



# Acrow Formwork & Construction Services Limited

Acquisition of Uni-span Australia Pty Ltd

17 October 2019



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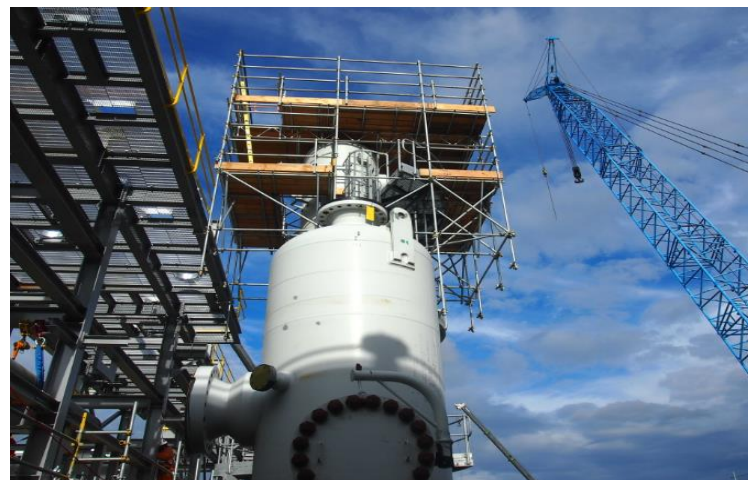
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# Acquisition Overview

- Acrow to acquire Uni-span Australia Pty Limited (“Uni-span”) for \$21.25m (pre-earnouts), representing a multiple of 4.4x normalised FY19 EBITDA
- To be funded from expanded finance facilities with Westpac. Completion is expected on 31 October 2019
- Earnout payment capped at \$4.3m. Hurdle based on FY21 group EBITDA
- Uni-span is an Australian, privately owned, leading Queensland based formwork and industrial scaffolding and labour hire company
- FY19 revenue of \$34.4m and normalised EBITDA<sup>1</sup> of \$4.8m. Pro-forma FY19 EPS accretion of 22%<sup>2</sup>.
- Revenue synergies - Highly complementary products and services to provide opportunities across clients, geographies and markets
- Integration benefits expected across yard consolidation, staffing and overhead reductions. Full benefit to be realised in FY21
- Early success with combined Acrow/Uni-span awarded \$2.75m contract through Western Downs Contracting (as sub-contractor to Watpac) to provide formwork propping solutions for Sun Metals Zinc Refinery expansion in North Queensland. Contract expected to commence December 19 and run for 6-9 months

1. Pre AASB16 accounting changes which came into effect 1 July 2019. 2. Calculation based on initial cash consideration of \$12.8m and includes the issuance of 10m shares (@35cps), pre-earnouts and pre-synergies



# Business Strategy

Acquisition Meets Strategic Vision



Vision of becoming  
the leading  
Engineered  
**Formwork**  
**Hire**  
**Equipment**  
**Solutions**  
provider in Australia



Recruit train and  
retain the best  
management and  
engineering  
**Talent** to drive  
the business



**Organic**  
**Growth**  
opportunities  
across States,  
cross-sell and new  
products



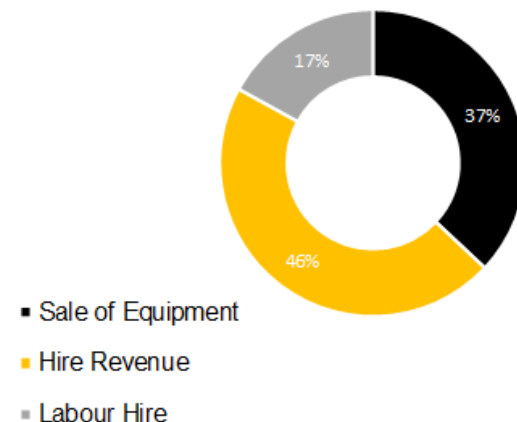
Earnings accretive  
**Acquisitions**  
primarily across  
formwork solutions  
but may include  
strategically  
positioned scaffold  
businesses



# Overview of Uni-span business

- Uni-span is an Australian owned and operated Company, founded in Queensland in 2002
- The Company is a leading provider of engineered formwork systems servicing primarily the Civil Infrastructure market and scaffold hire solutions focussing on Industrial markets. In addition, it supplies an industrial labour service to complement its scaffold hire, to the energy, mining and industrial sectors
- As part of Uni-span's arrangement with ULMA, Uni-span also sells ULMA equipment into the Australian market
- In addition, Uni-span has developed a fire-retardant mesh product ("Uni-mesh"), sales of which are benefiting from upgraded safety standards across the country
- The business services its primary markets of Queensland and New South Wales from three locations in Brisbane, the Gold Coast and Sydney.
- Key relationships in the Australian mining, energy and industrial sectors will greatly complement Acrow's existing client base
- Uni-span has the exclusive Australian licence to distribute ULMA products. ULMA is a leading Spanish manufacturer and supplier of formwork, shoring and temporary scaffold systems
- Uni-span reported revenue of \$34.4m and normalised EBITDA of \$4.8m in FY19

## Uni-span Revenue by Segment



# Strategic Rationale



## New Products/Services

**ULMA**

Industrial scaffold

Industrial labour hire

Uni-mesh



## National Presence

Full service provider



## New Clients/Markets

Industrial - shutdown

Mining



## Scale Benefits

Expanded revenue base

Amortise fixed costs  
over larger business



## Value-driven offering

Highly engineered products

Non-commoditised

Service offering valued above price



## Synergies

Cross-sell

New markets/geographies

Staff/overhead reductions

Yard consolidation

# Key Terms & Metrics

- Consideration of \$21.25m (pre-earnouts), representing 4.4x FY19 normalised EBITDA multiple
  - An initial consideration of \$16.25m, comprising cash of \$12.75m and shares of \$3.5m (10m shares issued at 35 cents per share<sup>1</sup>, escrowed for 12 months); and
  - A deferred consideration of \$5.0m, payable in two tranches at 12 months (\$1.5m) and 24 months (\$3.5m) from settlement date (to be paid in cash or shares)
- The initial cash consideration will be funded from an expanded finance facility provided by Westpac
- A capped earn-out payment of up to \$4.3m to be payable at 24 months. Earn-out is payable subject to FY21 group EBITDA<sup>2</sup> exceeding \$18m, based on the following formula:

$$\text{Earn-out} = (\text{FY21 group EBITDA} - \$18\text{m}) \times 28\% \times 4.25 \text{ multiple}$$



1. If the share price is below 35 cents per share at the completion of the escrow period, Acrow will provide a true-up to the vendors, payable in cash or shares.  
2. EBITDA calculation is on a comparable accounting basis to the FY19 results

# Financial Metrics

## FY19 Pro-forma Profit & Loss ('000)

Year ended 30 June	Acrow	Uni-span	Adjust.	Combined
<b>Revenue</b>	<b>70,010</b>	<b>34,400</b>		<b>104,410</b>
<b>EBITDA</b>	<b>11,550</b>	<b>4,800</b>		<b>16,350</b>
<i>Margin %</i>	<i>16.5%</i>	<i>14.0%</i>		<i>15.7%</i>
Depreciation	3,262	1,500		<b>4,762</b>
Net interest	723	0	638	1,361
<b>Pre-tax profit</b>	<b>7,565</b>	<b>3,300</b>	<b>(638)</b>	<b>10,227</b>
Tax expense	59	990	(490)	559
<b>Net profit after tax<sup>1</sup></b>	<b>7,506</b>	<b>2,310</b>	<b>(148)</b>	<b>9,668</b>
Issued Capital (m) <sup>2</sup>	172		10	182
EPS (cps)	4.36			5.31
<i>% Accretion</i>				<i>21.7%</i>

## FY19 Pro-forma Gearing

Year ended 30 June	FY19	Adjusted Westpac Facility	Acquisition Adjust.	Pro-forma FY19
<b>Debt</b>				
Business loan	5,978	19,728	13,750	19,728
Equipment leasing	961	5,000		961
Working capital	-	3,000		-
<b>Total debt</b>	<b>6,939</b>	<b>27,728</b>	<b>13,750</b>	<b>20,689</b>
Cash	3,290			3,290
<b>Net debt</b>	<b>3,649</b>		<b>13,750</b>	<b>17,399</b>
<b>Equity</b>	<b>47,623</b>		<b>3,500</b>	<b>51,123</b>
<b>Gearing</b>				
Net debt/Equity (%)	7.7%			34.0%
Net debt/EBITDA (x)	0.3			1.1

## Commentary

### Pro-forma Profit & Loss

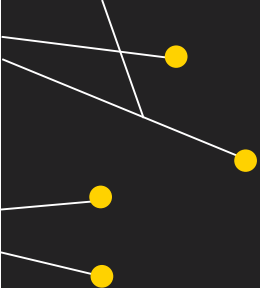
- Uni-span FY19 revenue of \$34.4m and normalised EBITDA of \$4.8m
- Pro-forma consolidated FY19 revenue of \$104.4m and EBITDA of \$16.4m
- Adjustments include:
  - funding costs on initial \$13.8m of acquisition debt (including deal and integration costs);
  - tax consolidation benefits;
  - issuance of 10m shares to the vendors at 35cps
- Pro-forma FY19 EPS accretion of 21.7%, pre-earnouts and synergies

### Pro-forma Gearing

- Finance facility increased by \$13.8m
- Pro-forma FY19 net debt increases to \$17.4m
- Net debt/Equity increases to 34.0%
- Net debt/EBITDA increases to 1.1 times

1. Underlying NPAT excluding significant items and share based expenses.  
2. FY19 weighted average issued shares.





Thank you

