

ASX Release

24 June 2021

Acrow Industrial Services Division Enjoying Rapid Growth

Key Highlights:

- **Industrial Services FY21 revenue to grow by 103% on pcp, targeted to increase by further 42% in FY22**
- **Secures Visy Australia- Tumut Kraft Paper Mill industrial services contract.**
- **Contract revenue circa. \$2.5m per annum over three years, plus two-year option**
- **Re-iterate guidance for FY21 and target for FY22.**

Acrow Formwork and Construction Limited (ASX:ACF) is pleased to announce it has secured an industrial services contract with the Visy Australia – Tumut Kraft Paper Mill, for a period of three years with a two-year option to extend. The contract relates to the annual provision of industrial services, primarily industrial scaffold hire, and labour services for a 13 week maintenance shutdown period during Sept-Nov of each year. The contract is expected to generate revenue of circa. \$2.5m per annum

The contract builds on the success that the Industrial Scaffold division has recently experienced in the re-contracting and winning of new industrial maintenance work with Bluechip operators like Origin Energy, UGL, Downer EDI, Monadelphous, and Nystar.

Acrow entered the Industrial Scaffold market in Oct 2019 through the acquisition of Uni-span Australia Pty Ltd. At the time the business was generating around \$10m in revenue and was primarily a Queensland centric operation. Today, in addition to the Visy contract, it has successfully expanded into New South Wales, with industrial services contract wins at the Bayswater & Liddell Power Stations – New South Wales, Olympic Dam – South Australia, and the Nystar Zinc Refinery – Tasmania, with the Revenue and Contribution margin set to double from this division in FY21, and targeted to grow strongly again in FY22.

Industrial Services	FY20	FY21 Guidance	FY22 Target
Revenue (\$m)	10.1	20.5	29.0
Contribution margin (\$m)	4.8	9.0	14.0

The Industrial Scaffold business operates under similar commercial dynamics as the Formwork business, providing a solutions-based approach to mainly large operators on often complex and sizeable projects in a cost effective, timely and work safe environment, unlike the commoditised nature of the commercial scaffold business.

Acrow CEO, Steven Boland noted: “At the outset of the Uni-span acquisition, we quickly realised that with capital investment coupled with the additional resources Acrow would bring to the business, we could organically expand not only outside of the Queensland market, but also into new industries across the East coast of Australia, with particular focus on opening up the New South Wales market.”

“I am extremely pleased to report that once again our business has been able to successfully penetrate a new market similar to our recent efforts in the Victorian civil infrastructure market. In both cases, through absolute commitment and focus and outstanding service provision, we have successfully opened significant new channels for revenue generation. We will likely be announcing further similar contract wins in the industrial space in the not-too-distant future.”

“Over the next few years, as part of Acrow’s organic growth strategy, we will look to further resource this business (subject to Acrow’s strict investment criteria) and capitalise on the opportunities as they present.”

Acrow also takes the opportunity to re-iterate its guidance for revenue of circa. \$106m, EBITDA of \$23.5m-\$24.5m and underlying NPAT \$8.7m-\$9.5m for the FY21 financial year. The Company continues to target circa. 20% EBITDA growth for FY22.

This release was approved by the Acrow Board of Directors.

ASX:ACF

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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 1,300 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.

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