



**Big River Industries Limited** (ACN 609 901 377)

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**ASX Release - Big River industries Ltd (ASX: BRI)**

31<sup>st</sup> October 2024

### **Chairman's Address FY2024 AGM**

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Firstly, let me start by saying how pleased I am to be presenting my first address to you as Chair. I was delighted to accept the appointment by my fellow directors following last year's retirement of Malcolm Jackman, and while I would certainly have preferred that my first time before you as Chair was in an environment of more positive news, I am nevertheless extremely proud to fulfill this role and help lead this next chapter of Big River's growth and evolution. I thank you for that opportunity.

While the financial year started with a reasonably strong pipeline, it became clear very early in FY24 that the unprecedented activity driving well-above average results during the last few years was softening as the economy readjusted to post-COVID circumstances.

This change was most evident in falling housing starts in the second half of the year, and manifest in a general softening across virtually all our key markets.

This softening led to reduced revenue of nearly 8% when compared to the previous period, with total turnover for FY24 being just under \$415 million.

Notwithstanding general sluggishness across many of our markets in FY24, the commercial segment did maintain some resilience with project deliveries increasing in the second half. This has continued into the early part of FY25, and as a result, our Construction Division does foresee some encouraging growth opportunities in key product groups - in some geographic regions - in this present year.

The Panels Division experienced its softening market further into FY24 than construction, largely because these products feed into the building cycle much later in the process.

The Panels Division products are generally bespoke or specialised in nature and as such attract and contribute a greater margin. This positioning provides some protection against pricing pressure, and complements the Group's broader strategy of product, sector, value-add specialisation, and geographic diversity.

Our mix in product and geographical segments provides us with opportunities to capture growth where it occurs. In FY24 Western Australia emerged as our top-performing region, exceeding targets and forecasting stronger prospects ahead. Queensland and South Australia remained steady in FY24, while VIC and NZ experienced softer conditions. NSW was particularly subdued in the later part of FY24 and, disappointingly, this continues into FY25.



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Improved supply availability from local and international partners helped us return our focus to proactive business development, and enhancing manufacturing efficiencies and labour utilisation - which again positions us well for when market conditions improve.

Several organic growth initiatives delivered strong returns, especially in high-value areas such as lightweight residential cladding, timber flooring, decorative panels, and commercial facades in New Zealand.

Our focus remains on expanding market share through differentiated and high-value products.

Upgrades at our Grafton manufacturing site boosted panel production, while site consolidations at Brendale and Smeaton Grange optimised our footprint to better serve key markets and improve operational efficiencies.

The acquisition of Specialised Laminators Queensland (SLQ) in May has been a positive addition to the Group, aligning well with our culture, capabilities and strategy.

### **Financial Performance and Dividends**

In FY24 we consolidated and optimised various operational components of the Group. This has meant some additional investment in people and systems, but importantly has provided excellent outcomes in key areas, and positions us extremely well for future growth.

Disciplined management of inventory and receivables contributed to a strong cash position. The Group's cash conversion ratio was just over 98%, reflecting our efforts to streamline operations and enhance efficiency.

Operating cash flow was \$32.0 million (pre-interest and taxes), closely matching an EBITDA of \$32.6 million, highlighting the ability of our business to convert earnings into cash.

Inventory was efficiently managed, down 1.7% on a like-for-like basis, to \$72.5 million, and Debtor Days improved over the previous period.

While clearly down when compared against recent record periods, our profit and financial discipline enabled the Board to declare a fully franked dividend for the year totalling 7.5 cents per share, representing a 78% payout ratio and thus continuing our commitment to deliver a meaningful proportion of our earnings back to our shareholders.



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## **People & Safety**

I would like now to make a few comments on our commitment to the safety and development of our people.

During the year, two manufacturing sites reached notable safety milestones:

- Breakwater Frame and Truss in Geelong celebrated 1,000 days without an LTI, and
- Penrose in Auckland achieved 1,500 days LTI-free.

Our focus on safety was further reinforced through external audits and benchmarking, additional site improvements, and enhanced training and employee engagement initiatives.

We strengthened our senior leadership team with a new Executive GM appointment in People and Culture, a new Executive GM appointment for our panels division, the creation of a separate focused Executive GM role of Supply Chain and Manufacturing, and the creation of a new Executive GM for Business Transformation and Technology.

These new leaders – which John will say a little more about shortly - bring extensive experience to drive strategy, growth, and operational excellence across the Group.

## **Outlook**

Big River has enjoyed considerable growth and success in recent years. Against this backdrop, FY24 represented a year of consolidation and preparation for the next chapter.

While the economy well and truly began its readjustment back from the quite remarkable buoyancy of recent years, we invested time, effort and money in ensuring the business is structured appropriately for today and for its future aspirations.

The benefits of this effort and investment have been demonstrated in positive outcomes over FY24 such as our previously mentioned strong cash conversion, improving safety performance, improved inventory management, and decreasing debtor days.

Equally important, these same actions ensure we are well positioned to capture all the value now inherent in our expanded and diversified structure, and to profit from the upward cycle of our markets when they inevitably improve over the coming years.

I would like to conclude by thanking you, our shareholders, for your support, and to all our employees for their dedication and hard work in what has been a recently challenging market.



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I can assure you that our focus remains unwavering in the pursuit of the very best outcomes for the business, and ultimately those who are investors in it.

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

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