BIG RIVER

1HFY24 Results Presentation

21st February 2024

BIG RIVER INDUSTRIES LTD (ASX:BRI)

CONTENTS

John Lorente CEO & Managing Director

John O'Connor CFO

BIG RIVER INDUSTRIES LTD (ASX:BRI)

03 Business Overview

Supply chain diversity

19% of revenue
Manufactured by BRI

16% of revenue
Direct Import by BRI

65% of revenue
Sourced from local supply partners

Revenue by construction market

40%	Detached housing
17%	Multi-residential
8%	Alterations & Additions
23%	Commercial
6%	Civil
6%	OEM (re-manufacturing)

Revenue by region

26%	Queensland
26%	Victoria
23%	New South Wales/ACT
17%	SA/WA
8%	New Zealand

Asset mix

26 Sites across major population centres

7 Manufacturing Sites

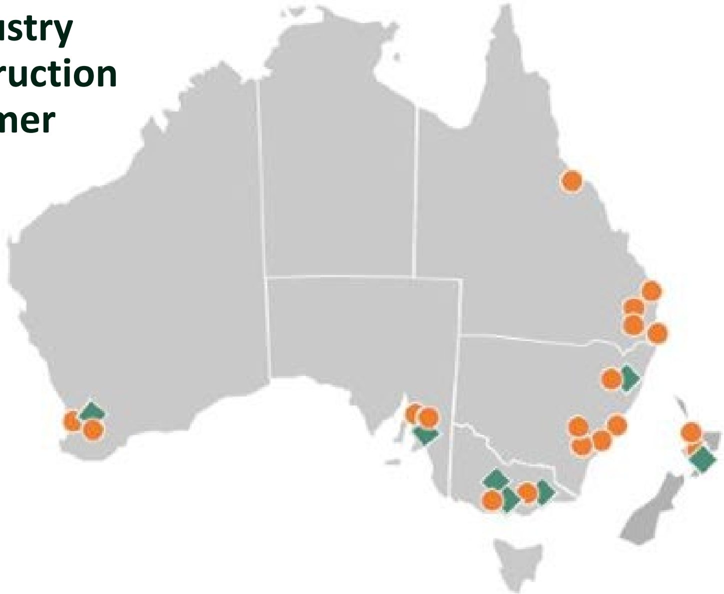
4 Frame & Truss prefabrication plants

3 Plywood / panel manufacturing plants

Diversified by geography, industry segment, construction type and customer

Big River manufacturing facilities

Big River sales / distribution sites



04 Performance Headlines 1HFY24

Solid Performance, disciplines & building for growth

Group 1HFY24 Revenue

$218.8m

Consistent with prior period up 0.8% on 2HFY23 and down 5.9% on 1HFY23.

Operating Expenses

up 3.8%

Strong cost management in macro inflationary environment, OPEX up 3.8% and flat L4L.

Investment in growth

~$1.0m

Investment in people systems and processes to deliver efficiencies, synergies & growth.

Underlying EBITDA

$20.0M

Underlying EBITDA down 28.3% on 1HFY23 to $20m with solid EBITDA margin of 9.2%.

Working Capital

15.7%

Strong Balance Sheet performance, net working capital to revenue ratio of 15.7% as compared to 17.7% in pcp.

Cash Conversion

98.0%

EBITDA to Cash conversion at 98.0% compared to 74.9% in 1HFY23.

Return on Funds Employed

20.6%

ROFE (EBIT/Funds Employed) of 20.6% in line with long term targets.

Dividends

5.5cps

Interim dividend of 5.5cps at 64.5% pay-out ratio.

05 1HFY24 Progress on strategic priorities

Safety & People

- Investment in safety initiatives, external audits and site improvements.
- Staff development & investing in key talent.

Growth

- Good progress on organic growth initiatives across the group – lightweight cladding.
- Increase in acquisition opportunities.

Systems & processes

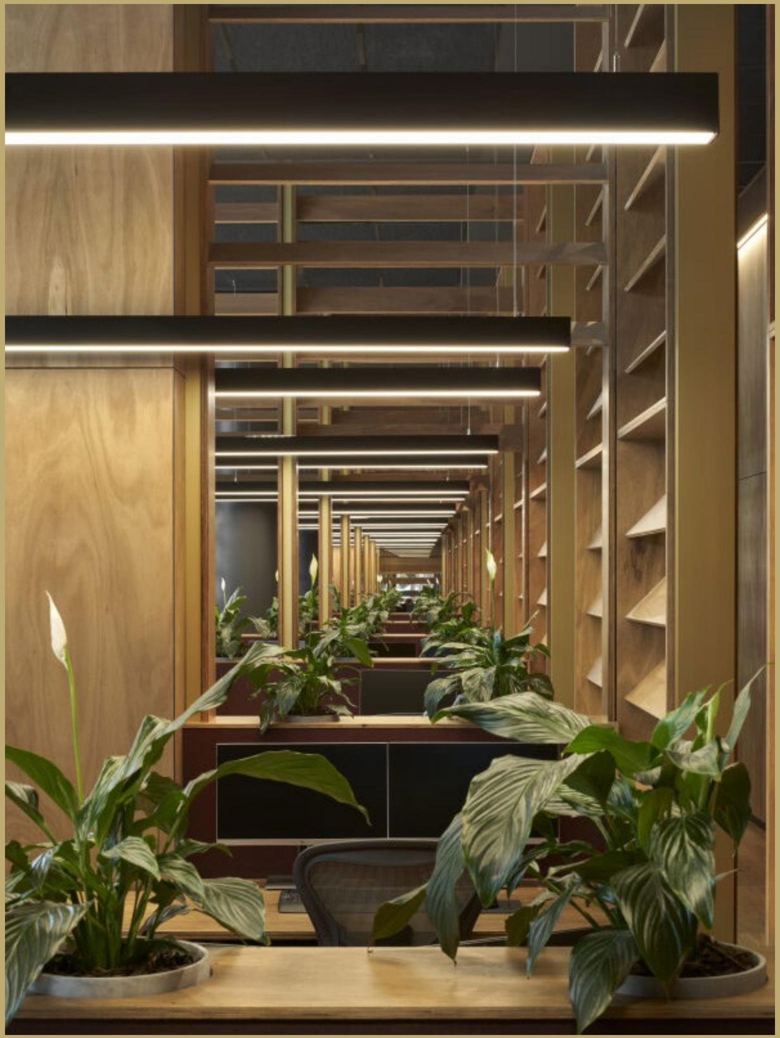
- Good progress on Cyber, IT Systems, HR, Finance and operations systems to deliver efficiencies and set up the business for further growth.

Synergies

- Supply chain initiatives delivering positive results as we continue to align the business, consolidate purchasing and realise scale benefits.

One team Big River

- Consolidating and extending Big River branding and marketing initiatives.



06 New Branding Overview

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

BIG RIVER

We're building our new brand.

New look. Same exceptional service.

WE'RE BIG RIVER GROUP

BIG RIVER COMMERCIAL

BIG RIVER TRADE CENTRE

TIMBERWOOD PANELS

PLYTECH PANELS

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.

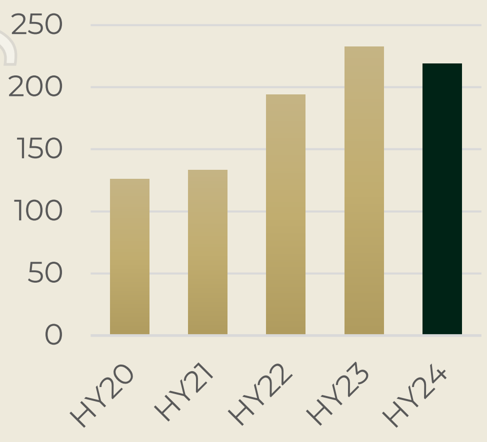
Consolidate our resources and expertise under one cohesive brand identity.

Unify group under shared common values.

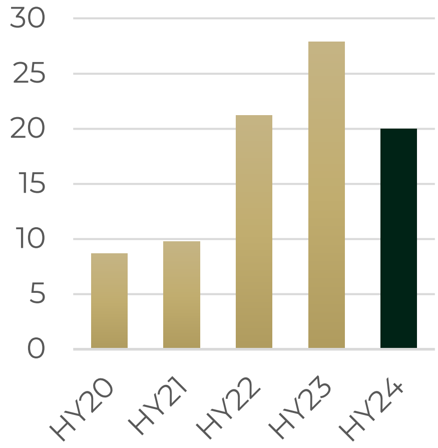
Drive sustained growth in years to come.

07 Historical Performance

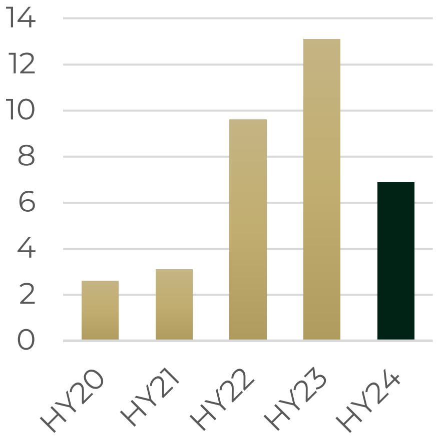
Revenue ($m)



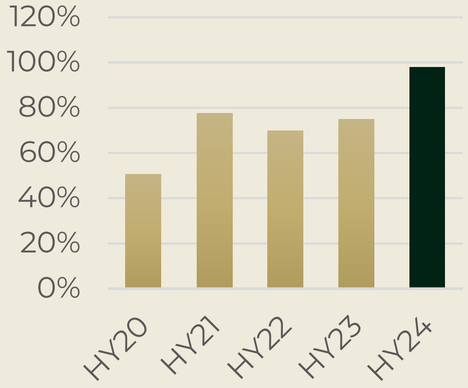
EBITDA ($m)



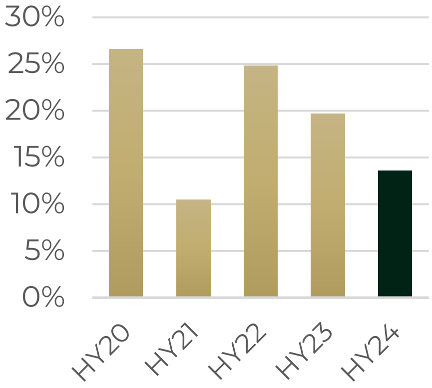
U-NPAT ($m)[1]



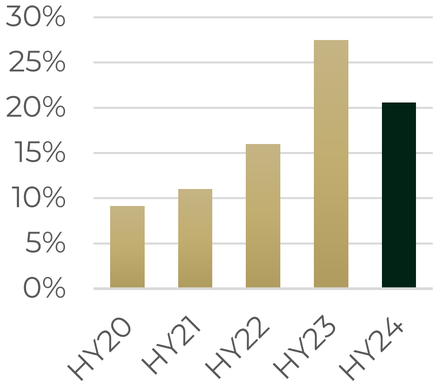
Cash Conversion



Gearing [2]



ROFE [2]



1. U-NPAT is NPAT before significant items.
2. Definitions of Gearing ratio and ROFE covered within the appendix – page 17.

BIG RIVER INDUSTRIES LTD (ASX:BRI)

08 Divisional Performance

AUD in millions	Revenue 1HFY24	Revenue 1HFY23	Revenue % Change	EBITDA 1HFY24	EBITDA 1HFY23	EBITDA % Change	EBITDA margin 1HFY24	EBITDA margin 1HFY23
Construction products	154.3	165.7	(6.9%)	14.6	20.7	(29.5%)	9.5%	12.5%
Panels	64.5	66.7	(3.3%)	9.3	10.6	(12.3%)	14.4%	15.9%
Corporate costs	-	-	-	(3.9)	(3.4)	14.7%	-	-
Total	**218.8**	**232.4**	**(5.9%)**	**20.0**	**27.9**	**(28.3%)**	**9.2%**	**12.0%**

Construction products
- Volume and margin impacted by decline in Frame and Truss volumes cycling off historical highs in pcp.
- Commercial growth on solid pipelines partly dampened by site delays.
- Strong growth in growing lightweight cladding market with James Hardie fibre cement and Maxiwall.
- Deflationary impacts on structural timber and LVL.

Panels
- Strong performance in the Qld business – expansion into new site in Q3.
- NZ improved and was flat on pcp.
- Soft market conditions in Victoria impacted the branches in that market.
- New head of Panels, Scott Barclay, appointed to drive growth.

Head Office
- Key staff appointments across finance, IT and HR.

09 Profit & Loss

AUD in millions	1HFY24	1HFY23	% Change
Revenue	218.8	232.4	(5.9%)
Raw materials and consumables	(161.0)	(168.1)	(4.2%)
Gross profit	**57.8**	**64.3**	**(10.1%)**
Operating expenses	(37.8)	(36.4)	3.8%
EBITDA	**20.0**	**27.9**	**(28.3%)**
Depreciation and amortisation	(7.3)	(6.9)	5.8%
EBIT	**12.7**	**21.0**	**(39.5%)**
Finance costs	(2.7)	(2.2)	22.7%
PBT before significant items	**10.0**	**18.8**	**(46.8%)**
Income tax expense	(3.1)	(5.7)	(45.6%)
NPAT before significant items	**6.9**	**13.1**	**(47.3%)**
Significant items:			
- Acquisition costs	(0.1)	(0.3)	(66.7%)
- Fair value gain	0.3	-	-
NPAT to equity owners	**7.1**	**12.8**	**(44.8%)**

Highlights

- Revenue down 5.9% driven by lower residential activity, impact of continued labour shortages and site delays.
- Gross margin down 130 basis points versus 1HFY23. This key driver was reduced by Frame & Truss volumes and increased competitive pressures.
- Operating expenses: like-for-like operating cost is well managed in the current inflationary macro-economic environment as we continue to invest in people, processes and systems to invest in the business for future growth.
- Finance cost increase – full period of additional borrowings and interest rate changes.

10 Balance Sheet

AUD in millions	31-Dec-2023	30-Jun-2023
Cash	24.3	34.3
Trade and other receivables	48.2	59.9
Inventories	68.8	69.5
Fixed assets	24.2	23.9
Right-of-use assets	27.9	25.5
Intangibles	59.8	60.8
Other assets	3.7	1.7
Total assets	**256.9**	**275.6**
Trade and other payables	48.7	59.7
Borrowings	43.3	45.5
Lease liabilities (right-of-use)	29.3	26.9
Current tax payable	0.8	5.4
Contingent consideration	2.5	5.8
Provisions and other liabilities	11.8	11.6
Total liabilities	**136.4**	**154.9**
Net assets	**120.5**	**120.7**

Highlights

- Strong balance sheet to support the growth and acquisition strategy.
- Strong financial disciplines resulted in 17.2% reduction in net working as compared to pcp.
- Continued focus on maintaining strong disciplines with receivables in a challenging trading environment.
- Reduction of $2.2 million debt drawn in 1HFY24 is due to optimising working capital facilities across the Group.

11 Capital Management

AUD in millions	31-Dec-2023	30-Jun-2023
Total borrowing facility**	86.1	86.1
Facility drawn	**43.3**	**45.5**
Utilisation ratio %	50.3%	52.8%
Cash	24.3	34.3
Net debt (Facility drawn – Cash)	**19.0**	**11.2**
Share capital	99.7	98.5
Reserves	20.8	22.2
Equity	**120.5**	**120.7**
Funds employed (Net debt + Equity)	**139.5**	**131.9**
Gearing ratio % (Net debt over Funds employed)	**13.6%**	**8.5%**
Working capital to revenue ratio %	**15.7%**	**15.5%**
Cents per share	**1HFY24**	**1HFY23**
Dividend declared	5.5	8.6
Basic earnings per share	8.5	15.6
Dividend pay-out ratio %	**64.5%**	**55.0%**

**Total Borrowing facilities are a mix between Corporate Debt and Working Capital facilities. At period end there was $21m unused acquisition debt.

Highlights

- Net debt increased by $7.8 resulting from payment of contingent consideration and prior year income tax liability.
- Strong cash conversion of 98% compared to 74.9% in pcp.
- Gearing ratio of 13.6% is well within historic range and lower than 19.7% at 31-Dec-2022.
- Working capital to revenue ratio is broadly consistent with 30-Jun-2023 but improved from 17.7% at 31-Dec-2022 to 15.7% at 31-Dec-2023.
- Dividend of 5.5 cps is at 64.5% pay-out ratio.

12 Cash Flow

AUD in millions	1HFY24	1HFY23
Receipt from customers	252.4	262.7
Payment to suppliers and employees	(232.8)	(241.8)
Operating cash flow before interest and tax	**19.6**	**20.9**
Interest paid	(1.7)	(1.4)
Income tax paid	(8.5)	(6.7)
Cash generated from operating activities	**9.4**	**12.8**
Business acquisitions	-	(5.6)
Contingent consideration paid	(3.2)	(3.6)
Capital expenditure	(1.2)	(1.6)
Proceed from sale of land	-	2.7
Investment in financial assets	(0.1)	-
Cash used in investing activities	**(4.5)**	**(8.1)**
Proceeds from borrowings	-	5.0
Lease payment	(5.3)	(4.7)
Dividends paid	(7.0)	(8.1)
Cash used in financing activities	**(12.3)**	**(7.8)**
Net decrease in cash and cash equivalent [1]	**(7.4)**	**(3.1)**

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

Highlights

- OCFBIT to EBITDA conversion of 98% ahead of 74.9% in 1HFY23.
- Strong financial disciplines resulted in 17.2% reduction in working capital as compared to 31-Dec-2022.
- Contingent consideration paid from cash generated.
- Final dividend of 8.5 cps for FY23 paid during 1HFY24.
- Higher tax payment in 1HFY24 includes payment of tax liability relating to FY23.

Short term delays, strong medium-term outlook

The outlook is supported by solid project pipelines in the short-term though site delays are expected to continue and have pushed the pipeline well into CY24.

Housing approvals have been in decline, but the medium-term is looking positive given reduced inflation, plateauing of interest rates, elevated migration levels, low vacancy rates and high housing demand.

Our short to medium-term commercial projects pipeline remains strong, given delays caused by site, labour and weather issues.

Multi residential developments have grown in Queensland and will be led by a growing Build to Rent sector in the medium-term and growing medium density work.

The housing is expected to be soft in CY24 with rebound expected in 12 months on high demand.

Western Australia should continue to be the strongest state followed by Queensland and South Australia.

The Sydney and Melbourne markets are expected to continue to be soft for the remainder of the year but should be positively impacted by migration.

NZ results expected to be flat on good pipelines given soft residential market and potential shipping delays.

Strategy & Financial

The business is continuing to actively explore opportunities to add value-accretive businesses to the Group.

Acquisition opportunities have increased over the past 6 months.

Our Grafton Consolidation project is now complete and delivering increased volumes of decorative specialist panels and formply.

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

Investment in People, systems and processes will continue as we strive to deliver efficiencies, synergies and long-term growth. These costs will be partly offset in the short-term by cost saving initiatives.

Extended site delays have pushed the pipeline into the second half of CY24. If projects continue to be delayed, then 2HFY24 revenue could be below the first half result.

15 Appendix - Profitability

AUD in millions	1HFY20	1HFY21	1HFY22	1HFY23	1HFY24
Revenue	**126.1**	**133.5**	**193.8**	**232.4**	**218.8**
EBITDA					
- Construction	7.1	7.6	13.1	20.7	14.6
- Panels	3.5	4.4	10.9	10.6	9.3
- Corporate costs	(1.9)	(2.2)	(2.8)	(3.4)	(3.9)
Total EBITDA	**8.7**	**9.8**	**21.2**	**27.9**	**20.0**
Depreciation	(3.6)	(4.2)	(5.3)	(5.6)	(6.2)
Amortisation	(0.3)	(0.2)	(0.6)	(1.3)	(1.1)
EBIT	**4.8**	**5.4**	**15.3**	**21.0**	**12.7**
Finance costs	(1.3)	(1.0)	(1.5)	(2.2)	(2.7)
Income tax expense	(0.9)	(1.3)	(4.2)	(5.7)	(3.1)
NPAT (before significant items)	**2.6**	**3.1**	**9.6**	**13.1**	**6.9**
Significant items:					
- Acquisition costs	(0.3	(0.2)	(0.8)	(0.3)	(0.1)
- Wagga impairment	-	(9.3)	-	-	-
- Fair value gain	-	0.2	-	-	0.3
NPAT (statutory)	**2.3**	**(6.2)**	**8.8**	**12.8**	**7.1**
Earnings per share (basic)	3.7 cps	(9.8) cps	10.9 cps	15.6 cps	8.5 cps
Dividend per share	-	2.6 cps	5.5 cps	8.6 cps	5.5 cps
Dividend pay-out ratio %	-	Nm	50.0%	55.0%	64.5%

16 Appendix – Cash Flow

AUD in millions	1HFY20	1HFY21	1HFY22	1HFY23	1HFY24
EBITDA	**8.7**	**9.8**	**21.2**	**27.9**	**20.0**
Working capital changes & other items	(4.3)	(2.2)	(6.4)	(7.0)	(0.4)
Operating cash flow before interest and tax (OCFBIT)	**4.4**	**7.6**	**14.8**	**20.9**	**19.6**
Interest paid	(0.8)	(0.9)	(1.5)	(1.4)	(1.7)
Income tax paid	(1.0)	(1.8)	(1.8)	(6.7)	(8.5)
Operating cash flow	**2.6**	**4.9**	**11.5**	**12.8**	**9.4**
Net capital expenditure [2]	(0.5)	(0.3)	(2.9)	1.1	(1.2)
Payment for intangibles	(0.4)	(0.3)	(0.1)	-	-
Investment in financial assets	-	-	-	-	(0.1)
Free cash flow	**1.7**	**4.3**	**8.5**	**13.9**	**8.1**
Business acquisitions	(16.5)	-	(13.5)	(5.6)	-
Contingent consideration paid	(0.2)	(1.2)	(1.8)	(3.6)	(3.2)
Net proceeds from issue of shares	6.1	13.8	-	-	-
Proceeds from borrowings	8.7	(13.6)	10.0	5.0	-
Lease repayments	-	(2.6)	(3.6)	(4.7)	(5.3)
Dividends paid	(1.4)	(1.5)	(2.3)	(8.1)	(7.0)
Decrease in cash and cash equivalent[1]	**(1.6)**	**(0.8)**	**(2.7)**	**(3.1)**	**(7.4)**

1. Cash and cash equivalents = Cash – Bank Overdraft.
2. Net Capital Expenditure for 1HY23 being net of land sale

Appendix – Capital Management

AUD in millions	31-Dec-2019	31-Dec-2020	31-Dec-2021	31-Dec-2022	31-Dec-2023
Overdraft and trade finance	0.8	1.5	2.8	2.7	-
Bank bills	22.6	12.2	36.0	41.0	41.0
Equipment finance liability	2.0	2.0	2.4	2.3	2.3
Less: Cash	-	(6.5)	(6.5)	(16.9)	(24.3)
Net debt	**25.4**	**9.2**	**34.7**	**29.1**	**19.0**
Equity	70.0	78.1	105.0	118.3	120.5
Funds employed (Net debt + Equity)	**95.4**	**87.3**	**139.7**	**147.4**	**139.5**
Gearing ratio[1]	**26.6%**	**10.5%**	**24.8%**	**19.7%**	**13.6%**
EBIT before significant items (LTM)	**8.7**	**9.6**	**22.4**	**40.6**	**28.8**
Return on funds employed (ROFE)[2]	**9.1%**	**11.0%**	**16.0%**	**27.5%**	**20.6%**

1. Gearing ratio = Net debt over Funds employed.
2. ROFE = EBIT before significant items over Funds employed.

18 Important Notice and Disclaimer

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