

Dividend Increased, Supported by Resilience of Diversified Portfolio

- Final dividend increases for the 11th consecutive year, to 43 cents per share
- Market value of listed investments up by \$263 million to \$3.383 billion
- Net asset value of Property Trust assets down by \$267 million to \$2.007 billion
- Increase in Building Products EBITDA in both Australia and North America
- Statutory Net Loss After Tax of \$119 million (underlying NPAT of \$61 million), adversely impacted by non-cash property devaluation and Building Products impairment

Year Ended July (\$million) ¹	FY23	FY24	Change
Total Revenue	1,181	1,089	(8%)
Underlying EBITDA (detail below)	784	157	(80%)
Underlying NPAT	508	61	(88%)
Statutory NPAT (including significant items and discontinued operations)	395	(119)	(130%)
Final dividend (cents per share)	42	43	2%
Full year dividends (cents per share)	65	67	3%

Breakdown of Underlying EBITDA	FY23	FY24	Change
Building Products Australia	100	102	2%
Building Products North America	40	43	9%
Property - ex revaluations & sales	124	121	(3%)
Investments	159	137	(13%)
Group Expenses	(20)	(17)	18%
Underlying EBITDA ex property revaluations & sales	403	387	(4%)
Property revaluations	112	(215)	(292%)
Property sales	269	(15)	(106%)
Underlying EBITDA (continuing operations)	784	157	(80%)

¹ All revenue and earnings measures exclude significant items and discontinued operations unless otherwise stated

Statutory loss, adversely impacted by property devaluation and Building Products impairment

Brickworks Limited (ASX: BKW) (“Brickworks” or the “Company”) today posted a Statutory Net Loss After Tax of \$119 million for the year ended 31 July 2024. The Underlying Profit After Tax from continuing operations was \$61 million.

Earnings were adversely impacted by a non-cash property devaluation of \$215 million (vs. \$112 million gain in FY23) and a \$15 million loss on property sales (vs. \$269 million profit in FY23).

In addition, a non-cash impairment of \$135 million (post-tax) was recorded, primarily in relation to Austral Masonry and Brickworks North America (as announced to the ASX on 12 September 2024). Both of these businesses have been impacted over the past six months by a deterioration in building activity across key markets. In response to the weaker demand, production has been scaled-back, resulting in delayed realisation of efficiency benefits from major investments and plant rationalisation activities.

Group Underlying Earnings Before Interest, Tax, Depreciation and Amortisation (‘EBITDA’) was \$157 million in FY24, down from \$784 million in the prior year. Excluding the impact of the property revaluations and property sales, EBITDA was \$387 million, down 4%.

Building Products EBITDA was higher in both Australia and North America. A range of restructuring initiatives have been completed in both countries, and this has supported higher margins, offsetting the impact of the lower building activity in key markets.

Property earnings were lower, due primarily to the devaluations within the Property Trusts². Within the Industrial JV Trust, net trust income was relatively stable, despite the impact of higher borrowing costs and the sale of the M7 Hub Estate. Development activity remained strong, with the Oakdale West Estate nearing completion and construction of the cornerstone Amazon facility at Oakdale East Stage 2 now well progressed.

Although Investment earnings were lower, the market value of Brickworks’ listed investments increased by \$263 million during the year, to \$3.383 billion³.

Directors declared a fully franked final dividend of 43 cents per share, an increase of 1 cent on the prior year. The record date for the final dividend is 5 November 2024, with payment on 27 November 2024.

Building Products Australia EBITDA up 2% to \$102 million

On revenue of \$646 million (down 12%), Building Products Australia EBITDA was up 2% to \$102 million in FY24. An increase in margins was achieved, driven by rationalisation and re-structuring activities, the implementation of price increases and productivity improvements across most operations.

Brickworks Chief Executive Officer, Mr. Mark Ellenor said: “We are now moving through a cyclical low in building activity, with residential approvals in Australia at the lowest level for more than a decade. In response, we have implemented a range of re-structuring initiatives, to remove costs and support margins.

These initiatives included the consolidation of Austral Bricks and Austral Masonry into one operating division, a restructure of Bristle Roofing and a rightsizing of divisional support functions.

During the second half of the year, the commissioning process at Plant 2 in New South Wales was substantially completed. This represents a significant milestone for the Company, following five years of hard work, with the project having commenced in 2019. The plant is now operating at design capacity and will surpass any other brick factory in Australia in terms of automation, fuel efficiency and output.”

Building Products North America EBITDA up 9% to \$43 million

In North America, sales revenue of AU\$442 million in FY24 was broadly in line with the prior year. EBITDA was up 9% to AU\$43 million. Excluding the impact of property sales in North America, EBITDA was up 29%.

Mr. Ellenor said: “The North American business has delivered a resilient result, considering the relatively weak conditions across the Midwest and Northeast regions in our core non-residential and multi-residential markets. Margins continue to improve on the back of price increases and improved factory utilisation, following the completion of our five-year plant rationalisation program. However, the slowdown in building activity has delayed the full benefit of the efficiency improvements we expect to deliver from this program.

² The Property Trusts include a 50% share of the Industrial JV Trust and a 50.1% share of the Brickworks Manufacturing Trust

³ Includes a 26.1% stake in Soul Patts (ASX: SOL) and a 15.3% stake in FBR Limited (ASX: FBR)

The Rocky Ridge plant in Maryland is in the final stages of re-commissioning and will produce a range of moulded bricks specifically tailored for the UK market. The first shipments to the UK, as part of our supply agreement with Brickability for 10 million bricks per annum, are now underway.”

Net asset value of Property Trust assets down by \$267 million to \$2.007 billion

Excluding revaluations and land sales, Property EBITDA was \$121 million, down by 3%. Net rental income was broadly steady, with an increase in like-for-like gross rent and the completion of new developments at Oakdale West, being offset by higher borrowing costs in the Property Trust and the impact of the M7 Hub Estate sale.

A non-cash devaluation of \$215 million was recorded on Property Trust assets, reflecting an increase in capitalisation rates across the portfolio to 5.2% (up from 4.1% at July 2023). The devaluation in FY24 follows \$615 million in revaluation gains being delivered in the prior five years as capitalisation rates compressed.

At the end of the year, Brickworks’ share of the net asset value within its Property Trusts was \$2.007 billion (vs. \$2.274 billion at 31 July 2023), after taking into account the development profits, impact of revaluations and the M7 Hub sale.

Mr. Ellenor said: “We have seen a stabilisation of conditions across the property market in the second half of the year, with our June valuation process resulting in a moderate gain in the value of the portfolio, partially offsetting the devaluation recorded in the first half.

We continue to experience strong lease enquiry for large-sized industrial facilities, and we are very well placed to meet this demand. At the Oakdale East Stage 2 Estate in western Sydney, construction of a cornerstone 58,000m² facility for Amazon is well underway, and due for completion around one year from now. This site is one of the only “shovel-ready” development estates in western Sydney, with an additional 193,000m² of lettable space available, to be built out within the next four to five years.

We are also pursuing other development opportunities across our portfolio. In Brisbane, a 13-hectare site adjoining our Rochedale brick factory was purchased by the Brickworks Manufacturing Trust during the year. When consolidated with adjacent surplus land at the brick plant, the site could provide up to 115,000m² of gross lettable area. This project is currently in planning stages, with the aim of lodging development applications in 2025.”

Market value of listed investments up by \$263 million to \$3.383 billion

Brickworks holds 94.3 million shares in Washington H. Soul Pattinson & Company (“Soul Patts”) (ASX: SOL), representing a 26.1%⁴ ownership stake and 731.7 million shares in FBR Limited (ASX: FBR), representing a 15.3% shareholding. The market value of these listed investments increased by \$263 million during the year, and stood at \$3.383 billion at 31 July 2024.

EBITDA from Investments was \$137 million for the year, down 13%, driven mainly by a decline in the contribution from New Hope Corporation to Soul Patts earnings.

Group Outlook

Mr Ellenor said: “Within Property, significant growth in rental income is forecast from the Property Trusts over the coming years, as we continue to develop existing Estates. We expect structural trends towards e-commerce and the digital economy will continue to drive demand for prime industrial facilities for many years to come. We are focused on identifying opportunities across the Group’s vast land holdings to meet this demand and expand our development pipeline.

Our Building Products businesses in Australia and North America are facing challenges over the next 12 months, with subdued building activity across many of our key markets. As such, we are planning temporary plant closures throughout FY25 to undertake maintenance and control inventory. Looking beyond the short-term market weakness, we are well placed to deliver strong returns when market conditions improve, following our recent plant investments, re-structuring and portfolio rationalisation activities.

Meanwhile, Soul Patts is expected to continue to deliver a stable and growing stream of earnings and dividends over the long term.

Following a period of significant investment, our short-term priority is to maximise cash generation. With our diversified portfolio of high-quality assets, Brickworks is well placed to meet any future opportunities and challenges and continue to deliver good performance for our shareholders.”

⁴ On 30 August, Soul Patts issued 6.6 million shares, resulting in Brickworks’ ownership interest reducing to 25.7%

Results briefing

Mr Mark Ellenor (Chief Executive Officer), Mr Grant Douglas (Chief Financial Officer) and Ms Megan Kublins (Executive GM, Property and Development), will present Brickworks' results via webcast at noon today. The briefing will be webcast live on the following link: <https://www.streamgate.co/brickworks/>

Questions may be asked by following the prompts on screen.

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, Industrial Property, and Investments.

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

On surplus land assets, Brickworks has developed extensive industrial property assets in conjunction with Joint Venture partner Goodman Group. These facilities help our customers meet the supply chain needs of the growing digital economy.

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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