



**MEDIA RELEASE**

**29 NOVEMBER 2011**

## **BRICKWORKS' DIVERSIFICATION STRATEGY CONTINUES TO DELIVER STRONG RETURNS**

Brickworks Limited (ASX: BKW) announced to shareholders at its 77<sup>th</sup> Annual General Meeting today that although it faces significant headwinds in its Building Products division from slower residential activity in Australia, its diversified model would deliver a respectable result in the coming year.

Mr Robert Millner, Chairman of Brickworks noted that it was the company's diversified business model that had helped deliver solid returns and stability to shareholders over the years, navigating challenging periods such as the global financial crisis and the current European debt crisis. "Brickworks has consistently demonstrated its ability to deliver above average returns, with the company outperforming the All Ordinaries Accumulation Index over the past five, ten and fifteen years," he said.

### **Robust FY2011 Result**

Brickworks' headline normal profit after tax for the year ended 31 July 2011 was \$142.6 million, up 2.7%, with the final dividend of 27.0 cents per share fully franked to be paid on 1 December 2011. Normal profit for the year was \$100.8 million, down 8.5% on the previous corresponding year.

Building Products earnings before interest and tax ('EBIT') was \$42.0 million, down 21.3% on the prior year, as a significant deterioration in residential building activity impacted performance in the second half. Land and Development EBIT was up 2.8% to \$29.2 million, primarily due to an increased contribution from the Property Trust. Investment EBIT was down 11.2% to \$67.9 million, largely due to the impact of flooding in Queensland on the result of New Hope Coal.

### **First Quarter Trading Update**

Building Products' sales revenue for the first quarter decreased by approximately 10% compared to the prior corresponding quarter, as a result of the declining market conditions caused by low confidence and affordability.

Earnings will be significantly impacted in the first half by increased competition in Western Australia and restructuring activities in the Queensland and Victorian brick operation. In addition, plant closures to reduce inventory levels have been weighted towards the first half, impacting on manufacturing costs.

### **Outlook**

Mr Lindsay Partridge, Managing Director, told shareholders market conditions may have bottomed in October.

“There are some key forward indicators such as housing approvals and housing finance showing a bottom appears to have formed. The recent interest rate reduction is also an encouraging sign, as are scattered anecdotal reports of improved levels of activity.

“The new Wollert West kiln would be ramping up to full production from December, completing the restructure of the Victorian brick business,” he said.

Land and Development returns will be boosted by the completion of three Property Trust projects during the year, including the construction of two new facilities for DHL at the Oakdale estate totalling 36,000m<sup>2</sup> which have both reached practical completion.

Mr Millner said “Investment returns from Brickworks’ 42.85% stake in Washington H. Soul Pattinson and Company (WHSP) are expected to be solid in the coming year. The value of Brickworks’ shareholding in WHSP was \$1.411 billion at 31 October 2011, up 7% from \$1.322 billion at 31 July 2011.

“The diversified structure of Brickworks is expected to deliver a half year result similar to the 6 months ended July 2011” he said.

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**BRICKWORKS LIMITED (ASX CODE: BKW) [www.brickworks.com.au](http://www.brickworks.com.au)**

**Brickworks Limited** was listed on the Australian Securities Exchange in 1962 and has paid a dividend every year since then. It has three Groups - Building Products, Land and Development and Investments. The Building Products Group includes Australia’s largest bricks producer Austral Bricks™, Austral Masonry™, Bristile Roofing™ and Austral Precast™. The Land and Development operation maximises value from surplus land and redundant building products sites. Investments include a 42.85% holding in Washington H. Soul Pattinson and Company.

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