



## Big River Industries Limited (ASX:BRI)

### Results Announcement – Year ending 30 June 2018

28 August 2018

#### Highlights

- Revenue of \$210.9m up 19.1% from FY2017, assisted by acquisitions
- Statutory NPAT of \$5.2m, up 31.8% on Statutory FY2017
- EBITDA of \$11.0m (prior to acquisition & IPO costs), up 7.2% on FY2017
- EBITDA from acquisitions of \$2.7m, with an EBITDA margin of 6.5%, a ratio that exceeds that of the existing distribution business
- Gross margin from distribution activities continued to increase versus the prior period, up 40 bps
- Increased formply importing reduced contribution from the manufacturing facilities, but was a positive contributor to the margin expansion at a distribution level
- Strong balance sheet with net debt of \$8.4m and gearing of 12.5%
- Final dividend declared of 3.5 cents per ordinary share, fully franked

RESULTS SUMMARY			
REVENUE	FY2018 (\$m's)	FY2017 (\$m's)	Change
Same stores	169.2	167.3	1.1%
Acquisitions	41.7	9.7	327.8%
<b>Total Revenue</b>	<b>210.9</b>	<b>177.0</b>	<b>19.1%</b>
EBITDA	FY2018 (\$m's)	FY2017 (\$m's)	Change
Distribution activities (same stores)	9.3	9.0	3.2%
Acquisitions	2.7	0.7	273.6%
<b>Distribution activities (sub-total)</b>	<b>12.0</b>	<b>9.7</b>	<b>23.2%</b>
Corporate expenses	(3.1)	(2.9)	-8.8%
Manufacturing facilities	2.1	3.4	-37.9%
<b>EBITDA (before acquisition &amp; IPO costs)</b>	<b>11.0</b>	<b>10.2</b>	<b>7.2%</b>
IPO costs	-	(1.9)	-
Acquisition costs	(0.3)	(0.2)	-
<b>Statutory EBITDA</b>	<b>10.7</b>	<b>8.1</b>	<b>31.1%</b>
<b>Statutory NPAT</b>	<b>5.2</b>	<b>3.9</b>	<b>31.8%</b>
<b>NPATA<sup>1</sup></b>	<b>5.5</b>	<b>4.1</b>	<b>36.9%</b>
<i>Distribution activities GM%</i>	<i>17.9%</i>	<i>17.5%</i>	
<i>EBITDA margin</i>	<i>5.2%</i>	<i>5.8%</i>	
<i>Effective tax rate</i>	<i>29.9%</i>	<i>25.2%</i>	
<i>Final dividend (cps)</i>	<i>3.50</i>	<i>3.50</i>	

<sup>1</sup> NPATA = NPAT before post tax amortisation of acquired intangibles.



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 2018 was \$5.2m, up 31.8% on the Statutory NPAT last year.

The Directors have declared a fully franked dividend of 3.5 cents per share, payable on the 2 October 2018, with a record date of 24 September 2018. The final dividend together with the interim dividend already paid, represent a payout ratio of 72% for the full year.

The profit growth for the Company came from an increased contribution from continuing distribution activities and from healthy returns from the recent acquisitions. This was partially offset by a reduction in manufacturing contribution. These factors reflect the businesses' continued focus on expanding the distribution network and finding new and complementary product opportunities from both local and overseas supply options.

As the business balances its manufacturing versus imported formply mix, imported formply sales exceeded last year by 150%, albeit this had a further moderating impact on manufactured volumes. Overall, total sales of manufactured products accounted for 25% of Company revenue, down from 33% in the prior period. This resulted from a deliberate strategy to focus manufacturing assets on high value applications and specialised made-to-order products. This strategy has allowed over \$1.5m in operating costs to be stripped out the manufacturing operations in FY2018, with most of this occurring in 2H FY2018.

Strong growth continued in the architectural product range, with revenue up 13% (on a like-for-like basis), giving four years of double digit revenue growth in this specialised segment. Specialty plywood products grew 11%, again highlighting the move to focus manufacturing assets on made-to-order customised products.

### **Balance Sheet & Cashflow**

Net debt increased \$4.4m to \$8.4m as a result of the cash component of acquisitions of \$3.7m and a small increase in like-for-like working capital.

Gearing levels (measured as net debt to net debt plus equity) of only 12.5% and a debt to EBITDA multiple of less than 1, highlight the strength of the balance sheet and continues to position the Company well to fund future growth opportunities and pursue the strategies outlined in the prospectus.



## Outlook

Uncertainty remains in some industry sectors in which the Company operates. High density residential construction has started to decline but the current strength of the commercial and infrastructure sector offsets the moderating of the residential segment. In the detached housing market, where Big River has a substantial involvement, forecasts are more stable. Additionally, the Company has an increased presence in the alterations and additions market, which is forecast to grow in line with general economic activity.

Big River's strength from its diversity amongst the various market sectors is increasingly evident and the Company's present expectation is that in FY2019 like-for-like overall revenue growth in the low single digits will be achieved.

Selective acquisitions remain a core component of Big River's growth strategy, and multiple opportunities are being assessed at present, although the Company remains disciplined in its approach. Big River is confident that this will result in further expansion of the network during FY2019.

Jim Bindon, Big River CEO, said: "After a challenging year for the Company, it was satisfying to achieve the upper end of the revised revenue and profitability guidance communicated to the market in April 2018. Whilst the year presented particular difficulties from a manufacturing perspective, the network expansion and increased diversity achieved during FY2018 sets a solid platform for future earnings growth."

The Company expects organic growth in NPAT in FY2019 along with additional growth from acquisitions. Further guidance will be provided at the AGM in October 2018.

## Conference Call

Investors are invited to join a conference call hosted by Jim Bindon and Steve Parks on Tuesday 28 August 2018 at 11:00am AEDT. The dial in details are as follows:

Toll Free: 1800 123 296  
Toll: +61 2 8038 5221  
Conference ID: 4399386

## For more information, contact:

Jim Bindon (CEO and Managing Director) Ph: 0418 455 560 e: jbindon@bigrivergroup.com.au

Steve Parks (CFO and Company Secretary) Ph: 0400 480 147 e: sparks@bigrivergroup.com.au