

10 October 2024

ASX Compliance  
Exchange Centre  
20 Bridge Street  
Sydney NSW 2000

**Response to ASX Aware Letter Reference: 100897**

Brickworks Limited (ASX:BKW) notes the questions contained in the letter from ASX of 8 October 2024 (ASX Letter) and responds as follows.

***1. Does BKW consider that any measure of its statutory or underlying earnings for the 2024 financial year as disclosed in the Results Announcements ('Earnings Information') differed materially from the market's expectations, having regard to the following three base indicators (in decreasing order of relevance and reliability):***

***1.1 If BKW had published earnings guidance, that guidance.***

***1.2 If BKW is covered by sell-side analysts, the earnings forecasts of those analysts.***

***1.3 If paragraph 1.1 and 1.2 are not applicable, BKW's earnings for the prior corresponding period, being the year ended 31 July 2023.***

1. BKW did not provide earnings guidance for FY24, however, sell-side analysts cover the stock and there is a range of earnings forecasts for both statutory and underlying earnings in reports prepared by them generally on or after the issue of BKW's half year results in late March of 2024. There was an observable range of opinions across broker reports indicating differing views on outlook for the market generally and several reports did not take significant items into account.

Accordingly, BKW formed the view that there was no observable broker consensus statutory or underlying earnings figures against which to consider the likely reaction to its draft results in the period following close of the full year and reporting (other than in respect of full year revenue, which was consistent and averaged 2% above draft actual results).

As is evident from previous financial periods, BKW's results are frequently impacted by significant items, property revaluations, the realisation of properties in a financial period and the performance of investment markets - the market understands there will be large variability in earnings year on year due to the lumpy nature of these factors impacting BKW's results. On the latter point, BKW's key exposure to investment markets arises from its stake in Washington H Soul Pattinson, the audited results of which are received only shortly before finalisation of the BKW results. In addition, nothing in preliminary estimates of the WHSP result indicated any data that would be likely to see a material change to expected BKW results.

Slide 6 of the FY24 investor presentation issued on 26 September 2024 (FY24 Investor Presentation) indicates that statutory NPAT, underlying NPAT and underlying EBITDA were all substantially down on the previous corresponding period. This too was anticipated in all of the broker reports referenced above and foreshadowed in BKW's HY24 results released on 21 March 2024.

Page 3 of BKW's FY24 Annual Report issued on 26 September 2024 shows the variability of BKW's statutory NPAT, underlying NPAT and underlying EBITDA over the previous 5-year period, indicating that BKW is not a stock whose value is strongly dependent on statutory or underlying earnings because of the reasons referenced above. In BKW's experience, the stock price is far more linked to the consistency of dividends and any current or future expectation that dividends would be impacted by underlying financial results. Despite the substantial variability in earnings, dividends have increased year on year for the past 11 years and have not decreased since 1976 evidencing the importance of this measure - see below extracts of page 3 of BKW's FY24 Annual Report issued on 26 September 2024 and slide 8 of the FY24 Investor Presentation.

	2020	2021	2022	2023	2024	%
	\$000	\$000	\$000	\$000	\$000	Growth
<b>Total revenue</b>	<b>898,420</b>	<b>850,922</b>	<b>1,095,353</b>	<b>1,181,859</b>	<b>1,089,414</b>	<b>(8%)</b>
<i>Building Products Australia EBITDA</i>	<i>93,567</i>	<i>97,668</i>	<i>204,851</i>	<i>100,479</i>	<i>102,473</i>	<i>2%</i>
Building Products Australia EBIT	39,513	47,768	152,869 <sup>1</sup>	52,809	41,290	(22%)
<i>Building Products North America EBITDA</i>	<i>26,773</i>	<i>26,414</i>	<i>48,475</i>	<i>39,868</i>	<i>43,461</i>	<i>9%</i>
Building Products North America EBIT	10,061	8,525	24,932	12,795	13,726	7%
Property <sup>2</sup>	129,437	252,679	643,689	505,517	(109,964)	(122%)
Investments <sup>2</sup>	50,771	96,946	180,712	158,707	137,346	(13%)
Head office and other expenses	(16,849)	(19,417)	(19,803)	(20,433)	(16,656)	18%
<b>Total EBITDA<sup>3</sup></b>	<b>283,699</b>	<b>454,290</b>	<b>1,057,924</b>	<b>784,138</b>	<b>156,660</b>	<b>(80%)</b>
<b>Total EBIT<sup>3</sup></b>	<b>212,933</b>	<b>386,501</b>	<b>982,399</b>	<b>709,395</b>	<b>65,742</b>	<b>(91%)</b>
Finance costs	(25,964)	(18,735)	(20,154)	(53,100)	(78,650)	(48%)
Income tax	(35,218)	(80,090)	(216,101)	(148,066)	74,155	150%
<b>Underlying net profit after tax<sup>3</sup></b>	<b>151,751</b>	<b>287,676</b>	<b>746,144</b>	<b>508,229</b>	<b>61,247</b>	<b>(88%)</b>
Significant items net of tax	175,495	(44,892)	123,592	(102,965)	(178,482)	NA
Discontinued operations net of tax (inc. sig items)	(29,168)	(3,621)	(15,345)	(10,570)	(1,650)	NA
<b>Net profit after tax (inc. sig items, discontinued ops)</b>	<b>298,078</b>	<b>239,163</b>	<b>854,391</b>	<b>394,694</b>	<b>(118,885)</b>	<b>(130%)</b>

## Dividends

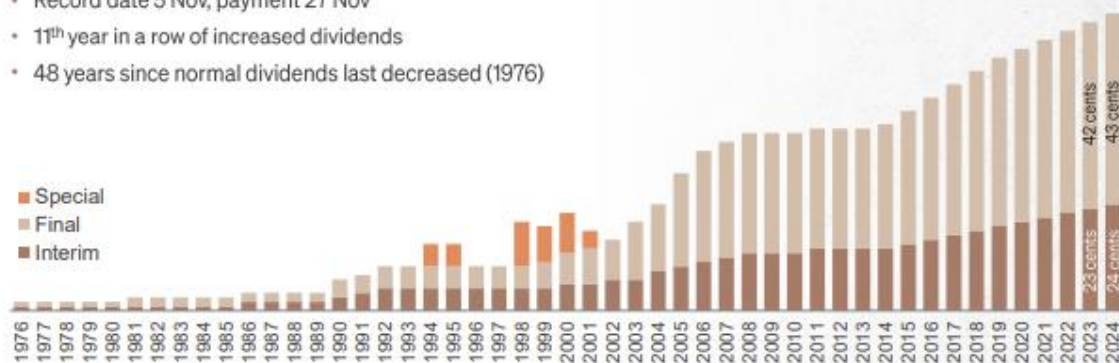
BRICKWORKS

Brickworks' final dividend has now increased eleven years in a row

### Brickworks Dividend History

Cents per share

- The Board has declared a 43 cents per share fully franked final dividend, up 2%
- Record date 5 Nov, payment 27 Nov
- 11<sup>th</sup> year in a row of increased dividends
- 48 years since normal dividends last decreased (1976)



BKW FY24 Results 26.09.2024 8

***Please explain the basis for the view provided in response to question 1. In doing so, please specify how BKW determined market expectations in relation to each relevant measure of its earnings, including:***

***2.1 If BKW had published earnings guidance, details of:***

***2.1.1 that guidance and when it was released to the market; and***

***2.1.2 the date when the entity first became aware with a reasonable degree of certainty that its expected earnings for the relevant reporting period would vary from, or be in line with, that guidance.***

***2.2 If BKW used sell-side analyst forecasts to estimate the market's expectations of its earnings, details of:***

***2.2.1 the method that BKW used to translate sell-side analyst forecasts into its estimate of market expectations for each measure of earnings referred to in the Earnings Information and, in particular, whether or not BKW used a "consensus estimate" or an "adjusted consensus estimate" or a different specified approach for determining this estimate;***

***2.2.2 the entity's estimate of market expectations using that method; and***

***2.2.3 the date when the entity first became aware with a reasonable degree of certainty that its expected earnings for the relevant reporting period would vary from, or be in line with, its estimate of these expectations.***

2.1 Not applicable.

2.2 See item 1. In addition, BKW's results are derived from its 3 main business units, namely building products, investments and property. Cap rate stabilisation resulted in a second half positive property revaluation of \$18 million. However, to put that in context, the property result was adversely impacted by non-cash devaluation across the full financial year (down \$233 million in the first half of 2024) by reference to BKW's share of the property portfolio that exceeds \$2 billion. It is possible that the second half positive revaluation raised sentiment on announcement of the full year financial results. The market may have regarded this as a stabilisation of the company's property assets.

In addition, on announcement, the company's strategic plan to focus on taking costs out of the building products business after a period of significant capex and a forward-looking focus on cashflow and cash preservation may have impacted investor sentiment positively (as set out on slide 28 of the of the FY24 Investor Presentation). The company has reviewed sell-side analyst reports issued following the issue of the FY24 results. These did not evidence any discernible changes in recommendations or additional themes to those referenced above.

Finally, it is possible that the market expected dividend levels to be maintained rather than increased in view of prevailing market conditions, the impairment (see response to Q3) and the underlying earnings.

***3. Does BKW consider that, at any point prior to the release of the Results Announcements, there was a variance between its expected earnings and its estimate of market expectations for the relevant reporting period of such a magnitude that a reasonable person would expect information about the variance to have a material effect on the price or value of BKW's securities?***

Yes. On 12 September, BKW issued an announcement to ASX foreshadowing a non-cash impairment of the carrying value of its Austral Masonry and North American business units. At the timing of considering this announcement, the company evaluated the matters set out in Guidance Note 8 to

form the views set out in item 1 and was satisfied that these impairments were the only item, disclosure of which required acceleration prior to the release of its full year results 2 weeks later.

**4. If the answer to question 3 is “no”, please provide the basis for that view.**

4. Not applicable.

**5. If the entity first became aware of the variance before the release of Results Announcements, did BKW make any announcement prior to the release of the Results Announcements, which disclosed the relevant variance? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe BKW was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps BKW took to ensure that the information was released promptly and without delay.**

Yes. See items 1 and 3.

**6. Please provide details of any other explanation BKW may have for the trading in its securities following the release of the Results Announcements.**

BKW is unaware of any other factors impacting the trading in its securities following the release of its FY24 results.

**7. Please confirm that BKW is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.**

Confirmed.

**8. Please confirm that BKW’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of BKW with delegated authority from the board to respond to ASX on disclosure matters.**

Confirmed.

Sincerely



Susan Leppinus  
Company Secretary and General Counsel  
Brickworks Limited



8 October 2024

Reference: 100897

Ms Susan Leppinus  
Company Secretary & General Counsel  
Brickworks Limited  
Level 9  
60 Carrington Street  
Sydney NSW 2000

By email only.

Dear Ms Leppinus

**Brickworks Limited ('BKW'): ASX Aware Letter**

ASX refers to the following:

- A. BKW's announcements released on the ASX Market Announcements Platform ('MAP') on 26 September 2024 in connection with its full year results ('Results Announcements'), being:
  - 1.1 "Preliminary Final Report FY July 2024", released on MAP at 8.17am;
  - 1.2 "ASX Full Year Results Media Release FY July 2024", released on MAP at 8.27am;
  - 1.3 "Analyst Presentation FY July 2024", released on MAP at 8.29am; and
  - 1.4 "Analyst Presentation and Notes July 2024", released on MAP at 11.52am.
- B. The change in the price of BKW's securities from \$26.60 immediately prior to the release of the Results Announcements to a high of \$28.98 following the release of the Results Announcements.
- C. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- D. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

*"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity."*
- E. Section 4.4 in *Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B* titled "When does an entity become aware of information?"
- F. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure as follows.

**"3.1A** Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

**3.1A.1** One or more of the following 5 situations applies:

  - It would be a breach of a law to disclose the information;
  - The information concerns an incomplete proposal or negotiation;
  - The information comprises matters of supposition or is insufficiently definite to warrant disclosure;

- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*

3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

3.1A.3 *A reasonable person would not expect the information to be disclosed."*

G. ASX's policy position on "market sensitive earnings surprises", which is detailed in section 7.3 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. In particular:

*"...If an entity becomes aware that its earnings for the current reporting period will differ materially (downwards or upwards) from market expectations, it needs to consider carefully whether it has a legal obligation to notify the market of that fact."...*

*"...An earnings surprise will need to be disclosed to the market under Listing Rule 3.1 if it is market sensitive – that is, it is of such a magnitude that a reasonable person would expect information about the earnings surprise to have a material effect on the price or value of the entity's securities."...*

#### **Request for information**

Having regard to the above, ASX asks BKW to respond separately to each of the following questions and requests for information:

1. Does BKW consider that any measure of its statutory or underlying earnings for the 2024 financial year as disclosed in the Results Announcements ('Earnings Information') differed materially from the market's expectations, having regard to the following three base indicators (in decreasing order of relevance and reliability):
  - 1.1 If BKW had published earnings guidance, that guidance.
  - 1.2 If BKW is covered by sell-side analysts, the earnings forecasts of those analysts.
  - 1.3 If paragraph 1.1 and 1.2 are not applicable, BKW's earnings for the prior corresponding period, being the year ended 31 July 2023.

Please answer separately for each measure of earnings referred to in the Earnings Information. In your response, please have regard to ASX's commentary in paragraphs 4(a) and 4(b) of section 7.3 of Guidance Note 8 about when a variation from market expectations may be material.

2. Please explain the basis for the view provided in response to question 1. In doing so, please specify how BKW determined market expectations in relation to each relevant measure of its earnings, including:
  - 2.1 If BKW had published earnings guidance, details of:
    - 2.1.1 that guidance and when it was released to the market; and
    - 2.1.2 the date when the entity first became aware with a reasonable degree of certainty that its expected earnings for the relevant reporting period would vary from, or be in line with, that guidance.
  - 2.2 If BKW used sell-side analyst forecasts to estimate the market's expectations of its earnings, details of:
    - 2.2.1 the method that BKW used to translate sell-side analyst forecasts into its estimate of market expectations for each measure of earnings referred to in the Earnings Information and, in

---

particular, whether or not BKW used a “consensus estimate” or an “adjusted consensus estimate” or a different specified approach for determining this estimate;

- 2.2.2 the entity’s estimate of market expectations using that method; and
- 2.2.3 the date when the entity first became aware with a reasonable degree of certainty that its expected earnings for the relevant reporting period would vary from, or be in line with, its estimate of these expectations.

- 3. Does BKW consider that, at any point prior to the release of the Results Announcements, there was a variance between its expected earnings and its estimate of market expectations for the relevant reporting period of such a magnitude that a reasonable person would expect information about the variance to have a material effect on the price or value of BKW’s securities?

Please answer separately for each measure of earnings referred to in the Earnings Information.

- 4. If the answer to question 3 is “no”, please provide the basis for that view.
- 5. If the entity first became aware of the variance before the release of Results Announcements, did BKW make any announcement prior to the release of the Results Announcements, which disclosed the relevant variance? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe BKW was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps BKW took to ensure that the information was released promptly and without delay.
- 6. Please provide details of any other explanation BKW may have for the trading in its securities following the release of the Results Announcements.
- 7. Please confirm that BKW is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
- 8. Please confirm that BKW’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of BKW with delegated authority from the board to respond to ASX on disclosure matters.

#### **When and where to send your response**

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9.30 AM AEDT Friday, 11 October 2024**.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, BKW’s obligation is to disclose the information ‘immediately’. This may require the information to be disclosed before the deadline set out above and may require BKW to request a trading halt immediately if trading in BKW’s securities is not already halted or suspended.

Your response should be sent by e-mail to [ListingsComplianceSydney@asx.com.au](mailto:ListingsComplianceSydney@asx.com.au). It should not be sent directly to the ASX Market Announcements Office. This is to allow us to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

#### **Suspension**

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in BKW’s securities under Listing Rule 17.3.

#### **Listing Rules 3.1 and 3.1A**

---

In responding to this letter, you should have regard to BKW's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that BKW's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

**Release of correspondence between ASX and entity**

We reserve the right to release all or any part of this letter, your reply and any other related correspondence between us to the market under listing rule 18.7A. The usual course is for the correspondence to be released to the market.

Yours sincerely

---

ASX Compliance