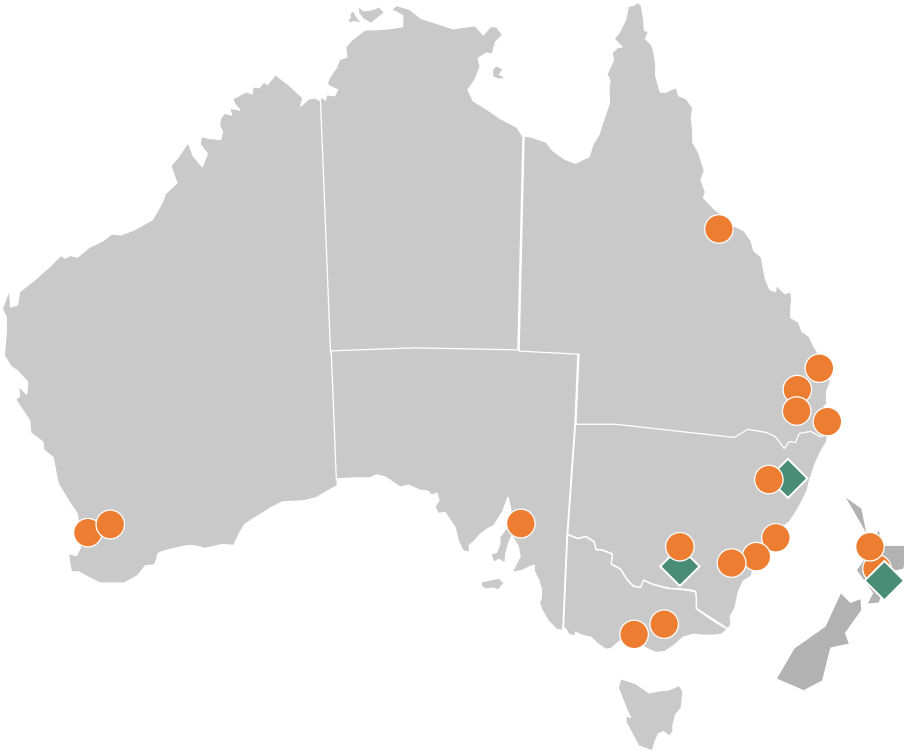




# Big River Today



Diversified by geography, industry segment, construction type and customer <sup>(1)</sup>

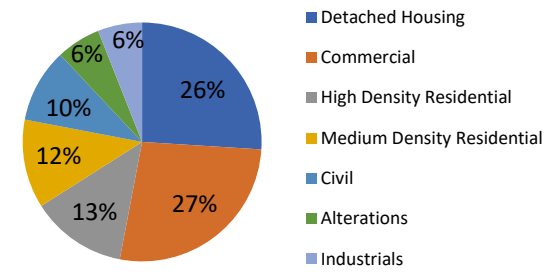


- ◆ Big River manufacturing facilities
- Big River sales / distribution sites

## Target segments

-  Formwork Supplies – 30%
-  Building Products – 45%
-  Plywood & Specialty – 25%

## Revenue by construction market



## Asset mix

- 17 x Sales & distribution sites
- 2 x Plywood manufacturing facilities
- 2 x F&T fabrication sites
- 3 x Steel rolling lines
- 2 x Architectural panel manufacturing sites

## Revenue by region

- QLD – 29%
- NSW/ACT – 31%
- VIC/SA/WA – 30%
- NZ – 10%
- >5000 active trading accounts

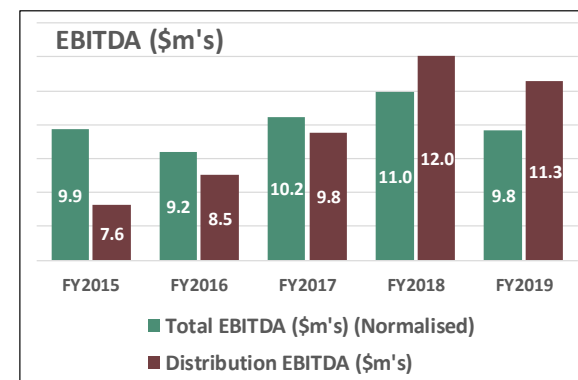
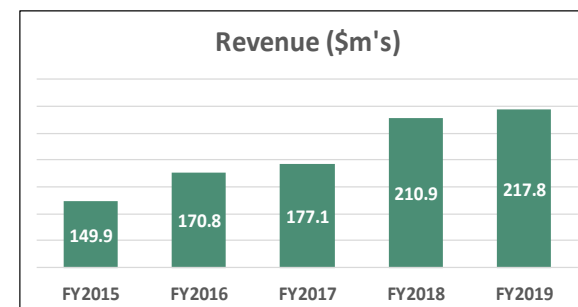
(1) All references are pro forma FY19 including acquisitions

# Financial results FY2019

Key Financial Measures	FY2018	FY2019
<b>Income Statement</b>		
Revenue	\$210.9m	\$217.8m
EBITDA (before acquisition costs)	\$11.0m	\$9.8m
Statutory EBITDA	\$10.7m	\$9.2m
NPAT	\$5.2m	\$3.9m
NPATA	\$5.5m	\$4.2m
Earnings Per Share (cents)	9.79	7.24
<b>Cash flow management</b>		
OCFBIT	\$8.6m	\$7.0m
Operating cash flow	\$5.0m	\$3.8m
EBITDA to OCFBIT % (cash conversion)	80%	76%
Working capital (% annualised revenue)	16.7%	17.8%
Dividends declared per share (cents)	7.0	4.4
<b>Balance Sheet</b>		
Trade working capital	\$35.2m	\$44.8m
Net Debt	\$8.4m	\$15.1m
Gearing % (Debt to Debt + Equity)	12.5%	19.7%

Key Financial Measures			
Revenue	\$217.8m	↑	3.3%
EBITDA <sup>1</sup>	\$9.8m	↓	-10.6%
NPAT	\$3.9m	↓	-25.5%
NPATA	\$4.2m	↓	-23.8%
EPS	7.2 cents	↓	-26.0%
Final Dividend	2.2 cps	↓	-37.1%

<sup>1</sup> Before acquisition costs



## Market position

- Take advantage of improving commercial and infrastructural markets with our resource allocation
- Continue to expand volumes into our multi-state customers, as Big River has a competitive advantage in servicing these clients
- Refine the architectural product offer and brand position for the new expanded range

## Grow scale through expanded distribution

- Achieve our targeted acquisitions per annum for the FY2020 period
- Execute Frame & Truss business acquisition to continue the national expansion of this product offer
- Extract the revenue growth targets across all newly acquired businesses
- Extend our product offer from new businesses across all locations

## Enhanced financial performance

- Maintain gross margin levels for FY2020, given the outperformance of Formwork sector versus the other higher margin segments
- Implement standardised price lists as part of the new ERP system
- Improve margins on imported product range with our continued growth in scale of purchases
- Specialised manufacturing to enhance gross and net margin levels at manufacturing level (albeit scale remains under pressure)

# Q1 Trading conditions FY2020

## Market conditions

- ❑ Markets have largely stabilised, and sales rates have remained consistent now for the last 3 quarters
- ❑ Housing starts remain depressed in most regions, despite the positive signs in display home traffic, enquiries and loan applications
- ❑ Commercial construction activity continues to look positive with several large projects starts occurring
- ❑ Some signs the alterations & additions markets are improving with house price growth restarting

## Product & Segment highlights

- ❑ Comparable sales in Q1 are slightly behind FY19, as was the case during FY2019
- ❑ QLD region continues to be resilient, with a more positive outlook, and was the best performing region in Q1
- ❑ The key formwork products of steel and formply have grown well in Q1 (in excess of 7% versus prior period), continuing the market share gains made during FY2019
- ❑ Regional areas like the Sunshine Coast, Gold Coast, Geelong and Canberra performed solidly in Q1

## Acquisition performance

- ❑ New Zealand acquisition continues to perform solidly and ahead of expectations
- ❑ Frame & Truss industry capacity given the softening detached housing, has resulted in some pressure on F&T margins
- ❑ Solid early synergies are being achieved from the Big Hammer acquisition in Townsville, with profits tracking in line with plan
- ❑ Product synergies in all acquisitions continue to track well and are on par with our targets

## Market Outlook

- ❑ Q1 market trends expected to continue during the balance of FY2020
- ❑ Several large detached housing customers are clearly in a weaker construction phase, but expect this to change in the next 6-9 months.
- ❑ Commercial and infrastructure market outlook is positive, and growth is expected
- ❑ Multi-residential outlook has improved, and several large projects are in planning phase. Q1 starts for medium density residential were improved compared to Q4 2019 (albeit still in decline)

## Strategy execution

- ❑ Acquisition leads continue to be strong
- ❑ Expanding our Frame & Truss network during a slight softening in detached housing, is seen as opportune
- ❑ Our focus on high value Engineered Timber Bridge systems is delivering strong leads, and we expect solid growth in FY2020
- ❑ Launch of key New Zealand architectural product range into Australia to occur in February 2020
- ❑ New ERP system being rolled out progressively throughout the balance of FY2020

## Financial

- ❑ Q1 statutory revenue significantly up on the comparable period in FY2019
- ❑ Operating EBITDA up circa 30% in Q1 versus the prior period
- ❑ The launch of new products in Australia and expanding the acquired businesses ,will see increased inventory investments in 2H FY2020
- ❑ The lower exchange rate is putting margin pressure on the imported product range, so some price rises will be needed to offset this



# Appendix

PROFIT & LOSS (\$m's)	FY2017	FY2018	FY2019
<b>Revenue</b>	<b>177.1</b>	<b>210.9</b>	<b>217.8</b>
<b>EBITDA from Operations:</b>			
- Distribution activities	9.7	12.0	11.3
- Corporate expenses	-2.9	-3.1	-3.3
- Manufacturing facilities	3.4	2.1	1.8
<b>EBITDA (before acquisition costs)</b>	<b>10.2</b>	<b>11.0</b>	<b>9.8</b>
IPO costs	-1.9	0.0	0.0
Acquisition costs	-0.2	-0.3	-0.6
Statutory EBITDA	8.1	10.7	9.2
Depreciation & amortisation	-1.9	-2.5	-2.7
EBIT	6.2	8.2	6.5
Interest	-0.9	-0.8	-1.0
Taxation Expense	-1.4	-2.2	-1.6
<b>NPAT</b>	<b>3.9</b>	<b>5.2</b>	<b>3.9</b>
<b>NPATA</b>	<b>4.1</b>	<b>5.5</b>	<b>4.2</b>

CASH FLOW (\$m's)	FY2017	FY2018	FY2019
Statutory EBITDA	8.1	10.7	9.2
Non-cash items & changes in working capital	-1.1	-2.1	-2.2
<b>OCFBIT</b>	<b>7.0</b>	<b>8.6</b>	<b>7.0</b>
Interest paid	-0.9	-0.8	-1.0
Tax paid	-1.4	-2.8	-2.2
<b>Operating Cash Flow</b>	<b>4.7</b>	<b>5.0</b>	<b>3.8</b>
Net capital expenditure	-1.2	-2.1	-1.4
Intangibles	0.0	0.0	-0.8
<b>Free cash flow</b>	<b>3.5</b>	<b>2.9</b>	<b>1.6</b>
Business acquisitions	-5.1	-3.7	-6.6
Net proceeds from issue of shares	16.5	0.0	1.4
Proceeds/(repayment) of borrowings	-7.4	2.9	5.4
Dividends paid	-2.4	-3.7	-3.0
<b>Increase/(decrease) in cash</b>	<b>5.1</b>	<b>-1.6</b>	<b>-1.2</b>

Key Financial Measures (\$m's)	FY2017	FY2018	FY2019
<b>Profitability</b>			
Revenue	177.1	210.9	217.8
EBITDA (before acquisition costs)	10.2	11.0	9.8
Statutory EBITDA	8.1	10.7	9.2
NPAT	3.9	5.2	3.9
NPATA	4.1	5.5	4.2
Earnings Per Share (cents)	9.55	9.79	7.24
<b>Cash flow management</b>			
OCFBIT	7.0	8.6	7.0
Operating cash flow	4.7	5.0	3.8
EBITDA to OCFBIT % (cash conversion)	87%	80%	76%
Working capital (% annualised revenue)	15.8%	16.7%	17.8%
Dividends declared per share (cents)	3.5	7.0	4.4
Dividend payout ratio (%)	47%	72%	66%

NET CASH/(DEBT) (\$m's)	FY2017	FY2018	FY2019
Cash at bank	3.6	2.0	1.2
Bank overdraft and trade finance	0.0	0.0	-0.5
Bank bills	-5.0	-7.9	-13.5
Lease liability	-2.6	-2.5	-2.3
<b>Net Debt</b>	<b>-4.0</b>	<b>-8.4</b>	<b>-15.1</b>
Gearing % (Debt to Debt + Equity)	6.6%	12.5%	19.7%

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