

26 February 2025

INDUSTRIAL ACCESS DIVISION DRIVES RECORD REVENUE AND FIRST HALF EBITDA

Key Highlights

- Record half-yearly sales revenue, up 25% on PCP
- EBITDA (underlying) of \$39.0m up 11% on PCP
- NPAT (underlying) of \$16.4m up 1% on PCP, effective tax rate of 25%
- EPS (underlying) down 8% on PCP to 5.4 cps
- Interim dividend of 2.90 cents (fully franked), up 2% on PCP
- Record new hire contracts secured and pipeline up 39% respectively
- Strong Industrial Access performance – revenue and sales contribution up 119% and 128%, respectively, representing 50% of group revenue
- FY25 forecasting circa 27% revenue, 14% EBITDA growth, 11% NPAT and 2% EPS growth¹

Acrow Limited (ASX: ACF) (“Acrow” or the “Company”) is today pleased to report its FY25 half-yearly financial results. The Company continues to report robust sales revenue and underlying EBITDA growth. An interim dividend of 2.90 cents per share, up 2% on PCP (fully franked) was declared.

Six months ended 31 December (\$000)	1H FY25	1H FY24	Variance	% change
Sales	126,566	101,026	25,540	25%
EBITDA (underlying)	39,029	35,198	3,831	11%
NPAT (underlying)	16,441	16,217	224	1%
NPAT (reported)	9,381	12,264	-2,883	-24%
EPS (underlying) (cps)	5.4	5.9	(0.5)	-8%
Dividends (cps)	2.90	2.85	0.0	2%

Key financial highlights include:

- **Group revenue** up 25% on PCP to \$126.6 million, benefitting from a 119% increase from the Industrial Access division. MI Scaffold and Benchmark Scaffolding contributed an additional four and six months of revenue, respectively and continue to trade above expectations. The Formwork division reported an 11% decline in revenue, primarily related to Qld branch project delays bought about by the new State Government review of all government funded projects that have not already commenced.
- **Recurring revenue** becoming a larger contributor to the Group through the Industrial Access division, which accounted for 50% of total group revenue, up from 29% in the PCP.

¹ Midpoint of guidance range and underlying

- **Group sales contribution** of \$70.8 million, up 10%, with a \$12.7 million uplift from Industrial Access, offset by softer Formwork and Commercial Scaffold division trading conditions. Group margin declined by 7.5 ppts, primarily due to the shift in sales contribution mix.
- **Overhead costs** climbed 10%, primarily due to consolidation of costs associated with MI and Benchmark. No bad debts were expensed during the period.
- **Underlying EBITDA** of \$39.0 million, up 11%, with margin down 4.0 ppts to 30.8%, resulting from shift in earnings mix.
- **Underlying NPAT** grew by 1% to \$16.4 million on an effective tax rate of 25.4%.
- **MI Scaffold** - \$4.95 million earn-out payment for exceeding target returns. Additional \$2.7 million impact to P/L due to over-forecast performance.
- **Underlying Earnings Per Share** decreased by 8% to 5.4 cents on a higher capital base from FY24.
- **Net debt** rose by \$23.3 million to \$92.0 million, associated with targeted and budgeted growth capital investment across Jumpform, Acrowdeck, Screens and Industrial Access equipment.
- **Gearing metrics** climbed slightly compared to the June 2024 and remained at comfortable levels.
- **Return on Investment** of 44% - above 40% hurdle rate.

The Industrial Access division delivered an outstanding performance this period, with revenue growing 119%, driven in part by a full six months' contribution from MI Scaffold and Benchmark Scaffolding. Sales contribution rose 128%, while margins improved by 1.5 percentage points, reaching 39.1%. An exceptional trading performance from MI Scaffold resulted in a \$4.95 million earn-out payment during the period. Importantly, organic growth from the existing Acrow Industrial Access division plus incremental growth from MI Scaffold and Benchmark Scaffolding during Acrow's ownership contributed a 58% uplift.

Since its nascent beginnings in 2019, this division has grown to become the largest revenue contributor within the Acrow group, now accounting for 50% of total revenue. Importantly, its strong relationships with long-standing, blue-chip clients ensure a steady stream of recurring revenue.

A major milestone was achieved in December 2024, when the division secured a \$42 million contract from the Saipem Clough Joint Venture for the Project Ceres Urea Plant development in the Burrup Strategic Industrial Area, Burrup Peninsula, WA. This contract marks a significant strategic step into Australia's largest industrial access market and reinforces Acrow's ability to deliver large-scale industrial access solutions nationwide.

The Formwork division reported a \$6.7m decline in revenue compared to the PCP, primarily due to Qld project delays bought about by the new State Government re-tendering government funded projects, and a large one-off equipment sale in the previous year in NSW, that was not repeated in this half.

Our Jumpform business continues to gain traction. In 1H FY25, we secured \$6.5 million in contract wins, already approaching the \$7.9 million total recorded for FY24. Since its launch, the system has achieved 35 wins across 23 projects, including eight cross-sell projects that incorporate screens hire, further strengthening our market presence. Full year revenue for this division is expected to be circa \$11.5m.

Our Screens business is also expanding its market share nationally at a rapid rate. In the first half of FY25, the business secured \$11.8m in new contracts, up 140% on PCP. This includes a total of 34 individual project wins. This points to a significant uplift in both revenue and profit for this division over the ensuing 18 months.

A reduction in activity levels in the Commercial Scaffold division resulted in lower hire equipment volumes and prices, leading to lower revenue and profits on the PCP. Volumes and pricing are stabilising above historic levels. Although declining by 4.5 ppts to 75.6%, margins continue to remain healthy.

Capital Expenditure

For the six months ending 31 December 2024, total capital expenditure reached \$23.5 million (excluding \$5.0 million allocated for ex-hire replacements). This included \$4.2 million for maintenance capital and \$19.3 million for growth initiatives. The majority of growth capital was directed towards Jumpform, Acrowdeck, Screens and Industrial Access equipment, positioning the company for the significant pipeline of opportunities ahead. This budgeted expenditure, is the largest spend in a six-month period as the Company prepares from an equipment availability perspective for its next significant growth phase.

For the remainder of the year, Acrow has budgeted an additional circa \$11m in capital expenditure, bringing the FY25 total to around \$34.5m.

Looking ahead to FY26, the company expects its total capex spend to reduce to circa \$20m.

Maintaining a disciplined approach to capital allocation, Acrow continues to target a minimum 40% return on investment (ROI). Over the 12 months to 31 December 2024, the company delivered an annualised ROI of 44%, underscoring the effectiveness of its investment strategy.

Balance Sheet and Cashflow

Over the six months to 31 December 2024, net debt increased by \$22.3 million to \$92.0 million, driven primarily by growth capital investments ahead of upcoming project commencements. The Company also paid out a \$4.95m earn-out payment to the previous owners of MI Scaffold which was above initial projections and a result of the strong performance generated by the business since acquisition.

While gearing ratios rose slightly during the period, they remained at comfortable levels and well within our banking covenants.

Looking ahead, gearing levels are expected to decline in 2H FY25, supported by lower capital expenditure and the commencement of key projects.

Operating cash flow for the period was \$23.5 million, reflecting a 70% conversion rate. Dividends paid during the half totalled \$8.4 million, while tax payments increased from \$2.4 million to \$6.6 million, following the depletion of carry-forward tax losses.

FY25 Outlook and Guidance

The Acrow Board is pleased to re-iterate FY25 revenue and underlying EBITDA guidance, and provide underlying NPAT and EPS guidance, underpinned by the following:

- Continued superior performance from the Industrial Access division, including the commencement of the Perdaman contract in WA.
- Very strong revenue growth generated by the Jumpform business.
- Further Formwork growth to be delivered via new revenue channels across Acrowdeck, Screens and other internally developed proprietary products.

Metric (underlying)	FY25 guidance	% change PCP²
Sales	\$265.0m - \$280.0m	+27%
EBITDA	\$82.0m - \$88.0m	+14%
NPAT	\$35.5m - \$37.5m	+11%
EPS	11.5 - 12.0cps	+2%

Medium to long term, the key drivers of growth include:

- **Industrial Access** – Growth to be generated by continuing to win major contracts across a national footprint and targeted M&A activity.
- **Jumpform** – Ongoing market adoption of our proprietary electric and computer-controlled jacking system, which improves efficiency on-site and offers industry-leading safety features.
- **Screens** – Expanding market share in under-represented states and increasing adoption of our premium screen systems.
- **Cross-sell Opportunities** – Particularly in high-rise projects, leveraging integrated tender packages that include Jumpform, Screens, Acrowdeck, and our newly launched loading platform system.
- **Industry Tailwinds** – Take advantage of the tailwinds that will be evident in markets such as Qld, where the backlog of work required on government funded projects, including but not limited to the Brisbane 2032 Olympics, will see a significant uplift in activity from current levels.
- **Organic Growth** – Enhancing our market position by expanding our diverse product portfolio into new markets.
- **New Product Development** – Designing and delivering innovative, proprietary equipment tailored for the Australian formwork market, ensuring continued leadership in product innovation.

Commenting on the results, Acrow CEO Steven Boland stated, “I am pleased to be reporting another exceptional six-month performance from our business. I am especially excited by the phenomenal performance of our Industrial Access division. Just four years ago, we identified an opportunity to build a new business that shared market dynamics with our Formwork division, but with the added benefit of generating sustainable revenue through long-term partnerships with blue-chip customers. Seeing this division now contribute 50% of our Group’s revenue is incredibly rewarding and our strategy of diversifying our revenue streams is clearly paying off. Our recent success in securing the contract for industrial access work on the Clough, Perdaman project is a perfect example of what our capabilities can deliver on very large-scale contracts.

The continuing growth of our Jumpform business is another example of our diversification strategy paying dividends.

² Midpoint

We are taking the opportunity across the course of this financial year, and especially in the first half, to position the business from a capital equipment perspective to be in a position to take advantage in the medium term of what we know is in front of us and ensure the company is ready for its next significant growth phase.

Whilst project delays, especially in Qld, are impacting our Formwork division across FY25, given our record levels of secured contracts and record project pipeline, I remain very optimistic about the future. My confidence in the overall health of our business and its forward outlook has never been stronger.”

This release was approved by the Acrow Board of Directors.

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About Acrow

Acrow Limited (ASX: ACF) is a leading provider of smart integrated construction systems across formwork, industrial access, and commercial scaffolding in Australia. Enhancing our portfolio are falsework and shoring, screen solutions, Jacking Systems (also known as Jumpform), and internal engineering capabilities.

With over 80 years of experience, Acrow has grown from a small local business to a national leader in the construction industry. Our journey is marked by continuous innovation, expansion, and a vision to set the national standard in engineered industrial and construction services. We’re committed to removing barriers to success for construction and industrial professionals through our smart solutions, can do attitude, and strong partnerships.

Operating in 15 locations with over 60,000 tonnes of equipment, Acrow aims to expand its presence in Australia’s civil infrastructure market. Our national network with local expertise ensures efficient project delivery while adhering to best practices. To learn more, please visit: www.acrow.com.au

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