



BIG RIVER

FY24

RESULTS



22nd August 2024

BIG RIVER INDUSTRIES LTD (ASX:BRI)

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FY24 RESULTS

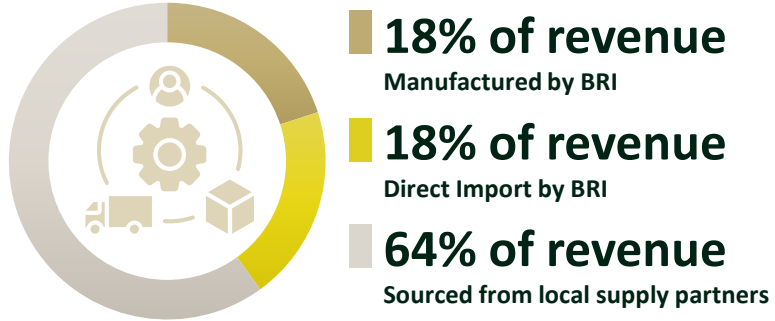


John Lorente CEO & Managing Director

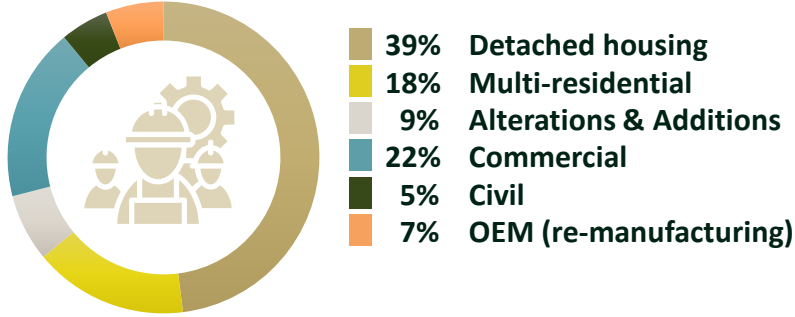
John O'Connor CFO

03 Business Overview

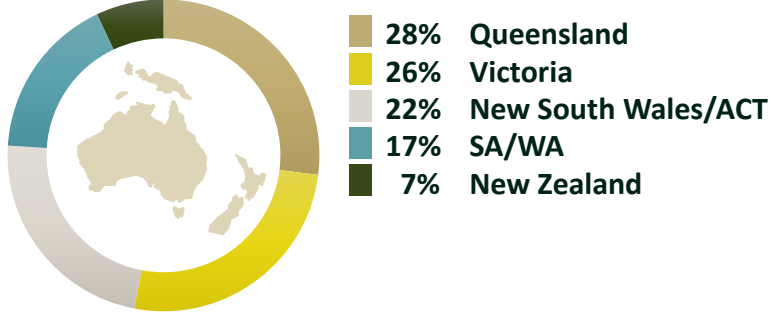
Supply chain diversity



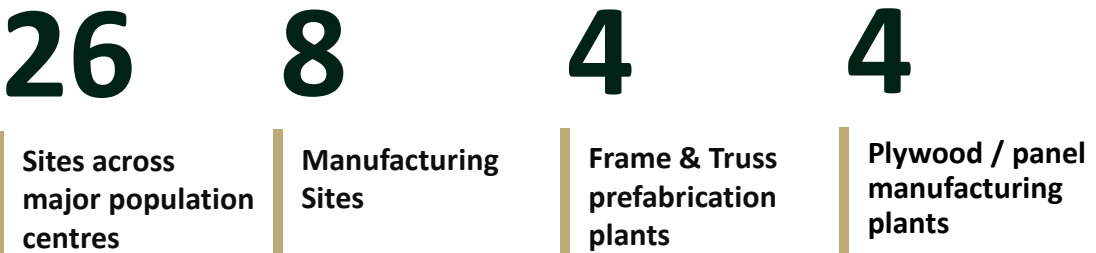
Revenue by construction market



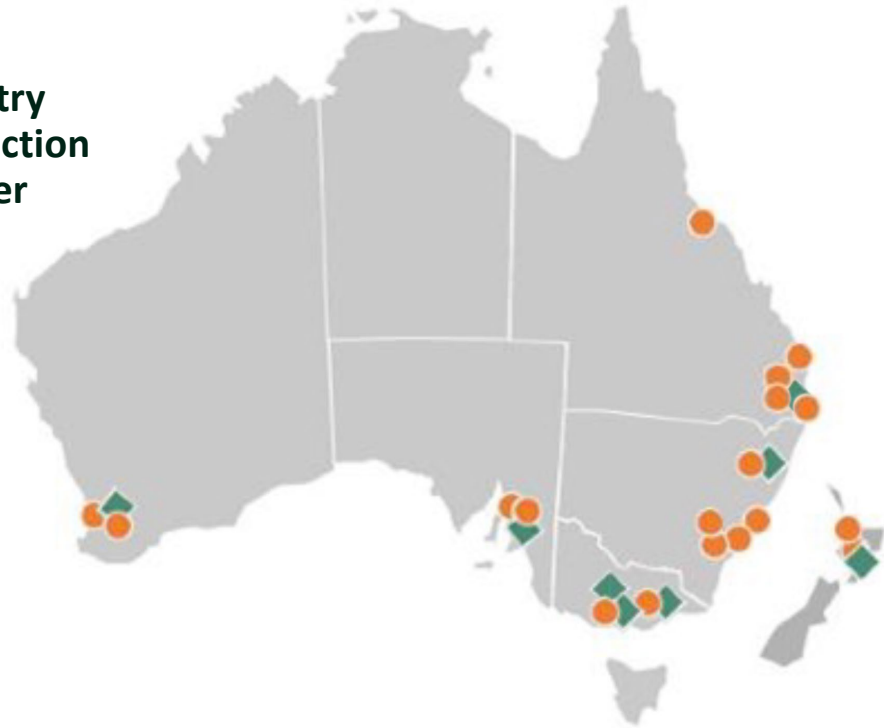
Revenue by region



Asset mix



Diversified by geography, industry segment, construction type and customer



04 Core Divisions

Panels

Industry leaders in decorative timber panels to the trade for architectural and Fit Out applications

Wall and ceiling panels
Cabinetry and benchtops
Premium engineered timber flooring
Bespoke engineered technical panel solutions

Cabinet makers & joiners
Fitout trades
Resellers/Merchants
Transport authorities
OEM's

Revenue (FY24) \$123.6m
9 Sites

Construction

(Building Trades + Formwork & Commercial)

Leading diversified Formwork & Building Products manufacturing & distribution to trade businesses

Frame & Truss
Exterior cladding (Fibre cement & Maxiwall)
Doors & Mouldings
Timber flooring & decking
Formwork materials – Formply, LVL, steel decking & PVC systems

Home builders / Carpenters
Renovators / Fitout trades (Flooring, plasters etc)
Formworkers / Concreters
Civil companies / Site contractors
Large structural builders

Revenue (FY24) \$291.1m
17 sites

Key
Products

Customers

Metrics

05 Investment Highlights

Large Addressable Market

- Vertically integrated manufacturer & distributor across all construction sectors
- Construction of approximately 120k homes per year and c\$10b spent on renovations in 2023/24. ¹
- Government target of 1.2m new homes in next 5 yrs. ²

Strong Financial Profile

- \$415m revenue in FY24 driven by organic and strategic M&A
- \$17m EBIT in FY24; material cost synergies to emerge as volumes increase
- 98% cash conversion with stable working capital ratio of ~16%
- Balance sheet flexibility to pursue further M&A opportunities as appropriate

Established Footprint

- 26 sites in all major Australian states and NZ
 - Qld largest market with 28% revenue
- ~640 staff with average tenure of c10 years
- Capacity within manufacturing sites to deliver material revenue increase without further capex investment

Diversified Product Mix

- Two core divisions
 - Panels (primarily timber); and
 - Construction products
- Industry leader in decorative timber panels
- Strong growth in lightweight cladding market
- Our scale and supply chain relationships provide ability to pivot quickly to new high growth products

Market Dynamics

- Property is a cyclical industry driven by economic and structural forces
- Australian tax structure and government initiatives incentivises housing development / renovations / expansion
- Residential market subdued given higher interest rates & living cost pressures
- Long term growth fundamentals: vacancy shortage and reducing inflation

Shareholder returns

- Big River shares provides exposure to Australia property, building and construction industries
- Strong record of delivering fully franked dividends

1. Oxford Economics
2. <https://treasury.gov.au/policy-topics/housing>

06 Performance Headlines FY24

Commercial market strength offset by material softening in residential market in late H1 and into H2

Cost synergies from acquisitions and improved operations, position business well when volumes and market return

Group FY24 Revenue

\$414.7m

down 7.7% on FY23, impacted by soft residential market.

Operating Expenses

up 4.1%

Strong cost management in macro inflationary environment, OPEX up 4.1% and L4L up 1.3%.

EBITDA (Before significant items)

\$32.6m

EBITDA (Before significant items) down 36.0% on FY23 with EBITDA margin of 7.9%, impacted by decline in revenue and gross margin.

Working Capital

16.6%

Strong Balance Sheet performance, net working capital to revenue ratio of 16.6% as compared to 15.5% in pcp.

Cash Conversion

98.2%

Focus on cash conversion continues with consistent conversion across both halves of FY24.

Dividends

7.5cps

Total dividend of 7.5cps for FY2024 is at 78.1% pay-out ratio.

07 FY24 Progress on Strategic Priorities

Safety & People

- Further investment in safety initiatives, external audits and site improvements.
- Two sites achieved milestones during year – 1,000 & 1,500 LTI free days.
- Three new senior executives: Scott Barclay EGM Panels, Gareth Watson (EGM Supply Chain & Manufacturing) and Damien O’Loughlin EGM Business Transformation & Technology.

Growth

- Progressing organic growth initiatives – lightweight cladding, timber flooring.
- Acquired Specialised Laminators Qld (SLQ) in May 2024.

Operational Efficiencies - Systems & processes

- Continued rollout of Group ERP platform resulting in improved collaboration and efficiencies.
- Good progress on Cyber, IT, HR, Finance and operations systems.

Synergies

- Upgraded or consolidated three sites. Grand opening of an upgraded Grafton manufacturing site.
- Supply chain initiatives delivering positive results as realise scale benefits.

One team Big River

- Group rebrand was launched in Q3 and being rolled out across the business.
- Consolidating and extending Big River branding and marketing initiatives.



08 New Branding Progress

February
2024
Market
Launch

April 2024
Grafton Grand
Opening

May 2024
Albion Park
Branch Launch

**Good Business.
Good People.**

Phased roll out of brand over 18 months



**We're building
our new brand.**

New look. Same exceptional service.

**WE'RE
BIG RIVER
GROUP**



Strategic Rebrand Initiative

Fortifying market position by unifying diverse portfolio of brands.

Foster synergies and coherence across business operations.

Leverage scale, extensive experience and expertise across the group.

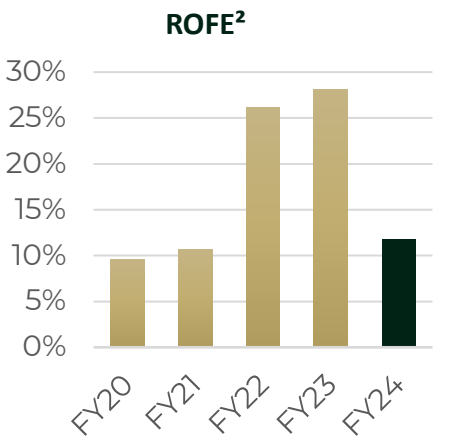
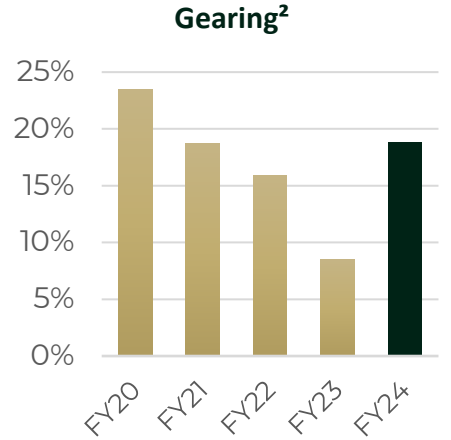
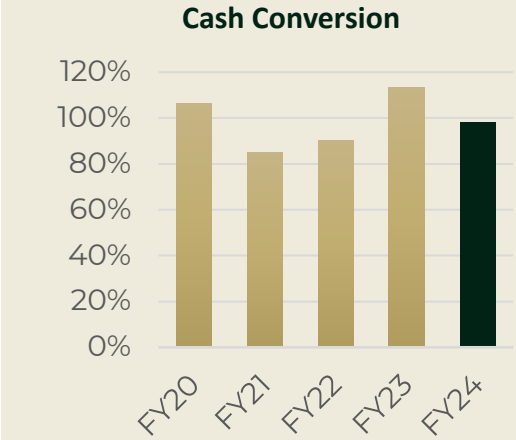
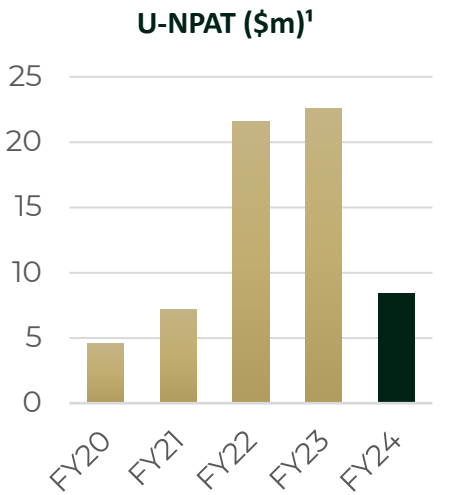
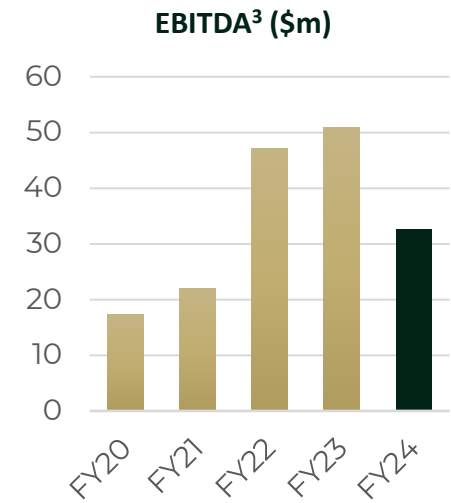
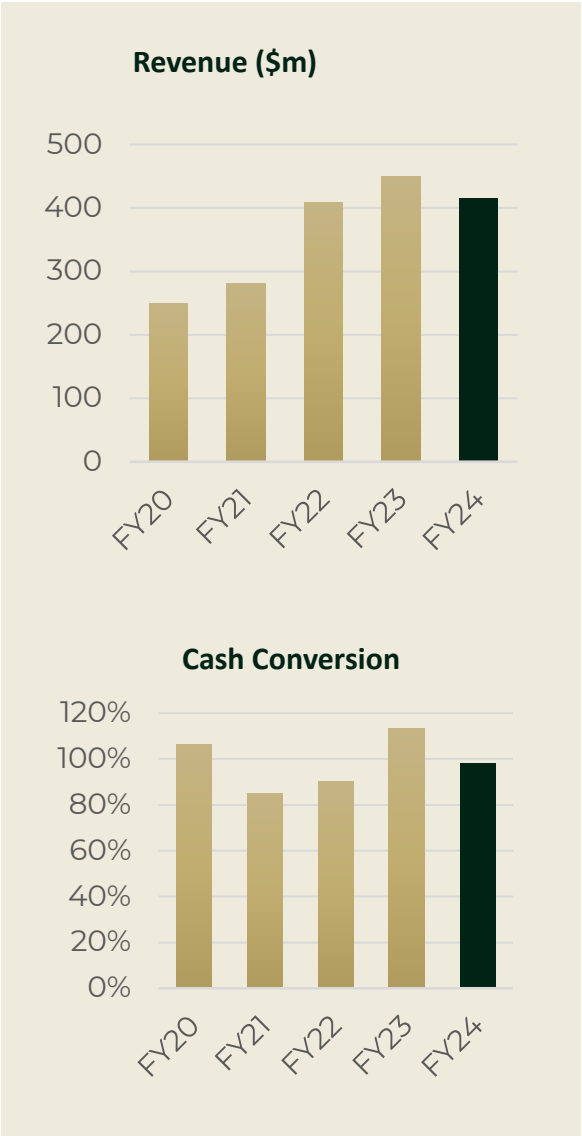
Deliver personalised local service with national scale & capability for our customers.

Consolidate our resources and expertise under one cohesive brand identity.

Unify group under shared common values. Drive sustained growth in years to come.

Rollout across all sites over FY25 & FY26.

09 Historical Performance



1. U-NPAT is NPAT before significant items. 2. Definitions of Gearing ratio and ROFE covered within the appendix. 3. Before significant items.

10 Big River Journey

Continuing growth momentum

• Successful acquisitions strategy

- Big Hammer (Qld)
- Pine Design (SA)
- TWP (VIC & ACT)
- United Building Products (NSW)
- Revolution Panels (Qld)
- FA Mitchell (NSW)
- Epping Timber (VIC)
- Specialised Laminators (QLD)

Delivering

- National network
- Depth in capability
- Increased product offering



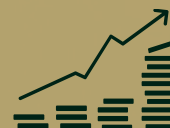
• Expanded supply chain capability – international and local manufacturing

Continuing to expand synergies and operational efficiencies

5 Year performance



EPS
+6.1%
CAGR



Revenue
+10.7%
CAGR



EBITDA
+13.5% CAGR



Cash Conversion
99.6% Average
over 5 years

11 Divisional Performance

| | Revenue | | | EBITDA | | | EBITDA margin | |
|-----------------|---------|-------|----------|--------|-------|----------|---------------|-------|
| AUD in millions | FY24 | FY23 | % Change | FY24 | FY23 | % Change | FY24 | FY23 |
| Construction | 291.1 | 321.0 | (9.3%) | 24.2 | 39.3 | (38.4%) | 8.3% | 12.2% |
| Panels | 123.6 | 128.5 | (3.8%) | 15.5 | 19.2 | (19.3%) | 12.5% | 14.9% |
| Corporate costs | - | - | - | (7.1) | (7.6) | (6.6%) | - | - |
| Total | 414.7 | 449.5 | (7.7%) | 32.6 | 50.9 | (36.0%) | 7.9% | 11.3% |

Construction products

- Construction division volumes and margins impacted by decline in residential housing starts and site delays.
- The Commercial market delivered growth in the latter half of the year, expected to continue into FY25.
- Continued positive performance in the lightweight cladding market.
- Supply chain pressured eased during the year, operations returning to historically normal levels.

Panels

- The residential downturn impacted the results in the second half given being later in the construction cycle.
- NZ market was soft but may recover earlier due to reduction of interest rates.
- Integration of Specialised Laminators Queensland adds extended capability and end-markets to the business.
- Grafton manufacturing upgraded site now delivering increased volumes of bespoke decorative panels and high value formply.

12 Profit & Loss

| AUD in millions | FY24 | FY23 | % Change |
|--------------------------------------|--------------|--------------|------------------|
| Revenue | 414.7 | 449.5 | (7.7%) |
| Raw materials and consumables | (306.7) | (326.2) | (6.0%) |
| Gross profit | 108.0 | 123.3 | (12.4%) |
| <i>Gross Margin %</i> | <i>26.0%</i> | <i>27.4%</i> | <i>(142 bps)</i> |
| Operating expenses | (75.4) | (72.4) | 4.1% |
| EBITDA | 32.6 | 50.9 | (36.0%) |
| Depreciation and amortisation | (15.3) | (13.8) | 10.9% |
| EBIT | 17.3 | 37.1 | (53.4%) |
| Finance costs (net) | (5.4) | (4.8) | 12.5% |
| PBT before significant items | 11.9 | 32.3 | (63.2%) |
| Income tax expense | (3.5) | (9.7) | (63.9%) |
| NPAT before significant items | 8.4 | 22.6 | (62.8%) |
| Significant items: | | | |
| - Acquisition costs | (0.8) | (0.6) | 33.3% |
| - Fair value gain | 0.8 | - | - |
| - Rebranding costs | (0.6) | - | - |
| - Income tax benefit | 0.3 | 0.1 | 200.0% |
| NPAT to equity owners | 8.1 | 22.1 | (63.8%) |

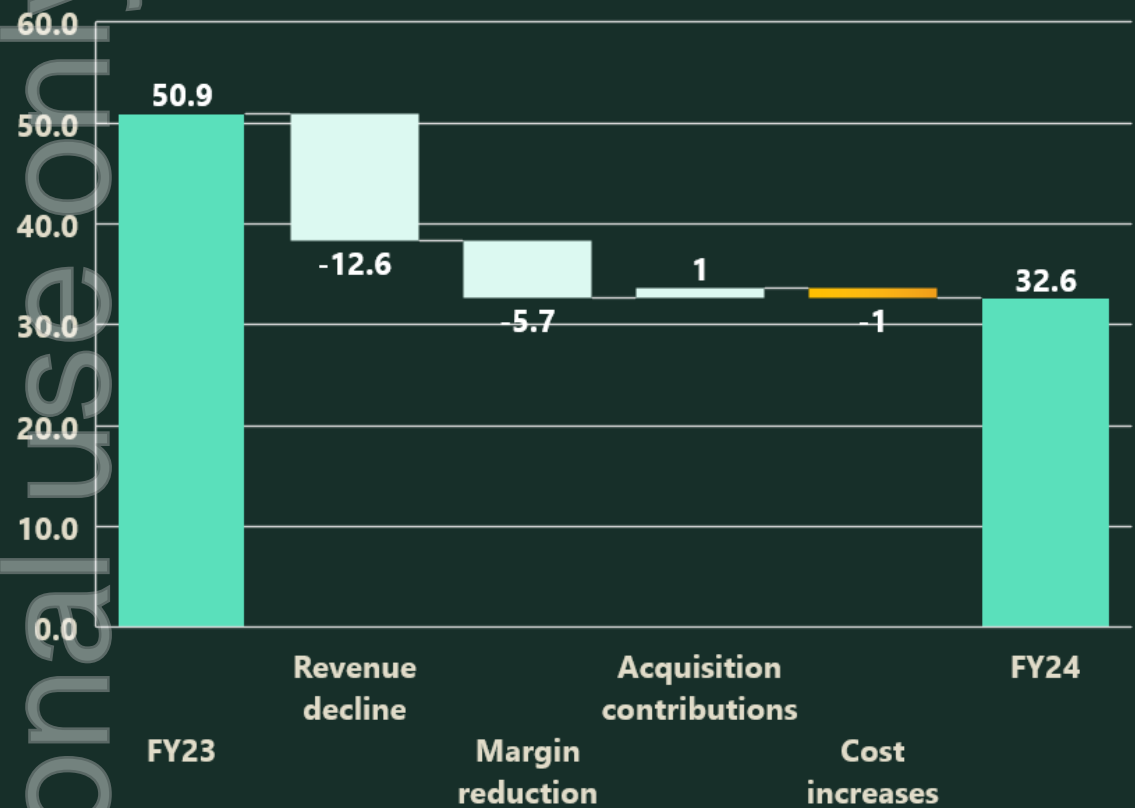
HIGHLIGHTS

- Revenue down 7.7% driven by lower residential activity, impact of continued labour shortages and site delays.
- Gross margin down 142 basis points versus FY23. This was due to reduced Frame & Truss volumes and increased competitive pressures.
- Operating expenses: like-for-like operating cost (+1.3%) is well managed in the current inflationary macro-economic environment as we continue to invest in people, processes and systems for future growth.
- Finance cost increase due to additional borrowings and interest rate changes.

13 Profitability Waterfall

FY24 RESULTS

EBITDA (AUD in millions)



Revenue

Revenue decline contributed to 24.8% decline in EBITDA

Gross Margin

Gross margin reduction of 142 bps contributed 11.2% decline in EBITDA

EBITDA¹

Acquisitions delivered 2.0% growth in EBITDA

1. Before significant items.

Operating Expenses

Cost increases of 1.3% L4L contributed to 2% decline in EBITDA

14 Balance Sheet

| AUD in millions | 30 Jun 2024 | 30 Jun 2023 |
|----------------------------------|--------------|--------------|
| Cash | 20.5 | 34.3 |
| Trade and other receivables | 56.0 | 59.9 |
| Inventories | 72.5 | 69.5 |
| Income tax receivable | 0.4 | - |
| Fixed assets | 25.2 | 23.9 |
| Right-of-use assets | 29.2 | 25.5 |
| Intangibles | 66.8 | 60.8 |
| Other assets | 2.0 | 1.7 |
| Total assets | 272.6 | 275.6 |
| Trade and other payables | 56.1 | 59.7 |
| Borrowings | 48.1 | 45.5 |
| Lease liabilities (right-of-use) | 30.7 | 26.9 |
| Current tax payable | 0.1 | 5.4 |
| Contingent consideration | 5.9 | 5.8 |
| Provisions and other liabilities | 12.5 | 11.6 |
| Total liabilities | 153.4 | 154.9 |
| Net assets | 119.2 | 120.7 |

HIGHLIGHTS

- Strong balance sheet to support the growth and acquisition strategy.
- Strong financial disciplines resulted in 2.3% reduction in like-for-like net working capital (Excluding SLQ).
- Continued focus on maintaining strong controls with receivables in a challenging trading environment.
- Increase in Fixed assets, Right-of-use assets, and Intangibles is primarily due to acquisition of Specialised Laminators.
- Increase of \$2.6 million in borrowing was for the acquisition of Specialised Laminators which was partially offset by reduction in working capital facilities.

15 Cash Flow

| AUD in millions | FY24 | FY23 |
|---|---------------|---------------|
| Receipt from customers | 460.6 | 497.8 |
| Payment to suppliers and employees | (428.6) | (441.2) |
| Government grants | - | 1.0 |
| Operating cash flow before interest and tax | 32.0 | 57.6 |
| Interest paid (net) | (3.3) | (3.1) |
| Income tax paid | (10.0) | (9.3) |
| Cash generated from operating activities | 18.7 | 45.2 |
| Business acquisitions | (5.7) | (5.6) |
| Contingent consideration paid | (3.5) | (3.6) |
| Capital expenditure (net) ¹ | (2.6) | (4.2) |
| Proceed from sale of land | - | 2.7 |
| Investment in financial assets | (0.1) | (0.1) |
| Cash used in investing activities | (11.9) | (10.8) |
| Proceeds from borrowings | 5.0 | 5.0 |
| Lease payment | (11.4) | (9.9) |
| Dividends paid | (11.6) | (15.1) |
| Cash used in financing activities | (18.0) | (20.0) |
| Net (decrease)/increase in cash and cash equivalent ² | (11.2) | 14.4 |

HIGHLIGHTS

- Focus on cash conversion continues with consistent conversion from 1HFY24 - 98.0% and FY24 - 98.2%.
- Higher tax payment in FY24 includes payment of tax liability relating to FY23.
- Contingent consideration paid from cash generated.
- Dividend paid during FY24:
 - 8.5 cps final dividend for FY23.
 - 5.5 cps interim dividend for FY24.
- Additional \$5 million borrowing for acquisition of Specialised Laminators.

^{1.} Gross capital expenditure (before lease funding and proceed from disposal) is \$4.0m (FY23: \$4.7m).

^{2.} Cash and cash equivalents = Cash – Bank Overdraft.

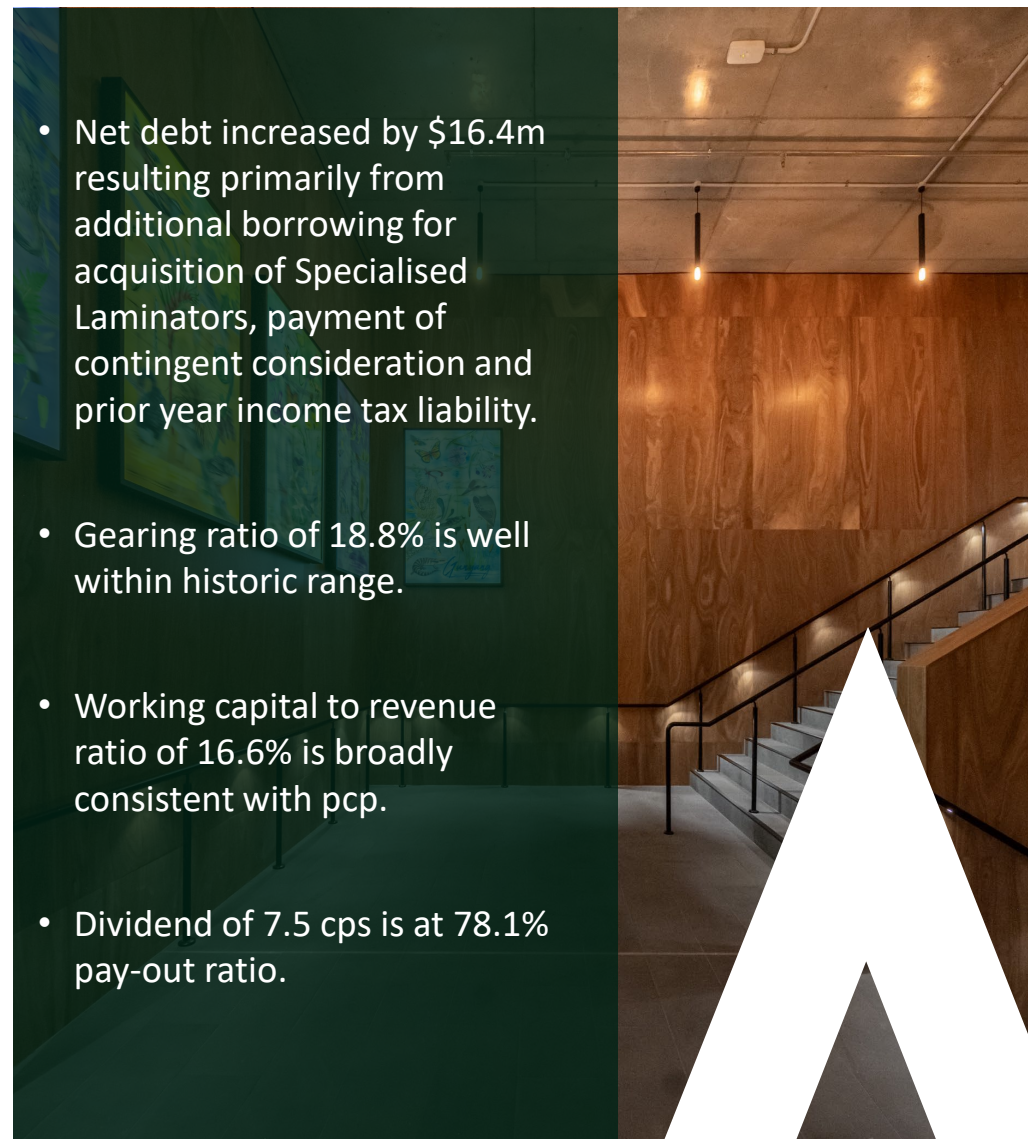
16 Capital Management

| AUD in millions | 30-Jun-2024 | 30-Jun-2023 |
|---|--------------|--------------|
| Total borrowing facility ¹ | 80.9 | 86.1 |
| Facility drawn | 48.1 | 45.5 |
| Utilisation ratio % | 59.5% | 52.8% |
| Cash | 20.5 | 34.3 |
| Net debt (Facility drawn – Cash) | 27.6 | 11.2 |
| Share capital | 102.8 | 98.5 |
| Reserves | 16.4 | 22.2 |
| Equity | 119.2 | 120.7 |
| Funds employed (Net debt + Equity) | 146.8 | 131.9 |
| Gearing ratio % (Net debt over Funds employed) | 18.8% | 8.5% |
| Working capital to revenue ratio % | 16.6% | 15.5% |

| Cents per share | FY24 | FY23 |
|---------------------------------|--------------|--------------|
| Dividend declared | 7.5 | 17.1 |
| Basic earnings per share | 9.6 | 26.8 |
| Dividend pay-out ratio % | 78.1% | 63.9% |

1. Total borrowing facilities are a mix between corporate loans and working capital facilities.
At period end there was \$16m unused corporate loan.

- Net debt increased by \$16.4m resulting primarily from additional borrowing for acquisition of Specialised Laminators, payment of contingent consideration and prior year income tax liability.
- Gearing ratio of 18.8% is well within historic range.
- Working capital to revenue ratio of 16.6% is broadly consistent with pcp.
- Dividend of 7.5 cps is at 78.1% pay-out ratio.



Consumer confidence around residential building remains subdued. Expect market to be soft for next 12 months.

Medium term outlook is more positive given demand, low vacancy rates, expected interest rate decreases and government initiatives.

Commercial segment outlook for the business remains positive given solid project pipelines

The Group's market and regional diversity is a key pillar to the business. We will take advantage of growth segments particularly in Queensland, Western Australia and South Australia.

The Group has seen increased vendor activity for M&A. We will continue to assess opportunities to add strategically aligned and value accretive businesses to the group.

The business will continue to consolidate purchasing to deliver synergies and mitigate expected increased competition and margin pressures.

Prudent investments in people, systems and processes will continue to deliver scale benefits through synergies and efficiencies across the Group. This will help offset market softness and position the business up for the future

Appendices

ersonal use only



BIG RIVER



19 Appendix - Profitability

| AUD in millions | FY20 | FY21 | FY22 | FY23 | FY24 |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Revenue | 248.9 | 281.4 | 409.3 | 449.5 | 414.7 |
| EBITDA | | | | | |
| - Construction | 19.1 | 16.1 | 31.9 | 39.3 | 24.2 |
| - Panels | 1.8 | 10.6 | 21.4 | 19.2 | 15.5 |
| - Corporate costs | (3.6) | (4.8) | (6.2) | (7.6) | (7.1) |
| Total EBITDA | 17.3 | 21.9 | 47.1 | 50.9 | 32.6 |
| Depreciation | (7.6) | (8.8) | (10.8) | (11.4) | (13.0) |
| Amortisation | (0.7) | (0.6) | (1.4) | (2.4) | (2.3) |
| EBIT | 9.0 | 12.5 | 34.9 | 37.1 | 17.3 |
| Finance costs (net) | (2.3) | (1.9) | (3.2) | (4.8) | (5.4) |
| Income tax expense | (2.1) | (3.4) | (10.1) | (9.7) | (3.5) |
| NPAT before significant items | 4.6 | 7.2 | 21.6 | 22.6 | 8.4 |
| Significant items, net of tax: | | | | | |
| - Acquisition costs | (0.6) | (1.0) | (0.8) | (0.5) | (0.7) |
| - Wagga impairment | - | (4.5) | 0.5 | - | - |
| - Fair value gain | 0.4 | 0.1 | - | - | 0.8 |
| - Rebranding costs | - | - | - | - | (0.4) |
| NPAT to equity owners | 4.4 | 1.8 | 21.3 | 22.1 | 8.1 |
| Earnings per share (basic) | 7.1 cps | 2.6 cps | 26.0 cps | 26.8 cps | 9.6 cps |
| Dividend per share | 2.4 cps | 5.6 cps | 15.5 cps | 17.1 cps | 7.5 cps |
| Dividend pay-out ratio % | 33.8% | 215.1% | 59.6% | 63.9% | 78.1% |



20 Appendix – Cash Flow

| AUD in millions | FY20 | FY21 | FY22 | FY23 | FY24 |
|--|-------------|-------------|-------------|-------------|---------------|
| EBITDA | 17.3 | 21.9 | 47.1 | 50.9 | 32.6 |
| Working capital changes & other items | 1.1 | (3.3) | (4.6) | (6.7) | (0.6) |
| Operating cash flow before interest and tax (OCFBIT) | 18.4 | 18.6 | 42.5 | 57.6 | 32.0 |
| Interest paid (net) | (2.2) | (1.7) | (2.4) | (3.1) | (3.3) |
| Income tax paid | (1.3) | (2.7) | (2.9) | (9.3) | (10.0) |
| Cash generated from operating activities | 14.9 | 14.2 | 37.2 | 45.2 | 18.7 |
| Net capital expenditure (net) ² | (1.1) | (1.7) | (5.9) | (1.5) | (2.6) |
| Payment for intangibles | (1.0) | (0.4) | (0.2) | - | - |
| Investment in financial assets | - | - | (0.1) | (0.1) | (0.1) |
| Free cash flow | 12.8 | 12.1 | 31.0 | 43.6 | 16.0 |
| Business acquisitions | (19.6) | (21.0) | (13.5) | (5.6) | (5.7) |
| Contingent consideration paid | (0.2) | (1.2) | (2.0) | (3.6) | (3.5) |
| Net proceeds from issue of shares | 6.1 | 19.2 | - | - | - |
| Proceeds from borrowings | 12.3 | 0.2 | 10.0 | 5.0 | 5.0 |
| Lease payment | (4.9) | (5.3) | (7.9) | (9.9) | (11.4) |
| Dividends paid | (1.4) | (3.4) | (6.7) | (15.1) | (11.6) |
| Increase/(decrease) in cash and cash equivalent¹ | 5.1 | 0.6 | 10.9 | 14.4 | (11.2) |

1. Cash and cash equivalents = Cash – Bank Overdraft.

2. Net Capital Expenditure for FY23 is net of proceed from sale of land.

21 Appendix – Capital Management

| AUD in millions | FY20 | FY21 | FY22 | FY23 | FY24 |
|--|--------------|--------------|--------------|--------------|--------------|
| Overdraft and trade finance | 2.8 | 1.4 | 2.5 | 2.6 | - |
| Bank bills | 25.9 | 26.0 | 36.0 | 41.0 | 46.0 |
| Equipment finance liability | 2.0 | 2.2 | 2.5 | 1.9 | 2.1 |
| Less: Cash | (8.7) | (7.8) | (19.8) | (34.3) | (20.5) |
| Net debt | 22.0 | 21.8 | 21.2 | 11.2 | 27.6 |
| Equity | 71.7 | 94.7 | 112.4 | 120.7 | 119.2 |
| Funds employed (Net debt + Equity) | 93.7 | 116.5 | 133.6 | 131.9 | 146.8 |
| Gearing ratio¹ | 23.5% | 18.7% | 15.9% | 8.5% | 18.8% |
| EBIT before significant items | 9.0 | 12.5 | 34.9 | 37.1 | 17.3 |
| Return on funds employed (ROFE)² | 9.6% | 10.7% | 26.1% | 28.1% | 11.8% |

1. Gearing ratio = Net debt over Funds employed.

2. ROFE = EBIT before significant items over Funds employed.



22 Important Notice and Disclaimer

FY24 RESULTS

- This presentation is dated 22nd August 2024.
- Big River Industries Limited (the "Company") advises that the information contained in this presentation is intended to be general background information about the Company's activities as at the date of this presentation. It is information given in summary form and is therefore not necessarily complete.
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- This presentation should be read in conjunction with the FY24 Results Announcement and FY24 Appendix 4E.
- FY24 Results Announcement and FY23 Appendix 4E.

