

## BRICKWORKS LIFTS BUILDING PRODUCTS RESULT, NPAT LOWER, DIVIDEND UP

HALF YEAR	2007	2006
Sales (\$M)	263.9	258.9
EBIT (\$M)	57.3	59.5
Net (\$M)	36.7	46.1
EPS (cents)	27.7	34.7
Div (cents)	12.0	11.0

- Group EBIT down 3.6% to \$57.3M
- Building Products EBIT up 5.2%
- Lower NPAT due to higher tax expense
- Dividend up to 12 cents fully franked
- Brickworks/Macquarie Goodman Trust valued at \$58.4M
- Property Trust value includes \$23.4M unreported profit
- Group outlook positive although lower dwelling commencements forecast

Building products and investment company, Brickworks Limited, has lifted profit for the half year to January 31 from its national building products business despite a tough New South Wales building market.

After contributions from all group businesses and investments, earnings before interest and tax was down 3.6 per cent to \$57.3 million (\$59.5 million).

However, this was not enough to outweigh higher tax than the previous corresponding half year, resulting in net profit after tax being 20.4 per cent lower at \$36.7 million (\$46.1 million in the previous corresponding half year).

The underlying strength of the business has enabled Brickworks directors to lift interim dividend 9.1 per cent to 12 cents a share (11 cents in the first half of 2006) fully franked.

Chairman of Brickworks, Mr Robert Millner, said the overall sound performance showed the value of diversification for a cyclical building products business as well as having a management team capable of maintaining margins in difficult industry conditions.

Brickworks managing director, Mr Lindsay Partridge added that the state of the NSW housing market was cause for serious concern and that even though there was significant pent up demand the shortage of affordable land for housing was stopping a strong turnaround.

“Fortunately, Brickworks building products business is national and has expanded by acquisition in Queensland, which has enabled us to sustain growth despite the poor NSW market,” Mr Partridge said.

“The combination of our variety of sources of income, across land & development, the Soul Pattinson businesses and equities, together with a new Victorian brick plant coming on stream, gives us confidence in future growth,” Mr Partridge added.

Brickworks derives just over half of EBIT from its building products business which lifted sales 5.3 per cent to \$249.1 million (\$236.5 million) and EBIT 5.2 per cent to \$33.2 million (\$31.6 million).

Margin gains were recorded in all major building products markets except Western Australia where low margin imported product and higher input costs eroded historically high margins from 2006, with NSW factories supplying Western Australia to meet higher volumes in that state.

The other main contributions to EBIT were from land & development, which was lower at \$13.0 million (\$16.3 million) and associates, principally from Brickworks 42.85 per cent of WH Soul Pattinson, slightly higher at \$13.7 million (\$13.6 million).

Income tax expense has risen to a more normal level of \$7.7 million for the half compared to \$673,000 previously at the time of adoption of AIFRS.

As part of its strategy to increase its involvement in the Queensland building products market, which currently represents 25 per cent of national building commencements, Brickworks made four acquisitions of cement masonry businesses, establishing a new brand, Austral Masonry™, which has made an immediate contribution to profitability.

While the land & development business is characterised by lumpy cash flows and profits, Brickworks now owns 4,570 Ha of land of which 900 Ha is considered surplus and available for development and or sale.

The jointly owned Brickworks and Macquarie Goodman Trust, which has been formed to own developed industrial properties from Brickworks land in Sydney's west, has now been valued at \$58.4 million which includes an unrealised gain of \$23.4 million (\$6.7 million this half).

The Trust has secured pre-commitments from Kimberly-Clark and Woolworths for the Interlink Distribution Centre, which has now received development approval, adding a further \$7.7 million to current value. Development approval has also been received for construction of the Coles cold store and Toll warehouse facilities in the M7 Business Hub, with construction of these facilities now under way.

Brick production has commenced at the new plant at Wollert, north of Melbourne. The plant will be the most efficient plant in Australia, with a capacity of 85 million bricks per annum and have carbon dioxide emissions of one-third less than the plant it is replacing.

On the basis of the combination of its businesses, Brickworks is confident of growth prospects although it notes that national building commencements for 2006-07 are forecast to be 0.6 per cent lower than the previous year.

Interim dividend will be paid on May 11 to shareholders registered on April 27.

Brickworks, which is Australia's largest brick manufacturer with brands including Austral Bricks™, Austral Masonry™, Bristile Roofing™, Eureka Tiles™ and Auswest Timbers™, is 49.5 per cent owned by WH Soul Pattinson and has been listed on the ASX since 1962.

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

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