



SHAPE Australia Corporation Limited (ASX: SHA)

ASX Announcement & Media Release

23 November 2023

Chairman's Address at 2023 Annual General Meeting

Welcome to all our Shareholders and thank you for joining our 2023 Annual General Meeting.

SHAPE's business model delivered strong results in FY23, against a backdrop of demand uncertainty and challenging trading conditions.

As we reflect upon the year, I am pleased to highlight to our shareholders that the performance of the business reflects the ongoing investments we continue to make in our people, processes, and best-in-class systems.

SHAPE delivered record revenue of \$862.4 million, a 31% increase from the previous year. Underlying EBITDA increased 104% to \$19.4 million and underlying NPAT increased 225% to \$10.5 million. The growth achieved across all business segments was strengthened by our ongoing commitment to operational excellence.

Pleasingly, our results were achieved whilst maintaining our commitment to safety with a strong reduction in the Lost Time Injury Frequency Rate (LTIFR) from 2.0 to 0.9. While we will keep striving to improve in this area, we are extremely proud of our performance and remain committed to always putting safety first.

SHAPE has a long history of providing quality services and customer excellence. Despite ongoing economic challenges, we were able to demonstrate growth across all key metrics and deliver a 44% increase to earnings per share when compared to FY22 and delivered a total dividend of 11.5 cents per share for FY23.

SHAPE continues to be a highly respected brand in the Australian construction market and enjoys high levels of repeat work from our loyal customer base. We are proud to be the partner of choice for our key national clients, and this continues to be demonstrated as we have secured \$291 million of project wins in the first four months of FY24.

As we move further into FY24, we remain committed to delivering further shareholder value, with the focus remaining on margin improvement and delivering against our growth and diversification strategy, which is focused on three growth pillars:

1. Continue to grow our market share in each of our operations through both BAU as well as growth into non-core market sectors, including Hotels, Health, Retail, Education and Defence
2. Service offering expansion, including Facade Remediation, Modular Construction and New Build
3. Geographic expansion and market share increase with a near-term focus on the Gold Coast and Newcastle

Our strategic growth initiatives remain a core focus for the business, and we are witnessing solid growth across all three pillars. Specifically, our modular business has been supported by the establishment of a new 2,000 square-metre facility in South Australia. Peter will discuss in further detail the progress being made across SHAPE's growth objectives; overall, the momentum being observed places the company in good stead for FY24.

I would like to congratulate the entire SHAPE team on their commitment and ongoing efforts to deliver strong outcomes for the business. I would like to provide my sincere thanks to all of you, our shareholders, for your continued support. The Board and Management are committed to driving growth and results in the business, and this would not be possible without your endorsement.

Supporting presentation slides to this announcement are appended below.

ENDS

This announcement was authorised for release by the Board of Directors.

About SHAPE:

SHAPE Australia (ASX:SHA) is a leading national fitout and construction services specialist. Headquartered in Sydney, with nine additional branches across major capital cities and regional centres, SHAPE delivers projects across multiple sectors, including Commercial Buildings, New Build and Modular Construction, Facades, Defence, Education, Health, Hospitality, and Retail.

With more than 600 people, an award-winning company culture, and an impressive Net Promoter Score of +84, SHAPE brings transparency, a partnership approach, and three decades of experience to undertake any type of construction project.

For further information, contact:**Media and Investor Relations**

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SHAPE

Annual General Meeting Presentation



SHAPE

Chairman's Welcome



Introduction of Directors



Greg Miles
Chairman and Non-Executive Director



Peter Marix-Evans
CEO and Managing Director



Michael Barnes
Non-Executive Director



Jane Lloyd
Non-Executive Director



Kathy Parsons
Non-Executive Director

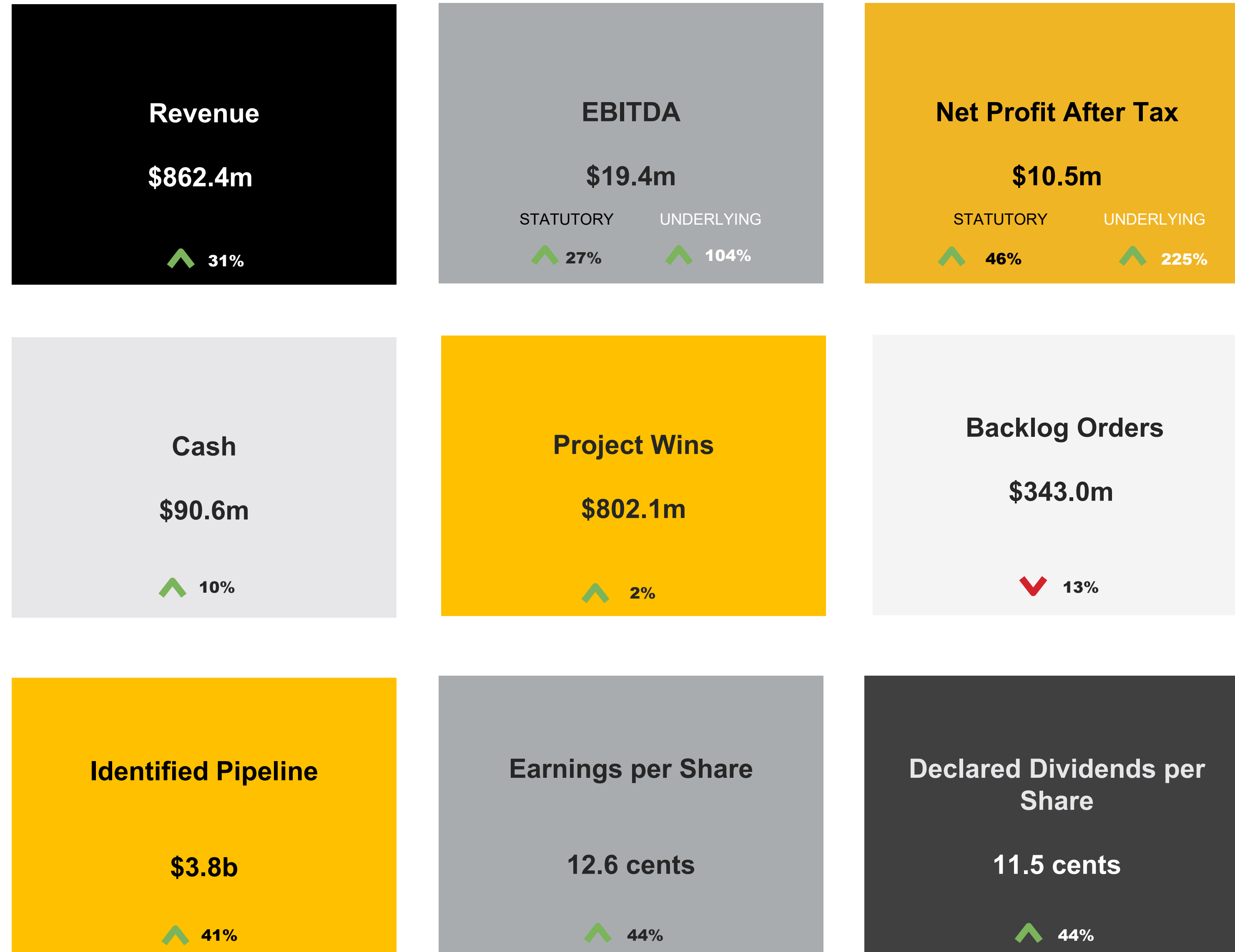


Scott Jamieson
CFO and Company Secretary

Chairman's Address

Greg Miles
Chairman and Non-Executive Director

FY23 Financial Summary



There are no differences between the underlying and statutory results for FY23.
Underlying and statutory comparison variances differ as a result of one-off items as outlined in Appendix A.

CEO's Address

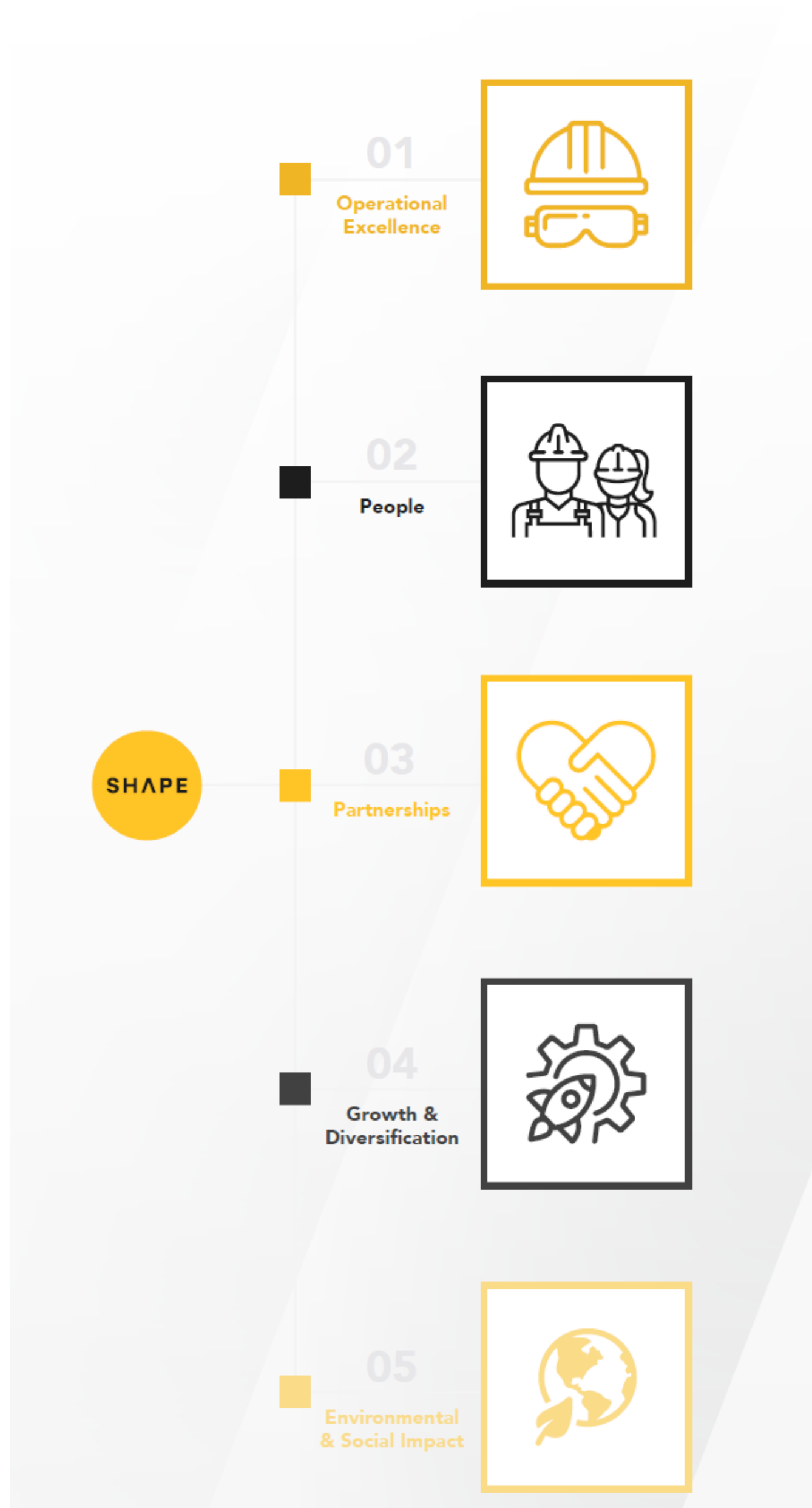
Peter Marix-Evans
CEO and Managing Director

FY23 growth underpinned by both core and non-core segments

- Positive business performance in FY23 with 31% increase in Revenue.
- FY23 Statutory and Underlying metrics were identical.
- Underlying NPAT increased 225% on prior corresponding period.
- Well-positioned for growth, maintaining a strong backlog order book of \$343m.
- Sound cash management and strong cash position of \$90.6m, maximising opportunities through interest rate increases.
- Scalability of overhead provides efficiencies as revenue grows. Increase in underlying gross margin with continued focus on increased commercial outcomes.
- Excellent client relationships, high net promoter score, and healthy win rates support continued performance.

\$'000	FY23	FY22	Movement
Revenue	862,367	658,327	↑ 31%
Underlying EBITDA	19,444	9,534	↑ 104%
Underlying NPAT	10,497	3,232	↑ 225%
Other Metrics			
Underlying EBITDA margin	2.25%	1.45%	↑ 56%

FY23 Operational Highlights



OPERATIONAL EXCELLENCE

Our safety commitment and culture is led by our "Path to Perfect Safety" programme:

- › Recordable injuries reduced by 37% - down from 27 to 17.
- › TRIFR improved by 41% - down from 6.7 to 3.8.
- › LTIFR improved by 55% - down from 2.0 to 0.9.
- › All State Operations recorded a TRIFR below the 6.1 target.
- › Proactive Safety, Quality, and Environmental observations increased by 7% from 49,959 to 53,608.

PEOPLE & CULTURE

We aim to recruit, train, and retain the best people in the industry:

- › SHAPE maintained exceptional levels of employee engagement, reflecting our commitment to create a truly exceptional workplace. This was evidenced by Great Place to Work™ Certification and a result in the top 10% of Culture Amp's Australian database (compared to Australia 500-1000 employees Top 10% January 2023).
- › 8% increase in our total workforce (571 total employees).
- › 22% of employees were promoted.
- › 5,237 training hours.

PARTNERSHIPS

- › Maintained strong performance with secured orders of \$802.1m.
- › Client Net Promoter Score +84.
- › Subcontractor Net Promoter Score +74.
- › 91% of projects delivered achieved Perfect Delivery™ (projects completed on-time with zero defects and O&M Manuals delivered within a week of handover).

GROWTH & DIVERSIFICATION

- › Best year to date for Defence sector sales.
- › Continued strong revenue in facade remediation works.
- › Establishment of new regional offices (Gold Coast and Newcastle).
- › Record number and value of projects delivered in Tasmania.
- › Acquired modular business (KLMSA) earnings accretive in year one.
- › First two modular projects secured in South Australia.

ENVIRONMENTAL & SOCIAL IMPACT

- › SHAPE corporate operations achieved Climate Active certification.
- › Delivered 13 Green Star projects with a combined value of \$191m.
- › More than \$1.5m in value of goods, services, and donations to support charities as part of our positive commitment to social impact through our Community+ programme.



Bacchus Marsh Grammar
Construction of Classrooms and Library at Maddingley Campus secured in Q4



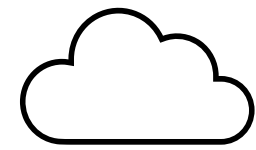
SHAPE Modular providing further opportunities for growth

KLMSA (acquired in March 2022)

- Sales of \$24.6m and earnings accretive in year one.
- Strong pipeline of work with the business already taking inquiries for projects in FY25.
- Starts FY24 with project wins of \$11m and a revenue backlog of \$12.3m, which will support current production capacity.
- Operational capability strengthened through transplanting of SHAPE personnel into the modular business, including new General Manager.

SHAPE Modular (National)

- Group Manager - Modular appointed to lead the growth of SHAPE's modular offering nationally.
- Two projects secured.
- Appointment of a Modular Lead in Adelaide to start building a modular team in response to strong market demand in SA and secured projects for Purple House (Coober Pedy) and Royal Flying Doctor Service (William Creek).
- Good opportunities to grow revenues with strong growth in Education and Health sectors.



2,959t Co2-e

Carbon footprint measured for the first time to establish impact



Carbon Neutral

Climate Active certification achieved for Corporate Operations



Projects Delivered

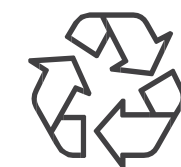
13 projects worth \$191m



GreenPower

4 out of 7 State offices now using GreenPower

Carbon Footprint Offset with renewable energy



Carbon Accounting Software Implemented

Co2-e accounting reduction strategies in place for each office

5

SHAPE Offices

Green Star accredited or in process of accreditation (QLD and VIC pending)

FY24 Operational Update & Outlook

- Headwinds remain across the industry and the broader economy; however, SHAPE has secured project-wins totaling \$291 million in the first four months of FY24
- 120-day pipeline of opportunities currently at \$1.3 billion compared to the average 120-day pipeline over the last two years of approximately \$650 million, supported by buoyant tender activity
- Expanded operational footprint of Modular with the establishment of a 2,000m² manufacturing facility in Adelaide
- Attainment of ISO/ IEC 27001 certification and the Defence Industry Security Program (DISP) membership
- The DISP membership is critical to our pursuit of capital works projects for the Australian Department of Defence and Defence Primes



Cox Architecture,
Sydney

Consideration of Financial Statements

Item 1: Financial and Related Reports

To receive and consider the Financial Report of the Company and its controlled entities and the related Directors' and Auditor's Reports in respect of the financial year ended 30 June 2023.

