

Big River Industries Limited (ASX:BRI)

Full Year 2017 Results Briefing

29 August 2017



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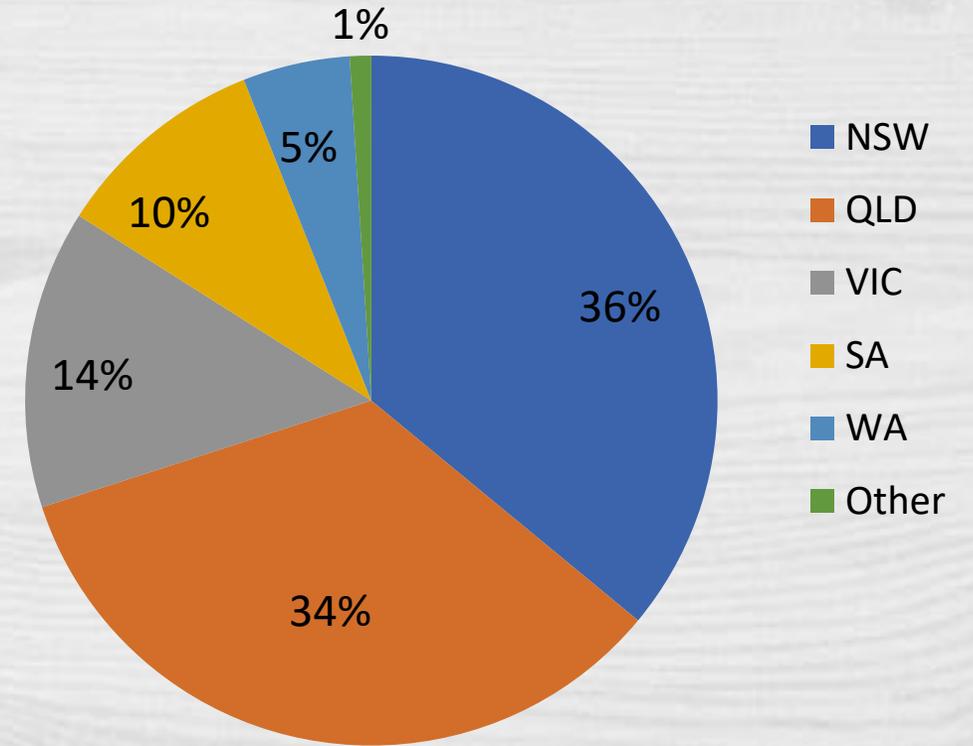
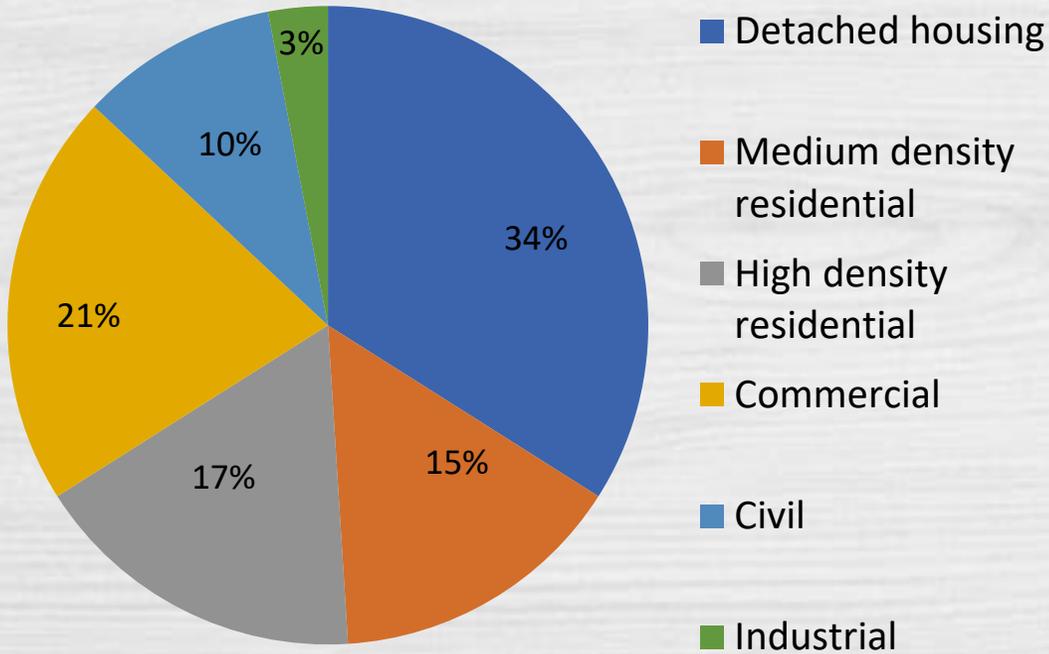


FY2017 Highlights



- Revenue in line with prospectus forecasts, despite significant wet weather events in the March & April period.
 - May and June sales revenue exceeded forecast by 2%.
- Pro Forma EBITDA of \$11.6m being 1.5% ahead of prospectus forecast.
- Statutory net profit 22.5% ahead of prospectus forecast on the back of lower than anticipated IPO costs and favourable tax outcomes.
- Strong growth from high value products helped drive a 1.2% distribution gross margin increase.
 - Group gross margin also increased from 29.6% to 29.8%.
- Completed and successfully integrated 2 earnings accretive acquisitions.
 - Adelaide and Brisbane
 - Profit contributions have met expectations.
- Operating cash flow significantly stronger than forecast, resulting in net debt \$2.7m lower than prospectus.

Business Diversity



- Recent acquisitions have further improved diversity across construction segments and states.

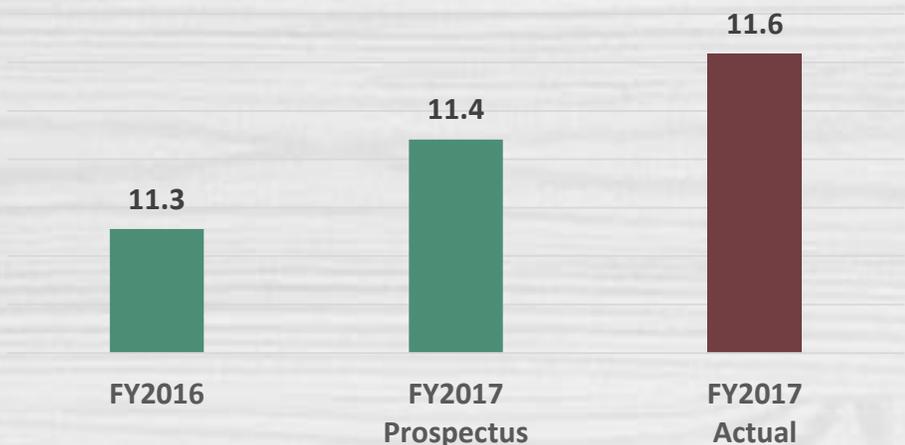
Sales Highlights

Statutory Revenue (\$m's)



- NSW growth of 10% reflected the strong NSW economy and construction markets.
- Increase in Civil construction sales as significant infrastructure works begins.
 - Includes 5 rail projects in Sydney & Melbourne as well as regional QLD improvements.
 - 10 major toll road and freeway upgrades supplied in 5 States
- Doubling of premium value added manufactured plywood products sales to \$3.3m.

Pro forma EBITDA (\$m's)



- Growth of architectural product sales of 13% (like for like) including sales growth for timber flooring range of 60% to Harvey Norman (versus FY2016).
- Growth of fibre cement products sales of 22% as lightweight construction continues to grow market share versus traditional brick construction.
- Sales exceeded forecasts in the newly developed import supply chain

Earnings Summary – 30 June FY2017

Profit and Loss	Statutory			Pro forma		
	Actual	Prospectus	Difference %	Actual	Prospectus	Difference %
	FY2017 \$m	FY2017 \$m		FY2017 \$m	FY2017 \$m	
Sales Revenue	177.1	177.7	-0.3%	197.8	201.0	-1.6%
Cost of sales	(121.6)	(122.1)	0.4%	(138.9)	(141.5)	1.8%
Gross Profit	55.5	55.6	-0.1%	58.9	59.5	-1.1%
<i>Gross profit %</i>	<i>31.3%</i>	<i>31.3%</i>	<i>0.0%</i>	<i>29.8%</i>	<i>29.6%</i>	<i>0.2%</i>
Operating expenses	(47.4)	(48.0)	1.2%	(47.3)	(48.1)	1.7%
EBITDA	8.1	7.6	7.2%	11.6	11.4	1.5%
Depreciation & amortisation	(1.9)	(1.9)	-1.9%	(2.3)	(2.3)	-1.4%
EBIT	6.2	5.7	9.0%	9.3	9.1	1.6%
Interest expense	(0.9)	(1.0)	8.4%			
Profit before tax	5.3	4.7	12.8%			
Taxation	(1.4)	(1.5)	8.6%			
Net profit after tax	3.9	3.2	22.5%			
<i>Operating expenses to sales</i>	<i>26.8%</i>	<i>27.0%</i>				
<i>EBITDA margin</i>	<i>4.6%</i>	<i>4.3%</i>				
<i>Effective tax rate</i>	<i>25.2%</i>	<i>31.1%</i>				
<i>Ordinary dividend (cents per share)</i>	<i>3.5</i>	<i>n/a</i>				

- Statutory NPAT up 22.5% on prospectus forecast.
- Pro forma EBITDA of \$11.6m, 1.5% ahead of prospectus forecast.
- Strong revenue growth in NSW helped to offset some weakness in WA and North QLD markets.
- Gross margin improvement due to favourable product mix and improved procurement scale.
- Acquisitions of Adelaide Timber and Building Supplies and Sabdia Mitre 10 towards end of year successfully integrated.

Balance Sheet – 30 June FY2017

	Statutory	
	FY2017	FY2016
Balance Sheet	\$m	\$m
Cash	3.5	-
Receivables	36.8	32.0
Inventories	24.4	18.8
Fixed assets	24.6	24.9
Intangibles	7.4	0.9
Deferred tax	2.3	1.4
Other	0.9	0.8
Total Assets	99.9	78.8
Payables	30.9	23.8
Borrowings	7.5	16.5
Current tax liability	1.2	0.4
Deferred tax liability	0.4	-
Provisions	3.4	3.2
Total Liabilities	43.4	43.9
Net Assets	56.5	34.9
<i>Net Debt \$m's</i>	<i>4.0</i>	<i>16.5</i>
<i>Gearing %</i>	<i>6.6%</i>	<i>32.1%</i>
<i>TWC \$m's</i>	<i>31.2</i>	<i>27.8</i>
<i>TWC (% RTM revenue)</i>	<i>15.8%</i>	<i>15.6%</i>

- Improved debtor days of 57, down from 58 in FY2016.
- Excellent working capital management - trade working capital ratio of just 15.8% on a rolling 12 month basis including pro forma revenue from acquisitions.
- Intangibles relate to the recent acquisitions
- Borrowings – net debt reduced to \$4.0m from \$16.5m
- Total banking facilities of \$33.2m and a net debt to pro forma EBITDA of just 0.4 times leaves the Company well positioned to execute growth strategies.
- Gearing ratio of just 7% (Net Debt/(Net Debt + Equity)).

Cash Flow – 30 June FY2017

Cash Flow	Statutory	
	FY2017 \$m	FY2016 \$m
Receipts from customers	189.8	75.7
Payments to suppliers/employees	(183.0)	(72.4)
Other revenue	0.2	-
Interest paid	(0.9)	(0.4)
Income tax paid	(1.5)	(0.4)
Operating Cash Flow	4.6	2.5
Capital expenditure	(1.2)	(0.7)
Business acquisitions	(5.1)	(48.9)
Investing Cash Flow	(6.3)	(49.6)
Proceeds from issue of shares	17.1	38.5
Repayment of preference shares	-	(3.6)
Share issue transaction costs	(0.4)	-
Borrowings - repayments	(12.4)	-
Borrowings - proceeds	5.0	12.4
Dividends	(2.4)	(1.7)
Financing Cash Flow	6.9	45.6
Net Cash Flow	5.2	(1.5)

- Strong operating cash flow resulting in \$2.7m lower debt than forecast.
- Business acquisitions represent cash component of the purchase of Adelaide Timber and Building Supplies (ATBS) and Sabdia Mitre 10.
- Capital expenditure in line with forecasts.
- Gross IPO proceeds of \$17.0m.
- Repayment of borrowings – debt repaid from IPO proceeds as foreshadowed in the Prospectus.
- Dividend of 3.5 cents per ordinary share, fully franked. Based on 65% of underlying Jan-Jun 2017 NPAT, in line with dividend policy outlined in the Prospectus.

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- This presentation should be read in conjunction with the FY2017 Results Announcement and FY2017 Appendix 4E.

The logo for Big River, featuring the words "Big River" in a bold, sans-serif font. "Big" is in green and "River" is in brown. A green brushstroke underline is positioned beneath the word "River".