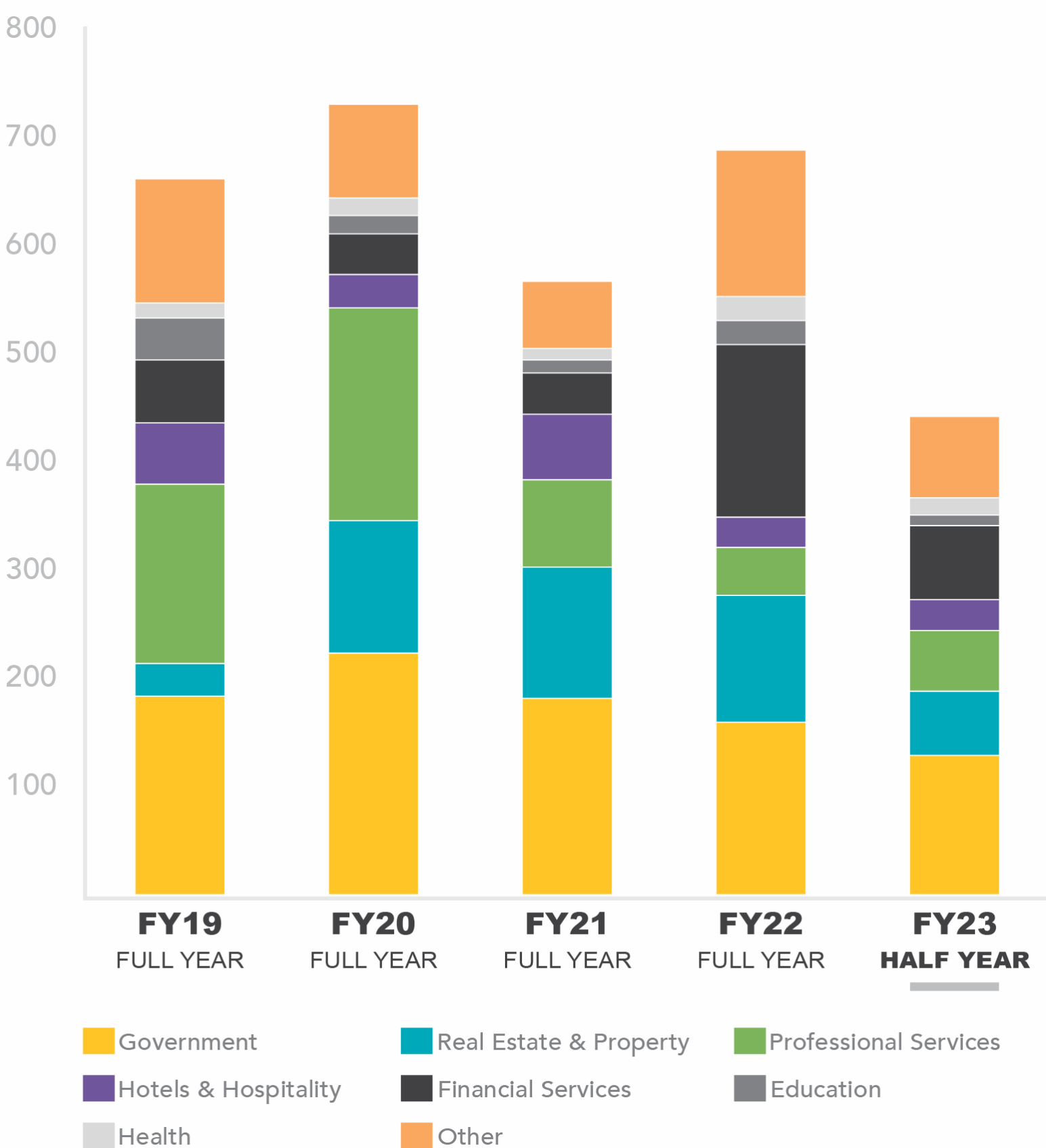
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FIGURES AS AT 31 December 2022

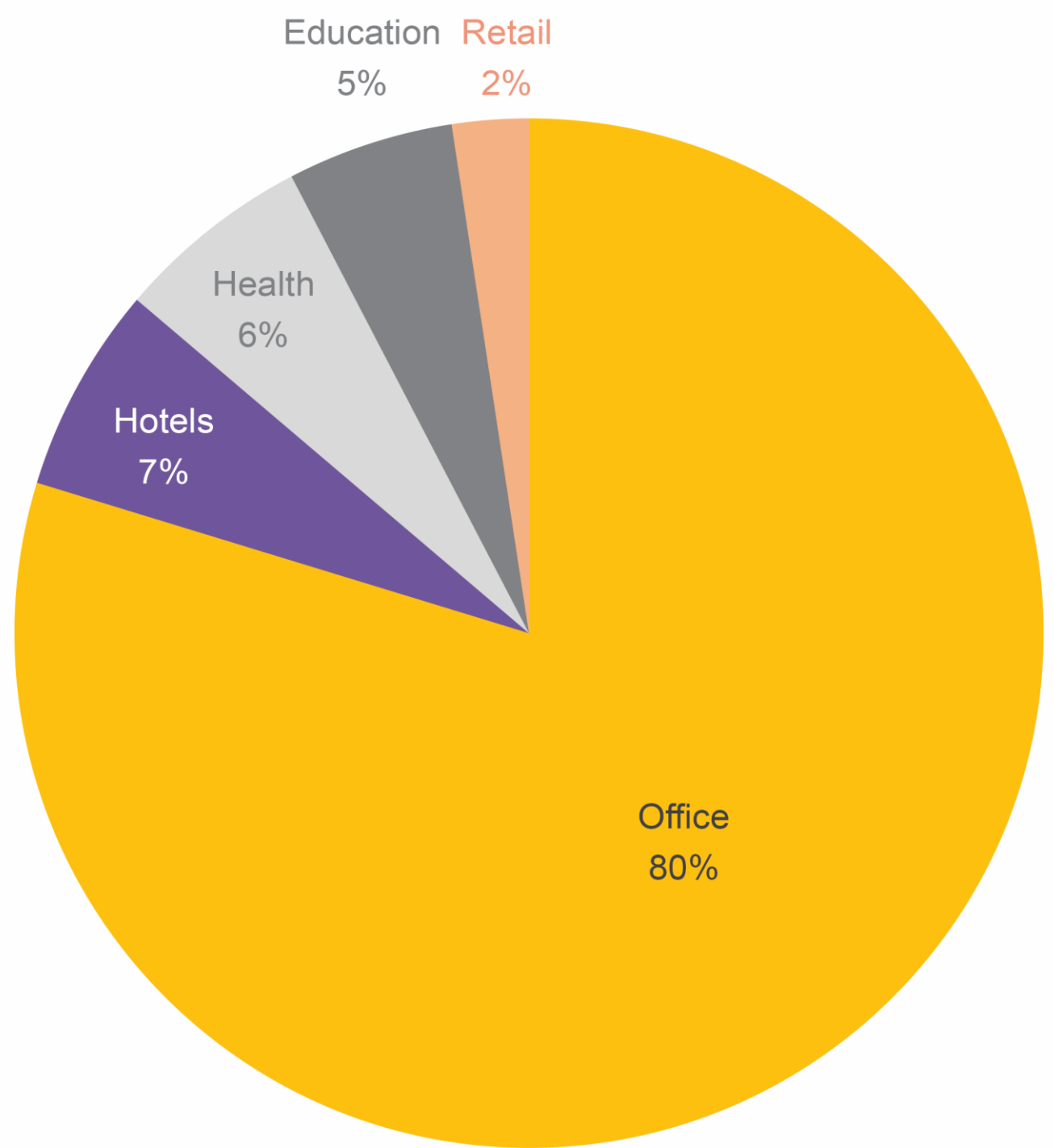
## REVENUE BY REGION



## REVENUE BY MARKET



## REVENUE BY SECTOR



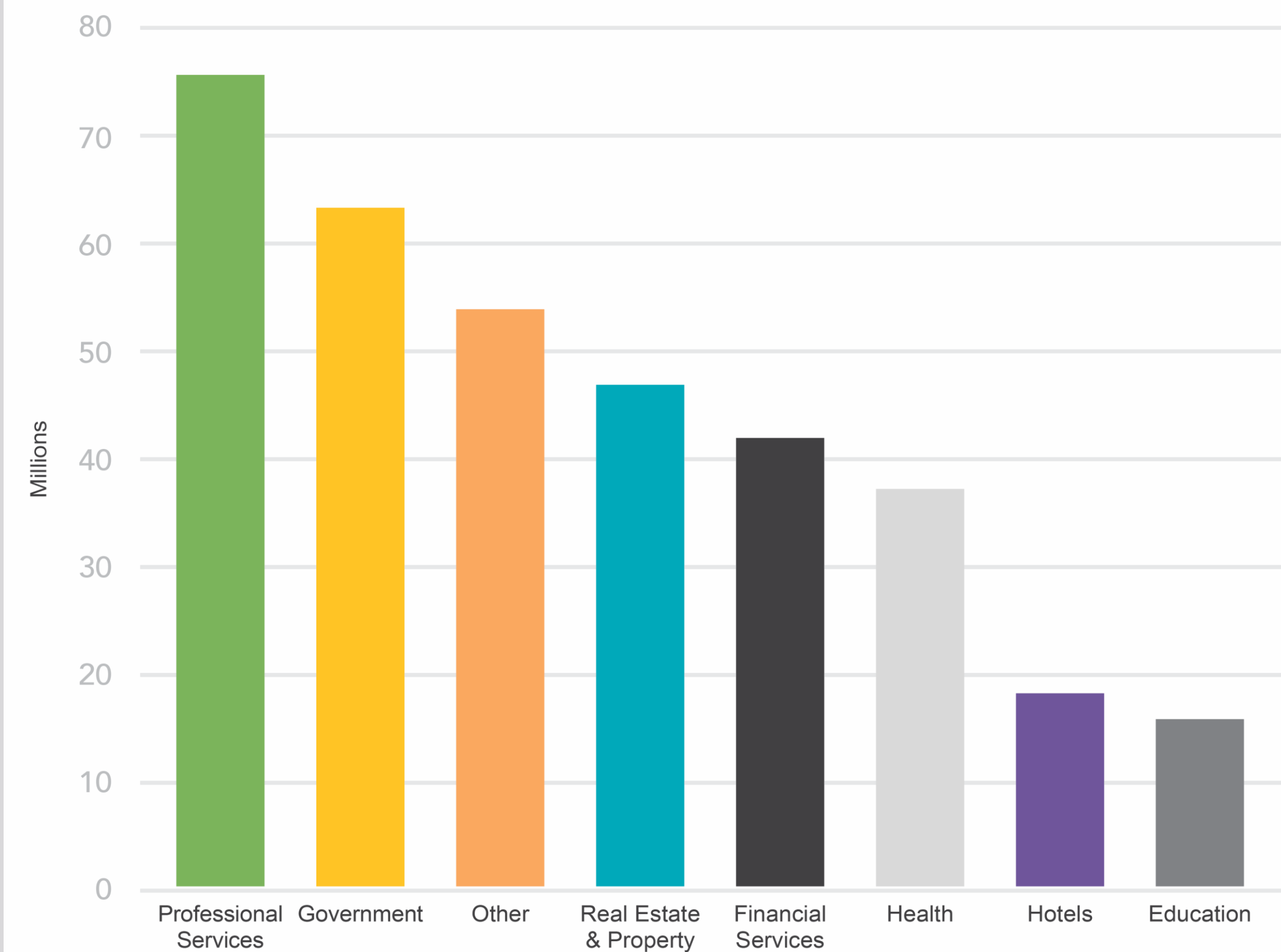


# Pipeline & Order Book

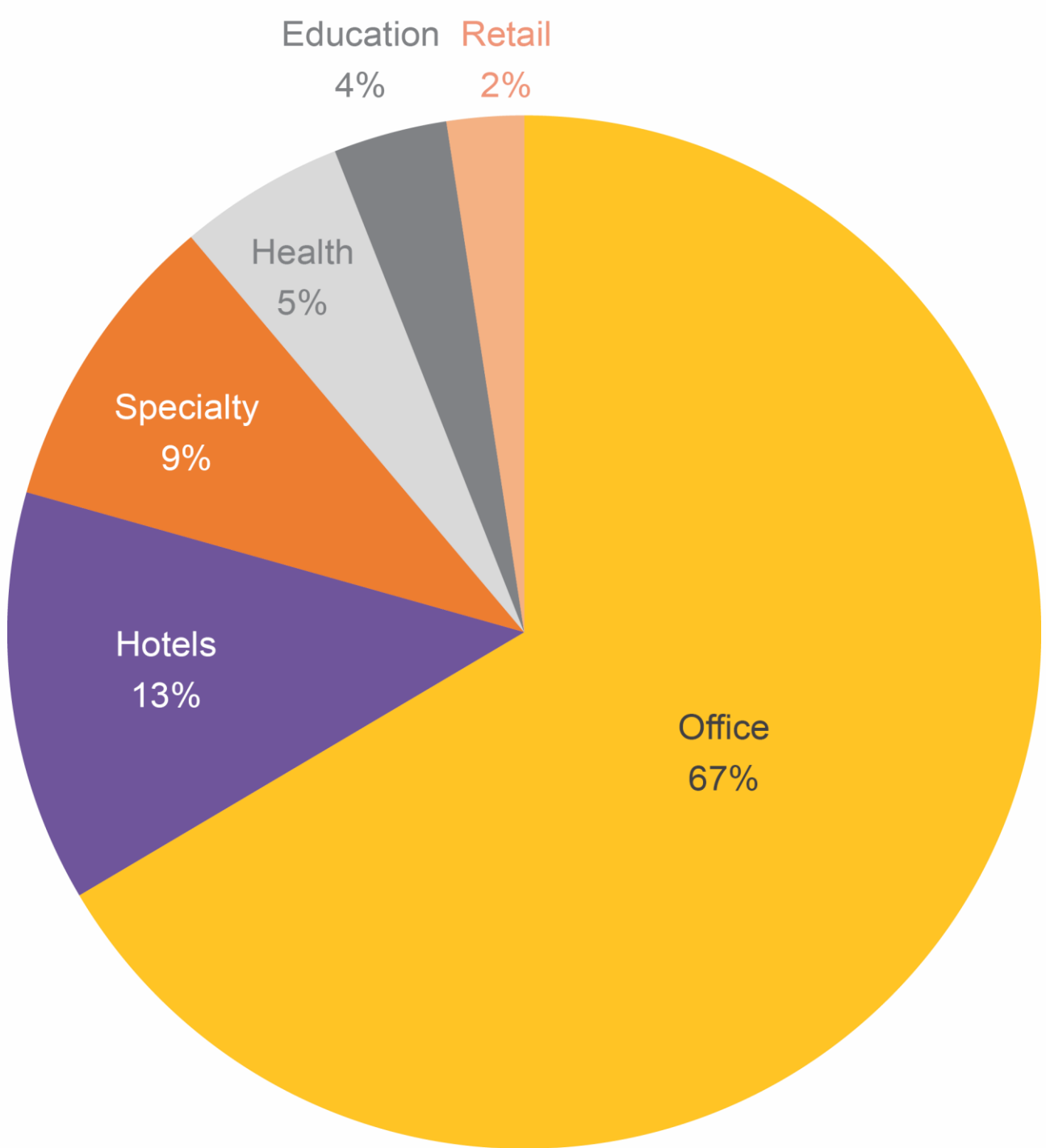
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FIGURES AS AT 31 December 2022

## BACKLOG ORDER BOOK BY MARKET



## PIPELINE BY SECTOR



IDENTIFIED PIPELINE

**\$2.7B**

**17% Increase on PCP (2.3B)**

PROJECTS WON

**\$393M**

MAINTAINED A  
STRONG TENDER  
CONVERSION RATE

**56%**

(By number)  
Up 8% on PCP of 51.8%





- Continued strong performance for DLG SHAPE.
- SHAPE maintained 49% ownership, with 51% David Liddiard Group (DLG).
- Continued commitment to increasing Aboriginal participation. \$3.9M spent through Indigenous supply chain.
- DLG SHAPE remain committed to promoting Indigenous employment and targets local Indigenous engagement on every project.

SPEND WITH INDIGENOUS BUSINESS

000'S	SPEND TO DATE	SPEND IN H1FY23
SHAPE	\$28,555	\$7,166
DLG SHAPE	\$3,852	\$165
TOTAL	\$32,407	\$7,331



Management fees generated to SHAPE increased by 62% to \$1.12M during the reporting period.

IDENTIFIED DLG PIPELINE

\$300M

PROJECTS WON

\$26M



# Growth Strategy

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## SHAPE’s growth strategy is focused on three distinct pillars:

- 1. Grow revenue in existing and new core markets.
- 2. Continue investment into diversification into sideways markets: Defence, Science and Healthcare and Facade remediation.
- 3. Grow Modular Business.

REVENUE	H1FY23	H1FY22	MOVEMENT
Core Markets	\$347.1M	\$248.5M	↑ 40%
Defence	\$28.5M	\$25.4M	↑ 12%
Health	\$21.8M	\$25.9M	↓ 19%
Façade	\$23.7M	\$28.5M	↓ 20%
Modular	\$13.0M	Na	Na







- 32% improvement in TRIFR performance.
- SHAPE continues to invest in safety leadership, systems and technology.
- Over 28,000 proactive safety observations logged.
- 3,728 number of “positive” safety observations logged, driving safety culture.
- Continued focus on employee and subcontractor mental health and wellbeing.
- Subcontractor NPS +68

YEAR	TRIFR	LTIFR	NO. OF MTI	NO. OF LTI	NO. OF RWI
H1FY23	4.7	1.2	5	1	1
FY22	6.7	2.0	16	8	3
FY21	6.1	2.8	6	10	6
FY20	6.5	2.0	10	8	8
FY19	7.3	2.3	12	8	6

NOTE: Statistics include all SHAPE & subcontractor hours.

AGENCY	ACCREDITATION / CERTIFICATE
International Organisation for Standardisation (ISO)	<ul style="list-style-type: none"><li>• ISO 1.4001 - Environmental Management System</li><li>• ISO .45001 - Occupational Health &amp; Safety Management System</li><li>• ISO 9001 - Quality Management System</li></ul>
Federal Safety Commissioner	<ul style="list-style-type: none"><li>• Australian Government Building and Construction WHS Accreditation Scheme</li></ul>





**2,959t Co2-e**

Carbon footprint measured for the first time to establish impact



**Carbon Neutral**

Climate Active Certification achieved for Corporate Operations



**Office Electrical Consumption**

Carbon Footprint Offset with renewable energy



**GreenPower**

4 out of 7 State offices now using GreenPower



**Carbon Accounting Software implemented**

Co2-e accounting reduction strategies in place for each office

5 out of 7

**SHAPE State Offices**

Green Star accredited or in process of accreditation (QLD and VIC Pending)



- Acquisition of KLMSA completed 1 April 2022.
- Integration program on track with all financial systems now integrated.
- Backlog Orderbook of \$15.1M, which will support current production capacity.
- Strong pipeline of work with the business already taking inquiries for projects in FY24.
- Good opportunities to grow SHAPE Modular revenues with strong growth in Education and Health sectors.
- New Group Manager - Modular appointed to provide specific focus on growing SHAPE Modular.

## FOCUS IN H2 FY23:

- Improving efficiencies and risk management by adopting elements of SHAPE's best practice systems and processes where appropriate.
- Growing delivery capability by drawing on SHAPE talent (through transfers, secondments, and project level support).
- Building a more diversified (geographical and sector) pipeline of work by tapping into SHAPE's client and consultant networks.
- Developing a production expansion strategy.



### **BACCHUS MARSH GRAMMAR**

Construction of Classrooms and Library at Maddingley Campus secured in Q4



# Summary

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## FINANCIAL

- SHAPE well positioned with continued investment in strategic growth initiatives.
- Significant increase in revenue through core business and strategic focus on Defence
- Increase in underlying Gross Margin with continued focus on increased commercial outcomes.
- Pipeline continues to strengthen with over \$2.7B in identified opportunities.
- Strong Cash position and opportunity with increased interest rates.
- Excellent client relationships and healthy win rates support continued performance.

## OPERATIONS

- Highly engaged workforce and strong market relationships with clients, consultants and subcontractors.
- Experienced and embedded leadership team with good tenure.
- Continued increase in performance around Health and Safety in pursuit of a resilient safety culture.
- SHAPE maintained a high NPS (net promoter score) with a commitment to providing an excellent customer experience.
- SHAPE Modular business established and will provide good opportunities for top and bottom-line growth.
- SHAPE poised to maintain traction in the market.





# Questions?



# Appendix



## A. Reconciliation of Profit before Income tax to EBITDA and Underlying EBITDA (unaudited)

	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Profit before income tax	7,019	8,303
Depreciation and amortisation	2,654	2,113
Interest revenue	(954)	(126)
Finance costs	623	214
<b>EBITDA</b>	<b>9,342</b>	<b>10,504</b>
Initial Public Offering costs	-	2,794
Customer legal dispute	-	(3,400)
Revised revenue recognition accounting estimate <sup>1</sup>	-	(6,335)
Shares granted to employees in conjunction with IPO	-	924
<b>Underlying EBITDA</b>	<b>9,342</b>	<b>4,487</b>



<sup>1</sup>The accounting estimate in relation to revenue recognition changed during the period ended 31 December 2021 based on new information identified and analysed. The impact of this for the period ended 31 December 2021 was an increase in profit of \$6.335M.

EBITDA and Underlying EBITDA are non-IFRS earnings measures which do not have any standardised meaning prescribed by IFRS and therefore may not be comparable to EBITDA presented by other companies.