



Big River Industries Limited (ASX:BRI)

Results Announcement – Year ending 30 June 2017

29 August 2017

Net Profit After Tax exceeds Prospectus forecasts

Highlights

- Revenue in line with the prospectus forecast
- Pro Forma EBITDA of \$11.6m, 1.5% ahead of the prospectus forecasts
- Strong gross margin improvement due to favourable product mix and improved procurement scale
- Statutory NPAT 22.5% ahead of prospectus forecast
- Strong operating cash flow from improved working capital management
- Net Debt of \$4.0m, \$2.7m below prospectus forecast
- Strong balance sheet reflected in gearing of 7%
- Profitability, cash flow and balance sheet prospectus forecasts all exceeded
- Final dividend declared of 3.5 cents per share, fully franked

PRO FORMA RESULTS SUMMARY					
Pro forma (\$ millions)	30 Jun 2017 Actual	30 Jun 2017 Prospectus	Difference	30 Jun 2016 Prospectus	Change
Revenue	197.8	201.0	-1.6%	195.2	1.3%
Gross profit	58.9	59.5	-1.1%	55.6	5.9%
Gross profit %	29.8%	29.6%	0.2%	28.5%	1.3%
Operating Expenses	(47.3)	(48.1)	1.7%	(44.4)	-6.4%
EBITDA	11.6	11.4	1.5%	11.3	3.2%
NPAT	6.1	6.0	1.7%	5.9	3.0%

Note: Big River Industries Limited listed on the ASX on 1 May 2017. Pro Forma EBITDA includes the full year operating earnings (including the annualised contribution for the acquisitions completed during the year), but excludes the costs of the IPO and other non-recurring items, all consistent with the format of the Prospectus. Appendix A provides the Statutory results summary and Appendix B reconciles the Statutory results to the Pro Forma results.

Big River Industries Limited (ASX: BRI), which listed on the ASX on 1 May 2017, advises that Net Profit After Tax for the year ended 30 June 2017, exceeded the Prospectus forecasts on both a Pro forma and Statutory basis.

The Directors have declared a fully franked dividend of 3.5 cents per share, payable on the 29 September 2017, with a record date of 15 September 2017. The dividend is based on underlying earnings achieved in the second half of FY2017, and is consistent with the payout ratio range set out in the prospectus.

Strong revenue growth in NSW of 10% helped offset some weakness in the Western Australian and North Queensland markets.

Acquisitions in Adelaide and Brisbane, completed towards the end of the year but with a notional full year included in Pro forma results, have been successfully integrated into the Group. They delivered a solid contribution and assisted the continued diversification strategy across states and construction segments. These new businesses increase the Group's exposure to detached housing and the alteration & additions market, to better balance activities in other sectors. The business continues to assess several earnings accretive acquisitions, as demonstrated by the recent announcement regarding Midcoast Timbers.

Excellent growth in the premium value-added plywood products manufactured by the Company, helped drive gross margin improvement. These products were predominantly used in the civil and commercial construction sectors.

Architectural products growth of some 15% again contributed to the gross margin improvement, including a 60% increase in sales to the Company's main retail distributor of its timber flooring range.

Strong progress was made in the expansion of the Company's import supply chain, to complement its manufacturing operations. Sales rates are accelerating in these new strong margin products.

Balance Sheet & Cashflow

Net operating cash flow after capital expenditure was \$2.7m higher than the prospectus forecast, resulting in net debt of just \$4.0m at 30 June 2017. This was primarily due to strong working capital management, including reduced debtor days, and slightly lower tax payments.

Gearing levels of 7% (measured as net debt to net debt plus equity) and Net Debt to Pro Forma EBITDA of 0.4 times, highlight the strength of the balance sheet and positions the Company well to fund future growth opportunities and pursue the strategies outlined in the prospectus.

Outlook

The Company reaffirms the FY2018 forecasts contained in the Prospectus. A healthy pipeline of major projects supports the prospectus revenue forecast of \$207.3m for FY2018, with 10% EBITDA growth. While some uncertainty exists in the multi-residential market segment, solid outlooks in the detached housing and commercial construction markets and a sizeable increase in the civil and infrastructure pipeline, together with Big River's geographic diversity, are currently expected to be sufficient to offset the risk of any slowdown in multi residential building.

Jim Bindon, Big River CEO, said: "It's been a solid start for Big River as a listed company. We continue to value the support of our customers, staff, suppliers and of course shareholders, as we capitalise on the market opportunities and continue to execute the growth strategy of the Company".

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APPENDIX A

STATUTORY RESULTS SUMMARY				
Continuing Operations (\$ millions)	Year to 30 Jun 2017 Actual	Year to 30 Jun 2017 Prospectus	Difference	Period from 18 Dec 2015 to 30 Jun 2016 Actual
Revenue	177.1	177.7	-0.3%	71.6
Gross profit	55.5	55.6	-0.1%	21.3
Gross profit %	31.3%	31.3%	0.0%	29.7%
EBITDA	8.1	7.6	7.2%	(0.3)
NPAT	3.9	3.2	22.5%	(1.3)

Note: Big River Industries Limited was incorporated on 18 December 2015, hence the 30 June 2016 comparison year for the Statutory accounts represents operating results from this date only.

APPENDIX B

Reconciliation of the Statutory results and the Pro Forma results.

Reconciliation of the Statutory results to the Pro Forma results	30 Jun 2017	30 Jun 2017		%
	Actual (\$m's)	Prospectus (\$m's)		
Statutory revenue	177.1	177.7	down	-0.3%
Pro forma adjustment for acquisitions	20.7	23.3		
Pro forma revenue	197.8	201.0	down	-1.6%
Statutory EBITDA	8.1	7.6	up	7.2%
Pro forma adjustment for acquisitions	1.4	1.5		
Related party costs	0.5	0.5		
Incremental public company costs	-0.3	-0.3		
Initial public offering expenses	1.9	2.1		
Pro forma EBITDA	11.6	11.4	up	1.5%
Statutory NPAT	3.9	3.2	up	22.5%
Pro forma adjustment for acquisitions	1.0	1.3		
Related party costs	0.5	0.5		
Incremental public company costs	-0.3	-0.3		
Initial public offering expenses	1.9	2.1		
Interest expense	0.4	0.3		
Additional tax deductions	-0.3	0.0		
Income tax effect	-1.0	-1.1		
Pro forma NPAT	6.1	6.0	up	1.7%