

RECORD FIRST HALF UNDERLYING NPAT BUILDING PRODUCTS, PROPERTY, INVESTMENTS UP

HALF YEAR	2017	2016	Variance %
Revenue (\$M)	428.9	360.0	↑ 19.1
Underlying EBIT ¹ (\$M)	142.2	98.8	↑ 43.9
Underlying NPAT (\$M)	111.2	75.0	↑ 48.3
Statutory NPAT (\$M) <i>Inc. Significant Items</i>	104.1	76.9	↑ 35.4
EPS Normalised (cents)	74.7	50.5	↑ 47.9
Interim Dividend (cents)	17.0	16.0	↑ 6.3

Brickworks (ASX: BKW) today announced a record first half **underlying Net Profit After Tax (NPAT)** of \$111.2 million for the period ended 31 January 2017, up 48.3% from the prior corresponding period. **Statutory NPAT** was up 35.4% to \$104.1 million, after including the \$7.2 million adverse impact from significant items.

Brickworks' Chairman Mr Robert Millner said: "This record result reflects the strong contribution from each group within Brickworks - Building Products, Land and Development and Investments – again demonstrating the benefit of the company's diversification strategy which has consistently grown net asset value over the long term."

Underlying earnings were 74.7 cents per share for the half, up 47.9% from 50.5 cents for the prior corresponding period.

Directors have declared a fully franked interim **dividend** of 17.0 cents for the half, up 6.3% on the prior corresponding period. The record date for the interim dividend is 11 April 2017, with payment to be made on 2 May 2017.

Building Products

Building Products sales revenue hit a record \$370.2 million and segment Earnings Before Interest and Taxes (EBIT) rose 2.1% to \$33.3 million.

Brickworks Managing Director Mr Lindsay Partridge said: "Elevated levels of construction activity across the east coast continue to drive strong demand for our products, resulting in higher earnings for east coast operations. Austral Bricks performed particularly well, delivering a significant increase in margins following the growth in premium, higher priced products on the back of a sustained investment in product development and marketing over many years."

However Mr. Partridge added: "With order intake outstripping sales for the period, it is clear that the housing industry is operating at natural capacity on the east coast, limited by trade shortages and supply of titled land. Fortunately our extensive manufacturing network has allowed us to meet all customer requirements, although increased levels of interstate transfers have been required."

The buoyant conditions on the east coast remain in contrast to Western Australia, where the downturn in building activity resulted in a decline in sales for the period. In response to the difficult conditions in Western Australia, extensive restructuring initiatives were undertaken during the first half.

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

“Within Austral Bricks, the high cost Malaga plant has now been closed and commissioning of the upgraded Cardup plant is underway. Similarly we have consolidated Auswest Timbers in Western Australia by rationalising four operations onto one site at Greenbushes,” Mr Partridge said.

Land and Development

Land and Development segment EBIT rose to \$67.2 million for the half, up 48.0% from \$45.4 million in the prior corresponding period. The improved result was primarily due to the sale of Oakdale West into the Property Trust, contributing an EBIT of \$50.1 million.

The sale of Oakdale West also contributed to an increase in the total assets held within the Property Trust to \$1.309 billion at 31 January 2017. After taking into account borrowings, Brickworks’ share of net asset value was \$465 million, up \$133 million from \$332 million at the end of the prior year.

Investments

Segment EBIT from investments increased 77.6% to \$47.6 million and cash dividends totalling \$31.7 million were received for the half year ended 31 January 2017. The market value of Brickworks 42.72% shareholding in WHSP was \$1.595 billion at 31 January 2017. Subsequent to the end of the period, the value has increased to \$1.773 billion as at 21 March.

Outlook

Mr. Partridge said: “The short term outlook for Building Products remains positive, with continued strong building activity in our major east coast markets set to support earnings in financial year 2017. The restructuring initiatives taken in Western Australia during the first half will also benefit operational performance.”

Looking beyond calendar 2017, Mr Partridge said that soaring energy prices was the biggest issue facing the company.

“Although we have secured gas supply until the start of 2020, recent gas contract negotiations have resulted in a 76% price increase across our east coast operations. When combined with electricity price rises this will result in a \$20 million per annum cost increase within two years.”

“We are urgently working to mitigate this impact through investments in new fuel efficient kilns, use of alternative fuels, increasing imports and investigating offshore manufacturing, in order to minimise price increases to customers,” he said.

Land and Development is well positioned to deliver higher full year earnings in 2017, following the strong first half.

The longer term outlook for the Property Trust is particularly strong. Construction activity is now at unprecedented levels, with almost 150,000m² of new developments currently under construction, with an asset value of \$260 million. Once completed, these properties will contribute over \$16 million in gross rental income to the Property Trust. Further growth for over a decade will then be provided by the development of Oakdale South and Oakdale West.

The diversified nature of Brickworks’ holding in WHSP is expected to deliver 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.

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, Bristle 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.

BRICKWORKS LIMITED (ASX CODE: BKW) www.brickworks.com.au

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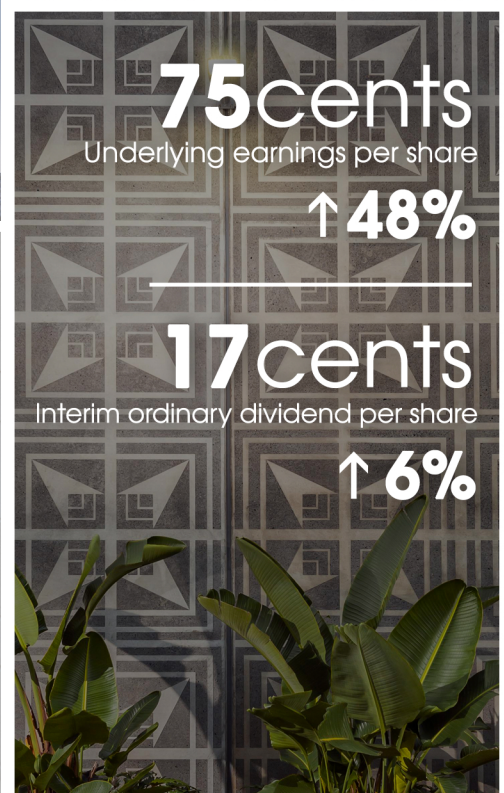
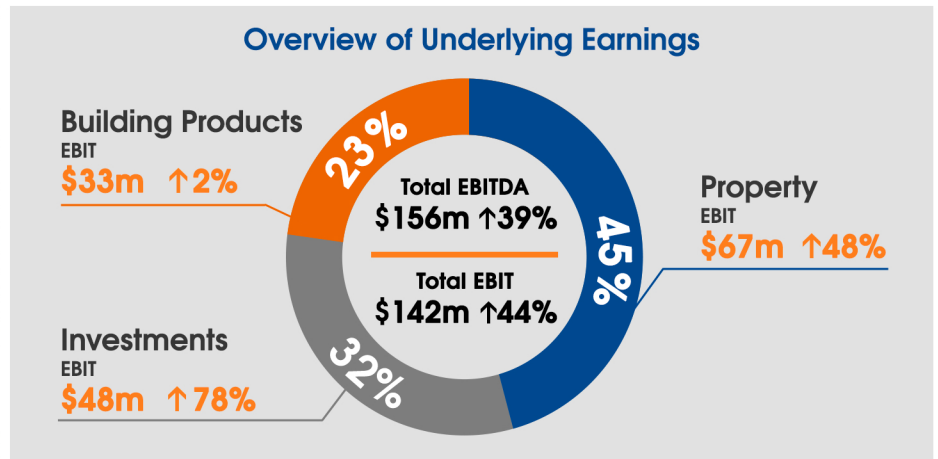
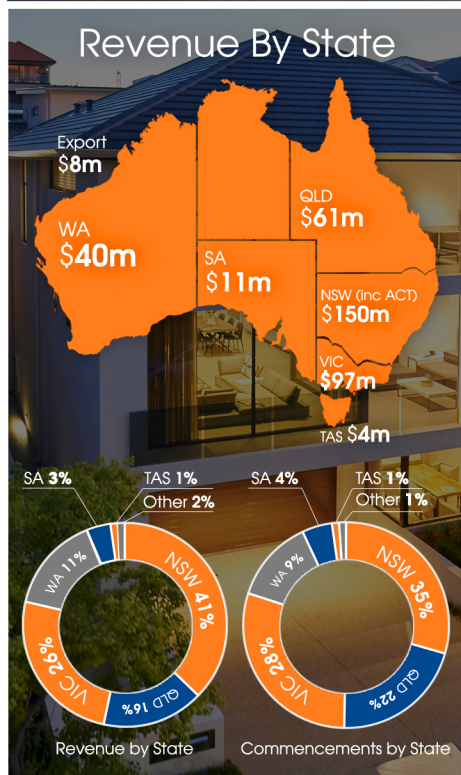
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Brickworks Products (Revenue by division)		
Austral Bricks	\$198m	↑2%
Austral Masonry	\$44m	↓2%
Bristle Roofing	\$59m	↑2%
Austral Precast	\$41m	↑20%
Auswest Timbers	\$25m	↓10%
Full Time Employees	1,490	
Safety LTIFR 2.0	↑25%	