

AGM & TRADING UPDATE

- **Record underlying NPAT in FY22**
- **Full year dividend 63 cents, up 3%**
- **Continued development within Industrial JV Trust to meet strong tenant demand**
- **Building Products sales remain resilient across Australia and North America**
- **Supply agreement executed for bricks into the UK market**
- **Strategic stake established in FBR, expanding investment portfolio**

Record underlying NPAT in FY22, increased dividend

In September, Brickworks Limited (ASX: BKW, the 'Company') announced a record underlying Net Profit After Tax (NPAT) of \$746 million for financial year 2022 ('FY22'), up 159% from the prior year. After including significant items and discontinued operations, the statutory NPAT was \$854 million, up 257%.

An increased final dividend of 41 cents per share (fully franked) is payable to shareholders tomorrow, bringing total full year dividends to 63 cents per share (fully franked). This represents the 46th consecutive year that the Company has maintained or increased normal dividends to shareholders.

Chairman of Brickworks, Mr. Robert Millner said: "The strength of our diversification strategy underpinned the result in FY22, with increased underlying earnings delivered across all four divisions."

"The record earnings were achieved, despite a number of challenges during the period, with inflationary impacts significantly increasing the cost of doing business. After repeated warnings from industry, the gas supply crunch on Australia's east coast has now well and truly arrived, with extreme market volatility and price increases."

"The gas we use to fire the bricks in our kilns cannot be easily substituted for alternative renewable energy sources. As such, ready access to reliable and affordable gas is essential for our industry. We only need to look to Europe to understand the cost of continued inaction by government. In that region, manufacturers are being forced to shut down operations, including some of our valued suppliers. To avoid a similar situation in Australia, it is critical that additional gas supplies that are reliable and affordable for domestic users are brought online as quickly as possible."

Continued development within Industrial JV Trust to meet strong tenant demand

At the end of FY22, Brickworks held a total of almost \$1.8 billion in net assets across two Joint Venture Property Trusts with Goodman Group. This includes a 50% share in the Industrial JV Trust and a 50.1% share in the recently launched Brickworks Manufacturing Trust.

Brickworks Managing Director, Mr. Lindsay Partridge said: "We are continuing to experience strong demand for our prime industrial property, which is being fuelled by long term structural tailwinds. To meet this demand, development activity in the short term will be focussed on building out the remaining vacant land at the Oakdale West Estate."

"We expect to complete the \$300 million sale of Oakdale East Stage 2 into the Industrial JV Trust in the first half of FY23. Beyond that, we have identified three additional properties for potential sale into the Trusts over the coming years, to support continued long-term growth."

"As a result of the strong tenant demand, we are experiencing significant rental growth across our new developments and lease renewals. This is expected to offset the impact of higher interest rates."

Building Products sales remain resilient across Australia and North America

Following the higher earnings achieved in FY22, momentum across Building Products operations in Australia and North America has continued in recent months. A strong order book has resulted in first quarter FY23 revenue and EBITDA¹ being ahead of the prior corresponding period in both countries.

Mr. Partridge said: “Whilst the start of FY23 has been positive, once the existing pipeline of work is completed, a period of softer demand is expected, with tightening monetary policy set to act as a handbrake on the housing industry in the medium term.”

“In Australia, this is increasingly evident in declining building approvals data and builders reporting reduced sales activity and display home foot traffic. In North America, we are more insulated from a housing slowdown, with a much larger share of sales into the non-residential sector, which is expected to remain resilient.”

“Across both countries, we have faced challenges such as labour and trade availability in many of our operations, albeit these issues have eased in recent months. Despite significantly higher diesel and electricity prices, we have been less exposed to the extreme energy prices than many other manufacturers, with long term fixed price gas contracts in place. In Australia, our wholesale gas supply agreement with Santos extends to December 2024.”

“Over the past few years, we have completed an extensive capital investment program, including upgrades to a number of our brick facilities in Australia and North America, a new JV cement import terminal in Brisbane and a new masonry plant in Sydney. The capital program will be capped off by the completion of our new Sydney brick plant in the second half of FY23. With much improved fuel efficiency and increased automation, these investments will offset the impact of rising operating costs and will significantly strengthen our competitive position.”

Supply agreement executed for bricks into the UK market

Last month, Brickworks executed a supply agreement with Brickability, a market leading building products distributor in the UK, for the sale of bricks into the UK market.

Mr. Partridge said: “This supply agreement marks a significant strategic milestone for the Company. The UK is an attractive expansion opportunity, with annual demand of around 3 billion bricks, of which around 10-20% is sourced from imports.”

“We are well positioned to service this market from North America and will initially source supply from our Hanley and Pittsburgh plants in Pennsylvania. Our currently mothballed Rocky Ridge plant in Maryland will also be re-commissioned to produce dedicated bricks specifically tailored for the UK market. Once we have established supply from North America, we will also investigate the feasibility of additional product supply from Australian plants.”

“The ten-year supply agreement includes a minimum purchase quantity of 10 million bricks per year, and we expect to build on this over time.”

Strategic stake established in FBR, expanding investment portfolio

Over the past few months, Brickworks has established a strategic investment in FBR Limited (“FBR”), and now holds almost 20% of total shares on issue.

Mr Partridge said: “We have maintained a keen interest in FBR since our initial seed investment in 2006. They have recently commenced the commercialisation process for a bricklaying robot that has the potential to build walls faster than traditional methods, and with much reduced labour.”

“With an ongoing shortage of bricklayers, exacerbated by the current tight labour market, we see a strong market opportunity for this technology, and as the largest brick maker in the country we have much to benefit from its success. As such, we look forward to working collaboratively with FBR over the coming years to commercialise this exciting technology.”

The investment in FBR will be equity accounted and reported as part of Brickworks’ Investment portfolio.

Strong progress on sustainability strategy

Brickworks sustainability strategy focuses on opportunities to make buildings and cities safe, resilient, and sustainable. It sets a clear pathway to achieving this, with 15 measurable targets and commitments across three pillars: Responsible Business, Environment, Our People and Community.

Mr. Partridge said: “We are achieving strong progress across many aspects of sustainability. In FY22 we again reduced injury rates across our operations, as we continue to strengthen our safety systems. It is particularly

¹ Underlying earnings before interest, tax, depreciation and amortisation (unaudited)

pleasing that the injury rates in North America are now comparable to Australia, having been much higher when we acquired these operations, a few years ago.”

“We also continue to drive a downward trend in carbon emissions. Across our Australian operations we have achieved a reduction in carbon emissions of 42% since 2006. This is supported by manufacturing rationalisation, capital investments into modern, fuel-efficient production processes, as well as product redesign, use of recycled material and firing our kilns with renewable fuels such as landfill gas.”

“During FY22 we announced a collaboration agreement with Delorean (ASX: DEL) to investigate the feasibility of developing biogas facilities at our brick plants. This project is focussed initially on our new Horsley Park brick plant and following an initial concept study has now progressed to the development stage.”

“We are increasing the use of recycled raw materials in our products, such as excavated clay from local infrastructure projects, and fly ash and other by-products as a substitute for cement in our concrete products.”

Group Outlook

Mr Partridge said: “Despite rising interest rates, the development pipeline within our Industrial JV Trust is strong. Across Building Products, we anticipate increasing headwinds in the second half, as the existing pipeline of construction work is built out. Meanwhile, WHSP is expected to continue to deliver a stable and growing stream of earnings and dividends over the long term.”

“Over the last 12 months we have built the asset base of the Company considerably, resulting in a conservative gearing level. This strong financial position, together with our diversified portfolio of high-quality assets, means that Brickworks is well-placed to meet any future challenges and continue to deliver strong performance for shareholders.”

Annual General Meeting

The Brickworks Annual General Meeting will be held today at midday, at the Establishment Hotel Ballroom, Level 2, 252 George Street, Sydney. The meeting will be webcast live on the following link:

<https://www.streamgate.co/brickworks/>

About Brickworks (ASX: BKW)

Brickworks has been building the Australian dream for over a century. Today, Brickworks is more than Australia’s largest and most trusted brick manufacturer. It comprises a diversified portfolio of attractive assets, offering shareholders stability and long-term growth. The company has a proud track record, having paid a dividend every year since listing on the ASX in 1962. Brickworks comprises four divisions – Building Products Australia, Building Products North America, Property, and Investments.

Building Products Australia includes Austral Bricks, the country’s largest bricks producer, and other leading brands such as Austral Masonry and Bristile Roofing. Building Products North America is the leading brick producer in the Northeast, Midwest and Mid-Atlantic regions of the United States and includes the flagship brand of Glen-Gery.

On surplus land, Brickworks has developed extensive industrial property assets in conjunction with Joint Venture partner, Goodman Group. These facilities help our customers to meet the supply chain needs of the growing digital economy. Brickworks has more recently created a second trust, also with Goodman Group, which houses a portfolio of Building Products Australia’s operational sites.

Brickworks also has a long-standing investment in Washington H. Soul Pattinson, a diversified investment house and ASX100 company. This investment has delivered outstanding returns for the company and provides stability and growing cash dividends.

The Brickworks Board has authorised the release of this announcement to the market.

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