



MEDIA RELEASE

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STRONG 1ST QUARTER PERFORMANCE FROM BUILDING PRODUCTS AND PROPERTY

Brickworks Limited (ASX: BKW) told shareholders at its 80th Annual General Meeting today that a strong start to the year by its Building Products and Property divisions has positioned the company to deliver an improved result in the current year.

Chairman Mr Robert Millner said: "The strong start to the year again highlights and validates our strategy to pursue sustainable growth from our diversified and well balanced portfolio of businesses."

However Mr Millner added a note of caution, saying: "Although the growth in the Building Products business is encouraging, sales volume continues to be held back by the inadequate amount of titled land available for housing construction".

"It is very unfortunate that a number of states, in particular an otherwise competent government in New South Wales, have failed to deliver adequate land supply to meet growing housing demand. This follows the inept response to the looming gas shortage, resulting in New South Wales having the potential to soon become a state with no gas and no land," said Mr Millner.

FY2015 Trading Update¹

The strong momentum in the Building Products Group during financial year 2014 has continued, with revenue up 14% in the first quarter of 2015, despite the impact of wet weather in August. Building Products EBIT for the quarter was \$13.2 million, up 38% compared to the previous corresponding period, driven primarily by increased contributions from Austral Bricks and Austral Masonry, with both delivering higher volumes and margins.

In October, an unconditional agreement was signed to purchase the currently leased Masonry site at Yatala in Queensland for \$8.5 million. Due to rental savings, this purchase is immediately earnings and cash flow positive and allows Austral Masonry to commence plans for the consolidation of south east Queensland operations. This purchase is due to be completed in December.

In November Austral Masonry agreed terms for the acquisition of independent manufacturer Capricornia Rockblock, located in Rockhampton in Central Queensland. This plant is a modern facility, commissioned in 2011, and delivers Austral Masonry the leading position in a region where it does not currently have a significant market presence. This acquisition is expected to be completed in December.

The Land and Development Group has had a busy start to the year, having signed unconditional sale contracts for the Port Kembla property in New South Wales and the Riverview property in Queensland.

¹ Unaudited and pre significant items

These sales are expected to be completed in December 2014 and February 2015 respectively and will deliver \$15.8 million in sale proceeds.

The Land and Development Group posted an EBIT of \$15.2 for the quarter, on the back of significant revaluation profits within the Property Trust, the completion of services to the Oakdale Central estate and continued growth in net trust income.

Outlook

Brickworks' Managing Director Mr Lindsay Partridge said: "With a good first quarter result and a strong order book, the Building Products Group is on track to deliver its' best first half result since 2008."

"Our focus on developing the leading style brand in the building products market is paying dividends, with our products being increasingly featured on landmark and iconic developments around the country. It is particularly pleasing to see the increased take-up of face bricks in high rise apartment buildings over the past twelve months," Mr Partridge said.

Despite the optimism, Mr Partridge noted that margins have been squeezed to unacceptable levels during the recent downturn. "Brickworks have established a low cost position in most markets, including being at the forefront of developing alternative fuels solutions in response to the rising cost of gas. Although we are now very well placed to benefit from increased building activity, the fact remains that pricing needs to increase to restore margins and returns to acceptable levels and avoid further write-downs," he said.

Despite a lower profit from land sales, Land and Development earnings are expected to be solid in the current year, driven by revaluations and continued growth of net income in the Property Trust.

Investment returns from Brickworks' 42.72% stake in Washington H. Soul Pattinson and Company (WHSP) are expected to be stable in the coming year.

Brickworks' final fully franked dividend of 28 cents per share will be paid on 27th November.

Brickworks Limited was listed on the Australian Securities Exchange in 1962 and has paid a dividend every year since then. It has three Groups - Building Products, Land and Development and Investments. The Building Products Group includes Australia's largest brick producer Austral Bricks™, Austral Masonry™, Bristle Roofing™, Austral Precast™ and Auswest Timbers™. The Land and Development operation maximises value from surplus land and redundant building products sites. Investments include a 42.72% holding in Washington H. Soul Pattinson & Company.

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