

## BUILDING PRODUCTS' MOMENTUM SIGNALS STRONG SECOND HALF

HALF YEAR	2013	2014	Variance %
Revenue (\$M)	311.3	325.6	4.6
EBIT Normalised (\$M)	76.5	74.3	(2.8)
NPAT Inc. Significant Items (\$M)	56.1	56.3	0.4
NPAT Normalised (\$M)	56.0	53.4	(4.5)
EPS Normalised (cents)	37.9	36.1	(4.7)
Interim Dividend (cents)	13.5	14.0	3.7

Brickworks Limited (ASX: BKW) today foreshadowed that strong growth momentum in its Building Products businesses was expected to deliver a significant increase in earnings for the full year.

Announcing the company's half year results today, Managing Director Mr Lindsay Partridge said: "The emerging recovery in housing activity is now achieving real traction. Austral Bricks sales volumes in March are tracking more than 30% ahead of the prior year, building on momentum from February. Sales across most other businesses are also tracking ahead of this time last year."

"If this momentum is sustained, the Building Products Group is well placed to deliver significantly increased earnings in the second half. We should also benefit in the final quarter as major capital projects come on stream, including the refit of the Bellevue brick plant in WA and an automated mesh welding machine at the Wetherill Park precast facility in NSW."

**Headline net profit after tax (NPAT)** of \$56.3 million for the half year ended 31 January 2014 was up 0.4%, but declined 4.5% on a normalised basis to \$53.4 million.

Brickworks' Chairman Mr Robert Millner said: "The past six months again shows the strength of our diversification strategy, with stronger earnings from Building Products offsetting the reduced earnings from Investments. The Property Group delivered a relatively stable result compared to the prior period."

Normal earnings per share were 36.1 cents per share for the half year, down 4.7% from 37.9 cents for the corresponding period last year.

Directors have declared a fully franked interim dividend of 14.0 cents per share for the half year, an increase of 3.7% on the prior corresponding period. The record date for the interim dividend will be 15 April 2014, with payment being made on 6 May 2014.

### ***The Building Products Group***

The Building Products Group generated a 37% increase in earnings before interest and taxes (EBIT) to \$19.2 million for the half year ended 31 January 2014, compared to \$14.0 million in the previous corresponding period.

Austral Bricks delivered increased earnings on the back of significant price increases in most states and improved production efficiency. Sales revenue rose 15%.

Austral Masonry delivered a 91% increase in earnings on the back of significant improvements in manufacturing efficiency and a 41% lift in sales revenue which was helped in part by the acquisition of Boral's masonry operation in NSW in February 2013.

Bristile Roofing earnings were down with improvements in NSW and QLD more than offset by declines in Victoria and WA. There has been an extended lag between the commencement of new detached houses and sales of roof tiles in WA, due in part to the availability of trades in that state.

Earnings from Austral Precast were higher, due to a range of cost reduction initiatives. This was achieved despite a small decrease in sales revenue. A number of products were launched in the half aimed at capturing a higher share of increasing construction of high rise apartments.

Auswest Timbers' also delivered significantly better earnings after the fire damaged Deanmill was recommissioned in July 2013. Export sales increased significantly.

### ***Land and Development***

Land and Development EBIT of \$36.1 million for the half was down 3.3% from \$37.3 million for the prior corresponding period. The major transaction during the period was the sale of "Rochedale North" in Brisbane, valued at \$25.9 million, into the Goodman Joint Venture Industrial Property Trust. The Property Trust continued its strong growth, generating an EBIT of \$17.1 million, up 14.0% on the previous corresponding period. The total value of the Property Trust assets rose to \$913.8 million as at 31 January 2014, up 5.2% or \$45.1 million, from 31 July 2013.

### ***Investments***

EBIT from Investments for the half was \$23.7 million, a decrease of 17.8% on the \$28.8 million for the previous corresponding period. The decrease was due primarily to the impact of reduced after tax earnings of New Hope Corporation Limited. The market value of Brickworks 42.72% share holding in WHSP was \$1.543 billion, up 11.8% or \$163.0 million, from \$1.380 billion at 31 July 2013.

### ***Update on Corporate Restructure***

A general meeting to consider Perpetual and Carnegie's proposals is currently scheduled for 5 May 2014. The meeting has been postponed on several occasions because information has been unavailable that the Independent Directors believe is vitally important for shareholders to properly consider the resolutions, in particular an ATO ruling on the tax consequences of the proposals.

### ***Outlook***

Brickworks Managing Director Mr Lindsay Partridge, said: "The recovery in housing construction activity is now delivering much stronger benefits as we move through the second half. No major sales are planned by our Land and Development Group in the second half and while the short-term outlook for Investments is difficult to predict, the diversified nature of our portfolio should continue to deliver stable earnings to Brickworks over the longer term".

**End**

### **Results briefing**

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

**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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