

# **BRICKWORKS**

**LIMITED**

11 April 2006

Australian Stock Exchange (Sydney) Limited  
Attention: **Companies Department**

**BY ELECTRONIC LODGEMENT**

Dear Sir/Madam,

Please find attached a presentation to be made to analysts today regarding the Brickworks' financial results for the half year ended 31 January 2006, for immediate release to the market.

Yours faithfully,  
BRICKWORKS LIMITED



IAIN THOMPSON  
COMPANY SECRETARY

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**BRICKWORKS LIMITED**

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# BRICKWORKS LIMITED

## ANALYST PRESENTATION Full Year Ending July 2006



Robert Millner, Chairman  
Lindsay Partridge, Managing Director

5 October 2006

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## Presentation Outline

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- Chairman
  - Overview of Performance
- Managing Director
  - Review of Results
- Questions
  - Questions



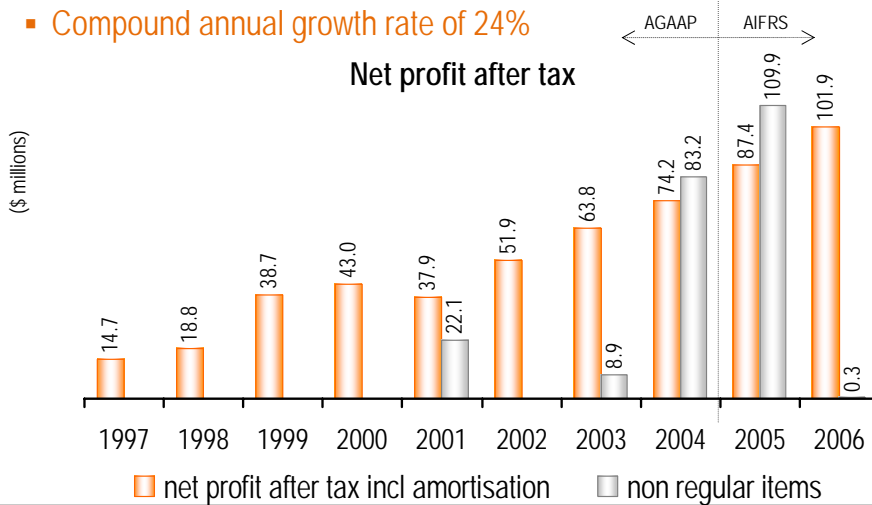
Full Year Ending July 2006

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## Net Profit After Tax

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- Record normalised NPAT \$101.9m – up 16.6%
- Compound annual growth rate of 24%



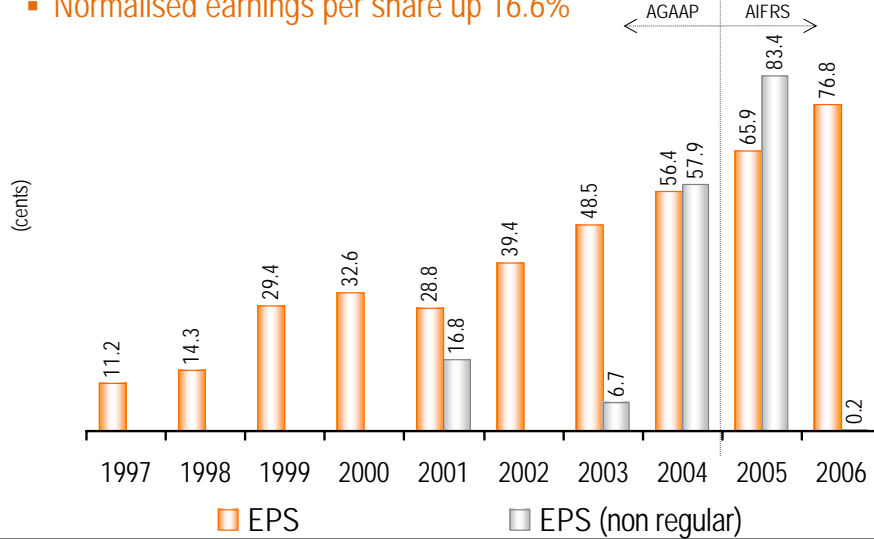
Full Year Ending July 2006

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## Earning Per Share

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- Normalised earnings per share up 16.6%



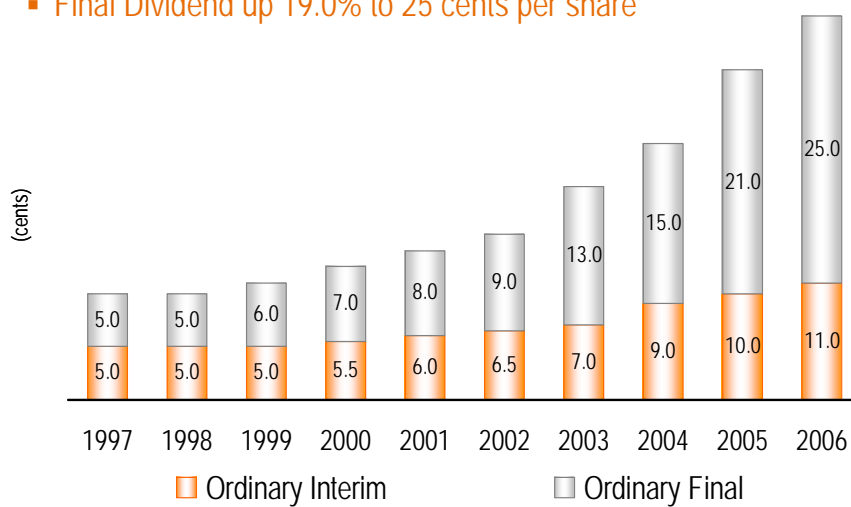
Full Year Ending July 2006

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## Full Year Fully Franked Dividends

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- Final Dividend up 19.0% to 25 cents per share



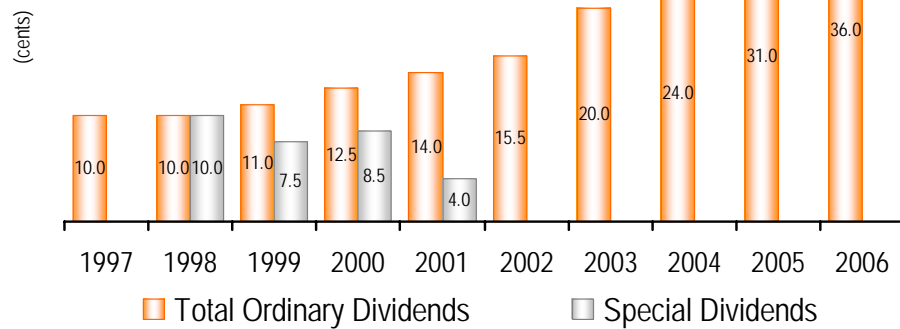
Full Year Ending July 2006

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## Ordinary and Special Dividends

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- Total dividend up 16.1% to 36 cents per share



Full Year Ending July 2006

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## Other highlights

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### Land & Development

- Timely contribution, EBIT up 107.5% to \$55.2m
- Creation of BKW/ MGQ property trust

### Building Products

- Solid performance in WA reduced impact of NSW slump
- Capital expenditure program continues to yield cost reductions and improved safety performance

### Financial

- Gearing down from 41.2% to 38.5%
- Normalised Tax down 37.9%

Full Year Ending July 2006

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## Washington H. Soul Pattinson

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### Performance



- BKW owns a 42.85% stake in investment house Washington H. Soul Pattinson
- Investments include; coal, pharmaceuticals, media, telecoms and food
- Value of the BKW stake dropped 18.7% to \$798m in 2005/06
- Regular Equity Accounted contribution \$29.5m, down 34%
- Total equity accounted contribution \$24.7m
- Dividends received \$41.9m, fully franked (incl special div)
- In 2005, the sale of New Hope Corporation's Indonesian operations contributed \$72.9m to non-regular NPAT

Full Year Ending July 2006

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## Brickworks Investment Company

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### Performance



- Equity accounted NPAT increased 16.7% to \$2.8m
- EPS increased from 5.7 to 6.5 cents per share
- NTA increased from \$1.30 to \$1.41 per share (pre tax)
- Market Value increased 14.7% from \$50.4m to \$57.8m
- Portfolio value increased 19% to \$294.7m

Full Year Ending July 2006

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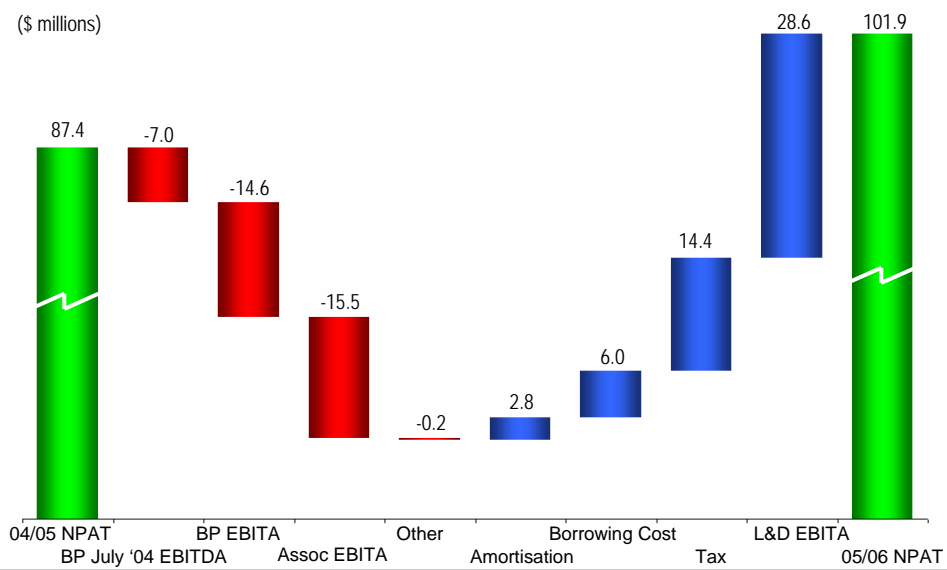
## Managing Director's Review



Full Year Ending July 2006

## Normalised NPAT Waterfall

(\$ millions)

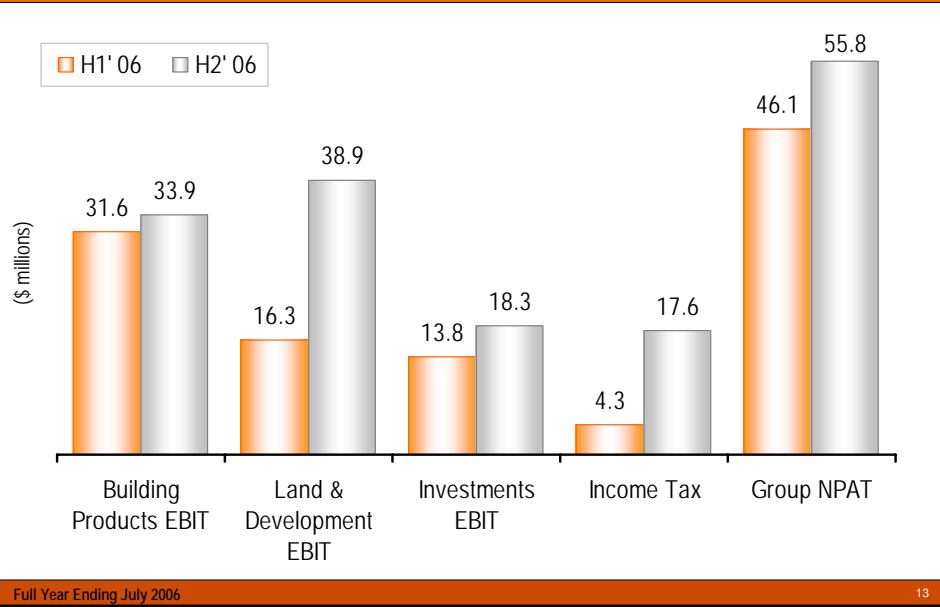


Full Year Ending July 2006

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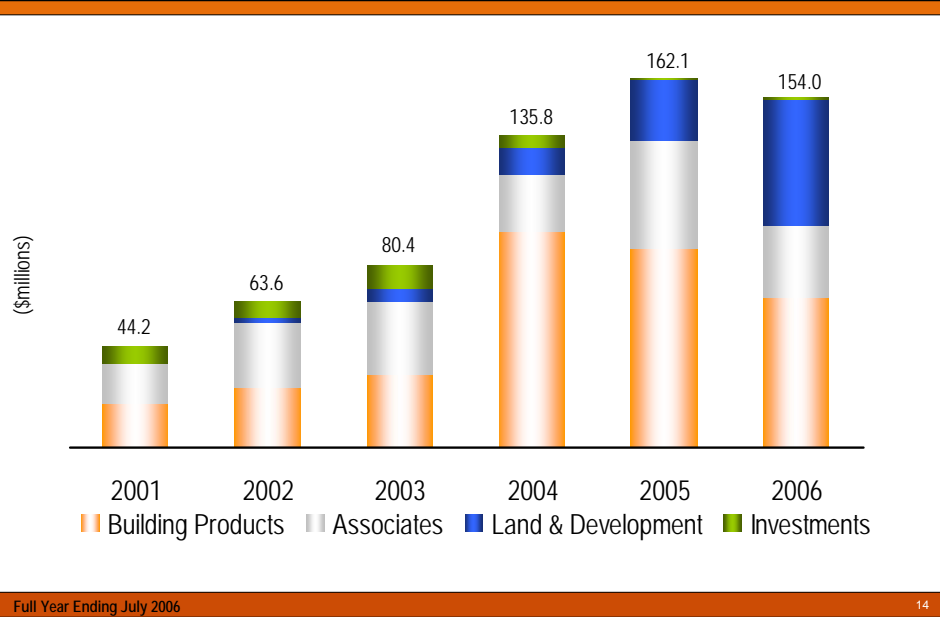
## Normalised half yearly performance

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## Normalised EBITA by segment

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## Finance: Strong balance sheet

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	JUL 2006	JUL 2005
NTA	\$726m	\$647m
Shareholder's equity	\$975m	\$893m
Return on equity (normalised)	10.5%	9.8%
Free cash flow	\$93m	\$177m
Total interest bearing liabilities	\$376m	\$368m
Net debt/Capital employed	27.0%	28.3%
Gearing (Debt/Equity)	38.5%	41.2%
Interest cover (normalised earnings)	6.2x	4.6x

Full Year Ending July 2006

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## Investing capital to improve returns & safety

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### Ongoing commitment

	YE July 06	YE July 05*
Plant & Equipment	\$47.5m	\$48.6m
Land acquisition & development	\$4.8m	\$6.7m
Total	\$52.3m	\$55.3m
Depreciation	\$26.5m	\$29.0m

\* 13 months

Full Year Ending July 2006

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## ➤ BUILDING PRODUCTS

Highly profitable building products businesses also establish land bank. Bolt on acquisitions where sensible

## ➤ INVESTMENTS

High growth investments create stable environment and long term view.

## ➤ LAND AND DEVELOPMENT

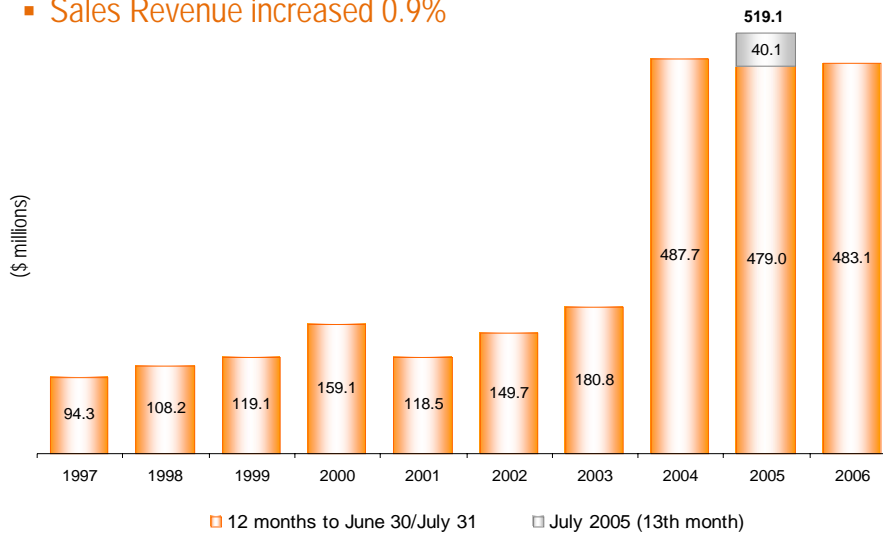
Residential land to be sold outright and industrial land to be sold into property trust.

# Building Products

## Building Products sales steady

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- Sales Revenue increased 0.9%



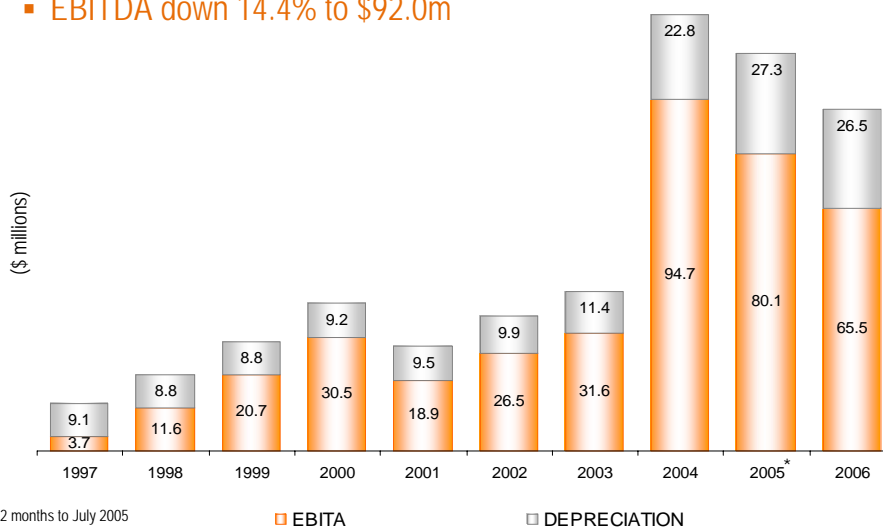
Full Year Ending July 2006

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## Building Products EBITDA

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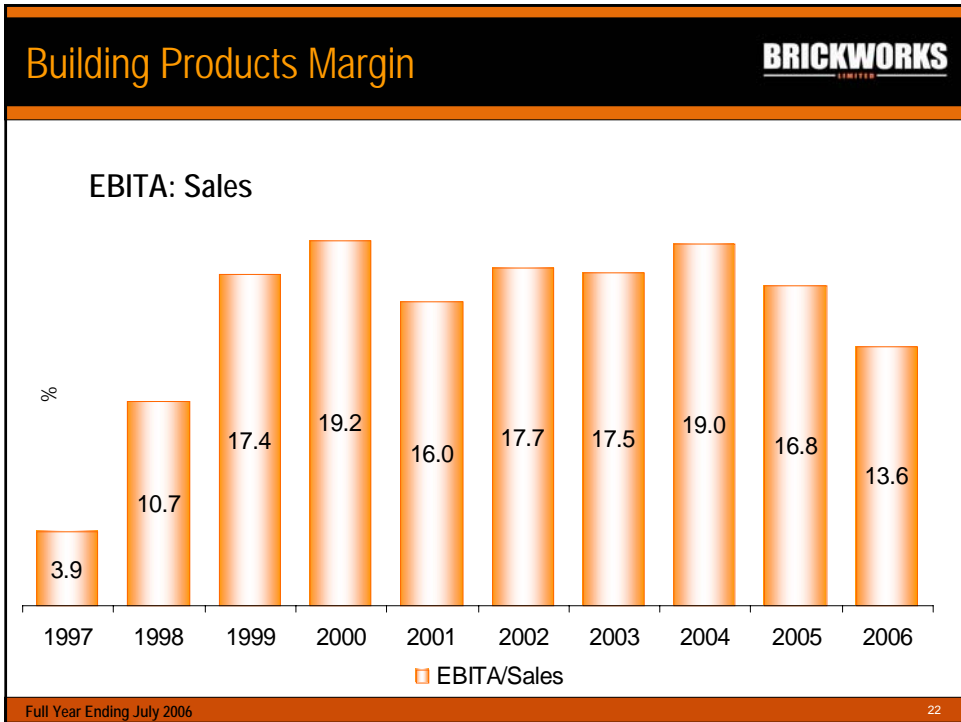
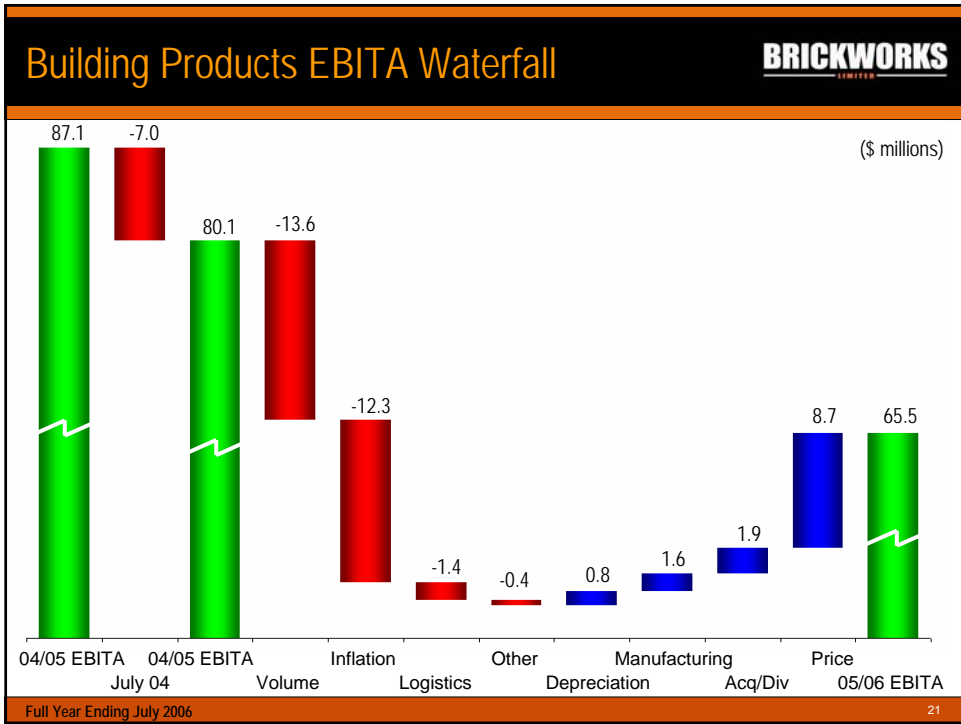
- EBITDA down 14.4% to \$92.0m



\*12 months to July 2005

Full Year Ending July 2006

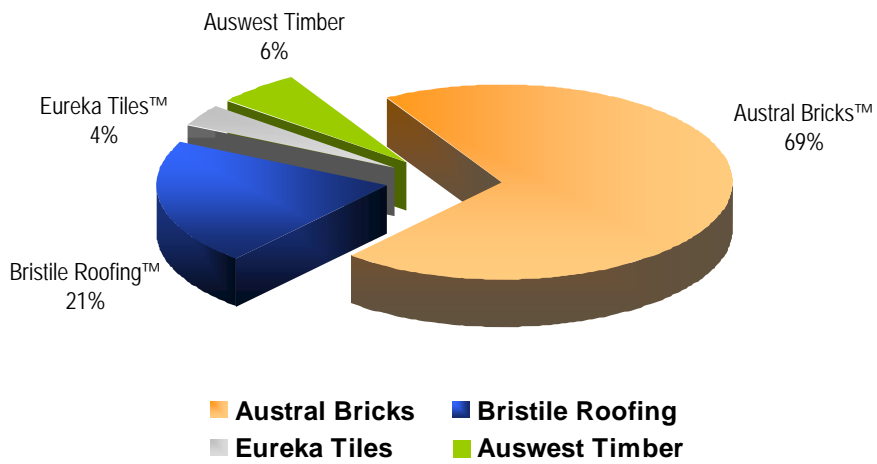
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## Sales by Product

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### Revenue by Product

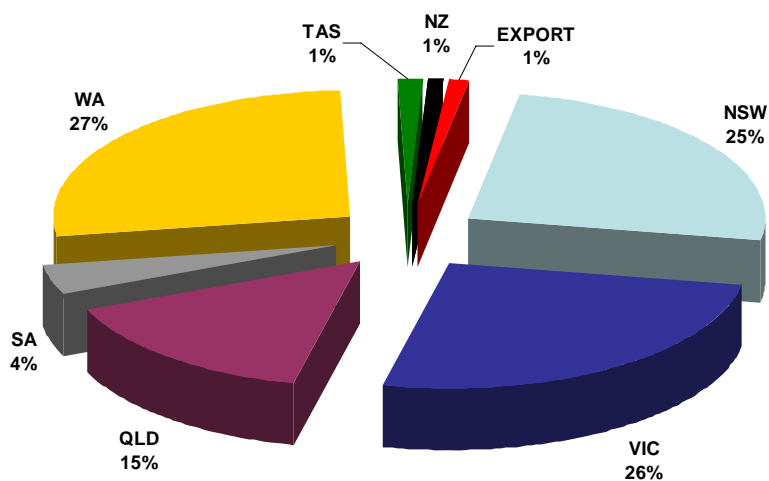


12 months to 31 July 2006  
Full Year Ending July 2006

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## Sales by region

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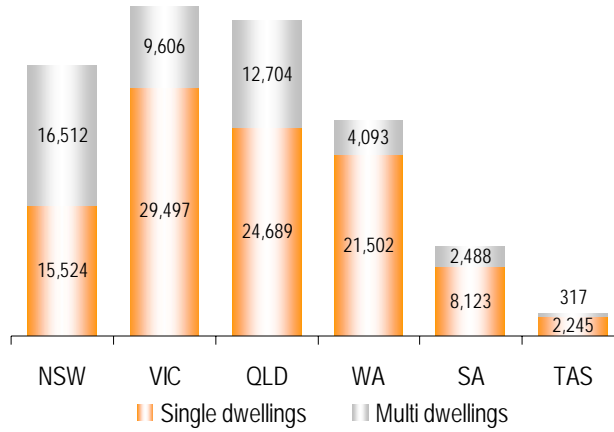
12 months to 31 July 2006  
Full Year Ending July 2006

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## Commencements

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### Year to June 2006



Source: ABS Cat. 8750, June 2006

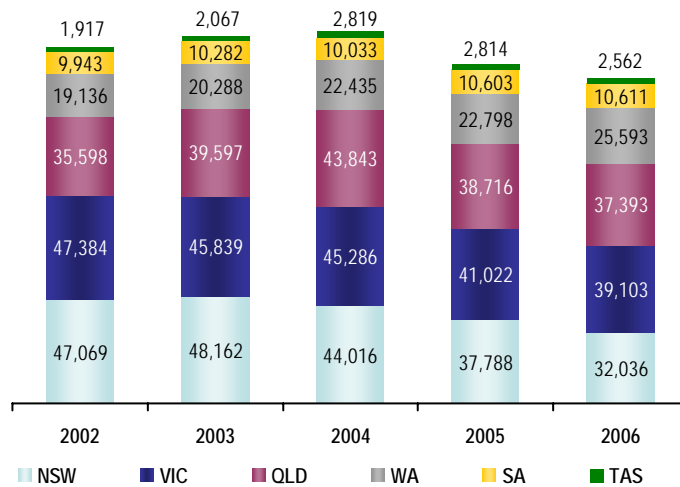
Full Year Ending July 2006

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## Commencements

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### Total commencements

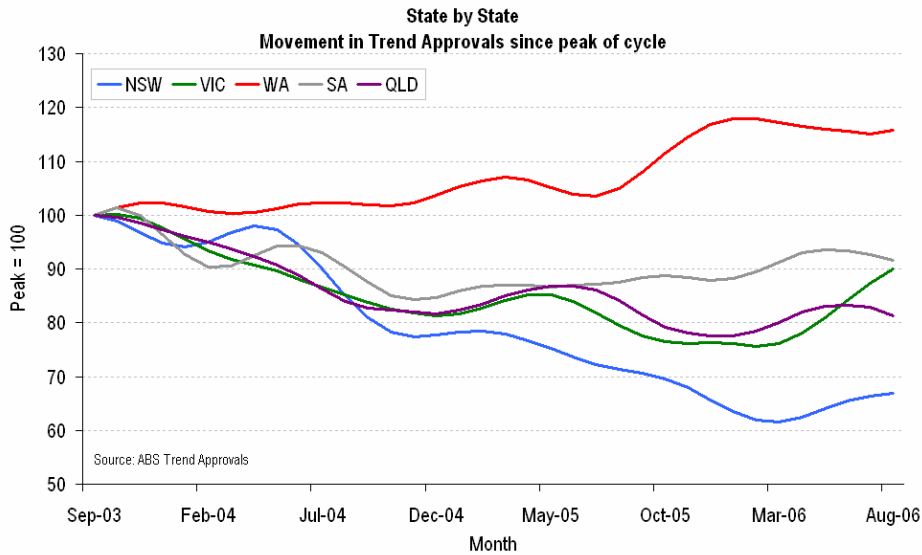


Source: ABS Cat. 8750, June 2006

Full Year Ending July 2006

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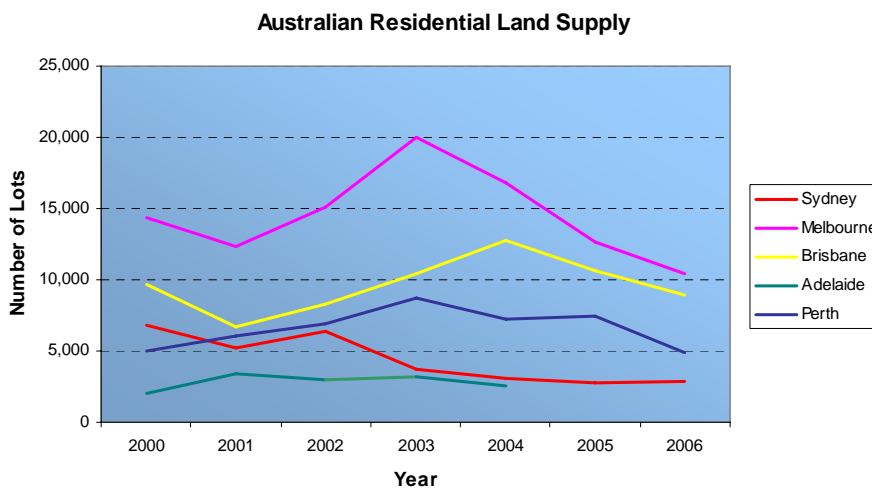
# Approvals



Full Year Ending July 2006

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# Land availability – Major Capital Cities



Source: Urban Development Institute of Australia (UDIA), 2006

Full Year Ending July 2006

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## Austral Bricks™ Clay Bricks & Pavers

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### Sales

- Volumes down 5.6%
- Prices up 0.8%
- Strong performance in WA offset by a weak result in NSW

### Production

- Production reduced 6.7% to manage working capital
- One kiln at Rochedale mothballed, extended shutdowns and slow downs at Sydney and Melbourne plants
- Unit cost up 4.4% nationally
- Eureka floor tile facility at Punchbowl transferred to Austral Bricks™, now manufacturing large format pavers

Full Year Ending July 2006

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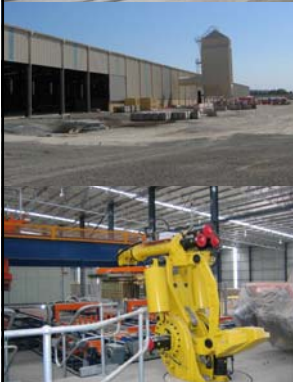
## Austral Bricks™ Capital Expenditure

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### WOLLERT, Vic

- New \$44.0m brick plant under construction to replace Scoresby, \$21.1m spent in 2005/06
- Design capacity of 85 million standard brick equivalents, expected to be lowest cost plant in Australia
- Scheduled for completion February 2007



### RIVERVIEW, Qld

- Capital program completed at a cost of \$2.4m will substantially increase efficiency

### GOLDEN GROVE, SA

- \$5.5m plant upgrade completed, \$3.3m spent in 2005/06
- Improved efficiency and production flexibility expected upon commission in Q1 2006/07
- Capacity unchanged

Full Year Ending July 2006

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## Austral Bricks™ - Recent Acquisitions

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### Queensland



- Acquired GB Masonry 1 August 2006 for \$17.4m
- Australia's most sought after landscape and block products
- Premium products deliver above average margins
- Capacity 75,000 tonnes per annum
- Early results encouraging
- Increases exposure to Queensland

### New Zealand

- Acquired distributors in Christchurch (Sept 05) & Tauranga (Jan 06)
- New arrangements for Auckland take effect March 2007

Full Year Ending July 2006

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## Bristile Roofing™ Clay and Concrete Roof Tiles

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### Sales

- Volumes down 4.6%
- Prices up 4.8%
- Significant lift in EBIT in line with first half

### Production

- Major upgrade of Queensland and Victorian facilities
- Decrease cost of manufacture
- Increase Victorian capacity has reduce transport costs as tiles formerly sourced in Queensland are now made locally

Full Year Ending July 2006

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## Eureka Tiles™ Ceramic Floor Tiles

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### Sales

- Volumes down 7.3%
- Prices up 1.7%

### Business mix

- Tile imports business performed strongly
- Shift from domestically produced to imported tiles now advanced enabling better exploitation of distribution channel
- Strategy to tailor local production in response to import competition progressing
- Bathroom fittings business divested in June 06 for an amount exceeding book value

Full Year Ending July 2006

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## Auswest Timbers

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### Sales

- Volumes up 6.3%
- Prices decreased 4.1%

### Operations

- Acquired remaining 58% of Terra Timbers
- Acquired Sydney distributor Hardwoods Australia
- Industry shifting toward high value added products

### Mills

- Additional Victorian log contracts secured to 2014
- Pemberton log contracts to 2023
- \$3.2m upgrade in Pemberton completed with commissioning expected in H1 of 2006/07
- Upgrade will enable Pemberton to complete 'value adding' activities on site

Full Year Ending July 2006

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## Land & Development

Full Year Ending July 2006

### Land & Development Strategy

#### Land Sales

- Predominantly residential sites
- Appropriate time of development
- Industrial lands sold into trust at opportune time

#### Property Trust

- Predominantly industrial sites
- Lower volatility
- Share development profits
- Annuity income stream

#### Waste Management

- Continue to exploit exhausted quarries where sensible

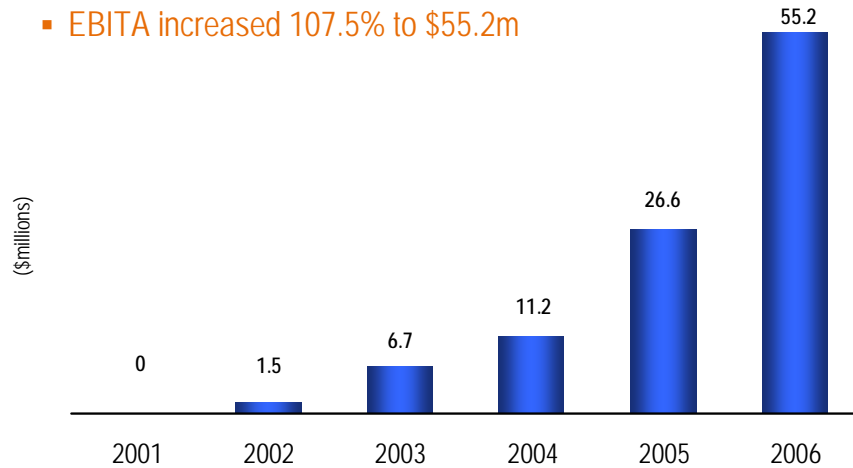
Full Year Ending July 2006

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## Land & Development Normalised EBITA

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- EBITA increased 107.5% to \$55.2m



Full Year Ending July 2006

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## Land & Development Highlights

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- Performance**
  - Highest return to date from property realisation program
  - EBIT up 107.5% to \$55.2m
- Sales revenue & Major transactions**
  - M7 Business Hub – Coke \$19.5m, 17 small lots \$23.8m
  - Mamre Road, Erskine Park \$21.0m (50%)
- In the pipeline**
  - Eastwood – Stage 1
  - M7 Business Hub – Coles Cold Storage, Toll Holdings
  - Scoresby and Hallam, Vic
- Waste Management**
  - Solid lift in performance
  - EBIT up 35.7% to \$1.9m

Full Year Ending July 2006

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## Outlook

Full Year Ending July 2006

### Outlook

#### Building Products

- BKW estimate that commencements will fall by around 7% nationally to 140,000 in 2006/07
- Building Products business will attempt to maintain price momentum and will continue to manage inventory

#### Land & Development

- Continued strong contribution to profit expected in 2006/07
- Further excess land earmarked for sale into the trust

#### Investments

- Improvement in overall performance expected

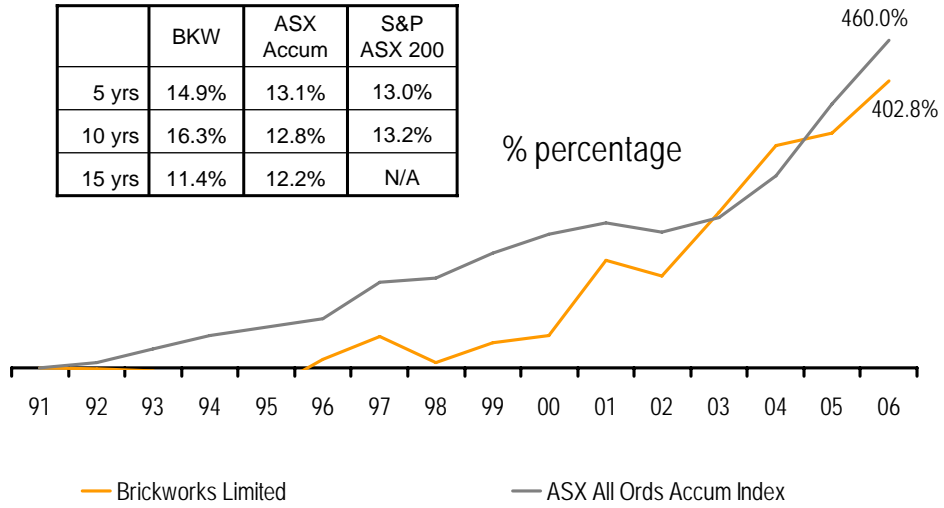
Full Year Ending July 2006

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## Total Shareholder Return

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	BKW	ASX Accum	S&P ASX 200
5 yrs	14.9%	13.1%	13.0%
10 yrs	16.3%	12.8%	13.2%
15 yrs	11.4%	12.2%	N/A



Full Year Ending July 2006

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## Questions

