



Big River Industries Limited (ACN 609 901 377)

ASX RELEASE

25 October 2022

Big River Industries Ltd (ASX:BRI)

Chairman's Address FY2022 AGM

It is often said that the toughest steel is forged in the hottest furnaces and so it has been for Big River in the last financial year. We have achieved our best ever result in a year where we faced the biggest challenges. The weather, Covid and supply chain issues all presented significant challenges, yet the Big River team were able to deliver record sales and record profit. It is testament to the strong culture and work ethic fostered by our management team and within every branch across both Australia and New Zealand. It is also a reflection of the strong level of support we receive from our customers, suppliers, financiers, and shareholders.

The fundamental markets that the Company operates in continue to be positive, with the detached housing pipeline looking to be longer and stronger due to tight supply of materials and labour. Commercial construction is bouncing back after Covid related softness, while a long and strong pipeline of infrastructural projects exists.

Sales grew strongly to a new record of nearly \$410m, 45% higher than FY21. This came from strong organic growth across all key categories and solid contribution from acquired businesses. Importantly, like for like store sales grew 20%, with growth continuing to accelerate throughout the year. Underlying EBITDA of \$48m was up 113%, with growth achieved in every segment and geographic region. NPAT of \$22.7m was up 191% and gross margin expanded 190 bps.

Without doubt an outstanding set of results.

The Board has determined a final fully franked dividend of 10.0 cents per share. Total FY22 dividends of 15.5 cps represent an increase of 177% on the prior year, and a 60% payout ratio, in line with previous years.

Importantly we have continued our acquisition strategy with Revolution Wood Products in Brisbane and United Building Products in The Illawarra being acquired during the year and already this year we have completed the acquisition of the FA Mitchell panels business in Lidcombe. Shareholders will be pleased to know that all our acquisitions continue to deliver on the deal metrics which shows in the earnout payments being achieved for vendors.

Life in "branch land" has been tough with covid and flu season illness seeing abnormally high absence levels and with a tight labour market we have seen turnover increase. However, I would like to call out a couple of significant successes amongst the multitude of achievements in the business in the last 12 months.

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The consolidation project of bringing the historical manufacturing facilities of Wagga and Grafton together has proceeded quietly and steadily throughout the year. The Wagga site has been vacated, remediated, and sold. The consolidation in Grafton continues and will be completed early in 2023 whilst all the time the plant has continued to operate. All the Government grant mandated milestones have been met and the funds have flowed accordingly. Well done to all those involved.

Our Frame & Truss facility at Dry Creek, Adelaide had a pretty poor result in FY21 by anyone's standard. However FY22 was a completely different result with the branch being awarded Big River Branch of the Year having achieved an amazing turnaround and was a top 3 branch for profit. The Board managed a site visit at Dry Creek only a month ago and it was a real pleasure to share morning tea with a very happy crew. Well done to everyone at Dry Creek.

Acquisitions continue to be a fundamental component of the Company's growth strategy, and the business is confident the continued expansion of the network across Building Trade Centres, Formwork & Commercial and Panels will be achieved, regardless of market conditions.

As you are all aware Jim has announced he will be stepping down as CEO at the end of March. Whilst we are all disappointed, we were not taken by surprise as Jim has always maintained an open and transparent dialogue with the Board. His long tenure with Big River, and in particular as CEO, meant it was inevitable, he would "call time" eventually. The Board is well progressed in the recruitment process to find a successor for Jim.

We have been fortunate to have Jim as our CEO for such a long time and the successes we have seen, particularly in the last 12 months, reflect his skills, knowledge, hard work, passion, determination, and commitment as CEO. Business is a team effort, but every great team has an outstanding captain and Jim has been that outstanding Captain for Big River.

Finally, I would like to thank my fellow Directors for all their hard work and efforts during the year. We have worked diligently on your behalf, strived to provide sensible advice and guidance to Jim and his team, and whilst all the time endeavouring to stay out of their way as they did all the heavy lifting in achieving these great results.

This announcement has been authorised for released to ASX by order of the Board.

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