

## DIVERSIFIED PORTFOLIO DELIVERS ANOTHER STRONG RESULT

HALF YEAR	2016	2015	Variance %
Revenue (\$M)	360.0	349.6	3.0
Underlying EBIT <sup>1</sup> (\$M)	98.8	90.0	9.8
Underlying NPAT (\$M)	75.0	62.8	19.4
Statutory NPAT (\$M) <i>Inc. Significant Items</i>	76.9	42.2	82.2
EPS Normalised (cents)	50.5	42.4	19.1
Interim Dividend (cents)	16.0	15.0	6.7

Brickworks (ASX: BKW) today announced a record first half **underlying Net Profit After Tax (NPAT)** of \$75.0 million for the period ended 31 January 2016, up 19.4% from the prior corresponding period. The **Statutory NPAT** was up 82.2% to \$76.9 million, after including the \$1.9 million benefit from significant items.

Brickworks' Chairman Mr Robert Millner said: "This is an outstanding result, with the significant uplift in profit and operating cash flow supporting another increase in the dividend. Shareholders have enjoyed a total return of almost 30% over the past 12 months in a period when the broader market has been in decline."

Underlying earnings were 50.5 cents per share for the half, up 19.1% from 42.4 cents for the prior corresponding period.

Directors have declared a fully franked interim **dividend** of 16.0 cents for the half year, up 6.7% on the prior corresponding period. The record date for the interim dividend will be 12 April 2016, with payment being made on 3 May 2016.

### **Record Building Products Sales - East Coast Housing Industry at Capacity**

Sales revenue in the Building Products Group hit a record \$358.0 million with earnings before interest, taxes and significant items (EBIT) up 24.9% to \$32.6 million for the half.

The continued momentum in Building Products was broad-based, with all divisions recording an increase in earnings compared to the prior corresponding period. Improved earnings were achieved on the back of an increase in sales volume and prices, and improved production efficiencies that enabled manufacturing costs to be well contained.

Managing Director Mr Partridge said the strong result was also supported by the company's success in combatting the ongoing competition from alternative products: "Our products are becoming increasingly popular in key markets segments. For example, we have seen a significant increase in the use of face brick in high rise residential and commercial developments, on the back of our investment in high fashion and our strong links to the architectural community."

"The strength of our traditional and proven product portfolio has been re-enforced in recent times by a number of costly and high profile failures of other unaccredited building products."

<sup>1</sup> All underlying profit and earnings measures exclude significant items, unless otherwise stated

However Mr. Partridge noted that that further growth in sales volume will be limited by external constraints. “Residential building activity is now at the highest level on record, driven by the major markets of Sydney and Melbourne. As a result, the industry has now effectively reached capacity in these markets due to bottlenecks caused by trade and product shortages, although Brickworks substantially continues to meet all supply commitments,” he said.

## **Land and Development**

Land and Development produced an EBIT of \$45.4 million for the half year ended 31 January 2016, up 17.3% from \$38.7 million in the prior corresponding period. The result was driven primarily by a strong revaluation profit in the Property Trust. Following the sale of the Coles Chilled Distribution Centre in July 2015, the total value of the Property Trust decreased 14.1% to \$933.5 million as at 31 January 2016.

## **Investments**

Underlying EBIT from investments decreased 11.0% to \$26.8 million and cash dividends totalling \$30.7 million were received for the half year ended 31 January 2016. The market value of Brickworks 42.72% shareholding in WHSP was \$1.719 billion at 31 January 2016, up \$318.0 million from \$1.401 billion at 31 July 2015.

## **Outlook**

Mr. Partridge said: “The short term outlook for Building Products is very positive. With a long pipeline of work and price rises successfully implemented in our major markets, we expect the earnings uplift recorded in the first half to be maintained over the full financial year.”

Land and Development earnings for 2016 are expected to be higher than 2015, subject to the timing and value of property transactions.

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

## **Domestic Gas Outlook**

Despite the positive outlook, Mr. Partridge expressed frustration that the full potential of the Australian manufacturing industry is being held back by a glaring lack of pro-active and holistic government policy, as illustrated by the domestic gas market. “The prospect of significantly higher gas prices on the east coast is at odds with falling commodity prices across the world. Recent negotiations suggest that gas prices for financial years 2017 and 2018 will increase by 30% from current levels.”

“With abundant gas reserves available, much of which will now be exported overseas, Australia is missing a golden opportunity to utilise its energy advantage to fuel growth and investment in Australian manufacturing. More focus and attention is required by all levels of government to rectify this unacceptable situation,” Mr. Partridge said.

## **Brickworks included in S&P/ASX 200**

Brickworks’ was included in the S&P ASX 200 Index as at close of trading on 18 March 2016. The improved liquidity and profile from being included in the index will be beneficial to all shareholders and reflects the significant level of investor support for the Group.

## **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.

**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™ and Auswest Timbers™. 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.

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

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**For further information:**

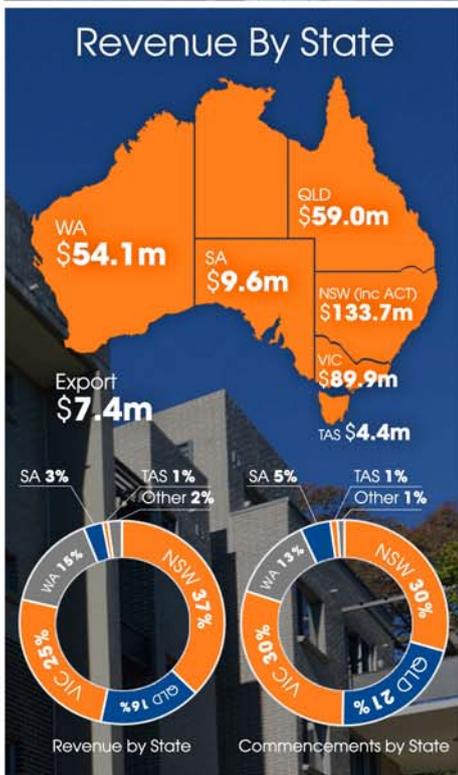
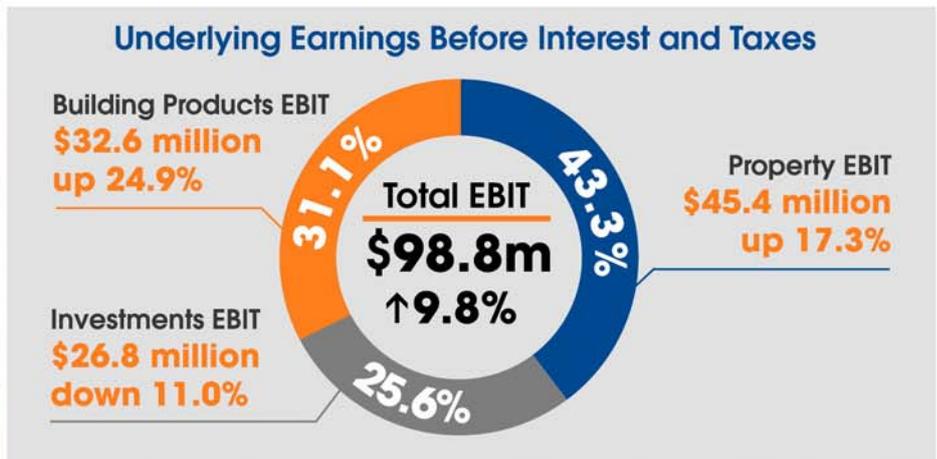
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Brickworks Building Products Revenue  
**\$358.0m**  
 ↑ 5.1%



**\$75.0m**  
 Underlying Profit  
 ↑ 19.4%

**29.3%**  
 1 year Total Shareholder Return  
 vs All Ords -4.7%

**\$76.9m**  
 Statutory profit  
 ↑ 82.2%



### Brickworks Products

(Revenue by division)

Austral Bricks	\$194.0m	↑ 5.2%
Austral Masonry	\$44.5m	↓ 0.8%
Bristile Roofing	\$57.5m	↑ 10.9%
Austral Precast	\$34.4m	↑ 0.8%
Auswest Timbers	\$27.5m	↑ 1.1%
Full Time Employees	1,464	
Safety	LTIFR 1.4	↓ 30.0%

**\$92.0m**  
 Cashflow from Operating Activities  
 ↑ 35.6%

**\$18.8m**  
 Building Products Capital Expenditure  
 ↑ 13.9%

**\$13.6m**  
 Depreciation

**50.5cents**  
 Underlying earnings per share  
 ↑ 19.1%

**16.0cents**  
 Interim Ordinary dividend per share  
 ↑ 6.7%