

Non-cash impairment of Austral Masonry and Brickworks North America Cash Generating Units (CGUs)

Consistent with normal practice for the end of a financial year, Brickworks Limited (“Brickworks”) has undertaken a review of the carrying values of its assets, as at 31 July 2024, in accordance with Brickworks’ accounting policies and the applicable accounting standards.

As a result, Brickworks will recognise a total non-cash impairment charge of \$123.5 million (post-tax) in its FY24 full year results, as outlined in the table below (noting that these results are subject to finalisation, audit processes and Board approval).

Cash Generating Unit (CGU)	Before Tax	After Tax
Austral Masonry	\$78.1 million	\$54.7 million
Brickworks North America	\$94.3 million	\$68.8 million
Total	\$172.4 million	\$123.5 million

Key drivers of the non-cash impairment charge are noted below.

Austral Masonry

- An accelerated deterioration in multi-residential building activity in the second half of FY24, with June 2024 commencements across Australia forecast to be at the lowest level for more than a decade¹. The decline has been particularly severe in the high-rise segment (4+ storeys) in Sydney and Brisbane, key markets for Austral Masonry.
- A delay in realisation of the full benefits from the increased invested capital in Austral Masonry, including the new plant at Oakdale, in Western Sydney, New South Wales, following scaled back production output in response to the decline in market activity.
- Higher costs across the business, such as land tax and raw materials, yet to be fully recovered by recent price increases.

Brickworks North America

- Following significantly reduced activity during the second half of FY24, the short to medium term outlook for non-residential building in the key markets of the Northeast and Midwest regions of the United States has weakened.
- Following the completion of a significant plant rationalisation and upgrade program, subdued building activity has resulted in scaled back production output and a delay in realisation of the full benefits of these initiatives.
- Strong competition, particularly in the single-family housing segment, resulting in pricing and volume pressure in selected regional markets.

Brickworks full year results remain subject to finalisation and audit and will be released on 26 September 2024.

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

For further information:

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¹ BIS Oxford Economics “Building in Australia”, June 2024

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 Bristile 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 Soul Patts, a diversified investment house and ASX100 company. This investment has delivered outstanding returns for the Company and provides stability and growing cash dividends.