



Big River Industries Limited (ACN 609 901 377)

ASX RELEASE

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BRI CHAIRMAN'S ADDRESS 2017

It is with pleasure that I address shareholders at this, Big River's first Annual General Meeting since Listing on the Australian Securities Exchange. Whilst your Company, Big River Industries Limited, is a new company, we are proud that the Big River business is more than 100 years old, having been established by Thomas Pidcock in Grafton NSW and continuing successfully in the Pidcock family until, less than two years ago, when it was sold to a private equity syndicate led by the Anacacia Partnership, which remains our largest shareholder.

It is also my pleasure to report that, not only did the Company exceed its Prospectus forecast profit for the year ended 30 June 2017, on both a Statutory and Pro forma basis, but it also generated sound operating cash flows in the period.

A fully franked dividend of 3.5 cents per share was paid to shareholders on 29th September 2017, which related to profits achieved since Listing on 1 May 2017. This represented a payout ratio towards the upper end of the expected 50 to 70% range set out in the Prospectus.

Jim Bindon will report on the year shortly, but let me just say that the profit result was assisted by increased gross margins and sound control of operating costs. The Company's balance sheet is strong, even though we completed two acquisitions towards the end of the year which, taken together, were approximately 60% debt funded.

Big River Industries has a strong national footprint throughout Australia, made stronger by four acquisitions completed or exchanged in the last twelve months. However, we do see opportunities to develop and strengthen our presence further, particularly given that the Construction industry tends to be quite regionalised. Your Company will continue its strategy of pursuing organic growth of its established operations to leverage existing assets, whilst also carefully and selectively seeking out appropriate acquisitions. We have a disciplined approach to acquisitions, which will likely continue to be heavily focused on building supplies distribution, but should also aim to strengthen our market regions, diversify further our customer base and, where possible, introduce new and related products to the group.

Corporate governance has also been a strong focus of the Board since Listing and is of course seen as an important responsibility, as a Listed entity. We have established a solid framework for sound corporate governance, with, for example, both the Audit & Risk Committee and the Remuneration & Nomination

Committee, well in place and operating effectively. The Audit & Risk Committee has met formally twice and the Remuneration and Nomination Committee has also formally met twice since Listing. There have also been numerous less formal discussions between directors on matters relating to these two Committees. Vicky Papachristos has recently been appointed Chair of the Audit & Risk Committee, which means it is now chaired by an independent non-executive Director. The Charters of our two Board committees and also details of Company Policies, are included on the Company's website.



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You will be aware that presently the Company's remuneration structure does not include a Long Term Incentive Plan. We believe that an LTI is an appropriate component of total remuneration and it is the Board's intention to establish an LTI plan during the next twelve months. In the meantime however, shareholders can be satisfied that our senior executives' interests are already aligned with shareholders, arising from their purchase of shares of the Company whilst the Company was in 100 % private equity ownership.

Your Board operates with a relatively small number of directors, but is considered to have the right balance of skills and experience. The Prospectus foreshadowed that, after Listing, the Board would seek to appoint an additional independent, non-executive director and we commenced a search as planned. We believe we were lucky in identifying Vicky Papachristos as having the appropriate skills and experience and Vicky was appointed to the Board on 4 October 2017. Vicky comes up for election by shareholders later in this meeting.

It is my belief that a company can only be as good as its people and at Big River we have a talented, experienced and committed team. On behalf of the Directors, I thank Jim Bindon and his team for their efforts and achievements over the past twelve months. I would also like to thank my fellow Directors for their input and support. Finally, I thank all of you, our shareholders for your support.

I now invite Jim to address the meeting and give an overview of the operations of the Company and a glimpse of current trading and the outlook for the year.

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