

Big River

Big River
Industries
Limited
(ASX:BRI)

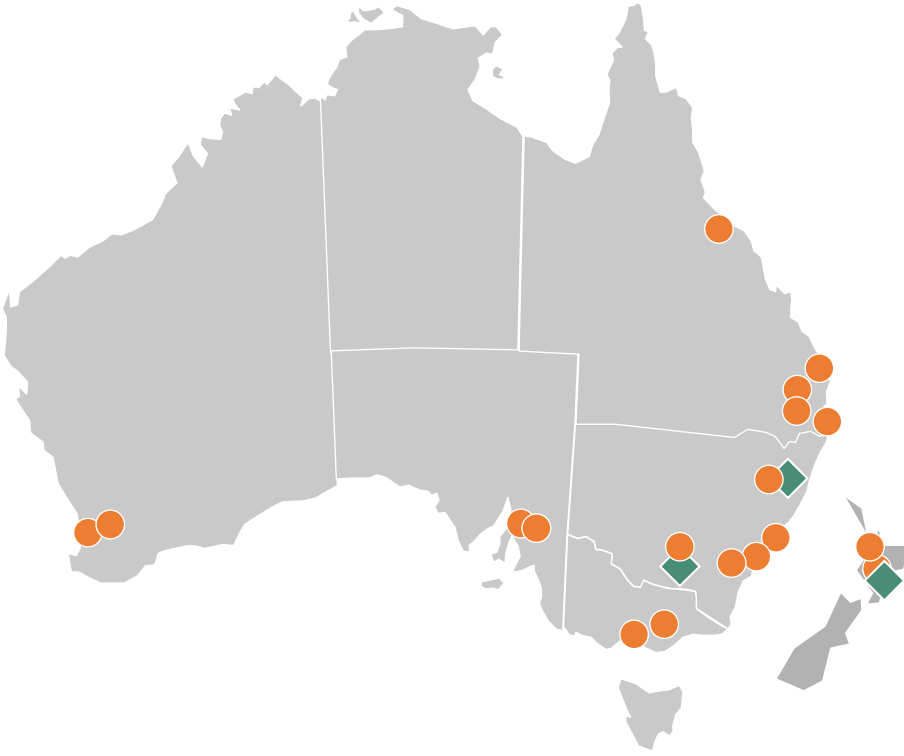


FY2020 AGM - CEO Presentation - 28 October 2020

Big River Today



Diversified by geography, industry segment, construction type and customer ⁽¹⁾

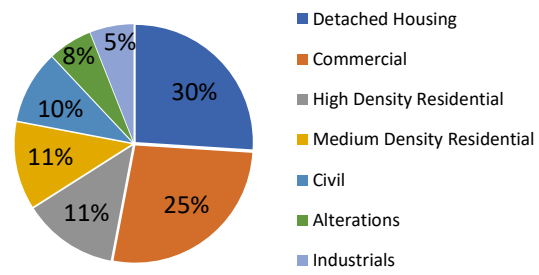


- ◆ Big River manufacturing facilities
- Big River sales / distribution sites

Target Segments

-  Formwork Supplies – 24%
-  Building Products – 55%
-  Plywood & Specialty – 21%

Revenue by Construction Market



Asset Mix

- 18 x Sales & distribution sites
- 2 x Plywood manufacturing facilities
- 3 x Frame & Truss fabrication sites
- 3 x Steel rolling lines
- 2 x Architectural panel manufacturing sites

Revenue By Region

- QLD – 30%
- NSW/ACT – 26%
- VIC/SA/WA – 34%
- NZ – 10%
- >6500 active trading accounts

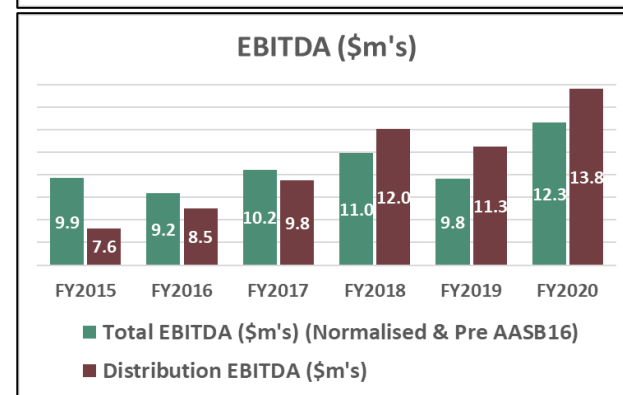
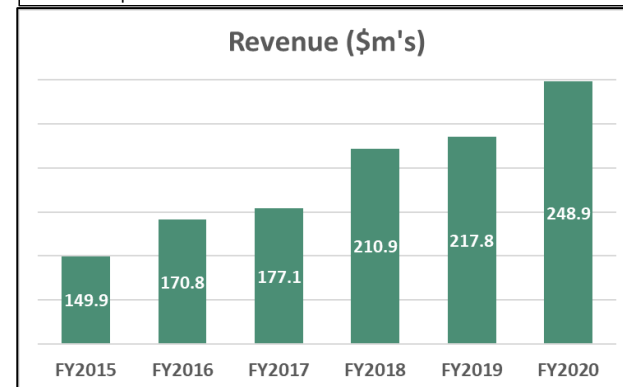
(1) All references are pro forma FY20

Financial Results FY2020

Key Financial Measures	FY2019	FY2020 Pre AASB16	FY2020 Statutory
Profitability			
Revenue	\$217.8m	\$248.9m	\$248.9m
EBITDA (before acquisition costs)	\$9.8m	\$12.3m	\$17.6m
EBITDA	\$9.2m	\$11.6m	\$16.9m
NPAT	\$3.9m	\$4.7m	\$4.4m
NPATA	\$4.2m	\$5.1m	\$4.8m
Earnings Per Share (cents)	7.24 cps	7.58 cps	7.14 cps
Cash flow management			
OCFBIT	\$7.0m	\$13.1m	\$18.4m
Operating cash flow	\$3.8m	\$10.3m	\$14.9m
EBITDA to OCFBIT % (cash conversion)	76%	112%	108%
Working capital (% annualised revenue)	17.8%	17.2%	17.2%
Dividends declared per share (cents)	4.4 cps	2.4 cps	2.4 cps
Dividend payout ratio (%)	66%	32%	34%
Balance Sheet			
Trade working capital	\$44.8m	\$44.5m	\$44.5m
Net Debt	\$15.1m	\$22.0m	\$41.5m
Gearing % (Debt to Debt + Equity)	19.7%	23.3%	36.7%

Key Financial Measures			
Revenue	\$248.9m	↑	14.3%
EBITDA (Statutory) ¹	\$17.7m	↑	79.9%
EBITDA (Pre AASB16) ¹	\$12.3m	↑	25.7%
NPAT (Statutory)	\$4.4m	↑	22.3%
NPAT (Pre AASB16)	\$4.7m	↑	21.2%
EPS (Pre AASB16)	7.6 cps	↑	4.7%
Cash Conversion (Pre AASB16)	112%	↑	42.4%
Final Dividend	2.4 cps	↑	9.1%

¹ Before acquisition costs



Market Position

- ❑ General declines in the construction sector will be a catalyst for further industry consolidation
- ❑ Continued growth in the scale of the business will ensure maximum benefit from the construction cycle recovery
- ❑ Market share gains in several segments further strengthens the through-cycle position of the Company
- ❑ Business well positioned to benefit from the State & Federal Government stimulus measures

Grow Scale Through Expanded Distribution

- ❑ Solid indications of more willing sellers as a result of Covid-19, continue to offer good acquisition opportunities
- ❑ Favourable equity markets for secondary raisings creates the possibility to pursue larger scale acquisitions
- ❑ After 3 successful Frame & Truss business acquisitions in recent years, continuing the national expansion remains a short-term target
- ❑ Broadening the international supply chain creates strong diversity and margin benefits

Enhanced Financial Performance

- ❑ Good steps to increase gross margin (270bps) and EBITDA margin (50bps) during FY20, continue to be a priority in FY21
- ❑ Capitalise on the budget instant tax write-off initiative, with strategic Capex projects
- ❑ Focus on improving the manufacturing profitability after an extensive turnaround program in recent years

FY2021 Q1 Trading Conditions

Market Conditions

- ❑ Market performing better than our original forecast of a 10% decline in the addressable market for FY21
- ❑ Detached housing and renovations markets have held up strongly with the help of the stimulus measures
- ❑ Commercial construction and high density residential continue to be slow, but several large projects have been announced
- ❑ Regional civil markets performing well, with some capital city projects remaining affected by site restrictions

Sales & Segment Highlights

- ❑ Q1 sales in line with prior year, or down 5% on a like for like basis, although October saw a material improvement
- ❑ Sales run rate has grown every month since July, suggesting a broader recovery is starting
- ❑ 10 of the top 20 trading accounts in Q1 were Project Home builders
- ❑ QLD, WA, SA and ACT regions all showing growth over the prior period (4%, 9%, 5% and 15% respectively)
- ❑ Building Products continue to out-perform, on the back of the stronger residential markets
- ❑ Pleasing growth was achieved in locally manufactured plywood products, up 30% versus prior period

Acquisition Performance

- ❑ New Zealand impacted by commercial project delays, but residential and industrial markets performing strongly and profitability in line with forecast
- ❑ Adelaide acquisition slightly down on prior period, but pipeline to Project Home builders is particularly solid
- ❑ Gross margin continues to improve on scale synergies and product mix improvements, although shipping rates and tight supply are affecting imported products

Market Outlook

- ❑ Uncertainty remains as to timing of key projects and the influence of the Homebuilder package
- ❑ While the NSW market has been materially impacted in recent years, several announcements from major developers augurs well for a turnaround
- ❑ Recent sales growth in the minor population States, looks set to continue

Strategy Execution

- ❑ Actively pursuing acquisitions again after pausing since the onset of Covid-19 in March 2020
- ❑ Continued expansion in our Frame & Truss network during a slight softening in detached housing is seen as opportune
- ❑ An increased service offer in Engineered Bridge solutions (including an installation capability) increases the size of this market opportunity
- ❑ Ramp up of the online functionality of the business is a key focus for FY21
- ❑ Diverse exposure across geographies and segments continue to position the business well

Financial

- ❑ The improved sales run rate experienced each month this financial year, augurs well for 1H21
- ❑ Q1 EBITDA performing ahead of expectations and broadly in line with prior period
- ❑ Manufacturing function has contributed more than double the profitability of the prior period
- ❑ Working capital continues to be tightly managed, although inventory shortages will require increases to safety stock levels
- ❑ Well hedged exchange rate position has seen some gross margin improvements on the imported product range (although shipping rates and availability is offsetting this in part)

Appendix

Key Financial Measures	FY2017	FY2018	FY2019	FY2020 Pre AASB16	FY2020F Statutory
Profitability					
Revenue	\$177.1m	\$210.9m	\$217.8m	\$248.9m	\$248.9m
EBITDA (before acquisition costs)	\$10.2m	\$11.0m	\$9.8m	\$12.3m	\$17.6m
EBITDA	\$8.1m	\$10.7m	\$9.2m	\$11.6m	\$16.9m
NPAT	\$3.9m	\$5.2m	\$3.9m	\$4.7m	\$4.4m
NPATA	\$4.1m	\$5.5m	\$4.2m	\$5.1m	\$4.8m
Earnings Per Share (cents)	9.55 cps	9.79 cps	7.24 cps	7.58 cps	7.14 cps
Cash flow management					
OCFBIT	\$7.0m	\$8.6m	\$7.0m	\$13.1m	\$18.4m
Operating cash flow	\$4.7m	\$5.0m	\$3.8m	\$10.3m	\$14.9m
EBITDA to OCFBIT % (cash conversion)	87%	80%	76%	112%	108%
Working capital (% annualised revenue)	15.8%	16.7%	17.8%	17.2%	17.2%
Dividends declared per share (cents)	3.5 cps	7.0 cps	4.4 cps	2.4 cps	2.4 cps
Dividend payout ratio (%)	47%	72%	66%	32%	34%

CASH FLOW (\$m's)	FY2017	FY2018	FY2019	FY2020 Pre AASB16	FY2020 Statutory
Statutory EBITDA	8.1	10.7	9.2	11.6	16.9
Non-cash items & working capital changes	-1.1	-2.1	-2.2	1.5	1.5
OCFBIT	7.0	8.6	7.0	13.1	18.4
Interest paid	-0.9	-0.8	-1.0	-1.5	-2.2
Tax paid	-1.4	-2.8	-2.2	-1.3	-1.3
Operating Cash Flow	4.7	5.0	3.8	10.3	14.9
Net capital expenditure	-1.2	-2.1	-1.4	-1.1	-1.1
Intangibles	0.0	0.0	-0.8	-1.0	-1.0
Free cash flow	3.5	2.9	1.6	8.2	12.8
Business acquisitions	-5.1	-3.7	-6.6	-19.6	-19.6
Contingent consideration				-0.2	-0.2
Net proceeds from issue of shares	16.5	0.0	1.4	6.1	6.1
Proceeds/(repayment) of borrowings	-7.4	2.9	5.4	12.3	12.3
Lease repayments				-0.3	-4.9
Dividends paid	-2.4	-3.7	-3.0	-1.4	-1.4
Increase/(decrease) in cash	5.1	-1.6	-1.2	5.1	5.1

PROFIT & LOSS (\$m's)	FY2017	FY2018	FY2019	FY2020 Pre AASB16	FY2020 Statutory
Revenue	177.1	210.9	217.8	248.9	248.9
EBITDA from Operations:					
- Distribution activities	9.7	12.0	11.3	13.8	19.1
- Corporate activities	-2.9	-3.1	-3.3	-3.3	-3.3
- Manufacturing facilities	3.4	2.1	1.8	1.8	1.8
EBITDA (before acquisition costs)	10.2	11.0	9.8	12.3	17.6
IPO costs	-1.9	0.0	0.0	0.0	0.0
Acquisition costs	-0.2	-0.3	-0.6	-0.7	-0.7
Statutory EBITDA	8.1	10.7	9.2	11.6	16.9
Depreciation	-1.7	-2.0	-2.2	-2.6	-7.6
Amortisation	-0.2	-0.5	-0.5	-0.7	-0.7
EBIT	6.2	8.2	6.5	8.3	8.6
Interest	-0.9	-0.8	-1.0	-1.6	-2.3
Taxation Expense	-1.4	-2.2	-1.6	-2.0	-1.9
NPAT	3.9	5.2	3.9	4.7	4.4
NPATA	4.1	5.5	4.2	5.1	4.8

NET CASH/(DEBT) (\$m's)	FY2017	FY2018	FY2019	FY2020 Pre AASB16	FY2020 Statutory
Cash at bank	3.6	2.0	1.2	8.7	8.7
Overdraft and trade finance	0.0	0.0	-0.5	-2.8	-2.8
Bank bills	-5.0	-7.9	-13.5	-25.9	-25.9
Bank lease liability	-2.6	-2.5	-2.3	-2.0	-2.0
Net Bank Debt	-4.0	-8.4	-15.1	-22.0	-22.0
Lease liability AASB16	0.0	0.0	0.0	0.0	-19.5
Total	-4.0	-8.4	-15.1	-22.0	-41.5
Gearing % (Debt to Debt + Equity)	6.6%	12.5%	19.7%	23.3%	36.7%

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