

FY19 Half Year Results

Sydney, 27th February 2019 – Acrow Formwork and Construction Services Limited (“Acrow” or “the Company”), today provided its FY19 half-year financial results and operational highlights for the period.

Overview of Financial Results

The results presented in these financial statements reflect the operations of Acrow Limited and all subsidiaries (together the “Group”) for the six months from 1 July 2018 to 31 December 2018 (“1H FY19”).

For the half year ended 31 December 2018, the summary financial highlights include:

Financial

- Group revenue \$36m (an increase of 7% on 1H18);
- Formwork Hire Revenue of \$10.4m (an increase of 48% on 1H18);
- Sales Contribution of \$21.6m and Margin of 60.1%;
 - Result driven by favourable revenue mix to higher margin Formwork Hire and contribution of Natform.
- Underlying EBITDA of \$6.7m (+33% on 1H18); and
- Underlying EBITDA margin of 18.6% (up from 15.0% in 1H18).

Treasury

- Strong Operating Cash Profit of \$5.5m (cash conversion of c. 83%);
- Operating Cash profit generated up 30% over pcp;
- Net debt of \$2.5M from \$15M Westpac facility;
- Interim Dividend declared of 1 cent per share (unfranked); and
- Basic Earnings per share of 1.98 cents per share compared to (2.00) in 1H FY18 an increase of 199%.

Operational

- Natform acquisition trading well and in line with acquisition announcement;
- Focus on Formwork Hire into Civil and Commercial markets;
- Key personnel appointments made into NSW and QLD markets enhance go to market strength;
- Growth Capex utilised and committed to customer construction projects; and
- Pipeline remains strong.

Overall it was a strong financial performance in 1H FY19 with Underlying EBITDA for this six-month period of \$6.7m up 33% pcp.

A summary of the Underlying Group EBITDA is provided in the below table:

HY/E 31 Dec, A\$'000	1HY18	2HY18	1HFY19
Summary P&L			
Formwork Hire	6,992	8,591	10,382
Scaffold Hire	7,922	6,375	5,262
Residential	4,001	3,680	4,172
Labour & Cartage	7,434	6,209	8,005
Other	7,259	6,878	8,137
Total Revenue	33,608	31,733	35,958
Formwork Hire	6,992	8,591	10,382
Scaffold Hire	7,922	6,375	5,262
Residential	1,690	1,694	1,815
Labour & Cartage	1,064	1,064	1,435
Other	1,925	2,014	2,732
Total Contribution	19,593	19,738	21,626
<i>Contribution Margin</i>	<i>58.3%</i>	<i>62.2%</i>	<i>60.1%</i>
Yard Related Expenses	6,032	6,128	6,393
Labour	6,145	6,370	6,793
Other	2,373	1,747	1,728
Total Overheads	14,550	14,245	14,914
Significant Items	-	536	389
Reported EBITDA	5,042	4,958	6,320
Underlying EBITDA	5,042	5,494	6,736
Margin	15.0%	17.3%	18.7%

Note:

(1) Unaudited and based on management accounts. Restructuring costs consist of redundancy, branch relocation, duplicate rents, other non-recurring costs associated with the business restructure. (2) FY18A excludes costs of being a public company, including listing and director fees, to allow for comparability. (3) Represents recurring costs for Acrow

Earnings per share

Basic Earnings per share for the six months to 31 December 2018 was AUD 1.98 cents per share versus AUD (2.00) cents per share in the pcpc an increase of 199%.

Dividend

As a result of the continued improvement in operating results and a strong cash position, the board of Acrow is pleased to announce an unfranked interim dividend from 1.0 cents per share with a dividend reinvestment plan (DRP) maintained. Further details are contained in a separate ASX announcement released today.

Managing Directors Comments

Managing Director Steven Boland said

“The HY19 results for Acrow continue the positive trajectory of the business since its listing in April 2018. The underlying EBITDA result of \$6.7 million is the best recorded for a six month period in over 10 years. With the successful integration of Natform coupled with the continued positive growth emanating from our core Formwork business, we continue to be in an excellent position to grow both our top and bottom line organically and via concentrated M & A activity.”

Outlook

As a result of the record result from 2018 financial year, and the 1H FY19 performance the Company expects to continue to trade in line with expectations.

The pipeline for new contracts won is strong and the national business with a high quality defensible earnings base and geographic customer spread provides comfort towards the trading outlook ahead.

Acrow has now committed \$5.5m Growth Capital since its ASX listing into its core formwork equipment to support new Civil and Commercial opportunities.

Natform continues to trade well and in line with management expectations.

ENDS

This summary should be read in conjunction with the Appendix 4D and results presentation lodged with ASX today.

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