

ASX Release

28 August 2018

Acquisition of Natform Pty Limited

Acrow Formwork and Construction Services Limited (ASX: ACF) ("**Acrow**" or "**the Company**"), is pleased to announce the acquisition of Natform Pty Limited.

Acquisition of Natform Pty Limited

Acrow is pleased to announce the strategic acquisition of Natform Pty Limited (Natform), the leading designer and hirer of screen systems for the construction industry. Natform is 100% privately Australian owned and is a provider of screen based formwork systems which support the construction of commercial and residential high rise buildings and civil infrastructure. It adopts a dry-hire model and provides a highly engineered solution to a wide range of customers, with Natform's engineering capabilities a key competitive advantage. Since formation in 1989, Natform has experienced strong growth and broad market acceptance. Natform's business is geographically concentrated in the NSW, ACT and QLD markets, with the engineering team based in Sydney and with operational sites in Sydney and Brisbane. The key exposure for Natform is the commercial high-rise construction industry, which is enjoying strong growth. Natform's screen systems are very specific to the types of jobs in which they are utilised, lowering competition intensity. Natform have a strong Management team, led by founder Margaret Prokop, who is being retained and incentivised within the business. Margaret Prokop will be joining the Acrow Board.

The acquisition will be EPS accretive in FY19 with significant revenue synergy opportunities. Total consideration for the acquisition is \$15m, representing a c.4.0x EBITDA multiple (\$3.8m FY18 underlying EBITDA):

- Initial consideration of \$10.5m, consisting of \$7m of cash and \$3.5m of ACF shares (issued at \$0.35 per share and under 12 month escrow), representing 2.8x FY18 EBITDA. Initial consideration will be funded by existing cash and debt funding with completion targeted for 31 August 2018
- Deferred consideration of \$4.5m paid over two equal annual instalments of \$2.25m (funded by cash flow), equating to total acquisition consideration (pre earn-out) of 4.0x FY18 EBITDA
- Additional earn-out of up to \$1m per annum for the next two years, subject to EBITDA of \$4.5m and \$5m, respectively with an option to take earn-out as cash or shares at a share price of \$0.40 per share and \$0.60 per share, respectively

The material terms of the acquisition are as follows:

- Consideration of \$15m (pre earn-outs), representing a c.4x EBITDA multiple (\$3.8m FY18 underlying EBITDA):
- Initial consideration of \$10.5m, consisting of \$7m cash and \$3.5m of ACF shares (issued at \$0.35 per share and under 12 month escrow), representing a 2.8x EBITDA multiple
- Deferred consideration of \$4.5m paid over two equal annual instalments of \$2.25m (funded by cash flow)
- Initial consideration funded by existing cash and debt funding with completion targeted 31 August 2018
- Earn-out of up to \$1m per annum for the next two years, subject to EBITDA of \$4.5m and \$5m, respectively
- Option to take as cash or shares at a share price of \$0.40 per share and \$0.60 per share, respectively (to be confirmed)

The shares will be issued utilising the Company's existing capacity under Listing Rule 7.1.

ASX:ACF

Acrow Formwork and Construction Services Limited

C/- Level 29, 201 Elizabeth Street

Sydney NSW 2000



Managing Directors Comments:

“In relation to the Natform acquisition we are very pleased to welcome Margaret and the Natform team to the Acrow family. We are especially excited by the opportunity to considerably grow the revenues of both businesses through working together. One of the major factors in the decision to acquire Natform was the opportunity to package our services to provide one stop solutions to common customers across both the Commercial and Civil sectors.”

Further details in relation to all matters are provided in the Investor Presentation released to the ASX today.