

Improved Underlying Earnings, Dividend Increased

- Interim dividend increase for the 11th consecutive year, to 25 cents per share
- Statutory NPAT including significant items up 141% to \$21 million
- Underlying NPAT before significant items up 308% to \$76 million
- Market value of listed investments at \$3.26 billion at 31 January 2025
- Property EBITDA up 121% to \$38 million

Six Months Ended January (\$million)	1H24	1H25	Change
Total Revenue	547	516	(6%)
Underlying EBITDA (detail below)	(40)	148	472%
Underlying NPAT - Continuing Operations	(37)	76	308%
Statutory NPAT (including significant items and discontinued operations)	(52)	21	141%
Underlying EPS (cents)	(27.2)	56.3	307%
Statutory EPS (cents)	(38.6)	15.8	141%
Interim dividend (cents per share)	24	25	4%

Breakdown of Underlying EBITDA	1H24	1H25	Change
Building Products Australia	52	50	(4%)
Building Products North America	21	(3)	(115%)
Property	(178)	38	121%
Investments	76	73	(4%)
Group Expenses	(11)	(10)	7%
Underlying EBITDA (continuing operations)	(40)	148	472%

Statutory NPAT up 141%; interim dividend increased

Brickworks Limited (ASX: BKW) (**Brickworks** or the **Company**) today posted a Statutory Net Profit After Tax of \$21 million for the half year ended 31 January 2025. Underlying Net Profit After Tax was \$76 million compared to a loss of \$37 million in the prior corresponding period.

Group Underlying Earnings Before Interest, Tax, Depreciation and Amortisation (**EBITDA**) was \$148 million in the first half, compared to a loss of \$40 million in the prior corresponding period, which was significantly impacted by property revaluations.

Building Products underlying EBITDA was slightly lower in Australia and significantly lower in North America reflecting challenging market conditions in core regions, negatively impacting EBITDA.

Underlying Property EBITDA excluding revaluations was \$38 million, down 32% reflecting lower development profits recorded within the Industrial JV Property Trust, as the Oakdale West Estate reached completion and construction commenced at Oakdale East. Rental income continued to increase, rising 8% as new properties were completed at Oakdale West, partially offset by the reduction in rent following the sale of the M7 Assets in January 2024.

Investments EBITDA was \$73 million down 4%.

Directors declared a fully franked interim dividend of 25 cents per share, an increase of 1 cent on the prior corresponding period. The record date for the interim dividend is 9 April 2025, with payment on 1 May 2025.

Building Products Australia EBITDA margin held steady

On revenue of \$321 million, down 1% on the prior corresponding period, Building Products Australia EBITDA was down 4% to \$50 million in the first half. Margins were maintained despite softer volumes as a result of price increases, cost control and productivity improvements across operations.

Brickworks Chief Executive Officer, Mr. Mark Ellenor said:

“We managed to hold our EBITDA margins by implementing price increases, cost controls and productivity improvements across operations, but the market remains challenging. The result was impacted by historically low residential commencements particularly in our key markets in Victoria and New South Wales during the half.

Building activity continues to be subdued with extended approval timelines and higher costs. As a result, the usage of bricks, masonry and roof tiles on-site is now typically lagging commencements by six months or more.

Nationally, multi-residential commencements remained subdued with current activity levels at their weakest since 2012.

Despite the decline in building activity, the business continues to benefit from operational efficiencies implemented in the past 12 months from consolidating Austral Bricks and Austral Masonry into one operating division, restructuring Bristle Roofing, and continuing to focus on cost control across the business.

We are continuing to focus on product innovation, in particular responding to growing demand for thin brick cladding systems for high-rise commercial and multi-residential segments and have recently installed a new high-speed thin brick cutting line in New South Wales.”

Building Products North America EBITDA loss of \$3 million

In North America, sales revenue of \$194 million in the first half was 13% lower than the prior corresponding period, driving an EBITDA loss of \$3 million, down 115%. A significant driver of the negative performance during the half was a faster than anticipated decline in market conditions in core regions.

Mr. Ellenor said: “As flagged in our trading update to the market on 11 March 2025, strong competition in the retail segment has resulted in some loss of market share at the Company owned Brickworks Supply store network. In addition, earnings contribution was lower in all regions due to project delays, and disruption to available product lines in the Brickworks Supply stores.

Brickworks Supply primarily operates in the Midwest region and supplies both Company manufactured, and third party produced bricks. In the Midwest the consolidation from six Glen-Gery plants to three (completed in 2023) and the strategy to transition to more company manufactured bricks, has resulted in some disruption to short-term product availability for customers. This disruption is expected to be resolved as brick production and third-party products are realigned with market demand.

As a consequence of the lower sales volumes, manufacturing plants were slowed or taken offline to manage the lower demand levels and to control inventory. Four out of eight plants were taken offline for periods of six to eight weeks at a time during the half, compared to the previous corresponding period where no plants were taken offline. Production volume was decreased by 15% compared to the prior corresponding period causing a reduction in plant efficiency and higher unit manufacturing costs, resulting in a significant decline in EBITDA margin during the half.

However, the business has made strong progress on key strategic priorities over the period, with its brick plant rationalisation program now complete. In total, eight plants have been closed over the past six years, and significant capital investment has been undertaken at the remaining eight plants. While the rationalisation program was disruptive to the North American operations, it is expected to deliver an increase in earnings over the medium term as we benefit from a more efficient set of modern plants and a retail and distributor network that is well placed to respond as market conditions improve.”

Property EBITDA up 121% to \$38 million

Property EBITDA for the half was \$38 million, 121% up on the previous corresponding period which was negatively impacted by property revaluations across the portfolio.

Excluding revaluations in the prior period, Property EBITDA was down 32%, reflecting lower development profits recorded within the Industrial JV Property Trust, as the Oakdale West Estate reached completion and construction commenced at Oakdale East (both in Western Sydney).

Rental income within the Property Trust portfolio was \$88 million for the half, an increase of 8% on the prior corresponding period, as new properties were completed at Oakdale West, partially offset by the reduction in rent following the sale of the M7 Assets in January 2024.

At the end of the half, Brickworks' share of the net asset value within its Property Trusts was \$1.99 billion (vs. \$2.01 billion at 31 July 2024), which includes the impact of the sales of surplus properties from within the Manufacturing Trust, including at Wetherill Park, NSW and Yatala, QLD.

Following the revaluations recognised in the first half of the prior financial year, capitalisation rates remained stable at 5.2% with minimal impact on the valuation outcomes at 31 January 2025. The WALE (Weighted Average Lease Expiry) across the Industrial JV Property Trust was 7 years with only one vacancy, a 4,400m² facility at Oakdale East Estate resulting in a vacancy rate across the portfolio of 0.4% at the end of the half.

Mr. Ellenor said: "Demand for warehousing space has been exceptionally high over the past four years with demand being driven by the growth in e-commerce and increasing inventory levels, resulting in prime face rents in Sydney increasing by an average of around 21% per annum for the last three years.

In February 2025 (post period end), a significant milestone was achieved with the completion of Buildings 4A and 4B, the final two buildings at Oakdale West. These buildings will add 33,000m² to the Estate, with 17,500m² already leased and 15,500m² ready for immediate occupation.

The Oakdale West Estate, which has been under construction for over 5 years, is a significant JV Asset, which will be valued at over \$1.8 billion following completion in February, with ~375,000m² gross lettable area contributing strong rental return to the Trusts.

Development activity focus in the Industrial JV Trust has now turned to Oakdale East Stage 2. Construction of the 57,400m² Amazon facility is well progressed and forecast to be completed in early FY2026, contributing development profit in the second half of this financial year. A pre-commitment is under negotiation for the next adjacent facility, which is 42,000m² and due to commence construction by early FY2026 and is expected to contribute to development profits in late FY2026. Oakdale East will be progressively built out over the next three to five years."

Market value of listed investments down 4% to \$3.26 billion

Brickworks hold 94.3 million shares in Washington H. Soul Pattinson & Company Limited (**Soul Patts**) (ASX: SOL) representing a 25.65% ownership stake; and held 731.7 million shares in FBR Limited (ASX: FBR), representing a 14.46% shareholding.

The market value of Brickworks' listed investments decreased by \$119 million during the period and stood at \$3.26 billion at 31 January 2025.

During the period cash dividends of \$52 million were received from Soul Patts, up 8% on the previous corresponding period.

Group Outlook

Mr Ellenor said:

"Demand for building materials in Australia is expected to remain at a cyclical low, with subdued sales activity expected to continue for the remainder of the current calendar year. Looking beyond the short-term market weakness, the broader macro-economic environment is showing signs of demand returning to the building materials sector, supported by the recent cut in the cash rate. Residential starts are at an inflection point, with demand expected to increase in the medium term, given the chronic housing undersupply. Oxford Economics November 2024 market forecasts indicate that modest growth is forecast in 2026, and the upswing is set to accelerate in 2027.

Removing constraints within the building approval process, however, will be critical in meeting this demand and the Federal Government's target of 1.2 million new dwellings by 2029.

In North America, challenges persist due to high mortgage interest rates and affordability issues. Sales are expected to remain subdued for the remainder of the calendar year, with forecast starts indicating a recovery in building activity across our core regions and segments from 2026 and strong growth from 2027¹. While positive projections exist, factors such as labour shortages, material cost increases, elevated interest rates and market uncertainties necessitate cautious optimism.

Looking forward on property, the fundamentals of this business remain strong with demand for warehousing space remaining robust. Brickworks Industrial JV assets, which are located at Eastern Creek next to existing key infrastructure, will continue to be attractive to tenants seeking prime industrial facilities in a superior location. Significant growth in net rental income is forecast from the Property Trusts over the coming years from new developments and lease renewals of existing assets.

Our shareholding in Soul Patts, which has been an important source of earnings and cash flow diversification for the Company for more than five decades, is expected continue to deliver a stable and growing stream of earnings and dividends over the long term.”

Results briefing

Mark Ellenor (Chief Executive Officer), Grant Douglas (Chief Financial Officer) and Megan Kublins (Executive GM Property & 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-hy2025/>

For phone participation and to ask questions, please pre-register at the following link:

<https://s1.c-conf.com/diamondpass/10046144-hj78y6.html>

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

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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 north-east 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 and Company Limited, a diversified investment house and ASX100 company. This investment has delivered outstanding returns for the Company and provides stability and growing cash dividends.

¹ Dodge Data & Analytics Starts Forecast