

ASX ANNOUNCEMENT

30 AUGUST 2016

WA IMPAIRMENT AND RESTRUCTURING INITIATIVES

Austral Bricks WA

The Western Australian housing market is currently in the midst of a cyclical decline in building activity, with detached house approvals down by more than 25% over the past 12 months, and industry forecasts for further declines over the medium term. This decline in activity has led to industry overcapacity and strong competition for sales.

Following the completion of the company's asset impairment assessment, in accordance with AASB 136, an impairment of goodwill held within Austral Bricks WA, totalling approximately \$47 million, will be recognised in Brickworks' financial year 2016 results. This non cash impairment reflects the significant decline in building activity and strong competition in that state.

A restructuring program is well underway in WA to secure the lowest cost position and offer the best product range. The restructure includes:

- A partial refit of the Bellevue plant to increase capacity and production efficiency
- A comprehensive refit to the previously mothballed Cardup plant
- The closure of the Malaga plant, with all products to be transferred to the upgraded Cardup plant
- Maintenance and minor upgrade of the Armadale plant

One-off costs of around \$5 million after tax, primarily in relation to the non cash write-down of assets at Malaga, will be incurred in relation to the restructuring initiatives within Austral Bricks WA.

Auswest Timbers in WA

In February Auswest completed the purchase of the Greenbushes timber mill. This low cost modern mill was purpose built to process smaller sized Jarrah resource. The mill has been recommissioned, with production volume being transferred from the now closed Deanmill site.

One-off costs of around \$8 million after tax, including a non cash asset impairment of \$6 million due to the write-down of plant and equipment at Deanmill.

Building Products and Property Earnings Update

Brickworks is pleased to re-affirm the trading update released on 9 June, with Building Products underlying EBIT for financial year 2016 to be significantly higher than the prior year and Land and Development underlying EBIT also set to increase.

Mr Partridge said: "Underlying earnings growth in Building Products has accelerated during the second half, on the back of continued strong demand on the east coast, particularly in New South Wales and Victoria, despite the impact of very poor weather conditions in the last quarter of the year".

Statutory Net Profit After Tax will be subject to final equity accounted results from Washington H. Soul Pattinson, and total significant items expected to be in the range \$62-66 million after tax, including those items outlined in this announcement.

Further details will be provided at Brickworks 2016 results announcement on 22nd September.

End

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 bricks producer Austral Bricks™, Austral Masonry™, Bristile 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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