

## RECORD BUILDING PRODUCTS SALES AND STRONG PROPERTY RESULT DELIVERS EARNINGS GROWTH

FULL YEAR	2014	2013	Variance %
Revenue (\$M)	670.3	606.5	10.5
EBIT Normalised (\$M)	143.2	135.0	6.0
NPAT Normalised (\$M)	101.3	100.0	1.2
NPAT Inc. Significant Items (\$M)	102.8	85.2	20.7
EPS Inc. Significant items (cents)	69.4	57.6	20.5
Final Dividend (cents)	28.0	27.0	3.7

Brickworks (ASX: BKW) today announced a **headline net profit after tax (NPAT)** of \$102.8 million, up 20.7% from \$85.2 million recorded last year. **Normalised NPAT** was \$101.3 million for the year ended 31 July 2014 or 1.2% higher than last year's result of \$100.0 million.

Managing Director Lindsay Partridge said: "We are delighted with our performance this year having achieved double digit sales growth. It is also pleasing to see a substantial increase in earnings across our operating divisions. Our return on equity improved and our balance sheet remains conservatively geared despite a number of major capital works being completed over the course of the year. This leaves us well positioned for 2015 and illustrates again the benefits of the Brickworks' diversified business model."

Normal earnings were 68.4 cents per share for the full year, up 1.1% from 67.7 cents for the prior year.

Directors have declared a final dividend of 28.0 cents fully franked, taking the full year dividend to 42.0 cents fully franked, an increase of 1.5 cents on the prior year. The record date for the ordinary dividend will be 6 November 2014, with payment being made on 27 November 2014.

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

On record sales revenue of \$636.9 million, up 12.0%, the Building Products Group generated earnings before interest, taxes and significant items (EBIT) of \$45.1 million for the year ended 31 July 2014, a 37.4% increase on the prior year.

The improved earnings result was driven primarily by a strong increase in sales volume in the second half, the benefit of a range of operational efficiency measures, and implementation of new growth initiatives. Austral Bricks delivered an increase in earnings of 17.8% primarily on the back of an increase in sales volume, particularly in the second half. Austral Masonry earnings more than doubled over the prior year. Bristle Roofing and Austral Precast also delivered higher earnings while Auswest Timbers' earnings decreased due to challenging operating conditions in Western Australia.

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

Land and Development produced an EBIT of \$62.4 million for the year ended 31 July 2014, up 25.8% from \$49.6 million in the prior year. The major transaction for the year was the sale of the first stage of "Rochedale North" in Brisbane into the Goodman Joint Venture Industrial Property Trust. The Property Trust continued its strong growth, generating an EBIT of \$43.4 million, up 78.8% on the prior year. The increased profit was driven by higher net property income, strong revaluation profit due to a compression in capitalisation rates, and significant profits associated with the completion of two new developments. The total value of the Property Trust assets rose to \$979.0 million as at 31 July 2014, up 12.7% or \$110.3 million, from 31 July 2013.

## **Investments**

EBIT from Investments for the year ended 31 July 2014 was \$44.6 million, a decrease of 25.6% on the \$60.0 million in the prior year. 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% shareholding in WHSP was \$1.530 billion at 31 July 2014, up 10.9% on the value at 31 July 2013.

## **Outlook**

Brickworks Managing Director Mr Lindsay Partridge said: "The first half of financial year 2015 is likely to be the strongest market for more than a decade for our Building Products Group, with many customers reporting order banks that extend for up to a year. This optimistic market outlook is tempered by the very competitive nature of some markets where Brickworks operates."

Margins in the Building Products Group remain inadequate, due in part to input cost pressures such as rising gas prices. Austral Bricks implemented a price increase effective 1 July 2014 and price rises in other divisions will be announced as and when necessary during the year. Major capital projects are planned during financial year 2015 at Malaga and Rochedale and will impact on short term profitability as operations will be temporarily off line.

Earnings from Land and Development are expected to be lower, with continued growth in net Property Trust income likely to be offset by a reduced contribution from land sales.

The diversified nature of our holding in WHSP's investments is expected to deliver stable earnings 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™, 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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