



## **Big River Industries Limited (ASX:BRI)**

### **Trading Update and MB Prefab Acquisition**

**10 December 2018**

Big River Industries Ltd (ASX:BRI) confirms that, consistent with other commentators, it has found construction markets to be challenging in recent months, with a slowing in high density residential construction, widespread wet weather in October, delayed projects in commercial markets, and the general impact of house price declines and evidence of poor consumer sentiment. Whilst the weather in November improved, sales levels showed little improvement on the wet October.

The Company previously advised, at the AGM, that the first half FY2019 results were expected to be below the prior period, but that full year results were likely to be in line with FY2018. The conditions outlined above are now expected to see the first half 2019 EBITDA (before acquisition costs) down around 25% on the previous corresponding period. Full year 2019 EBITDA (before acquisition costs) is now forecast to be between \$9m and \$10m if the usual second half seasonality is experienced.

There is also evidence that the current subdued trading conditions has opened up more acquisition opportunities which may assist in increasing the distribution footprint of Big River. Thus, these further acquisition opportunities may partially mitigate the first-half decline and place Big River in a stronger strategic position when construction markets improve.

The Company also today provides confirmation that the acquisition of MB Prefab in Geelong has completed and trading from 3 December 2018 will be to the account of BRI.

Prefabricated frames, trusses and floor systems, as supplied by MB Prefab, are one of the largest product categories in the supply to detached housing, medium density and small commercial projects, as well as the alterations and additions market. Whilst Big River has grown strongly in these construction segments in recent years, the acquisition of MB Prefab will enhance the Company's strategic position in these markets. The long-term vision for the network expansion includes a key prefabrication plant in each of the major population centres, supported by a series of Big River distribution sites, to ensure a strong diversity of customers and segment exposures.

This, together with the Company's broader manufacturing and distribution network positions Big River strongly to double the national footprint over time as part of the Company's growth strategy.

#### **For more information, contact:**

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