



# HY23 Results Presentation

Big River Industries Ltd (ASX:BRI)



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## Presenters

Jim Bindon  
CEO & Managing Director

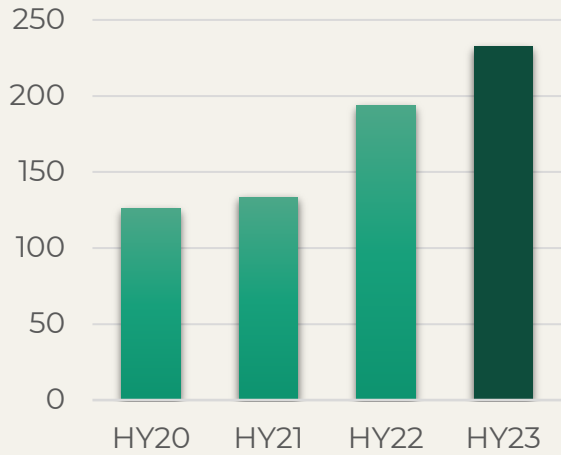
John Lorente  
Incoming CEO

John O'Connor  
CFO

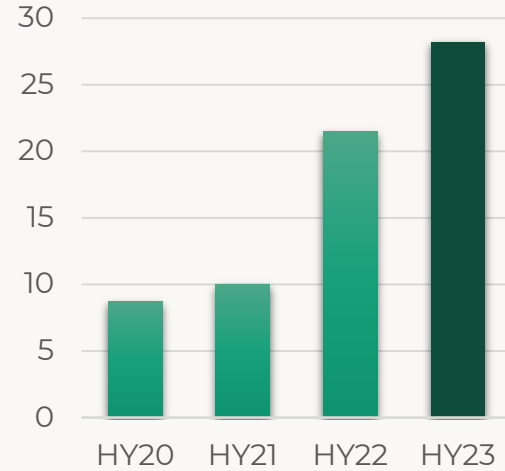
BigRiver



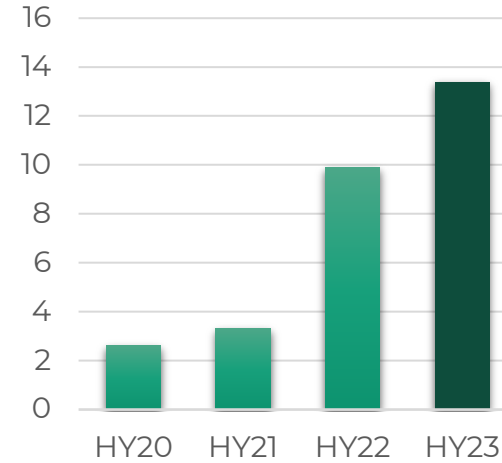
## Revenue (\$m)



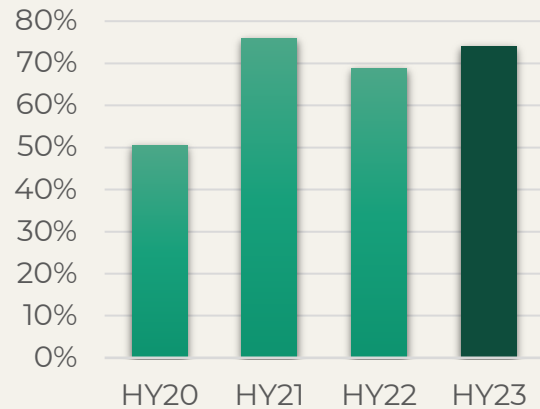
## U-EBITDA (\$m)



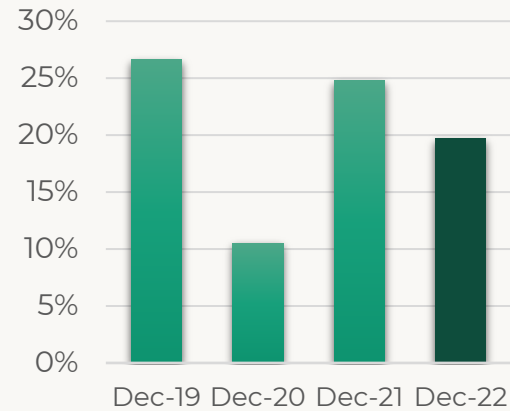
## U-NPAT (\$m)



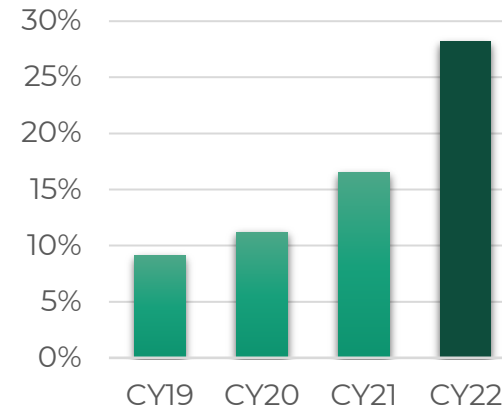
## Cash Conversion



## Gearing <sup>1</sup>



## ROFE <sup>1</sup>



1. Definitions of Gearing ratio and ROFE covered within the appendix – page 15.



## Supply chain diversity



**21% of revenue**  
Manufactured by BRI

**20% of revenue**  
Direct Import by BRI

**59% of revenue**  
Sourced from local supply partners

## Revenue by construction market



**41%** Detached housing

**15%** Multi-residential

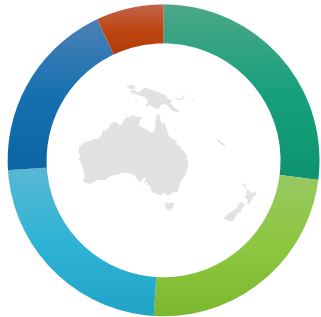
**9%** Alterations & Additions

**21%** Commercial

**7%** Civil

**7%** OEM (re-manufacturing)

## Revenue by region



**27%** Queensland

**24%** Victoria

**23%** New South Wales/ACT

**19%** SA/WA

**7%** New Zealand

## Asset mix

**26**

Sites across major population centres



**7**

Manufacturing Sites



**4**

Frame & Truss prefabrication plants



**3**

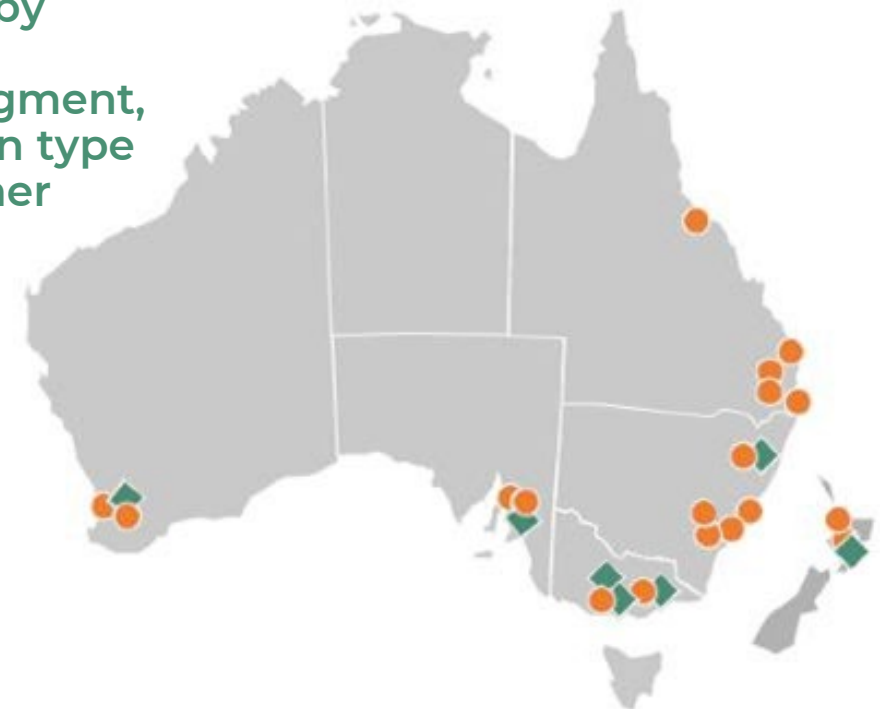
Plywood / panel manufacturing plants



Diversified by geography, industry segment, construction type and customer

◆ Big River manufacturing facilities

● Big River sales / distribution sites



## Financial Highlights



Revenue up

# 19.9%

from 1H22 to

# \$232.4m

Continued strong Revenue growth, up 19.9% from 1H22 to \$232.4m, including 10.8% organic growth and positive contributions from new acquisitions.



U-EBITDA up

# 31.2%

Underlying EBITDA up 31.2% on 1H22 to \$28.2m and EBITDA margin increased to 12.1%.

Working Capital

# 17.7%

Strong working Capital management, with net working capital to revenue ratio at 17.7% consistent with June 2022.

Return on Funds Employed

# 28.2%

ROFE (Rolling 12 months EBIT/Funds Employed) of 28.2% a record result.

Dividends

# 8.6cps

Dividend growth of 56.4% on 1H22 to 8.6cps.

## Operational Highlights

Organic Growth

# 10.8%



The group achieved 10.8% organic revenue growth, delivered across all divisions, well ahead of addressable market growth, despite delays due to weather events and labour shortages.

# 31.7%

Record first half result was led by strong revenue growth from Qld, SA and WA and Building Trade Centres up 31.7% on last year, supporting Construction division growth.

Gross Margin up

# 116bps

Ongoing improvement in Gross Margin up 116bps on product mix and operating efficiencies.



Supply chain pressures started to improve in Q2 delivering improved profitability.

Increased focus on debtor management with restructured team delivered improvements in debtor days.

Two acquisitions (FA Mitchell and Epping Timber & Hardware) completed in 1H23 expanding our Panels and Building Trade Centre capabilities in NSW and Victoria.

Prudent cost management – Like for like operating cost increases predominantly variable in nature

AUD in millions	Revenue			EBITDA			EBITDA margin	
	1HFY23	1HFY22	% Change	1HFY23	1HFY22	% Change	1HFY23	1HFY22
Construction products	165.7	137.1	20.9%	20.7	13.1	58.0%	12.5%	9.6%
Panels	66.7	56.7	17.6%	10.6	10.9	(2.8%)	15.9%	19.2%
Corporate costs	-	-	-	(3.1)	(2.5)	24.0%	-	-
<b>Total</b>	<b>232.4</b>	<b>193.8</b>	<b>19.9%</b>	<b>28.2</b>	<b>21.5</b>	<b>31.2%</b>	<b>12.1%</b>	<b>11.1%</b>

## Construction products

- Revenue was up 20.9% from 1H22, with continued organic growth of 12.8% and additional contributions from new acquisitions.
- Within the construction segment, growth trajectory led by the Building Trade Centres up 31.7% on last year with most builders continuing to report a strong orderbook and positive view on forward pipeline.

## Panels

- Revenue was up 17.6% from 1H22, with continued organic growth of 5.9% and additional contributions from new acquisitions.
- Softer profit performance due to Grafton project implementation and New Zealand market dynamics.
- Continued strong EBITDA margins from both divisions.

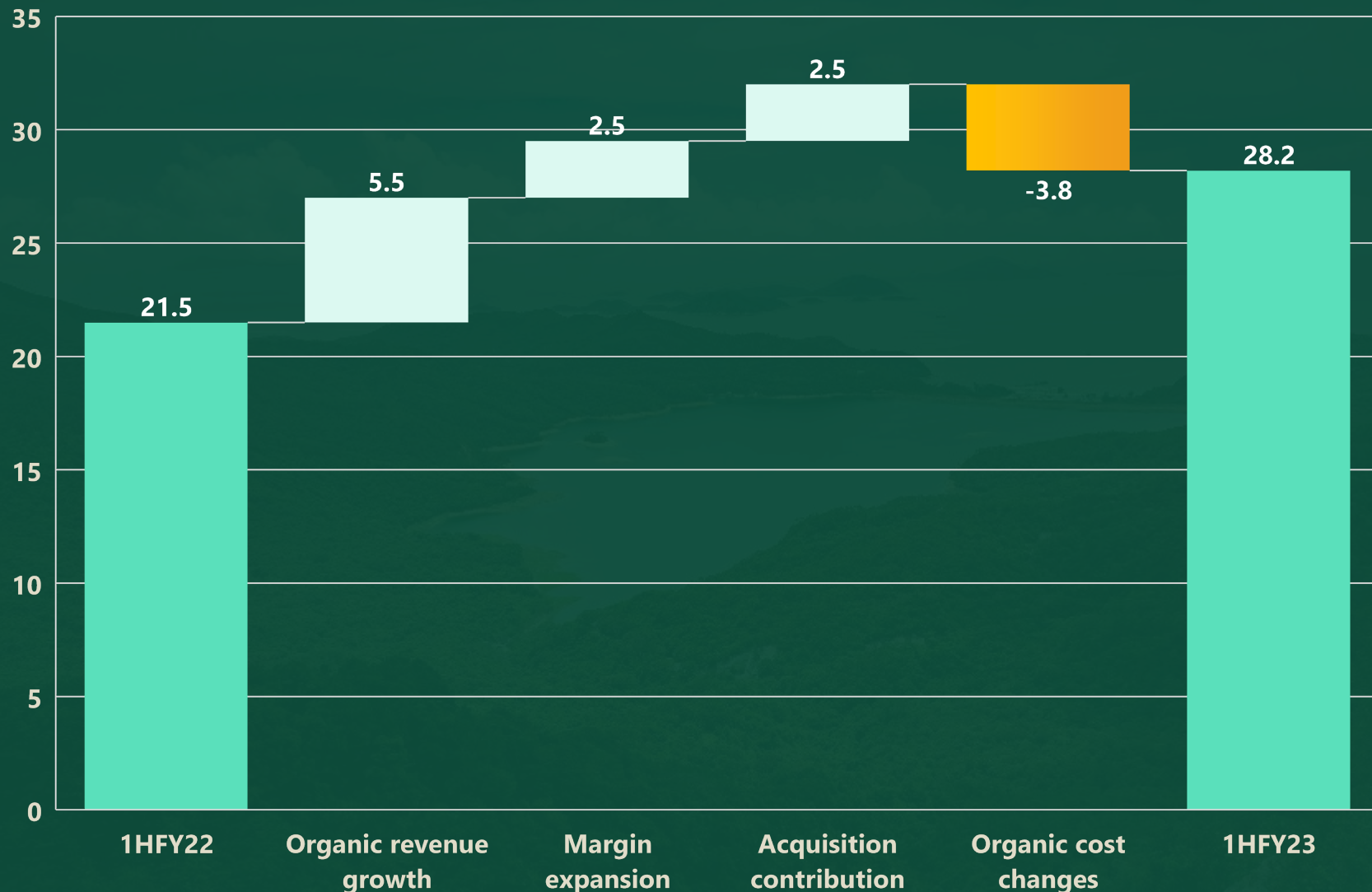
AUD in millions	1HFY23	1HFY22	% Change
Revenue	232.4	193.8	19.9%
Raw materials and consumables	(168.1)	(142.5)	18.0%
<b>Gross profit</b>	<b>64.3</b>	<b>51.3</b>	<b>25.3%</b>
Operating expenses	(36.1)	(29.8)	21.1%
<b>EBITDA</b>	<b>28.2</b>	<b>21.5</b>	<b>31.2%</b>
Depreciation and amortisation	(6.9)	(5.9)	16.9%
<b>EBIT</b>	<b>21.3</b>	<b>15.6</b>	<b>36.5%</b>
Finance costs	(2.2)	(1.5)	46.7%
<b>PBT before significant items</b>	<b>19.1</b>	<b>14.1</b>	<b>35.5%</b>
Income tax expense	(5.7)	(4.2)	35.7%
<b>NPAT before significant items</b>	<b>13.4</b>	<b>9.9</b>	<b>35.4%</b>
Significant items:			
- Acquisition costs	(0.3)	(0.8)	(62.5%)
- Share-based remuneration	(0.3)	(0.3)	-
<b>NPAT to equity owners</b>	<b>12.8</b>	<b>8.8</b>	<b>45.8%</b>

## Highlights

- Total Revenue up 19.9% driven by strong organic growth and acquisitions.
- Gross margin was up 116 basis points versus 1H22. This key driver was improvements in manufacturing efficiencies, pricing disciplines and product mix.
- Operating expenses – Like for like costs in line with revenue growth.
- Finance cost increase was in line with additional borrowing to fund the acquisitions and interest rate changes.



## EBITDA (AUD in millions)



# 10.8%

Organic revenue growth of 10.8% delivered 25.6% growth in EBITDA

# 116bps

Gross margin improvement of 116 bps delivered 11.6% growth in EBITDA.

# 11.6%

Acquisitions delivered 11.6% growth in EBITDA.

# 12.8%

Organic cost increases of 12.8%

AUD in millions	31 Dec 2022	30 Jun 2022
Cash	16.9	19.8
Trade and other receivables	56.3	63.4
Inventories	80.5	72.8
Fixed assets	22.8	21.9
Right-of-use assets	25.4	21.5
Intangibles	61.6	58.4
Other assets	2.8	3.4
<b>Total assets</b>	<b>266.3</b>	<b>261.2</b>
Trade and other payables	54.3	61.9
Borrowings	46.0	41.0
Lease liabilities (right-of-use)	26.7	22.7
Current tax payable	4.8	5.3
Contingent consideration	5.5	7.9
Provisions and other liabilities	10.7	10.0
<b>Total liabilities</b>	<b>148.0</b>	<b>148.8</b>
<b>Net assets</b>	<b>118.3</b>	<b>112.4</b>

### Highlights

- Strong balance sheet to support the growth and acquisition strategy.
- Inventories increased by \$7.7m (10.6%) – sensibly contained in light of increased revenue.
- Continued focus on maintaining strong disciplines with our Receivables.
- Additional \$5 million debt drawn in December 2022 to fund acquisition of Epping Timber.
- Completed sale of land and building relating to Wagga site.
- Contingent consideration paid at capped amount for acquisition completed in prior year offset by recognition of liability for Epping Timber.

AUD in millions	31 Dec 2022	30 Jun 2022
Total borrowing facility	68.1	68.1
<b>Facility drawn</b>	<b>46.0</b>	<b>41.0</b>
Utilisation ratio %	67.5%	60.2%
Cash	16.9	19.8
<b>Net debt (Facility drawn – Cash)</b>	<b>29.1</b>	<b>21.2</b>
Share capital	98.5	96.7
Reserves	19.8	15.7
<b>Equity</b>	<b>118.3</b>	<b>112.4</b>
<b>Funds employed (Net debt + Equity)</b>	<b>147.4</b>	<b>133.6</b>
<b>Gearing ratio % (Net debt over Funds employed)</b>	<b>19.7%</b>	<b>15.9%</b>
<b>Working capital to revenue (LTM) ratio %</b>	<b>17.7%</b>	<b>18.1%</b>

Cents per share	1HY23	1HY22
Dividend declared	8.6	5.5
Basic Earning Per Share (cents)	15.6	10.9
<b>Dividend pay out ratio %</b>	<b>55.0%</b>	<b>50.5%</b>

## Highlights

- Net debt increased by \$7.8 million reflecting the cash paid in respect of new acquisitions and contingent consideration payments for acquisitions completed in prior years.
- Additional \$16.0 million approved by National Australia Bank in January 2023 is not included in this table.
- Gearing ratio of 19.7% is within the historic range and lower than 24.8% at 31-Dec-2021.
- Working capital to revenue ratio is broadly consistent with prior period.
- Growth in dividend to 8.6c up by 56.4%.

AUD in millions	1HFY23	1HFY22
Receipt from customers	262.7	213.2
Payment to suppliers and employees	(241.8)	(201.7)
Government grants	–	3.3
<b>Operating cash flow before interest and tax</b>	<b>20.9</b>	<b>14.8</b>
Interest paid	(1.4)	(1.5)
Income tax paid	(6.7)	(1.8)
<b>Cash generated from operating activities</b>	<b>12.8</b>	<b>11.5</b>
Business acquisitions	(5.6)	(13.5)
Contingent consideration paid	(3.6)	(1.8)
Net capital proceed/(expenditure)	1.1	(3.0)
<b>Cash used in investing activities</b>	<b>(8.1)</b>	<b>(18.3)</b>
Proceeds from borrowings	5.0	10.0
Lease payment	(4.7)	(3.6)
Dividends paid	(8.1)	(2.3)
<b>Cash (used in)/from financing activities</b>	<b>(7.8)</b>	<b>4.1</b>
<b>Net decrease in cash and cash equivalent <sup>1</sup></b>	<b>(3.1)</b>	<b>(2.7)</b>

## Highlights

- OCFBIT to EBITDA conversion of 74.1% ahead of pcp.
- Working capital (net of acquisitions) grew by 8.1% compares favourably to organic growth of 10.8%.
- Net capital proceeds includes cash received from sale of Land and Building \$2.7 million offset net capex of \$1.6 million
- Additional \$5 million debt drawn to fund acquisition of Epping Timber & Hardware.
- Final dividend of 10 cps for FY2022 paid in October 2022.
- Higher tax payment in 1HFY23 includes payment of tax liability relating to FY22.

1. Cash and cash equivalents = Cash – Bank Overdraft.

# Big River's market diversity will support continued growth

- Strong residential builder orderbook and project pipelines expected to continue into FY24.
- Civil construction pipeline very strong.
- A&A expected to be soft but this will be offset by growing Commercial and Multi Residential construction.
- Project delays due to labour constraints continue to extend the pipeline.
- Market will be further buoyed by migration returning back to pre-pandemic levels and overseas students returning.
- Product cost increases of the past few years have largely stabilised as supply chains have improved.

# Strategy & Financial

- Strong pipeline of acquisition opportunities being considered across Panels, Construction.
- We are on track to continue to deliver further acquisitions in next six months as per the strategy.
- Our Grafton Consolidation project, behind schedule due to equipment delays, is almost complete and expected to deliver synergies later in FY23.
- January trading above previous year despite many builders taking extended holidays.
- Improvements in run rate in late January and February are expected to continue as major projects start to be delivered.
- 2H23 is expected to be in line with consensus forecast.

# 13 Appendix - Profitability

AUD in millions	1HFY20	1HFY21	1HFY22	1HFY23
<b>Revenue</b>	<b>126.1</b>	<b>133.5</b>	<b>193.8</b>	<b>232.4</b>
EBITDA				
- Construction	7.1	7.6	13.1	20.7
- Panels	3.5	4.4	10.9	10.6
- Corporate costs	(1.9)	(2.0)	(2.5)	(3.1)
<b>Total EBITDA</b>	<b>8.7</b>	<b>10.0</b>	<b>21.5</b>	<b>28.2</b>
Depreciation	(3.6)	(4.2)	(5.3)	(5.6)
Amortisation	(0.3)	(0.2)	(0.6)	(1.3)
<b>EBIT</b>	<b>4.8</b>	<b>5.6</b>	<b>15.6</b>	<b>21.3</b>
Finance costs	(1.3)	(1.0)	(1.5)	(2.2)
Income tax expense	(0.9)	(1.3)	(4.2)	(5.7)
<b>NPAT (before significant items)</b>	<b>2.6</b>	<b>3.3</b>	<b>9.9</b>	<b>13.4</b>
Significant items:				
- Acquisition costs	(0.3)	(0.2)	(0.8)	(0.3)
- Share-based remuneration	-	(0.2)	(0.3)	(0.3)
- Wagga impairment	-	(9.3)	-	-
- Fair value gain	-	0.2	-	-
<b>NPAT (statutory)</b>	<b>2.3</b>	<b>(6.2)</b>	<b>8.8</b>	<b>12.8</b>
Earnings per share (basic)	3.7 cps	(9.8) cps	10.9 cps	15.6 cps
Dividend per share	-	2.6 cps	5.5 cps	8.6 cps
Dividend pay out ratio %	-	nm	50%	55%



# 14 Appendix – Cash Flow

AUD in millions	1HFY20	1HFY21	1HFY22	1HFY23
<b>EBITDA</b>	<b>8.7</b>	<b>10.0</b>	<b>21.5</b>	<b>28.2</b>
Working capital changes & other items	(4.3)	(2.4)	(6.7)	(7.3)
<b>Operating cash flow before interest and tax (OCFBIT)</b>	<b>4.4</b>	<b>7.6</b>	<b>14.8</b>	<b>20.9</b>
Interest paid	(0.8)	(0.9)	(1.5)	(1.4)
Income tax paid	(1.0)	(1.8)	(1.8)	(6.7)
<b>Operating cash flow</b>	<b>2.6</b>	<b>4.9</b>	<b>11.5</b>	<b>12.8</b>
Net capital proceed/(expenditure)	(0.5)	(0.3)	(2.9)	1.1
Payment for intangibles	(0.4)	(0.3)	(0.1)	-
<b>Free cash flow</b>	<b>1.7</b>	<b>4.3</b>	<b>8.5</b>	<b>13.9</b>
Business acquisitions	(16.5)	-	(13.5)	(5.6)
Contingent consideration paid	(0.2)	(1.2)	(1.8)	(3.6)
Net proceeds from issue of shares	6.1	13.8	-	-
Proceeds from / (repayment of) borrowings	8.7	(13.6)	10.0	5.0
Lease repayments	-	(2.6)	(3.6)	(4.7)
Dividends paid	(1.4)	(1.5)	(2.3)	(8.1)
<b>Increase/(decrease) in cash and cash equivalents<sup>1</sup></b>	<b>(1.6)</b>	<b>(0.8)</b>	<b>(2.7)</b>	<b>(3.1)</b>

1. Cash and cash equivalents = Cash – Bank Overdraft.



AUD in millions	31-Dec-2019	31-Dec-2020	31-Dec-2021	31-Dec-2022
Overdraft and trade finance	0.8	1.5	2.8	2.7
Bank bills	22.6	12.2	36.0	41.0
Equipment finance liability	2.0	2.0	2.4	2.3
Less: cash	-	(6.5)	(6.5)	(16.9)
<b>Net debt</b>	<b>25.4</b>	<b>9.2</b>	<b>34.7</b>	<b>29.1</b>
Equity	70.0	78.1	105.0	118.3
<b>Funds employed (Net debt + Equity)</b>	<b>95.4</b>	<b>87.3</b>	<b>139.7</b>	<b>147.4</b>
<b>Gearing ratio <sup>1</sup></b>	<b>26.6%</b>	<b>10.5%</b>	<b>24.8%</b>	<b>19.7%</b>
<b>EBIT before significant items (LTM)</b>	<b>8.7</b>	<b>9.8</b>	<b>23.1</b>	<b>41.5</b>
<b>Return on funds employed (ROFE) <sup>2</sup></b>	<b>9.1%</b>	<b>11.2%</b>	<b>16.5%</b>	<b>28.2%</b>

1. Gearing ratio = Net debt over Funds employed.

2. ROFE = EBIT before significant items for LTM (January to December) over Funds employed.

## 16 Important Notice and Disclaimer

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