

BGC reaps \$187m from asset sales



By Mark Beyer 23 HOURS AGO

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The residential construction and building materials group recorded a net profit of \$29.7 million for the year to June 2024, according to financial statements lodged with ASIC.

That followed losses of \$63 million and \$41 million in the two prior years.

However such comparisons are never simple with BGC, as the group has once again restated its prior earnings to reflect multiple asset sales and restructuring measures.

The directors' report disclosed that BGC's net result included \$70.4 million of profit from discontinued operations.

That mainly reflected a \$95 million gain on asset sales, less the associated tax bill.

The biggest gain was from the sale of its fibre cement and plasterboard assets to European company Etex for gross proceed of \$163 million and a net gain of \$92.8 million.

BGC also sold its precast assets to director [Julian Ambrose](#) for gross proceeds of \$25 million and a net gain of \$1.6 million.

More recently, [Mr Ambrose](#) bought BGC's commercial construction division but the price was not disclosed.

Business News estimated earlier this year that BGC has [raised in excess of \\$800 million from asset sales](#) since the death of company founder Len Buckeridge a decade ago.

The new disclosures in the financial report mean the total is closer to \$900 million.

At an operational level, the group's net loss from continuing operations was \$40.7 million in FY24 compared to a restated loss of \$86 million in the prior year.

The group said the FY24 loss was mainly driven by the cost of rectifying damaged Iplex plumbing pipes and the escalating cost of residential construction "aligned to the broader market".

One positive was its construction materials business, which reported "strong positive operating results off the back of growing market demand".

This would include its cementitious division, which is currently for sale, and brick manufacturer Midland Brick.

It noted that strong demand for its construction materials had continued.

BGC said it spent \$9.3 million on Iplex pipe rectification last year and provisioned a further \$10.3 million for future costs.

It has launched legal action against [Fletcher Building](#) subsidiary Iplex Pipelines as one step to try and recover these costs.

Accounting firm [Deloitte](#) qualified BGC's accounts after saying it was unable to obtain sufficient evidence to verify the likely future costs.

The impact of the group's asset sales was reflected in its shrinking revenue and staff numbers and a much stronger balance sheet.

The group ended the financial year with total equity of \$542 million, up from \$491 million.

Total liabilities shrunk to \$285 million as the group used the proceeds from asset sales to pay down its debts.

No dividends were declared or paid during the year.

Total revenue in FY24 was \$805 million.

By comparison, its FY23 accounts showed total revenue of \$914 million (before restatements).

Employee numbers have dropped to 1400 as at June 30 from 1805 a year earlier.

This would drop to 750 upon a sale of the cementitious division.