

RECORD UNDERLYING NPAT
HIGHER EARNINGS¹ IN BUILDING PRODUCTS, PROPERTY AND INVESTMENTS
FULL YEAR DIVIDEND 48 CENTS, UP 7%

FULL YEAR	2016	2015	Variance %
Revenue (\$M)	751.0	723.6	3.8
Underlying EBIT (\$M)	195.9	165.9	18.1
Underlying NPAT (\$M)	147.1	120.3	22.3
Statutory NPAT (\$M) <i>Inc. Significant Items</i>	78.2	78.1	0.1
Underlying EPS (cents)	98.9	81.1	21.9
Final Dividend (cents)	32.0	30.0	6.7
Full Year Dividend (cents)	48.0	45.0	6.7

Brickworks (ASX: BKW) today announced a record **underlying Net Profit After Tax (NPAT)** of \$147.1 million for the year ended 31 July 2016, up 22.3% from the prior year. The **statutory NPAT** was \$78.2 million, after including the adverse impact of significant items, primarily non cash impairments in Austral Bricks Western Australia and Auswest Timbers. The asset carrying values of all other divisions are supported by the net present value of their respective future cash flows².

Brickworks Chairman Mr Robert Millner said: “For the second consecutive year, Building Products, Land and Development and Investments each recorded an uplift in underlying earnings. Together with an almost \$400 million increase in the market value of Investments, the Group has generated significant growth in value for shareholders in 2016.”

Underlying earnings were 98.9 cents per share for the year, up 21.9% from 81.1 cents for the prior year.

Directors have declared a fully franked final **dividend** of 32 cents per share, taking the full year dividend to 48 cents fully franked, an increase of 3 cents, or 6.7% on the prior year. The record date for the final dividend is 10 November 2016, with payment on 30 November 2016.

Record Building Products Sales Driven by East Coast Operations

Sales revenue in the Building Products Group hit a record \$748.1 million, contributing to a 33.7% increase in earnings before interest and taxes (EBIT) to \$75.4 million. EBITDA was \$102.8 million, with unit margins significantly higher for the year.

Brickworks Managing Director Lindsay Partridge said margin growth came on the back of sustained investment in production efficiencies, product development and marketing initiatives over a number of years. “We are seeing strong growth in sales of premium, higher-priced products. Our strategy to collaborate closely with key influencers and position Brickworks as the leading style brand in the industry is helping to increase the penetration of Brickworks products in a number of key markets. In New South Wales alone, Austral Bricks products were specified in over 50 high rise³ developments during financial year 2016.”

Mr Partridge said having established strong customer relationships, the company is better placed than ever to leverage this position. “Architects and builders are increasingly utilising Brickworks’ full range of

¹ All profit and earnings measures exclude significant items, unless otherwise stated

² Further information regarding the annual goodwill impairment assessment is contained in Note 15 (b) to the financial statements.

³ Buildings greater than four storeys

products such as precast panels, masonry and bricks to deliver a complete building solution. During the year we also introduced Pronto™ panels and INEX™ boards to the portfolio allowing us to meet all internal and external walling requirements,” Mr. Partridge said.

The company also expanded Bristle Roofing’s product offer during the year with the acquisition of a number of metal roofing and fascia and gutter installers. “As a result of these acquisitions the business now offers a full service roofing solution to customers, with a product range that includes locally manufactured concrete and ceramic roof tiles, premium imported ceramic roof tiles, metal roofing, re-roofing and fascia and guttering,” Mr. Partridge said.

Land and Development

Land and Development recorded a 14.1% rise in EBIT to \$73.5 million, primarily due to a strong revaluation profit in the Property Trust. Following the completion of a number of developments within the Property Trust during the year, Brickworks share of the Trust’s net asset value is now \$331.9 million, up \$53.9 million since the settlement of the Coles CDC sale in August 2015.

Investments

Underlying EBIT from Investments increased 8.6% to \$59.6 million and cash dividends totalling \$52.2 million were received for the year ended 31 July 2016. The market value of Brickworks 42.72% shareholding in WHSP was \$1.782 billion at 31 July 2016, up \$381.4 million from \$1.401 billion at 31 July 2015.

Outlook

Commenting on the prospects for Building Products, Mr. Partridge said: “The short term outlook remains positive, with a full order book and a long pipeline of work at higher margins in our major east coast markets set to support earnings in 2017.”

However conditions vary significantly across the country, with the resilience of the east coast housing market in stark contrast to the decline in building activity in Western Australia.

Mr Partridge said: “Despite the current cyclical downturn, Western Australia has a strong and entrenched tradition of brick usage, with sales per capita being more than 3 times any other state in Australia. Therefore as the country’s largest brick maker this is a very attractive market to Brickworks. As such we are making the necessary investments to upgrade our facilities and rationalise our brick operations in that state, starting with an upgrade to the Cardup brick plant. Completion of this project will be a key focus in the first half of financial year 2017.”

Rationalisation of Auswest Timbers’ Western Australian production facilities are also planned over the coming months.

The initiatives in Austral Bricks Western Australia and Auswest Timbers will deliver significantly lower costs and much improved prospects for these operations over the long term.

There will be an unprecedented level of construction activity within the Property Trust in financial year 2017, with a number of new developments at both the Oakdale Central and Rochedale estates expected to be completed by the end of the financial year. These developments will drive strong growth in net rental income from the Trust in the medium term.

In financial year 2017 whilst the increase in net rental income is likely to be offset by a lower revaluation profit, resulting from the expected stabilising of capitalisation rates, the Brickworks owned Oakdale West site is expected to be sold into the Property Trust generating a land sale profit attributable to the Land and Development Group.

The diversified nature of Brickworks’ holding in WHSP is expected to continue delivering steadily increasing earnings and dividends to Brickworks over the long term.

Results briefing

Chairman Robert Millner and Managing Director Lindsay Partridge will present Brickworks' results at a briefing today at 12.15pm, for a 12.30pm start, at the Brickworks Sydney Design Studio, Ground Floor, 50 Carrington Street.

The briefing will be webcast live on the following link: www.streamgate.co/webcast/brickworks/22-09-16

End

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, Austral Precast, Auswest Timbers and Specialised Building Systems. The Land and Development operation maximises value from surplus land and redundant building products sites. Investments include a 42.72% holding in Washington H. Soul Pattinson & Company.

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