

30 April 2019

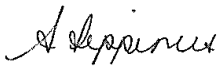
Australian Securities Exchange
Attention: **Companies Department**

BY ELECTRONIC LODGEMENT

Dear Sir / Madam

Please find attached copies of documents sent to shareholders along with their interim dividend information today.

Yours faithfully
BRICKWORKS LIMITED



Susan Leppinus
Company Secretary



Park Chelsea (880 New Jersey Ave SE, Washington DC 20003).



Residential Tower (3rd Ave & E 95th Streets in New York City).

GLEN-GERY – SPRINGBOARD USA

In late 2018 Brickworks announced the acquisition of Glen-Gery, the fourth largest brick manufacturer in the USA. At a purchase price of \$AUS 151m (\$US 110m) Glen-Gery is anticipated to provide steady earnings in the first full year of operation as the latest member of the Brickworks Group. A successful enterprise, Glen-Gery has leading market positions in the US Midwest, Northeast and Mid-Atlantic states. With 10 manufacturing plants, its annual sales are approximately 230 million bricks.

Lindsay Partridge AM, Managing Director Brickworks Limited says, “The acquisition is a significant milestone in the history of our organisation. We believe the transaction provides an ideal entry into the US market, with Glen-Gery having established a leading market position in the key North-Eastern region, a reputation for premium products and high exposure to the architectural market.”

This springboard into the US provides exposure to a large, attractive market with strong demand drivers and offers enormous opportunities to extend our strategic reach. In fact, the US brick market is approximately three times larger than the Australian market with annual sales revenue

estimated at USD 2.2 billion. At a time when the Australian property market and construction sector are slowing the outlook for residential and commercial construction activity in the US remains positive.

The acquisition provides Brickworks with significant long-term growth opportunities. The US brick industry is highly fragmented with around 37 manufacturers compared to 5 in Australia. Three times larger than the Australian market, the US brick market is a wide-open opportunity, especially with regard to growth and potential future acquisitions. Watch this space.

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BRICKWORKS OPENS NEW DESIGN STUDIO IN COLLINS ST MELBOURNE

In early March 2019, Brickworks opened an impressive new Design Studio in the heart of Melbourne's CBD.

A lively crowd gathered for the evening, including many of Melbourne's leading architects and representatives of award-winning firms.

Our Design Studios play a vital role in the life of the organisation – they act as a showroom for our beautiful products, an inspiring space for client consultations with our architecture representatives and trained staff, and as a meeting point for industry professionals. The popular 'Speaker Series' and CPD (continuing professional development) events continue to draw large crowds and are heavily oversubscribed. Through our studios, Brickworks will continue to be the thought leader and catalyst for innovation and change in the industry.

The move from the existing Richmond site is timely, and brings into focus our leadership in the manufacturing supply of a wide variety of building materials. In particular, the design studios in each state are well stocked with a wide range of affordable, as well as premium, products – from bricks, pavers, masonry blocks, roof tiles, and solar solutions.

"Service excellence, style and accessibility are what customers expect from us. Time and time again, our Design Studios continue to deliver. Collins Street raises the bar", says Brett Ward, General Manager International Marketing.

The opening of the new Design Studio was also an opportunity to introduce our new publication on urban design and density, The Material City.



Inside the Melbourne Design Studio Launch party.



Champagne pour by singer Ricki Lee.



The Melbourne Design Studio.



Inside the beautiful Melbourne Design Studio.



wynyard walk

WOODS BAGOT

Project: Wynyard Walk
Function: Pedestrian Architecture
Location: Sydney
Client: Transport for NSW
Project Architect: Woods Bagot
Contractor: Project Management & Quantity
Surveyors: Crib Contractors
Photographer: Trevor Mein

CONCEPT Wynyard Walk in the heart of Sydney is a pedestrian link connecting Wynyard Station to the western corridor of Sydney's CBD and its newest precinct, Barangaroo, designed as a place of socially sustainable infrastructure for tunnel design, engineering and construction. Challenging the perception of travel to quality of experience, linearity of movement is reinforced through a combination of materials and detailing to create a unified series of urban infrastructure. Pedestrians can now safely complete their journey from Wynyard Station to Barangaroo waterfront in approximately six minutes by avoiding steep inclines and road crossings. long Wynyard Walk not only creates a more efficient route and thoroughfare, but also gives the project a unique character and identity.

DESIGN Interventions, including a nine-metre wide pedestrian tunnel, bridge, a public plaza and a new civic building. This world-class transport movement captures the largest volume of space and enhances pedestrian flow of foot-traffic while drawing in natural light and ventilation. Collaboration with local artists on the integration of art, technology and media has redefined the conventional approach to transportation design.

creating a vibrant, urban experience has been the key to the design. The design of the Wynyard Walk, with its high ceilings and materials chosen to enhance the pedestrian experience, has been a key to the design. The design of the Wynyard Walk, with its high ceilings and materials chosen to enhance the pedestrian experience, has been a key to the design.

Editor Ron Ringer at the Sydney launch.

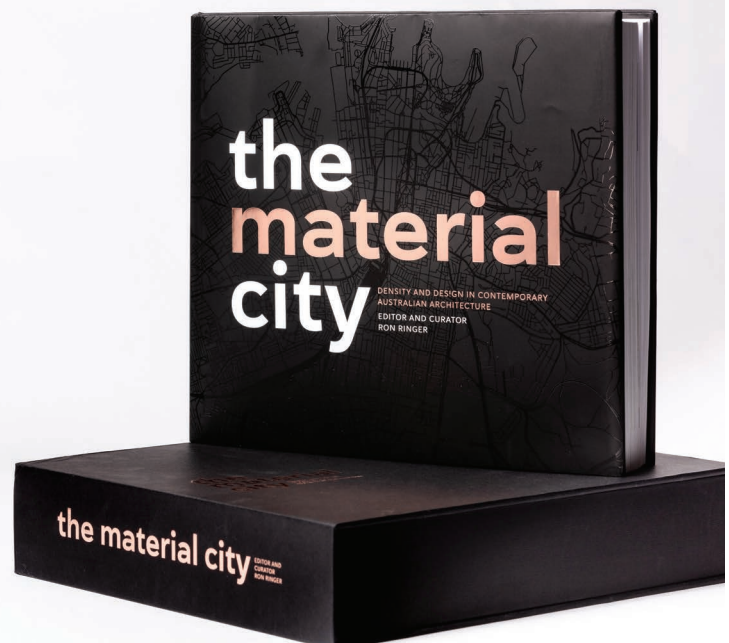


NEW PUBLICATION FROM BRICKWORKS

Few readers may know that Brickworks is active in architecture publications that support its activities. 'Folio', a twice-yearly publication, showcases award-winning and prestigious architecture projects that use our products. Since 2008, we have published three carefully researched books by Sydney writer, Ron Ringer. In early February 2019, another large-size book, The Material City: density and design in contemporary Australian architecture, was officially launched at each of our Design Studios across Australia with the first launch held in Sydney. Sponsored by Brickworks, the book follows in the tradition of a previous volume, Materiality: brick and block in contemporary Australian architecture, published in 2015.

The Material City explores the themes of density and design in contemporary Australia. A vast majority of our population is concentrated around our capital cities, resulting in an emphatic shift towards a bolder, more confronting reality that our cities must adapt and (literally) rise to the occasion. The book explores these issues through 50 case studies and 20 essays and feature articles.

Attended by more than 160 guests, the launch was an overwhelming success. Lara Robertson, our senior architecture representative introduced proceedings, followed by speeches from editor and curator, Ron Ringer, and Dr Cameron Bruhn, Dean of Architecture, University of Queensland. Copies of this 550-page, fully illustrated volume are available from any of our design studios. The book is ideal as a gift and will also make a handsome addition to your bookshelf or coffee table. For a free copy please email marketing@brickworks.com.au





ANZAC War Memorial, Hyde Park Sydney.

WE SHALL REMEMBER THEM – ANZAC WAR MEMORIAL

In late 2018, major works to enhance the Anzac Memorial in Sydney's Hyde Park were finally completed, and timed to coincide with the conclusion of the centenary of Anzac commemorations. Construction had earlier commenced in 2016 after a design plan by the firm of architects, Johnson Pilton Walker, and the NSW Government Architect's Office, which drew on unfinished elements of the original 1930s project, designed by Bruce Dellit. His plans included a reflective pool, and a second cascading water feature, but these were never finished due to the dire economic effects of the Great Depression.

An iconic shrine of remembrance to Australia's service men and women, the structure is instantly recognisable as a place for quiet reflection and official ceremonies honouring those Australians who lost their lives in the line of duty.

Construction was completed by Built, the company that also carried out the refurbishment of Canberra's First World War Galleries in the Australian War Memorial. The Hyde Park memorial now includes an education and interpretation centre that sits beneath the main building and the water feature at the southern side.

Brickworks' involvement through its subsidiary, UrbanStone, was both an honour and a privilege. WA-based National Manager of UrbanStone, Simon Monteath, and his team collaborated with the architects and the NSW government to find an Australian sourced granite. This would be used as the main feature stone for the reflective pools, large water cascades and the main entrance walls and paving into the memorial building.

Says Monteath: "Fortunately, we didn't have to look far. Our quarry near Esperance in WA has plentiful reserves of what we call Desert Brown. First we quarried rock into 60 large, 22-tonne dimension granite blocks, and then processed the blocks into over 160 differently-shaped elements. The pool edges and the cascade pieces were particularly challenging items as the attention to detail and dimensional precision needed to be perfect."

Preparation of the granite called for skilled masons who hand carved the finger grooves that formed the water course edges to the cascades. The work was precise since any dimensional variation to the size or depth of these grooves would be seen once the water



UrbanStone product features.

flowed over the multiple steps to the pond below. UrbanStone's masons created a world map of over 2 metres high by hand carving 12mm deep grooves into Desert Brown granite cladding fixed to the memorial entrance wall. Stone elements were prepared and installed by stone contractors, Absolute Tiling.

Congratulations go to Simon, his colleagues at UrbanStone, our stone masons and the contractors for being part of a project that has won the respect and admiration of the commissioning bodies and public alike.



Inside the ANZAC War Memorial, Sydney.

AUSTRAL MASONRY'S NEW FACILITY CEMENTS MARKET SHARE

Manufacturers need to invest in state of the art production facilities if they are to satisfy market demand, continue to produce outstanding quality products and stay ahead of the competition. Brickworks is no exception, and so we are pleased to announced that in late November 2018 our Board of Directors voted to approve \$52 million for a new greenfield plant for Austral Masonry.

Located at Oakdale East close to our other plants in Sydney's south-west, the new manufacturing site will be known as Austral Masonry Oakdale East and will replace the Prospect facility which we acquired in 2013.

When operational, the Oakdale East factory will be the world's most advanced masonry and Value Addition Process (VAP) plant. Fully automated multi-process lines will apply a variety of surface finishes including the honing, polishing, chamfering, shot blasting, curling, sealing, and splitting of masonry blocks. The workhorse driving the operation is a machine capable of producing 18 standard blocks every 13 seconds, achieving a reduction of approximately 23% in manufacturing costs through full automation.

The entire project – including building and site preparation – is a first for Brickworks and our longstanding investment partner,

Goodman, with whom we have a close and profitable relationship. Progress on site preparation and construction continues as we anticipate to hand over the faculty to our National Engineering Division (N.E.D) in late 2019. N.E.D. will manage the factory “fitout” and oversee the commissioning of the plant. Leadership of the project is in the experienced hands of our full-time project engineers, Mat Stafford and Jesse Jackson, who enjoy the support of the entire N.E.D team as the project ramps up.

Says Rob Liistro, Brickworks Chief Engineer: “It’s been over four years in the making, commencing with fact-finding visits to world best masonry operations around the globe, and to multiple site locations around NSW. Oakdale is a significant capital investment and will cement Austral Masonry’s market leadership,” says Rob.

Austral Masonry Oakdale East facility.



IN THE MOOD FOR STYLE, ELEGANCE, COLOUR

Drawing on local and global trends, Brickworks Building Products has collaborated with design identity and House Rules Judge, Wendy Moore, to bring four new stylish and inspirational product schemes to life. These mood boards are specially designed to assist in discovering an individual's perfect style.

The range comprises of four unique and tailored schemes, drawing on upcoming trends that can be adapted to suit any style conscious consumer. From vibrant blue hues that create atmosphere and intimacy, to the tailored elegance of architectural details and natural soft textures, that brings warmth to any home.

The versatile and contemporary palettes perfectly encapsulate the plethora of building products available with Brickworks. Offering solutions for every aspect of the build from main and feature bricks to screening, paving and roof tiles, Brickworks wants to give their consumers the confidence to choose the right colours and materials for their homes.

Brett Ward, General Manager International Marketing said "At Brickworks we continue to push the envelope in the building manufacturing industry with an unwavering dedication to innovation and forward thinking. We are dedicated to creating materials that create beautiful environments".

After 12 years as Editor-in-Chief of one of Australia's leading homes titles, Home Beautiful, Wendy is a self-confessed interiors junkie, driven by a passion to create a magazine that inspires people to fall in love with their own home over and over again. As Judge on House Rules, Wendy's insights into how a beautiful home improves a lifestyle has inspired Australian's all around the country.

The four unique colour schemes are part of a larger initiative from Brickworks, The Style Inspiration Project. Working alongside



Global Pattern colour scheme



Wendy Moore

Australian trend forecaster, Kim Chadwick, the collections brings together hues that work well as a suite, making it more straightforward to choose colours to suit your home. Showcasing the beauty of Brickworks products, the eight colour schemes are set to assist in discovering an individual's perfect style.

The palettes range from lighter, more neutral collections such as Blanco with whites and greys, and Crema, with creams and browns – all the way to reds and greys of Rouge and Raven with a darker palette of blacks, pewters and charcoals. The colour schemes pair monochromatic and contrasting colours to help build an overall theme that can be used in any space.

Design Studios

SYDNEY

2 Barrack Street,
Sydney,
NSW 2000

BRISBANE

27 James Street,
Fortitude Valley,
QLD 4006

ADELAIDE

Ground Floor,
70 Hindmarsh
Square,
Adelaide SA 5000

PERTH

67 King Street,
Perth,
WA 6000

MELBOURNE

Shop T1,
367 Collins Street,
Melbourne,
VIC 3000

HOBART

9 Franklin Wharf,
Hobart,
TAS 7000

BRICKWORKS
— BUILDING PRODUCTS —

australbricks



nubrik



BOWRAL BRICKS

bristiler roofing

australprecast

INEX > BOARDS

terraçade
TERRACOTTA FACADE SYSTEMS

Pronto Panel

auswesttimbers

australmasonry

URBANSTONE

GB Masonry

southern cross cement

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HIGHLIGHTS

- ▶ **Statutory NPAT** including significant items up 18% to \$115 million
- ▶ **Underlying NPAT from continuing operations**, before significant items up 37% to \$160 million
 - ▶ **Building Products Australia EBIT** down 35% to \$26 million, EBITDA \$41 million
 - ▶ **Building Products North America EBIT** (\$1 million), EBITDA \$0.3 million
 - ▶ **Property EBIT** up 167% to \$132 million, net trust assets up \$87 million
 - ▶ **Investments EBIT** steady, at \$61 million, WHSP market value up \$250 million
- ▶ **Operating cash flow** down 12% to \$65 million
- ▶ **Gearing** reduced to a conservative 11%
- ▶ **Total shareholder equity** up \$62 million since 31 July 2018, to \$2.134 billion
- ▶ **Interim dividend** of 19 cents per share, up 6%

Review of RESULTS

Half year ended 31 January 2019

Half year ended 31 January 2019

RESULTS AT A GLANCE

\$375m

Building Products
Revenue

→ steady

1 year Total Shareholder
Return (TSR)

19.8% pa

(All Ords 0.7% pa)

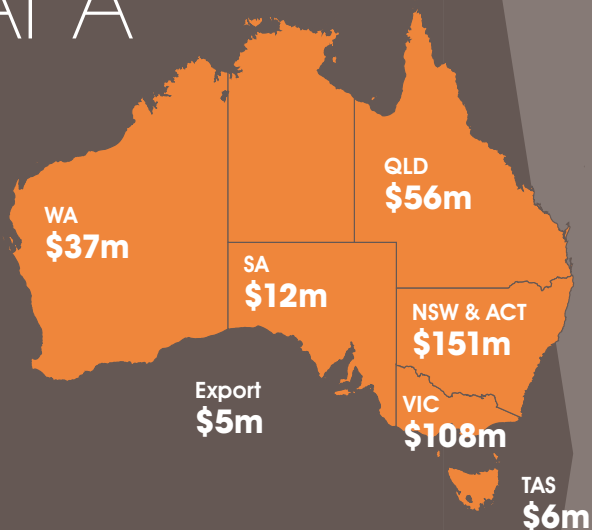
15 year Total Shareholder
Return (TSR)

8.6% pa

(All Ords 8.5% pa)

9,232

Shareholders



Revenue by State

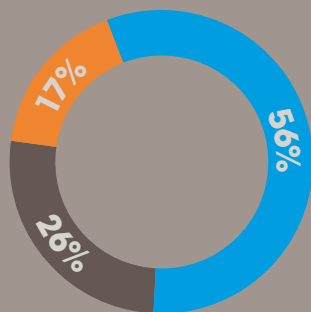
NSW	40%
QLD	15%
VIC	29%
WA	10%
SA	3%
TAS	2%
Export	1%

Commencements by State

NSW	32%
QLD	21%
VIC	29%
WA	8%
SA	5%
TAS	1%
Other	4%

Note All underlying profit, earnings measures exclude significant items and discontinued operations.

Overview of Underlying EBITDA



Total EBITDA
\$227m ↑44%

Total EBIT
\$211m ↑46%

Building Products Aus
\$41m ↓25%

Property
\$132m ↑167%

Investments
\$61m →steady

\$160m

Underlying Profit

↑37%

\$115m

Statutory Profit

↑18%

\$242m

Net debt

Gearing (net debt/equity)

11%

\$2,481m

Market value of WHSP shareholding

\$625m

Property Trust net asset value

107 cents

Underlying earnings per share

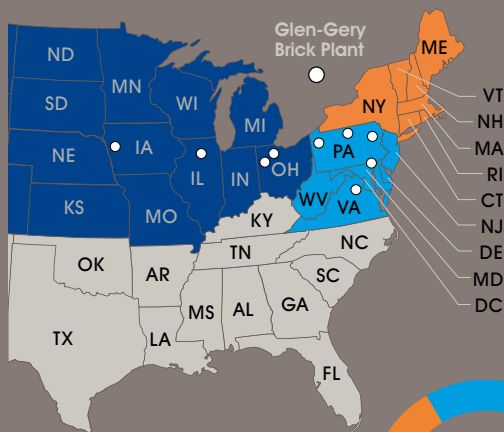
↑37%

19 cents

Interim ordinary dividend per share

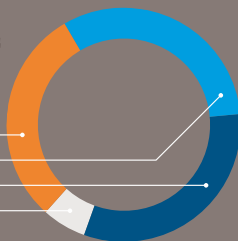
↑6%

Glen-Gery Operations



Revenue by Region

North East	30%
Mid Atlantic	32%
Mid West	32%
Other	6%



Revenue by End Market

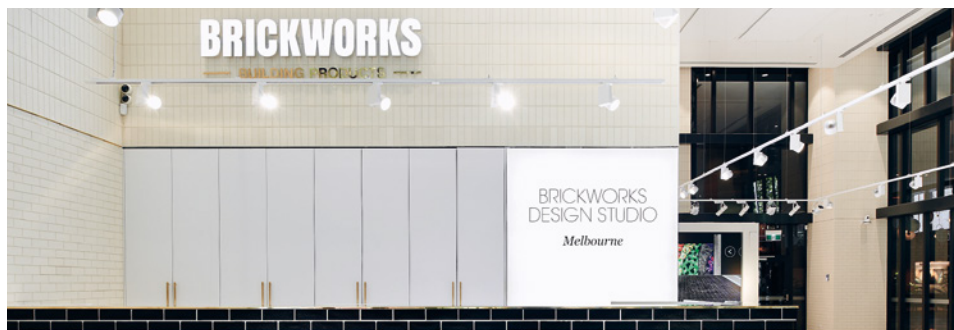
Detached Houses	35%
Non Residential	51%
Multi Residential	14%



Residential Tower
3rd Avenue & E95th Street
New York City



OVERVIEW



Brickworks Group (ASX: BKW) posted a Statutory Net Profit After Tax ('NPAT') of \$115 million for the half year ended 31 January 2019, up 18% on the previous corresponding period. Underlying NPAT from continuing operations was \$160 million, up 37% on the prior period.

On sales revenue of \$375 million, **Building Products Australia** Earnings Before Interest and Tax from continuing operations ('EBIT') was \$26 million, down 35% on the previous corresponding period (EBITDA was \$41 million). The decline in earnings was primarily due to the impact of increasing energy prices, costs associated with maintenance of brick kilns, and reduced sales volume in New South Wales.

Within **Building Products North America**, the integration of Glen-Gery has proceeded well since the acquisition on 23 November 2018. Sales revenue was \$26 million for the period to 31 January 2019, ahead of internal forecasts. Although the EBIT contribution was negative, due to plants being shut down over the winter period, the result was ahead of expectations, as a result of profit generated on the sale of surplus clay material.

Property EBIT was \$132 million for the first half, including a significant revaluation profit within the Joint Venture Industrial Property Trust ('Property Trust'), and the completion of the Punchbowl property sale. Brickworks' share of the net asset value within the Property Trust increased by \$87 million during the period and now stands at \$625 million.

Investments EBIT was steady at \$61 million, with WHSP benefiting from strong underlying contributions from New Hope Corporation, TPG Telecom and property transactions during the period.

Statutory Earnings Per Share ('EPS') was 77 cents, up 18% on the previous corresponding period. Underlying EPS from continuing operations was 107 cents, up 37%.

Directors have declared a fully franked interim **dividend** of 19 cents per share for the half year ended 31 January 2019, up 6% from 18 cents. The record date for the interim dividend will be 9 April 2019, with payment on 30 April 2019.

1 The Joint Venture Industrial Property Trust is a 50/50 partnership between Brickworks and Goodman Industrial Trust

Financial ANALYSIS

Gearing (net debt to equity) was 11% at 31 January 2019, down from 15% at 31 July 2018. Total interest-bearing debt was \$330 million at the end of the period, including the USD bridge facility utilised to finance the acquisition of Glen-Gery. A re-financing is planned during the second half, incorporating a new syndicated facility with separate AUD and USD tranches.

After including cash on hand, **net debt** at the end of the period was \$242 million, a reduction of \$62 million during the half. This follows the sale of 7.9 million WHSP shares in December, at a weighted average price of \$26.37 per share, delivering total cash proceeds of \$208 million. These proceeds more than offset the total Glen-Gery acquisition costs of \$141 million.

Total borrowing costs increased to \$11 million, due primarily to non-cash movements in the mark to market valuation of interest rate swaps.

Net working capital was \$264 million at 31 January 2019, including **finished goods inventory** of \$182 million, up significantly due to the Glen-Gery acquisition (\$48 million impact). Excluding the impact of the acquisition, finished goods inventory in continuing operations was up \$6 million during the half, due primarily to Austral Bricks Victoria inventory being restored to typical operating levels over the Christmas period.

Total **cash flow from operating activities** was \$65 million, down from \$74 million in the previous corresponding period, due primarily to the decreased earnings from Building Products Australia.

Capital expenditure was \$18 million during the period, with major project spend including a mill upgrade at the Golden Grove brick plant in South Australia, and the progressive replacement of kiln cars at Horsley Park Plant 3 in New South Wales.

Statutory **income tax** from continuing operations was \$84 million for the period. The underlying income tax expense from continuing operations was \$41 million, up significantly from \$22 million in the prior corresponding period. The increase was due primarily to the much higher profit generated from property revaluations in the first half of 2019.

Net tangible assets ('NTA') per share was \$13.04 at 31 January 2019, up from \$12.42 at 31 July 2018 and total shareholders' equity was up \$62 million to \$2.134 billion.

Significant items reduced NPAT from continuing operations by \$12 million for the period. This comprised:

- ▶ A \$71 million gain (net of tax) on the sale of 7.9 million WHSP shares, due to the weighted average selling price of \$26.37 per share, being significantly above the book value.
- ▶ A non-cash goodwill impairment of \$52 million in relation to Bristle Roofing and Austral Masonry, reflecting the cashflow forecasts of these businesses, in accordance with AASB 136.
- ▶ Transaction costs of \$8 million in relation to the Glen-Gery acquisition.
- ▶ Restructuring costs of \$5 million (net of tax), including redundancies and asset impairments, primarily associated with the mothballing of Horsley Park Plant 2 in New South Wales.
- ▶ Costs of \$10 million in relation to WHSP significant items.
- ▶ A \$7 million cost due to the income tax expense in respect of the equity accounted WHSP profit, less the franking credits associated with the dividends received during the period, and adjusted for the movements in the franking account and the circular dividend impact.

SIGNIFICANT ITEMS

Continuing Operations	Gross \$m	Tax \$m	Net \$m
Gain on sale of WHSP Shares	110	(38)	71
Bristle Roofing and Austral Masonry goodwill impairment	(52)	–	(52)
Acquisition costs	(8)	–	(8)
Restructuring activities	(7)	2	(5)
Significant items relating to WHSP	(10)	–	(10)
Income tax arising from the carrying value of WHSP		(7)	(7)
Total	31	(43)	(12)

PORTFOLIO MANAGEMENT

Brickworks is focussed on actively managing its portfolio of assets to maximise returns to shareholders and build asset value over the long term. During the period, the company took a number of significant steps to refocus its portfolio of assets, enhance growth prospects and further strengthen the balance sheet.

As previously noted, in November Brickworks completed the acquisition of Glen Gery, a leading United States based brick manufacturer. This investment represents the company's first major overseas expansion, and is consistent with the Building Products strategy, to deliver growth by investing in affiliated businesses.

Brickworks has a long and proud history as a brick maker, its heritage business. Austral Bricks delivers strong returns on capital across the cycle, having established a competitive advantage within the industry on the back of its scale, unrivalled technical expertise and relationships with key suppliers and partners. Brick operations, through vast associated land holdings, also provide the legacy land assets that have supported the growth of the company's Property business.

Brickworks is now one of the largest brick makers in the world, and the leading manufacturer in Australia. With limited opportunities available in Australia, expansion into new markets overseas represents the only meaningful growth opportunity available within bricks.

The sale of WHSP shares in November and December was the first sale by Brickworks since the initial investment in 1969. In addition to providing funds for the purchase of Glen-Gery, this sale strengthened the balance sheet and partially rebalanced the Group portfolio. As previously noted, Brickworks has no plans to sell any further shares in WHSP at this stage.

A portfolio review within Building Products Australia has also resulted in the reclassification of the hardwood operations of Auswest Timbers as held for sale.

Despite significant restructuring initiatives, Auswest hardwood operations, based in Greenbushes (Western Australia) and East Gippsland (Victoria) have delivered unsatisfactory returns on invested capital. These businesses are faced with a number of structural challenges, and require significant investment in plant and equipment to materially improve performance.

Following the strategic review, Brickworks has determined that further investment in these assets is not justified, given other capital priorities across the Group. Brickworks is now focussed on realising the maximum value possible from these assets, through an orderly exit, including the initiation of a sale process. As a result, these assets have been reclassified as held for sale, and are not reported in underlying continuing operations.

On the reclassification, an after-tax impairment of \$30 million to Auswest Timbers hardwood assets was recorded. This comprises an impairment of \$15 million to the carrying value of inventory and an impairment of \$15 million to buildings, plant and equipment.

The strategic review process re-affirmed that Auswest Timbers' softwood mill in Fyshwick (ACT) remains a core strategic asset for the company. This asset delivers acceptable returns on invested capital, and provides vertical integration, through supply of roof-tile battens to Bristle Roofing (and other customers). The financial performance of the softwood operation is now reported as part of Bristle Roofing, however it continues to operate under separate management, as a stand-alone business unit. To ensure consistency, first half 2018 financials have been restated on the same basis.

A woman wearing a white hard hat, an orange short-sleeved shirt, and dark trousers is walking from left to right in the foreground. Behind her are several large, tall stacks of bricks, each secured with green plastic strapping. The bricks are light-colored with dark rectangular holes. The background is a solid grey.

BRICKWORKS

LIMITED

Building Products

BRICKWORKS
— BUILDING PRODUCTS —

Property

BRICKWORKS
— PROPERTY —

Investments

BRICKWORKS
— INVESTMENTS —

DIVISIONAL Overview

An attractive portfolio of diversified businesses.

INVESTMENTS

Investments consists primarily of a 39.4% interest in Washington H. Soul Pattinson, an ASX listed Company with market capitalisation of \$6.297 billion as at 31 January 2019 (market value of Brickworks share \$2.481 billion). This investment provides a stable and diversified earnings stream and has provided Brickworks with superior returns and security to weather periods of weaker building products demand.

PROPERTY

The Property division was established to maximise the value of land that is surplus to the Building Products business. Operational land that becomes surplus to the business needs is transferred to the Property division where it is assessed for optimum land use. In some cases, land is rezoned to residential and sold. Alternatively, the land is rezoned industrial and transferred into the Property Trust and developed, creating a stable, growing annuity style income stream.

The Joint Venture Industrial Property Trust is a 50/50% partnership between Brickworks and Goodman Industrial Trust. Over the past decade it has grown significantly and now has a total asset value of over \$1.7 billion. After including debt, Brickworks 50% share of the Property Trust has an equity value of \$625 million.

In addition to the Property Trust, the Company holds around 3,789 hectares of operational land and 332 hectares of development land in Australia.



TOTAL ASSETS²

Investments	54%
Property	21%
Building Products Australia	20%
Building Products North America	5%

BUILDING PRODUCTS AUSTRALIA

The Building Products Australia division is a leading Australian manufacturer and distributor of building products. Since 2002, Building Products Australia has grown from a two-state brick manufacturer, in New South Wales and Queensland, to a diversified national building products business with significant sales and operations in all states. The portfolio includes Austral Bricks, Austral Masonry, Bristle Roofing and Austral Precast.

In total, Building Products Australia comprises 32 manufacturing sites and 32 display centres and design studios across the country. This is complemented by an extensive reseller network that includes over 100 additional displays.

BUILDING PRODUCTS NORTH AMERICA

Brickworks completed the acquisition of Glen-Gery on 23 November 2018. Glen-Gery has a unique market position within the US brick industry, holding a leading position in the north-east, mid-west and mid-atlantic states. Glen-Gery comprises 10 manufacturing sites and is focused on architectural products for the non-residential and multi-residential sectors.

² Look through basis. Excludes net debt and assets held for sale. Based on WHSP asset value (ex BKW) as disclosed in 2018 Annual Report.

BUILDING PRODUCTS

BUILDING PRODUCTS AUSTRALIA

SUMMARY OF HOUSING COMMENCEMENTS – 6 MONTHS TO DECEMBER 2018

	Detached Houses			Other Residential			Total		
Estimated Starts ³	Dec 18	Dec 17	Change	Dec 18	Dec 17	Change	Dec 18	Dec 17	Change
New South Wales	15,436	15,885	(3%)	18,367	20,390	(10%)	33,803	36,275	(7%)
Queensland	12,771	13,623	(6%)	9,400	7,592	24%	22,171	21,215	5%
Victoria	18,623	19,487	(4%)	12,451	16,011	(22%)	31,074	35,498	(13%)
Western Australia	6,673	7,300	(9%)	1,933	2,972	(35%)	8,606	10,272	(16%)
South Australia	4,048	4,104	(1%)	1,516	2,384	(36%)	5,564	6,488	(14%)
Tasmania	1,277	993	29%	148	371	(60%)	1,425	1,364	5%
Total Australia ⁴	59,910	62,230	(4%)	47,357	52,171	(9%)	107,267	114,401	(6%)

Total dwelling commencements for Australia were down 6% to 107,267 for the six months ended 31 December 2018. Despite the decline, this level of building activity remains elevated compared to historical averages.

The decline in activity was caused primarily by a 9% reduction in other residential commencements, following unprecedented growth in this segment in recent years. Detached housing, where Brickworks products have the greatest exposure, were down a more modest 4%.

Detached housing commencements in **New South Wales** remain relatively strong, albeit down by 3% on the prior corresponding period. However, following

a sustained period of high growth, other residential construction is now passed the peak, with a decline of 10% recorded for the six months to 30 December 2018.

Queensland was the only major state to experience an increase in overall activity, with commencements up 5% on the prior corresponding period. Driving growth in this state was other residential activity, up 24%.

In **Victoria**, building activity remains elevated, despite the decrease in total commencements for the 6 months to 31 December 2018. Compared to the prior corresponding period, detached houses were down 4%, and other residential activity declined by 22%.

3 Original data sourced from ABSCat. 8752.0 (Sep 2018 quarter). December 2018 quarter estimate from BIS Shrapnel.

4 Includes Northern Territory and ACT, not shown separately on table.

Weakness in **Western Australia** persisted during the period, with both detached houses and other residential activity continuing to decline. Building activity in this state is now down by over 40% in the past three years, and detached house commencements are at their lowest level for over 15 years.

The value of approvals in the **non-residential** sector in Australia decreased by 15% to \$21.946 billion for the six months to 31 December 2018. Within the non-residential sector, **Commercial** building approvals

decreased by 15% to \$8.298 billion for the period and **Industrial** building approvals decreased 11% to \$2.650 billion. The **Educational** sub-sector, an important driver for bricks and masonry demand, was down 15% to \$2.475 billion.

Revenue from continuing operations, for the half year to 31 January 2019, was approximately in line with the prior period, at \$375 million. An increase in revenue in Austral Masonry and Austral Precast was offset by lower revenue in Austral Bricks and Bristle Roofing.

OVERVIEW OF BUILDING PRODUCTS AUSTRALIA RESULT (CONTINUING OPERATIONS)

Half Year Ended January		2019	2018	Change %
Revenue	\$m	375	376	—
EBITDA	\$m	41	55	(25%)
EBIT	\$m	26	41	(35%)
Capital Expenditure	\$m	18	26	(31%)
EBITDA margin	%	11	14	(21%)
EBIT margin	%	7	10	(30%)
Net Tangible Assets	\$m	689	665	4%
Return on Net Tangible Assets	%	8	12	(33%)
FTE Employees ⁵ (vs. Jul 18)		1,471	1,485	(1%)
Safety (TRIFR) ⁶ (vs. Jul 18)		20.6	20.4	1%
Safety (LTIFR) ⁷ (vs. Jul 18)		1.4	1.7	(18%)

EBIT from continuing operations was \$26 million, down 35% on the prior corresponding period, and **EBITDA** was \$41 million. Margins declined on the prior corresponding period, particularly within Austral Bricks, where price increases were insufficient to recover increasing energy costs. In addition, the opportunity was taken during the period to complete necessary maintenance work on several brick kilns that had been operating continuously for up to 8 years.

Lower sales volume, particularly in New South Wales and Western Australia also impacted earnings within Austral Bricks. During the first 2 months of the financial year, sales volume more broadly was adversely impacted by tightening credit availability that caused widespread project delays in housing construction.

Full-time equivalent **employee** numbers were 1,471 at 31 January 2019, down by 14 compared to 31

⁵ Excludes casual employees.

⁶ Total Reportable Injury Frequency Rate (TRIFR) measures the total number of reportable injuries per million hours worked.

⁷ Lost Time Injury Frequency Rate (LTIFR) measures the number of lost time injuries per million hours worked.

July 2018. The decrease was primarily due to the mothballing of Horsley Park Plant 2 in New South Wales, in response to lower production requirements.

There were 2 Lost Time **Injuries** ('LTIs') during the half. This translates to a Lost Time Injury Frequency Rate ('LTIFR') of 1.4, down from 1.7 for the year to July 2018. The Total Reportable Injury Frequency Rate ('TRIFR') remained relatively steady at 20.6.



DIVISIONAL ANALYSIS

Austral Bricks earnings decreased by 23% for the six months ended 31 January 2019, with sales revenue down marginally to \$208 million.

Sales volume was down around 6%, approximately in line with the overall decline in residential building activity across the country. Volume declines in New South Wales and Western Australia were partially offset by increases in other states. The increase in volume in Victoria was particularly pleasing, given the decline in building activity in that state.

An increase in manufacturing costs, primarily due to higher energy prices and plant maintenance activities, resulted in margins decreasing in all states. The impact of higher energy prices across the east coast, resulted in a \$6 million cost increase on the prior corresponding half. This incorporates the impact of a gas price increases of between 29-45%, depending on the state, that took effect on 1 January 2019.

The impact of higher energy costs is being partially mitigated by a sustained investment program, to replace older inefficient kilns, with modern plants. Following significant investments in Victoria, Western Australia and Queensland in recent years, the focus for capital investment has now turned to New South Wales, where there has been limited investment for three decades. A review of the future operational footprint within the Horsley Park precinct has been completed, and plans for a new face brick plant at the current Horsley Park Plant 2 site are being developed.

Bristle Roofing, now including the Fyshwick roof batten mill, delivered higher earnings for the half, despite a 7% decrease in sales revenue to \$63 million.

Demand remained resilient in Victoria, with price increases in that state supporting an increase in revenue and earnings. In the other major east coast markets, sales were adversely impacted by reduced detached house construction activity, and margins were impacted by strong competition.

In Western Australia sales revenue was down, however earnings improved due to lower costs, with this state



now being serviced by high quality imported terracotta tiles from La Escandella in Spain, supplemented by bought-in concrete roof tiles.

The Fyshwick batten mill delivered higher earnings, on the back of an increase in sales volume and improved unit production costs, due to the mill operating at capacity for the entire period.

Austral Masonry earnings were lower, despite a 6% increase in sales revenue to \$55 million for the half. Excluding UrbanStone sales (acquired in November 2017), revenue was down 6%, on a like-for-like basis.

An improved result was delivered in South East Queensland, due to higher other residential activity in that state, and a significant increase in sales of higher margin block, retaining wall and paving products in

both the residential and commercial sectors. A full six-month contribution from UrbanStone also boosted the result. However, these gains were more than offset by a decline in earnings in New South Wales, due primarily to the slowdown in apartment construction in Sydney.

In New South Wales, preliminary earthworks are now underway, in preparation for the construction of a highly advanced masonry plant, to be located on Property Trust land at Oakdale East. This plant is scheduled for commissioning in mid-2020.

Austral Precast earnings were in line with the prior corresponding period, with revenue increasing by 14% to \$40 million for the half.

In New South Wales, extended delays in the commencement of some major projects resulted in lower sales revenue and earnings. However, demand in this state remains strong, with a balanced pipeline of work in place, including increasing exposure to the infrastructure and industrial sector, offsetting lower sales to multi-residential developments. To meet demand, and improve the efficiency of the automated plant, a second production line to cater for specialised panels is being installed at Wetherill Park, and is expected to be completed in April.

Earnings increased significantly in Queensland, with the Salisbury plant operating at capacity for the entire period, to supply the Clarence Correctional Centre project.

Some major multi-residential projects drove increased revenue in Western Australia, however the short-term outlook is poor in this state due to a limited pipeline of committed work at the end of the half.

Construction of the **Southern Cross Cement** terminal has progressed well during the period. Civil works are scheduled for completion this month, with work on mechanical and electrical installation, and the erection of silos, now underway. Commissioning of the terminal, and the first shipment of cement to shareholders, is expected in early financial year 2020.



BUILDING PRODUCTS NORTH AMERICA

Brickworks completed the acquisition of Glen-Gery on 23 November 2018. Sales revenue for the initial period, to 31 January 2019, was \$26 million, ahead of internal forecasts. EBIT, although negative, was also ahead of expectations, due primarily to profits on the sale of surplus clay material from the Capitol site. EBITDA was marginally positive for the period.

Due to harsh winter conditions, the December-February months are characterised by reduced sales volume, and plant shutdowns. During the period, all plants were closed for extended periods.

A DIFFERENTIATED BRICK BUSINESS – A NORTH-EAST, ARCHITECTURALLY FOCUSSED PLAYER

Glen-Gery has a unique market position within the US brick industry, holding a leading position in the north-east, mid-west and mid-atlantic states. This region, incorporates major cities such as New York, Washington DC, Boston, Philadelphia, Baltimore, Pittsburgh, Chicago and Detroit, each with a long heritage of brick construction in commercial and residential buildings.

In many cases, building covenants are in place, mandating the use of brick, in order to maintain the heritage of the region. In other cases, Glen-Gery bricks are specified, in the construction of buildings such as schools, hospital and retail outlets.

Glen-Gery's product mix reflects the traditional building styles of this region, with higher margin architectural products into the non-residential, multi-residential and paving segments making up 65% of total Glen-Gery sales. This compares to the wider US brick industry, where sales into these sectors make up around 25% of the total.

Glen-Gery has established a strong reputation within the industry for premium products, and has a plant network that is well equipped to service this market. Across its nine brick plants, it is able to offer a range of specialty moulded, handmade and glazed bricks, in addition to a full range of the more common extruded bricks. It also operates a thin brick production line, a product category that is gaining traction in the US, and offered by Glen-Gery as part of the "Thin Tech" façade system.

INTEGRATION PROGRESS

Since the acquisition, significant progress has been made to integrate the business, including the relocation of two senior executives from Australia, the implementation of a range of branding and marketing initiatives, and advanced planning for the transition of critical IT infrastructure.

Progress is underway on key strategic initiatives, in support of Glen-Gery's focus on high margin architectural products, including:

- ▶ Securing exclusive agreements with Brickworks European partners, for the supply of premium imported products into the United States;
- ▶ The development of plans to renovate the existing New York design studio and to establish a new studio in central Philadelphia; and
- ▶ As part of the operational improvement plan, the company is investigating a new state of the art plant at the Mid-Atlantic site, in addition to a heavy refit of the existing plant at the same location. This 600-acre site in Pennsylvania is ideally located to service the north-eastern region of the United States. By investing in the country's largest and most efficient single production line, the company will be well placed to service this key region for decades to come.

PROPERTY

Property delivered EBIT of \$132 million for the half year ended 31 January 2019, up 167% on the prior corresponding period, due primarily to land sales and increased revaluation profits within the Property Trust.

OVERVIEW OF PROPERTY RESULT

Half Year Ended January	2019 \$m	2018 \$m	Change %
Net Trust Income	12	11	9
Revaluation of properties	67	7	>500
Development Profit	19	34	(44)
Property Trust	99	51	94
Property Sales	35	–	N/A
Property Admin and Other	(2)	(2)	–
Total	132	50	167

The settlement of the Punchbowl property sale in August, resulted in a EBIT contribution from **land sales** of \$35 million.

The **Property Trust** delivered an EBIT contribution of \$99 million, up 94%.

Net trust income was \$12 million, an increase of 9% on the prior corresponding period. In addition to rental growth across the portfolio, rental income was received from three new facilities at Oakdale South.

A revaluation profit of \$67 million was recorded during the half. This was driven by continued industry-wide capitalisation rate compression for prime industrial property assets. A New South Wales portfolio review

was completed in December 2018, resulting in a 50-basis point reduction in capitalisation rates across the portfolio.

A \$19 million development profit was also recorded, following the completion of three new assets at Oakdale South.

Property administration **expenses** totalled \$2 million, in line with the prior half. These expenses include holding costs, such as rates and taxes on properties awaiting development.

SUMMARY OF LEASED PROPERTY TRUST ASSETS

Estate	Asset Value \$m	Gross Lettable Area m ²	Gross Rental \$m/year	WALE ⁸ years	Capital Rate %
M7 Hub (NSW)	149	64,180	8	2.8	5.6%
Interlink Park (NSW)	412	192,207	24	4.0	5.6%
Oakdale Central (NSW)	565	245,205	30	5.4	5.3%
Oakdale South (NSW)	102	46,430	5	11.3	5.3%
Rochedale (QLD)	178	95,636	10	12.6	5.8%
Total	1,406	643,658	79	6.0	5.4%

PROPERTY TRUST ASSET VALUE

	Jan 2019 \$m	Jul 2018 \$m	Change %
Leased properties	1,406	1,168	20%
Land to be developed	308	360	(14%)
Total Property Trust assets	1,715	1,527	12%
Borrowings on leased assets	(456)	(451)	(1%)
Borrowings on developments	(10)	—	—
Net Property Trust assets	1,249	1,076	16%
Brickworks 50% share	625	538	16%
Rental return on leased assets ⁹	6%	6%	—
Revaluation return on leased assets ¹⁰	16%	7%	129%
Total return on leased assets	22%	13%	69%
Gearing on leased assets ¹¹	32%	39%	(18%)

8 Weighted average lease expiry (by income)

9 Based on annualised Net Trust Income of \$24 million (2 x 1H19), divided by \$425 million. This represents Brickworks share of leased properties (net of borrowings), less \$51 million of newly completed assets that did not contribute any rent during the period

10 Methodology as above, but assuming annualised revaluation profit of \$67 million (in line with 1H19)

11 Borrowings on leased assets / total leased assets



Iron Mountain Development, Oakdale South, NSW

PROPERTY TRUST ASSET

The total value of leased assets held within the Property Trust was \$1.406 billion, as at 31 January 2019. The entire Property Trust portfolio consists of “A grade” facilities, each less than nine years old, with long lease terms and stable tenants. The annualised gross rent from the Property Trust is \$79 million, average capitalisation rates are 5.4% and there are currently no vacancies.

Including \$308 million worth of land to be developed, the total value of assets held within the Property Trust was \$1.715 billion at the end of the period. Borrowings of \$466 million are held within the Property Trust, giving a total net asset value of \$1.249 billion. Brickworks’

50% share of net asset value was \$625 million at 31 January 2019, up \$87 million (or 16%) over the 6-month period since 31 July 2018. This uplift was due to the revaluation of the New South Wales portfolio, and the completion of three new facilities.

As a result of the increased valuation, gearing on leased assets decreased to a conservative 32% at the end of the period.

The total return on the leased property assets in the Trust, including the revaluation profit, was 22% during the first half of 2019.



Progress on Oakdale South facilities development

INVESTMENTS

The EBIT from Investments was steady at \$61 million in the half year ended 31 January 2019.



WASHINGTON H. SOUL PATTINSON LIMITED (WHSP)

ASX Code: SOL

The investment in WHSP returned an underlying contribution of \$60 million for the half year ended 31 January 2019, down slightly from \$61 million in the previous corresponding period. Strong underlying contributions were delivered by New Hope Corporation, TPG Telecom and property transactions during the period.

Brickworks sold 7.9 million WHSP shares in November and December, at a weighted average price of \$26.37 per share, delivering total cash proceeds of \$208 million. This transaction enabled Brickworks to take advantage of the increased demand for WHSP shares upon inclusion in the MSCI index, and allowed the company to reduce debt soon after the acquisition of Glen-Gery.

Including dividends received, this parcel of shares has delivered a return of 13.7% compounded annually for 49 years, since the initial purchase in 1969¹².

Brickworks now holds 94.3 million WHSP shares; equivalent to a 39.4% interest in WHSP. This shareholding in WHSP is an important source of earnings and cashflow diversification for the company, and has been a key contributor to Brickworks' success for more than four decades.

The market value of Brickworks shareholding in WHSP was \$2.481 billion at 31 January 2019 (39.4%), up \$250 million from \$2.231 billion at 31 July 2018 (42.7%).

During the period cash dividends of \$34 million were received, up 3% on the prior period.

WHSP has delivered outstanding returns over the long term, outperforming the ASX All Ordinaries Accumulation Index by 5.4% p.a. over fifteen years.

WHSP holds a significant investment portfolio in a number of listed companies including Brickworks, TPG Telecom, New Hope Corporation and Australian Pharmaceutical Industries.

12 Total return assumes re-investment of dividends and other special shareholder distributions



NEW HOPE
GROUP

api



Apex
Healthcare
Service • Quality • Integrity



Round Oak
MINERALS

OUTLOOK

BUILDING PRODUCTS AUSTRALIA

Market fundamentals remain supportive for new housing construction, with employment levels healthy, low interest rates and high immigration levels.

However, the banking royal commission and tighter lending controls imposed by APRA have impacted credit availability, and this has led to financing constraints, causing delays and cancellations of home building contracts. The initial impact of this credit squeeze was felt early in the first half. Since then detached housing activity on the east coast (and Austral Bricks sales volume) has been relatively resilient, due to a strong pipeline of work being in place.

Decreasing consumer confidence due to declining house prices is now exacerbating the impact of the tighter credit controls. Some east coast builders are reporting that new house sales are down 20–40% from their peak, and reports are also emerging of a decrease in land sales to developers. These reports indicate that the existing pipeline of work will be progressively built out. As a result, sales volume is expected to decline in the last quarter of the financial year.

Meanwhile, in the more volatile high-rise apartment segment, approvals on the east coast have been in steep decline for 12 months, and this is now translating into a rapid slowdown in construction activity in that sector.

On the other side of the country in Western Australia, conditions remain very difficult, with building activity at cyclical low levels, and brick volumes and selling prices continuing to fall.

In January 2019, gas price increases of 29–45% took effect in east coast states. This follows increases of 20–65% the previous year. The full impact of energy price increases over 2018 and 2019 will result in

additional annual costs of \$24 million per annum. Due to the timing of the price increases, this impact is being progressively felt over financial years 2018, 2019 and 2020. The estimated impact in financial year 2019 is a \$12 million increase compared to the prior year.

In a declining market, cost increases of this magnitude are beyond the company's ability to recover through price rises, and will therefore have an adverse impact on the full year result.

From 1 January 2020, the company will get some relief, with a new wholesale gas supply arrangement to take effect at lower prices. This will offset some of the energy cost increases currently being incurred.

On the back of the exorbitant energy price increases, caused by a lack of pro-active government policy, any additional imposts placed on business and consumers will threaten the viability of domestic investment. For example, the proposed changes by the federal opposition to industrial relations regulation will reduce workplace flexibility, and changes to tax policy will adversely impact housing construction activity. Ultimately, business investment will be driven offshore.

BUILDING PRODUCTS NORTH AMERICA

Brickworks considers the United States to be an attractive country to invest, with pro-business policies that support investment, efficient building approval processes and well-established transport infrastructure.

The outlook for construction activity in the United States is relatively positive in the short term, with steady growth anticipated in non-residential and residential activity forecast over the coming years¹³.



Looking further ahead, the current level of housing starts remains significantly below the historical average, indicating that further growth in building activity is likely over the longer term. Glen-Gery currently has a healthy forward order book, with a particularly large number of school development projects.

With a focus on premium architectural products, Glen-Gery has a broad end-market exposure, including non-residential building, multi-residential and detached housing. Geographically, sales are concentrated primarily in the north-east and mid-west states.

With a strong platform now established following the Glen-Gery acquisition, Brickworks is well placed to pursue growth in the United States, and participate in the ongoing industry consolidation that is underway. Unlike Australia, the United States brick industry is highly fragmented, with significant over-capacity, and consists of numerous players operating at sub-optimal factory utilisation. As a result, Brickworks is actively investigating bolt-on acquisition opportunities in the United States, that will drive cost savings through realisation of operational and administrative synergies. Any additional acquisitions are expected to be funded from existing debt facilities.

Consistent with our strategy, Brickworks will bring a long-term focus to operations in North America, and opportunities will be evaluated with a disciplined and methodical assessment process. It is anticipated that the transition to a highly efficient and fully utilised plant network, incorporating bolt-on acquisitions, plant upgrades and rationalisation of facilities, will take approximately three to five years to complete.

PROPERTY TRUST

The outlook for the Property Trust remains 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.

At **Oakdale South**, development of a 33,000m² facility for DHL is proceeding well, with completion forecast in September 2019. A pre-commitment for a 31,400m² warehouse to Linfox has recently been secured, and construction of this facility will commence soon. An additional 30,000m² speculative development will also commence in the current period. The last land sale at Oakdale South, consisting of 51,000m² of developable land at the southern end of the Estate, is due to complete in April 2019.



The pre-commitment of the Coles Group to a 66,000m² facility at **Oakdale West** provides significant impetus to the development of this Estate. Whilst the agreement is still conditional on several approvals, progress has been made on the development application which is expected to be secured by mid-2019. This will support the Property Trust's construction of a new access road into the Estate by mid-2020. Development will then continue for up to a decade, including delivery of the Coles facility in early 2022.

Plans are now in place for the development of 10 hectares of surplus land at the 88-hectare Plant 3 site, known as **Oakdale East** (subject to approvals). The proposed sale of this land into the Property Trust in late 2019 will facilitate the pre-commitment of Austral Masonry to a long-term lease for its new manufacturing operations at this site, with construction of further warehouse facilities to follow.

At **Rochedale**, the southern section of the Estate is now fully occupied, and activity is focussed on the remaining 6-hectare lot, where over 35,000m² of mixed-use buildings will be developed.

PROPERTY SALES

Aside from the sale of the 10 hectares at Oakdale East into the Property Trust, there are limited major land sales opportunities for Brickworks in the short term. The company is considering a range of strategies to generate earnings from property sales, and development activities, to supplement the strong earnings outlook of the Property Trust.

INVESTMENTS

The earnings, dividends and market value of WHSP are expected to grow over the long term, albeit the contribution to Brickworks will be impacted by the reduced shareholding to 39.4% (from 42.7%), following the recent sale of 7.9 million shares.

LINDSAY PARTRIDGE AM
Managing Director



Urbanstone Commercial – Natural
Stone Yagan Square

Review of RESULTS

CONSOLIDATED INCOME STATEMENT

	31 Jan 2019 \$000	31 Jan 2018 ¹⁴ \$000
Continuing Operations		
Revenue	442,468	377,246
Cost of sales	(288,701)	(249,277)
Gross profit	153,767	127,969
Other income	111,638	676
Distribution expenses	(36,066)	(33,547)
Administration expenses	(18,207)	(15,493)
Selling expenses	(42,944)	(39,395)
Impairment of non-current assets	(55,401)	(124)
Business acquisition costs	(8,576)	(776)
Other expenses	(10,173)	(11,031)
Share of net profits of associates and joint ventures	148,811	105,852
Profit from continuing operations before finance cost and income tax	242,849	134,131
Finance costs	(10,613)	(6,003)
Profit from continuing operations before income tax	232,236	128,128
Income tax expense from continuing operations	(84,109)	(29,566)
Profit from continuing operations after tax	148,127	98,562
Discontinued operations		
Loss from discontinued operations, net of income tax benefit	(33,562)	(1,553)
Profit for the period	114,565	97,009
Profit attributable to:		
Shareholders of Brickworks Limited	114,565	97,009
Earnings per share attributable to the shareholders of Brickworks Limited		
Basic (cents per share)	76.6	65.0
Diluted (cents per share)	76.6	65.0
Basic (cents per share) from continuing operations	99.0	66.0
Diluted (cents per share) from continuing operations	99.0	66.0

14 The January 2018 comparative numbers of the Group have been restated to present the discontinued operations separately from the continuing operations.

CONSOLIDATED BALANCE SHEET

	31 Jan 2019 \$'000	31 Jul 2018 \$'000
Cash and cash equivalents	87,567	21,167
Receivables	98,646	122,216
Inventories	236,761	207,104
Land held for resale	—	7,383
Derivative financial assets	5	376
Prepayments	15,501	10,227
Contract assets	13,208	—
Assets held for sale	30,752	—
Total current assets	482,440	368,473
Inventories	7,248	7,356
Financial assets at fair value through other comprehensive income	2,165	1,181
Investments accounted for using the equity method	1,770,710	1,771,504
Property, plant and equipment	560,151	510,493
Intangible assets	181,145	216,130
Total non-current assets	2,521,419	2,506,664
TOTAL ASSETS	3,003,859	2,875,137
Payables	87,299	107,909
Borrowings	178,866	—
Derivative financial instruments	322	501
Current income tax liability	60,949	19,577
Contract liabilities	9,005	—
Liabilities held for sale	5,192	—
Provisions	69,479	49,668
Total current liabilities	411,112	177,655
Borrowings	150,383	324,105
Derivative financial instruments	3,640	1,922
Provisions	11,860	10,494
Deferred income tax liability	293,315	289,883
Total non-current liabilities	459,198	626,404
TOTAL LIABILITIES	870,310	804,059
NET ASSETS	2,133,549	2,071,078
Issued capital	345,332	345,873
Reserves	272,006	309,094
Retained profits	1,516,211	1,416,111
TOTAL EQUITY	2,133,549	2,071,078

CONSOLIDATED STATEMENT OF CASH FLOWS

	31 Jan 2019 \$000	31 Jan 2018 \$000
Cash flows from operating activities		
Receipts from customers	443,439	457,230
Payments to suppliers and employees	(435,151)	(411,281)
Proceeds from land held for sale	41,000	–
Interest received	360	151
Interest and other finance costs paid	(9,581)	(7,741)
Dividends and distributions received	45,909	43,450
Income tax paid	(21,167)	(7,566)
Net cash from operating activities	64,809	74,243
Cash flows from investing activities		
Purchases of property, plant and equipment	(17,681)	(25,790)
Proceeds from sale of property, plant and equipment	2,553	934
Purchase of investments in joint ventures	(1,160)	(10,248)
Proceeds from sale or return of investments	208,323	–
Purchase of controlled entities, net of cash acquired	(141,276)	(13,308)
Net cash provided by / (used in) investing activities	50,759	(48,412)
Cash flows from financing activities		
Proceeds from borrowings	279,876	112,000
Repayments of borrowings	(275,000)	(89,000)
Dividends paid	(53,918)	(50,799)
Net cash used in financing activities	(49,042)	(27,799)
Net increase / (decrease) in cash held	66,526	(1,968)
Effects of exchange rate changes on cash	(126)	–
Cash at the beginning of the period	21,167	19,641
Cash at the end of the period	87,567	17,673

CORPORATE

information

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IMPORTANT DATES

Record date for interim ordinary dividend	9 April 2019
Payment date for interim ordinary dividend	30 April 2019
2019 financial year end	31 July 2019
2019 annual result released	19 September 2019
Record date for final ordinary dividend	7 November 2019
Annual General Meeting	26 November 2019
Payment date for final ordinary dividend	27 November 2019

The above dates are indicative only and are subject to change.

BRICKWORKS
— LIMITED —