



MEDIA RELEASE

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DIVERSIFIED PORTFOLIO SET TO DELIVER ANOTHER STRONG RESULT

Brickworks Limited (ASX: BKW) told shareholders at its 82nd Annual General Meeting today that its diversified portfolio of businesses, including Building Products, Property and Investments was set to deliver another strong result in financial year 2017.

Chairman Mr Robert Millner said: "Record levels of construction activity continue to drive strong demand for our Building Products. Meanwhile both Property and Investments are well placed to continue the earnings growth achieved in recent years."

"Following the record underlying earnings delivered in 2016, this strong outlook again reinforces the benefits of having a diversified and complementary portfolio of businesses. This structure has consistently delivered outstanding long term returns to shareholders," said Mr Millner.

Building Products Trading Update

Brickworks Managing Director Mr Lindsay Partridge said: "Demand for our products in the major east coast markets has remained extremely strong during the first few months of financial year 2017. These conditions look set to continue for the foreseeable future, buoyed by the elevated and sustained level of building approvals in Sydney and Melbourne. However these conditions are in stark contrast to Western Australia, where the sharp downturn in building activity has resulted in a significant decline in sales."

In response to the difficult conditions in Western Australia, extensive restructuring initiatives have been undertaken in this state during the first half. "Within Austral Bricks, the high cost Malaga plant has now been closed and commissioning of the upgraded Cardup plant is underway. We are also consolidating our Auswest Timbers operations by rationalising four operations onto one site at Greenbushes," said Mr Partridge.

Overall, Building Products earnings are expected to remain relatively steady in the first half, with higher earnings on the east coast offset by lower earnings in Western Australia and a number of one-off costs. "The first half result will include business restructuring costs and the recognition of a \$1.1 million bad debt, resulting from the collapse of the Home Australia Group," Mr Partridge said.

"Given our strong order book, and the significantly improved cost position of our restructured operations, we are anticipating a strong second half to the year," Mr Partridge added.

Land and Development Outlook

Construction activity within the Property Trust¹ will reach unprecedented levels in the second half of financial year 2017, with a total of almost 150,000m² of new industrial developments at Oakdale Central and Rochedale set to commence before Christmas.

Meanwhile, the longer term growth prospects of the Property Trust are strong, with a State Significant Development Application approved during the first quarter in relation to the Oakdale South Estate. Development of this land will extend for around 5 years. Additional growth for another decade will then be generated through the Oakdale West Estate, expected to be sold by Brickworks to the Property Trust during the first half of the current financial year.

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

Investments Outlook

Earnings from the company's 42.7% share of Washington H Soul Pattinson look set to receive a boost in financial year 2017, with higher earnings expectations from New Hope Corporation, following the significant increase in coal prices over the past six months, and TPG Telecom. The diversified nature of Brickworks' holding in WHSP is expected to continue delivering steadily increasing earnings and dividends to Brickworks over the long term.

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, Auswest Timbers and Specialised Building Systems. 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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