

## BRICKWORKS EXPANDS DIRECT DISTRIBUTION NETWORK WITH THE ACQUISITION OF THE LARGEST INDEPENDENT BRICK DISTRIBUTOR IN THE USA

- Brickworks Limited (ASX: BKW) ("Brickworks") has entered into a binding agreement to acquire certain assets of Southfield Corporation, including Illinois Brick Company ("IBC") for US\$51.1 million<sup>1</sup> (AU\$70.0 million)
- IBC is the largest independently owned and operated brick distributor in the U.S., with 17 showrooms and distribution outlets across Illinois and Indiana
- The acquisition supports Brickworks' growth strategy in North America:
  - Builds scale and fills gap within Glen-Gery's existing direct distribution network
  - Underpins significant sales volume
- IBC has delivered consistent earnings for several years, with significant growth opportunities and cost synergies available to Brickworks
- The acquisition is expected to deliver 2% EPS accretion in year 1, excluding cost synergies and growth initiatives.

Brickworks, Australia's largest brick manufacturer, is pleased to announce that it has entered into a binding agreement to acquire certain assets of Southfield Corporation, including Illinois Brick Company ("IBC"), for US\$51.1 million (AU\$70.0 million).

IBC was established in 1981 and has expanded over the past 4 decades through organic growth and acquisitions. It is now the largest independently owned and operated brick distributor in the U.S., with 17 showrooms and distribution yards, all located in Illinois and Indiana.

Trading under a range of well-known and long-established brands, almost half of IBC's revenue is generated through sales of around 70 million bricks per annum. In addition, IBC offers a range of complementary building materials and supplies such as stone, masonry, construction materials and tools.

The transaction will be funded by existing debt facilities, and is expected to deliver 2% EPS accretion, not including the realisation of cost synergies, and the implementation of growth initiatives that are available to Brickworks.

Brickworks Managing Director, Mr. Lindsay Partridge said: "We have enjoyed a strong relationship with IBC since our entrance into the U.S. market almost 3 years ago. We know the business well and are pleased to welcome it's 225 staff to the Brickworks Group. We look forward to building on the strong position that IBC has established as the number 1 brick distributor in the region."

"Illinois and Indiana are two major states within our key target market in the Midwest, and both have a strong heritage of brick construction. We currently lack a direct distribution presence in these states and as such this acquisition is a logical strategic fit. The acquisition will significantly increase the scale of our direct distribution network, increasing our store count from 10 to 27."

"Importantly, sales volume through the IBC network will underpin production volume at our Midwest plants, which have ample capacity to accommodate additional sales growth. These plants include

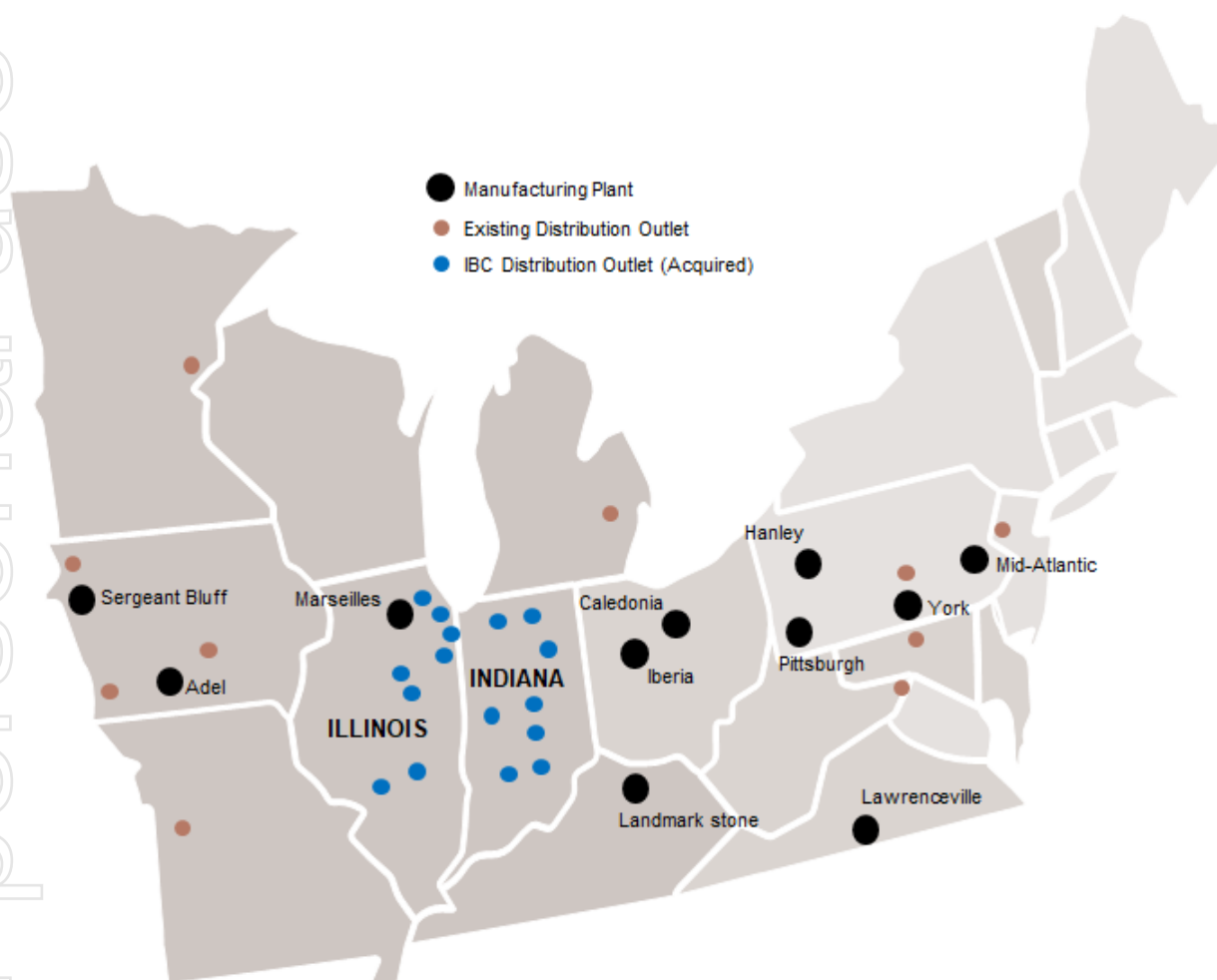
<sup>1</sup> FX rate of AU\$1.00 = US\$0.73 used to convert all US\$ metrics. Headline price stated, subject to completion adjustments.

Marseilles in Illinois, Adel and Sergeant Bluff in Iowa, Caledonia and Iberia in Ohio, and our manufactured stone plant in Kentucky.

“The outlook for the region is strong, with building activity expected to increase over the next five years, across both residential and non-residential segments. Recently announced government stimulus, including support for state and local infrastructure projects such as schools and universities, is also expected to boost construction activity in the region.”

“Although the pandemic has hit our U.S. operations hard over the past year, with the vaccine program now well advanced, and the economy re-opening, we are seeing a strong recovery in demand. We continue to see the North American brick industry as a highly attractive long-term growth opportunity for Brickworks with a positive market outlook,” Mr. Partridge said.

**Figure 1: Brickworks North America manufacturing plants and owned distribution outlets, post completion of the IBC acquisition**



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

### ***Investor relations and media enquiries***

Lindsay Partridge, Managing Director

Phone: +61 2 9611 4216

Email: [IR@brickworks.com.au](mailto:IR@brickworks.com.au)

### **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, Austral Precast 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 industry property assets in conjunction with Joint Venture partner the Goodman Group. These facilities help our customers to meet the supply chain needs of the growing digital economy.

Brickworks also has a long-standing investment in Washington H. Soul Pattinson, a diversified investment house and ASX100 company. This investment has delivered outstanding returns for the company and provides stability and growing cash dividends.