Big River Industries Limited (ACN 609 901 377)

18th February 2025

1H FY25 Results Announcement
Improving operational performance and building for the future

Big River Industries Limited (ASX: BRI) is pleased to announce its results for the Half Year ending 31 December 2024 (1H FY25)

Highlights

- The Group reported revenue of $211.5m, down 3.3% on the prior corresponding period (pcp) and 9.0% down on a like-for-like basis, excluding SLQ acquisition (LFL).
- 1H FY25 revenue up 8.0% on 2H FY24, potentially indicating a level of market cycle stabilisation.
- The Gross Profit margin was flat on pcp but improved by 76 basis points compared to 2H FY24, driven by enhanced pricing discipline, considered supplier consolidation and an improved sales mix.
- EBITDA (before significant items) of $14.8m, delivering an EBITDA margin of 7.0%, down on pcp (1H FY24: $20.0m) due to a downturn from peak market cycle, however up 17.5% on 2H FY24 EBITDA, reflecting gains in gross profit and operational efficiencies.
- Operating Expenses were well-managed, increasing only 2.9% pcp (on LFL basis), on pro-active cost-down programs and despite ongoing macroeconomic inflationary pressures.
- Effective cash management reinforced the Group's financial position with a Working Capital to Revenue ratio of 17.7%, compared to 16.6% in the pcp, reflecting disciplined debtor & inventory management.
- Following a sustained market downturn and challenging trading conditions, the Group has conducted a comprehensive review of the carrying value of its assets. As a result, a non-cash impairment charge of $20.0m in relation to intangible assets has been recognised in the reporting period.
- The Board has declared an interim dividend of 2.0 cents per share, fully franked.

Results Summary (AUD's)	1H25	1H24	Change
Revenue	$211.5m	$218.8m	-3.3%
EBITDA[1 2] (before significant items)	$14.8m	$20.0m	-26.0%
NPAT[2] (before significant items)	$2.5m	$6.9m	-63.8%
NPAT (statutory)	($17.0m)	$7.1m	-338.7%
Earnings per share (before significant items)	2.9cps	8.3cps	-65.1%
Earnings per share (statutory)	(19.9cps)	8.5cps	-334.1%
Dividends - interim (cps)	2.0cps	5.5cps	-63.6%

1. Earnings before interest, taxes, depreciation and amortisation.
2. Significant items include $20.0m non-cash impairment and other items detailed in the balance sheet section of this announcement. Refer to the 31 December 2024 half-year financial statements for a reconciliation to the statutory profit or loss after tax.

John Lorente, Big River CEO, said: " The Group continues to deliver solid operational results while actively investing in and preparing for future growth. The improvement in profit margins compared to the previous half, despite continued challenging market conditions, is encouraging and validates the hard work the team is doing behind the scenes to streamline the corporate functions and operations of the Group. We remain on track to execute our synergy and efficiency initiatives which we expect will deliver improved performance, whilst continuing to invest in the business and build for sustainable long-term growth."

Trading Summary

Revenue for 1H FY25 was $211.5m, down 3.3% (9.0% on a like-for-like basis), as the business cycled off a strong prior period. The Panels division grew 10.7%, driven by the SLQ acquisition (-8.4% L4L), while the Construction division declined 9.2%, impacted by weak residential demand in NSW and Victoria. Encouragingly, both divisions saw sequential revenue and profit growth from 2H FY24 (+2.4% and +7.5% in revenue, +7.3% and +28.1% in profit), suggesting potential market stabilisation.

Residential markets remained challenging, particularly in Frame and Truss volumes, while medium-density growth helped offset softness in high-density construction. The Commercial segment performed well, supported by a strong pipeline, though price competition persisted. The Group's focus on differentiated market segments, including bespoke panels and cladding, contributed to revenue and gross profit growth.

Regionally, Queensland, South Australia, and Western Australia performed strongly, balancing softer conditions in NSW, Victoria, and New Zealand. Recent interest rate reductions in New Zealand have improved market confidence and project pipelines.

The business continues to drive growth, synergies, and operational efficiencies, investing in initiatives to improve margins and performance. Key actions include "Pricing University" training for over 100 customer-facing staff, supplier consolidation, and expansion in differentiated products, driving a 76 bps increase in Gross Profit.

System integration remains on track, with two additional branches migrating to the Group's ERP and the Fusion project progressing well to standardise data and unlock efficiencies. The SLQ acquisition integration also delivers planned synergies.

Supply chains remained stable, with strong stock availability. Pricing was generally steady, although LVL and structural timber saw price deflation, somewhat offset by FX-driven cost increases. Supplier price rises are expected in late Q3 and early Q4.

Grafton's manufacturing output is increasing due to solid demand for decorative and bespoke panels. Hardwood formply and decorative panel volumes were impacted by reduced NSW Forestry log supply and mitigation strategies are in place on the basis this will continue.

Frame and Truss manufacturing faced headwinds from soft residential demand and price competition, prompting restructuring of manufacturing activities to deliver improved output, efficiencies & synergies. The new Dry Creek wall line is now fully operational and performing as planned.

Safety and workforce development remain core priorities. A new safety, leadership, and culture program has been introduced to enhance safety practices and leadership alignment. Investment in training and upskilling has increased, reinforcing the Group's commitment to delivering industry-leading expertise and a high-performance culture.

Balance Sheet & Cash Flow

The Group continues to maintain a strong balance sheet, supporting organic growth, operational improvements, and the execution of its future acquisition strategy. Disciplined financial management remains an absolute key focus.

Total working capital increased by 1.5% to $73.6m during the period, resulting in a working capital-to-revenue ratio of 17.7%, comfortably in line with the Group's target. Inventory levels were effectively managed, decreasing by 1.4% to

$71.5m, maintaining a balanced position while ensuring sufficient stock availability for customers.

Trade receivable performance continued to improve, with debtor days reducing from 39 to 37 days. This is reflective of enhanced processes and disciplined branch-level management.

Strong cash management resulted in a cash conversion ratio (EBITDA / gross operating cash flow) of 78.4%. Net debt increased by $2.0m, primarily due to asset finance, bringing the Group's gearing ratio (net bank debt / net bank debt + equity) to 22.8%. While slightly higher than in the prior period, this remains well below the Group's target range, providing financial flexibility for future investments and acquisitions.

The strength of the balance sheet and cash flow has enabled the Board to declare a fully franked interim dividend of 2.0 cents per share, scheduled for payment on 2nd April 2025. The Company's dividend reinvestment plan (DRP) remains active.

The Group has conducted a comprehensive review of the carrying value of its assets in response to the prolonged downturn in the housing cycle, particularly within the residential sector, where Big River has the largest revenue exposure. As a result, an impairment charge of $20m, in relation to intangible assets, has been recognised in the reporting period. This non-cash impairment has no impact on the Group's ongoing operations.

Significant Items – Adjusted earnings exclude the following items:

	1H25	1H24
Impairment of goodwill	($20.0m)	-
Fair Value Gain	$0.8m	$0.3m
Other	($0.5m)	($0.1m)
Tax Benefit	$0.2m	
Total before tax	**($19.5m)**	**$0.2m**

These items are excluded from the Company's performance measures as they are either non-cash or don't reflect the ongoing operations.

Outlook

The Group remains committed to its strategic priorities of driving growth in key differentiated trade market segments, both organically and through acquisitions, while continuing to unlock synergies and operational efficiencies. A strong focus will also be maintained on workforce development and safety.

In the short term, market conditions are anticipated to remain challenging, particularly in the residential sector and in key regions such as New South Wales, Victoria, and New Zealand. However, modest improvements in housing approvals and expected strong growth in Queensland, the Group's largest footprint, bodes well for the future. New Zealand is also expected to improve, driven by recent interest rate reductions. These regions offer a more positive outlook for the medium term. The Group's geographic and segment diversification positions it well to capture market opportunities as conditions evolve.

The medium-to-long-term outlook remains strong, underpinned by increasing and forecast population growth, low vacancy rates, and government initiatives to boost housing construction. While site delays and labour constraints continue to impact project timelines, market growth is expected to be modest in the short term, with acceleration anticipated as the Group moves into FY26 and beyond.

The Group remains active in identifying and pursuing value-accretive acquisitions that enhance its capabilities and competitive position.

Supply chain stability is expected to continue, although price increases are anticipated due to local supplier cost adjustments and movements in the Australian dollar. The Group is well-positioned to manage these dynamics through active hedging strategies, strategic supplier partnerships, and the continued expansion of its manufacturing capabilities.

Conference Call

Investors are invited to join a conference call hosted by John Lorente, CEO, and John O'Connor, CFO on Tuesday 18 February 2025 at 11:00 am AEDT.

Conference Call Link: Link for investors to register to phone in and participate in the Q&A session:
https://s1.c-conf.com/diamondpass/10043966-ojb52a.html

Webcast Link: Link for investors to listen to the event and scroll through the slide deck:
https://webcast.openbriefing.com/bri-hyr-2025/

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