

RECORD FIRST HALF UNDERLYING NPAT, DIVIDEND UP 5.9%

HALF YEAR	2017	2018	Variance %
Building Products Revenue (\$M)	370.2	396.2	↑ 7.0
Underlying EBIT ¹ (\$M)	142.2	142.8	↑ 0.4
Underlying NPAT (\$M)	111.2	115.6	↑ 4.0
Statutory NPAT (\$M) <i>Inc. Significant Items</i>	104.1	97.0	↓ 6.8
Underlying EPS (cents)	74.7	77.5	↑ 3.7
Interim Dividend (cents)	17.0	18.0	↑ 5.9

Brickworks (ASX: BKW) today announced a record first half **underlying Net Profit After Tax (NPAT)** of \$115.6 million for the period ended 31 January 2018, up 4.0% from the prior corresponding period. **Statutory NPAT** was down 6.8% to \$97.0 million, after including significant items.

Brickworks Chairman Mr Robert Millner said: “This record result reflects the strong contribution from Building Products, the Property Trust 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 77.5 cents per share for the half, up 3.7% from 74.7 cents for the prior corresponding period.

Directors have declared a fully franked interim **dividend** of 18.0 cents for the half, up 5.9%. The record date for the interim dividend is 10 April 2018, with payment to be made on 1 May 2018.

Building Products

Building Products sales revenue hit a record \$396.2 million and Earnings Before Interest and Taxes (EBIT) rose 18.0% to \$39.3 million. EBITDA was \$53.6 million.

Brickworks Managing Director Mr Lindsay Partridge said: “A pleasing highlight of the improved result was another strong performance from Austral Bricks, where higher earnings were achieved in every state.”

“More broadly across the Group, a significant increase in margins was achieved, supported by strong growth in sales of premium products. This has been achieved on the back of our strategy to invest in style and product leadership. Over the past six months we have acquired UrbanStone, the country’s leading wetcast paving manufacturer, and launched exciting new products such as solar roof tiles and ultra premium glass bricks from Italy,” said Mr Partridge.

“In addition, we have recently opened an expanded design studio in Sydney to cater for increasing demand. Our design studios across the country have become a focal point for the local architectural community, hosting hundreds of events and attracting thousands of guests at industry functions. They are an ideal platform for promoting our ever expanding range of premium products,” Mr Partridge added.

The first half also saw significant progress on a range of major capital projects, in support of the company’s strategy to be the lowest cost and highest quality manufacturer. During the period, Austral Bricks completed the final stage of a multi-year upgrade to the Rochedale plant in Queensland and the commissioning of the new Cardup plant in Western Australia. In addition, a large log processing line was installed at the Greenbushes timber mill. Projects that have now commenced include further automation

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

of the Wetherill Park precast plant, and construction of the Southern Cross Cement import terminal at the Port of Brisbane.

Mr Partridge said that the availability and soaring price of energy on the East Coast remained the biggest issue facing the company. “Although we are fully recovering the impact of energy price increases incurred in January through price rises and efficiency improvements, further gas price increases next January will result in an additional \$9 million in costs. We continue to investigate a range of cost mitigation strategies that will minimise any further flow on price increases to our customers,” he said.

Mr Partridge cited uncertainty around energy supply as just one example of poor government policy that is stifling business investment in Australia. “We are finding that attractive growth investments in our industry are limited by a range of factors, including high company tax rates, slow building and development approval processes with excessive red tape, and a failure to rein-in disruptive unions,” he said.

“In Victoria we have been forced to close our precast operations due to employee wage rates at this heavily unionised facility being approximately double the rates elsewhere in the country. This resulted in the business being uncompetitive when bidding for work on non-unionised job sites, effectively distorting the Melbourne precast market,” he added.

Property

Property EBIT was \$49.5 million for the half, including a significant increase in Property Trust earnings, following the completion of 3 development projects during the period. There were no land sales in the first half.

Brickworks’ share of the net asset value within the Property Trust increased by \$31 million, to \$511 million, in the six months to 31 January 2018.

Investments

Investments EBIT increased 27.9% to \$60.9 million, due primarily to a significant uplift in contribution from New Hope Corporation. In addition, cash dividends of \$32.7 million were received in the first half, up 3.2% on the prior period. The market value of Brickworks 42.72% shareholding in WHSP was \$1.762 billion at 31 January 2018.

Outlook

Mr Partridge said: “Building activity across the east coast remains elevated and continues to drive strong demand. In New South Wales and Victoria there remains a significant pipeline of work that has translated to a very strong order book in these states. Conditions in Western Australia remain difficult, although they appear to have bottomed, and a range of restructuring initiatives and capital projects has resulted in improved performance that is expected to continue in the second half.”

Overall the short to medium term outlook for Building Products remains strong, with price increases already implemented, the strong order book on the east coast, and the restructuring initiatives undertaken in the west expected to underpin 2018 earnings.

The outlook for the Property Trust is also strong, with developments at Oakdale in New South Wales and Rochedale in Queensland expected to drive growth in rent and asset value over both the short and longer term.

Completion of infrastructure works at the Oakdale South Estate during the 2nd half of the financial year will trigger settlement on 30.3 hectares of land (with sale contracts executed in financial year 2016), providing \$100 million in gross receipts to the Property Trust on sale.

The diversified nature of Brickworks’ holding in WHSP is expected to continue 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 new Brickworks Sydney Design Studio, Ground Floor, 2 Barrack Street, Sydney.

The briefing will be webcast live on the following link:

<https://www.streamgate.co/brickworks-half-yearly-results-2018/>

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 and Auswest Timbers. The Property division 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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Brickworks 1H2018 Results at a Glance

BRICKWORKS
LIMITED

\$396m

Building Products
Revenue

↑7%

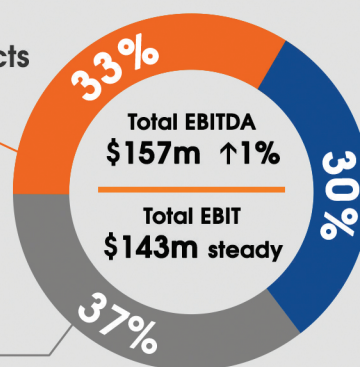
Overview of Underlying EBITDA

Building Products
EBITDA

\$54m ↑14%

Investments
EBITDA

\$61m ↑28%



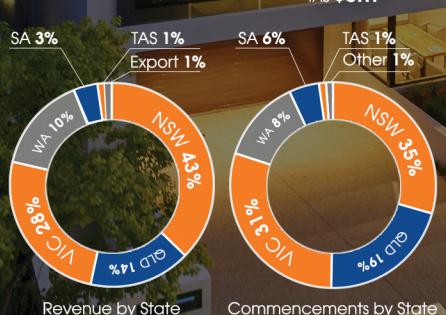
Total EBITDA
\$157m ↑1%

Total EBIT
\$143m steady

Property
EBITDA

\$50m ↓26%

Revenue By State



\$116m

Underlying profit

↑4%

\$97m

Statutory profit

↓7%

15 year Total Shareholder Return
8.6% p.a.



1 year Total Shareholder Return
16.2%

Brickworks Products

(Revenue by division)

Austral Bricks

\$215m ↑8%

Austral Masonry

\$52m ↑19%

Bristle Roofing

\$67m ↑14%

Austral Precast

\$35m ↓16%

Auswest Timbers

\$24m ↓5%

Full Time Employees

1,505 steady

Safety

LTIFR 2.1 ↑5%

\$74m

Cashflow from
operating activities

↑49%

\$318m

Net debt

Gearing (net debt / equity)

16%

9,500

Shareholders

78cents

Underlying earnings per share

↑4%

18cents

Interim Ordinary Dividend

↑6%

All underlying profit, earnings, and return on equity measures exclude significant items.