

BRICKWORKS LIMITED

NSW ANALYST PRESENTATION

7 June 2006



- Lindsay Partridge, Managing Director
- Megan Tamsett, GM Land & Development
- David Fitzharris, Group GM, Sales & Marketing, Austral Bricks
- Doug Willmot, Group GM, Manufacturing, Austral Bricks

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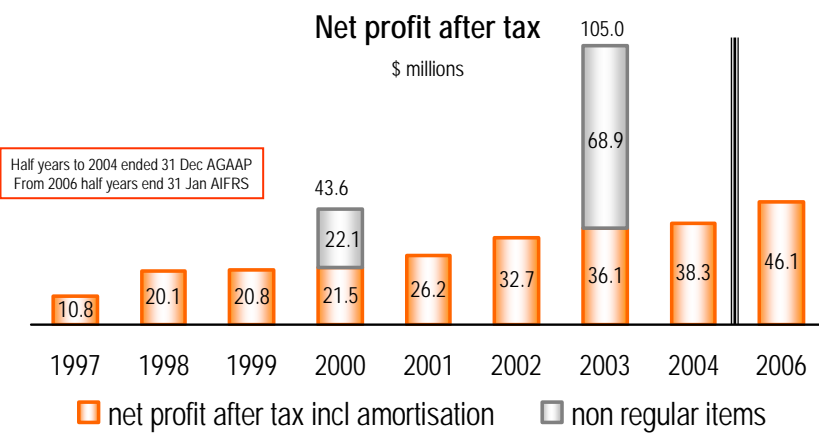
INTRODUCTION & HALF YEAR REVIEW

Lindsay Partridge
Managing Director

Solid Profit Result

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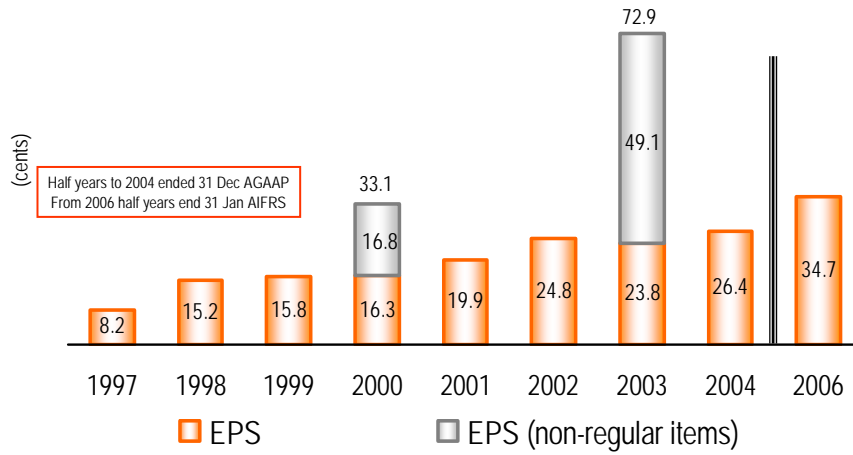
- Record NPAT \$46.1m - 9th consecutive increase
- NPAT up 15% on pcp (\$39.9m AIFRS adjusted)



Earnings Per Share

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- EPS 34.7 cents per share UP 15% compared to 30.3 cents (AIFRS)



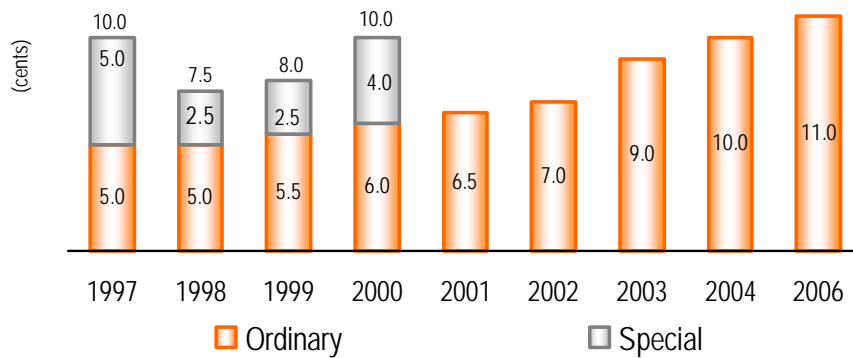
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Interim Fully Franked Dividends

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- Interim Dividend 11 cents per share up 10% on pcp



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Diversification working

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\$m		Six months to Jan 06	Six months to Dec 04
Building Products	↓	31.6	48.3
Property	↑	15.5	0.2
Associates	↓	13.5	23.4
Finance Costs	↑	(12.7)	(15.0)
Tax	↑	(0.7)	(14.5)
NPAT	↑	46.1	39.9

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Finance: retained strong balance sheet

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	Jan 2006	JUL 2005
NTA	\$680.4m	\$647.2m
Shareholder's equity	\$926.8m	\$893.4m
Return on equity (annualised)	9.9%	8.9%
Net debt	\$182.6m	\$189.7m
Net debt/net debt + equity	16.5%	17.5%
Interest cover (excl pavers)	8.6 x	7.6 x
	Jan 2006	Jan 2005
Operating cash flow	\$62.9m	\$45.3m
Finance costs	\$12.7m	\$15.0m

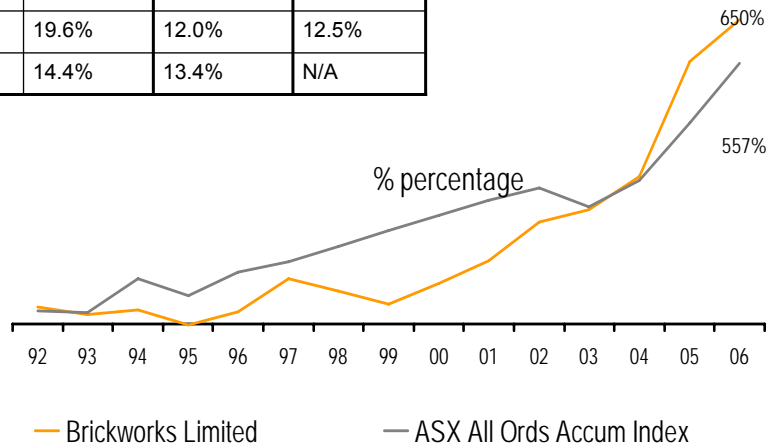
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Total Shareholder Return

As of 31 January 2006

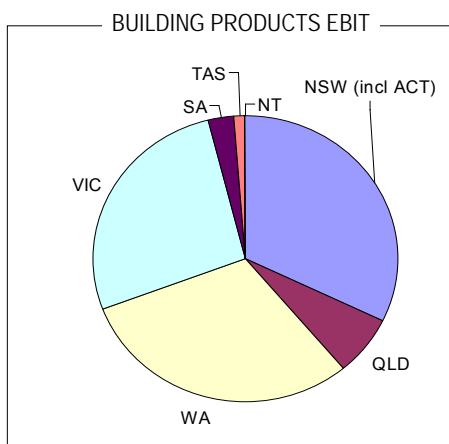
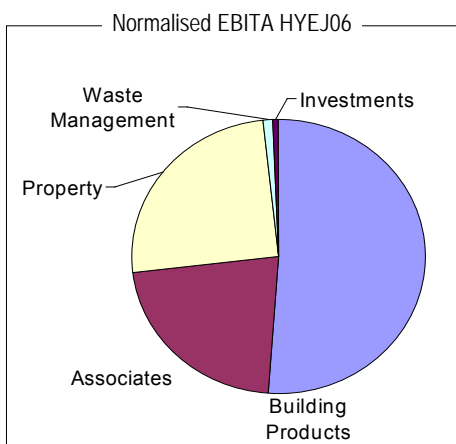
	BKW	ASX Accum	S&P200
5 yrs	26.1%	12.5%	12.5%
10 yrs	19.6%	12.0%	12.5%
15 yrs	14.4%	13.4%	N/A



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Brickworks Snapshot



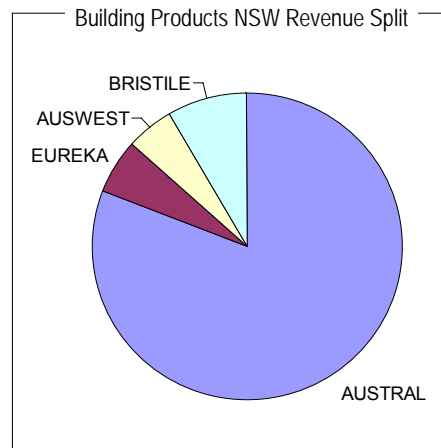
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Building Products NSW

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- All four Building Products businesses operate in NSW
 - Austral Bricks
 - Auswest Timbers
 - Bristile Roofing
 - Eureka Tiles Australia
- Employ 377 people



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Growth through bolt-on acquisition

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Since the Bristile acquisition in 2003

- Timber
 - Acquired remaining $\frac{2}{3}$ of Auswest Timbers
 - Subsequently acquired remaining 58% of Terra Timbers
 - Acquired Hardwoods Australia
- Bricks now go direct in New Zealand
 - Acquired Christchurch distributor
 - Acquired Tauranga distributor
 - Direct in Auckland by March 2007

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Medium Term Strategy

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- **Improve performance of Building Products**
 - Increased marketing spend
 - Improved factory performance
 - Leading edge new products
- **Diversify Building Products through bolt on acquisitions**
 - Balance States
 - Product diversification
- **Maximise returns from Land Holdings**
 - Joint Venture Property Trust for commercial properties
 - Selling residential property
 - Maximising use of exhausted quarries

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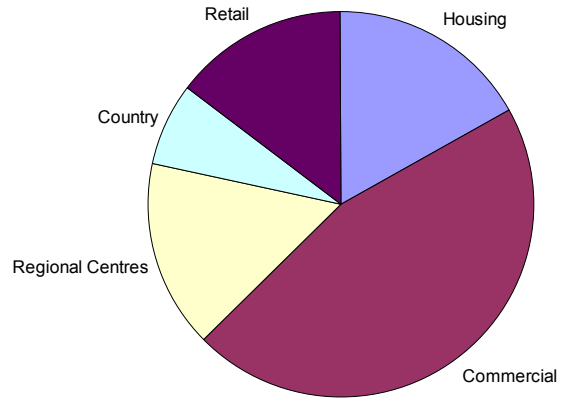
Austral Bricks™ Sales - NSW

David Fitzharris
Group General Manager
Sales and Marketing

Major Segments - NSW

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- Housing
- Commercial
- Regional Centres
- Country
- Retail



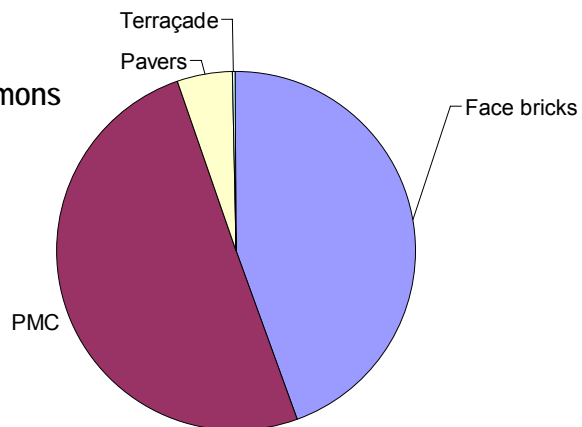
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Major Products - NSW

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- Face bricks
- Purpose Made Commons
- Pavers
- Terraçade



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Austral Bricks – NSW Sales

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- **Display Centres located at:**
 - Horsley Park (Head Office)
 - Punchbowl
 - Newcastle
 - Bowral
 - Albion Park (Illawarra)
 - Tuggerah (Central Coast)
 - Fyshwick (ACT)
- **All offices combine Austral Bricks and Bristle Roofing operations**
- **36 distributors in country regions**
- **59 paver resellers**

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Sydney's best known display

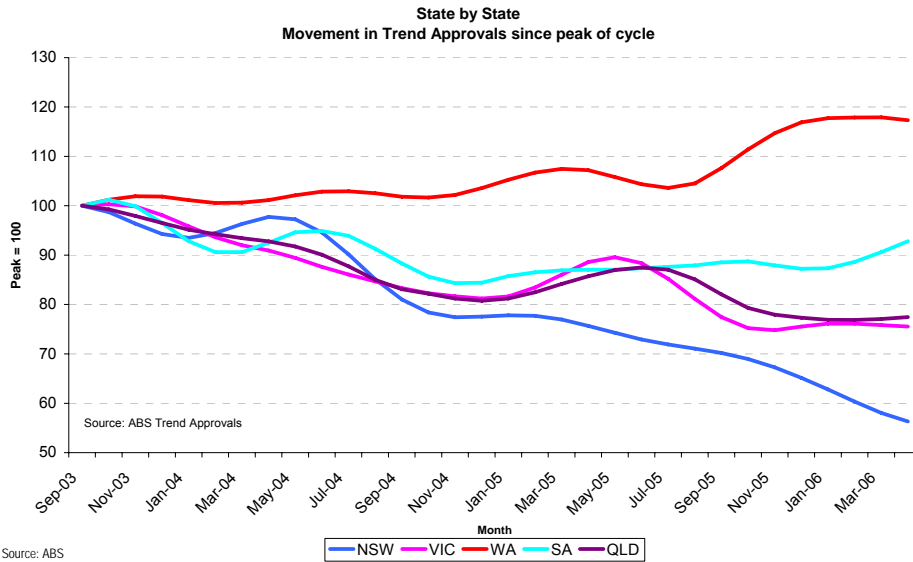
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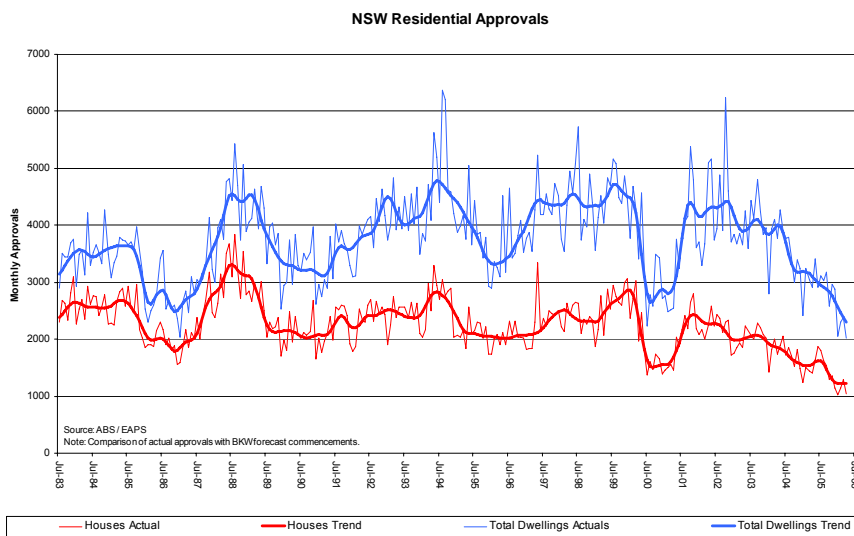
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NSW down 44% from peak



Source: ABS
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Unusual NSW cycle

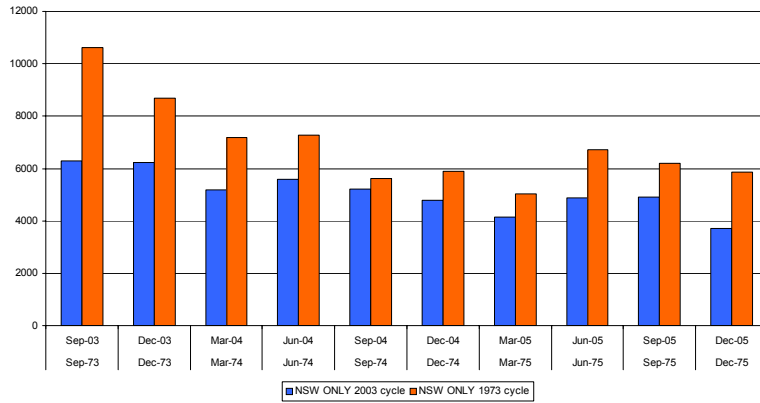


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Worst in post war period – esp. in housing



NSW ONLY 1973 & 2003 CYCLES
SINGLE DWELLINGS ONLY ACTUAL APPROVALS
Source: ABS



Source: ABS

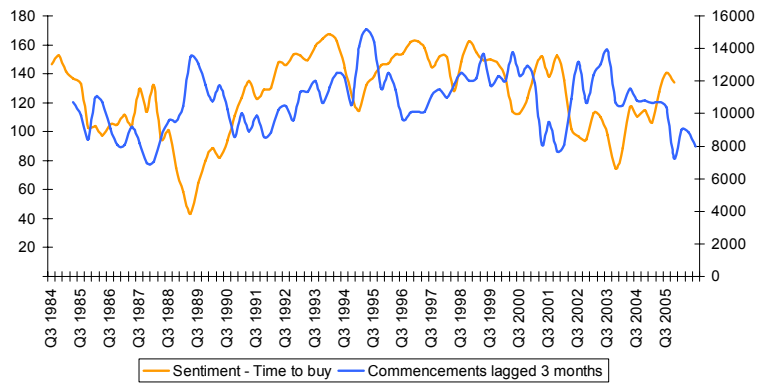
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Confidence returning in NSW



NSW commencements vs sentiment
(time to buy)



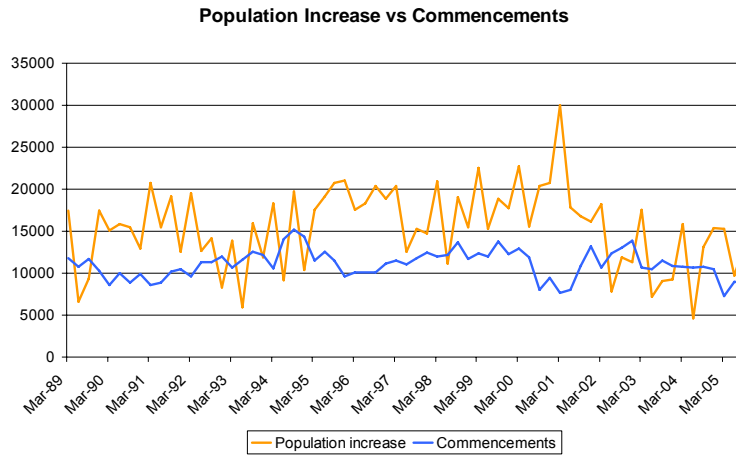
Source: ABS & Melbourne Institute

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Population growing again in NSW

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Recorded ZERO population growth in June 2004

Source: ABS
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The NSW Market

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- **Commencements**
 - Expected to be 16,500 single dwellings FY06 & 17,500 in FY07
 - Expected to be 15,500 multi-residential in FY06 & 15,500 in FY07
 - Forecast to average 41,000 (combined) over the next 5 yrs
 - Expect signs of recovery to begin in early 2007
- **Major builders are getting bigger at the expense of medium sized builders**
- **Owner builders shrinking**
- **Regional growing faster than metro, dragging major builders into all regional centres**
- **Large format pavers continuing to substitute for standard paving**
- **Composite design impacts**
- **Environment & sustainability changing subdivision covenants**

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Volume & Price - NSW

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- Volume down 18% year on year
- Volume appears to be stabilising
- Prices steady despite downturn
- Regular price increases to targeted segments
- Continually launch new products at higher prices
- Last year's new products included
 - Riviera Freedom®
 - ColourBrick®
 - Terraçade® TL

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Terraçade® XP at Blacktown

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Composite design using Terraçade® TL

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Composite design using Bowral Bricks™

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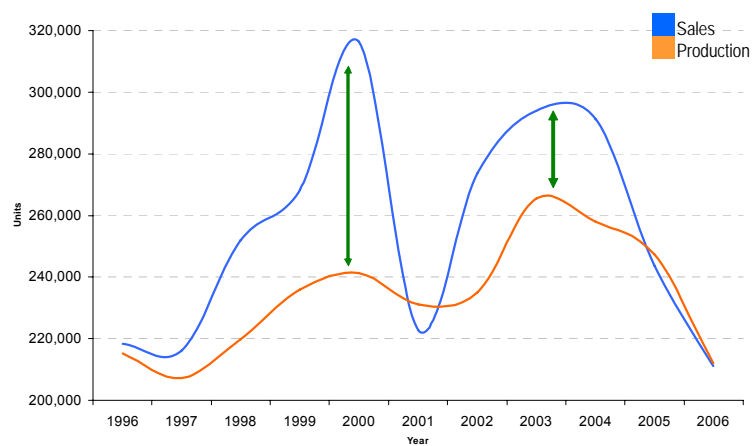
- Significant increase in marketing spend nationally
- Objectives of campaign are:
 - to ensure that Austral Bricks™ brand remains top of mind
 - position bricks as a fashionable choice
- Funds increased locally to support increased national exposure
- “It’s a fashion thing” campaign already running in regional NSW and QLD



Austral Bricks™ Manufacturing - NSW

Doug Willmot
Group General Manager
Manufacturing and Major Projects

Manufacturing long term strategy



- Insufficient capacity installed in NSW to meet peak demand
- At peak up to 60 million bricks shipped in from QLD

Current strategy

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- **Keep low cost plants and specialty plants at full capacity**
 - Plant #23 is the lowest cost plant in Australia
 - Plant #28 (Bowral) produces high margin pressed bricks
- **Reduce volume at higher cost plants**
 - Plant #21 and #22 are running at 50% capacity
- **All plants are profitable**
- **A 20% increase in the market will see all plants running at capacity**
- **Rapid reduction in volumes has seen stock controlled**
- **Stocks will be built in advance of recovery to ensure customer service**

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Manufacturing - NSW

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- **Unit cost up due to significantly reduced volumes**
- **Factory employees down from 346 to 313**
- **Preparing for the peak**
 - Maintenance
 - Capital Expenditure
 - Product development
- **Supporting WA with Verticor™**

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Capital Expenditure - NSW

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- Plant #28 (Bowral) – \$12.5m major refit **COMPLETED**
- Plant 28 (Bowral) \$3.0m Dehacker & environmental upgrade **APPROVED**
- Plants #21 & #22- New Clay Preparation plant } **BUDGETED**
- Refit Plant #21 – with Robotic Automation }
- Plant #23- Kiln car upgrade }
- NSW factories, as in all states, will be in mint condition and well prepared to tackle the next peak

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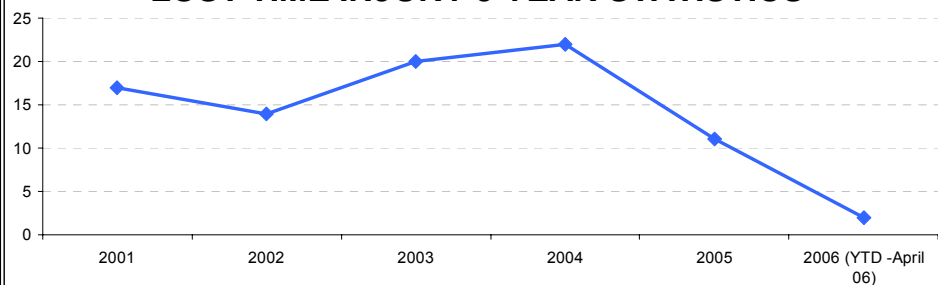
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Safety & Environment - NSW

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- Obligation to our stakeholders
- Reduce manual handling
- Site upgrades
- Regular Internal and External Audits

LOST TIME INJURY 5 YEAR STATISTICS



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- All employees currently EBA's (3 years @ 4% p.a.)
- Most factory employees unionised (CFMEU, AMWU, ETU)
- Moving to AWA's
 - Flexibility
 - Incentives
 - Attract and retain the best

Land & Development

Megan Tamsett
General Manager

Current Projects

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NSW

- **M7 Business Hub (formerly "The Vineyard")**
 - Sub-division works to Eastern Precinct underway
 - 32 ha of site sold
 - 10ha under contract (retail sale) & 19ha identified for new trust
 - 47ha still to be sold/placed in trust
- **Eastwood**
 - Consists of 256 dwelling lots and 53 units - total area 7.4ha
 - 6 dwelling lots (555m²) under contract

VIC

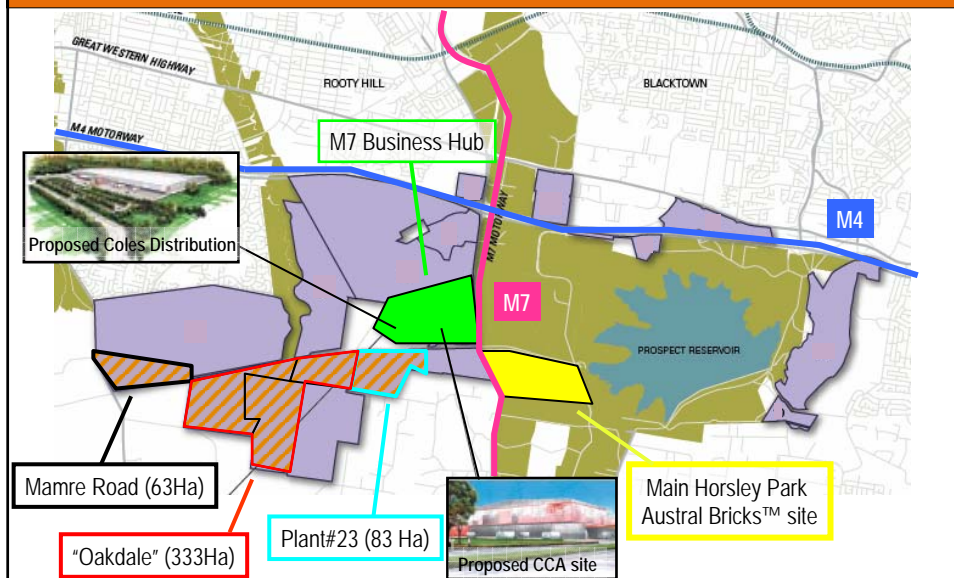
- **Scoresby**
 - Approval to fill site secured
 - Rezoning advertised with no major objections
 - 56 ha site – provide up to 800 lots of varying sizes
- **Hallam**
 - Sub-division approval ready to be lodged
 - 19 ha saleable area

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Recent Opportunities

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Future Strategy – Industrial

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- Investigations into opportunities to hold properties long term
- Property trust for Industrial / Commercial properties
 - Extract value from:
 - Sale of land
 - Development profit
 - Rental return
 - Capital growth
 - Conservatively geared at about 50-55%
- Considering including properties such as
 - M7 Business Hub, NSW (19 Ha plus up to 47 Ha)
 - Mamre Road, NSW (63 Ha)
 - Hallam, Victoria (19 Ha)
 - Oakdale, NSW (333 Ha)

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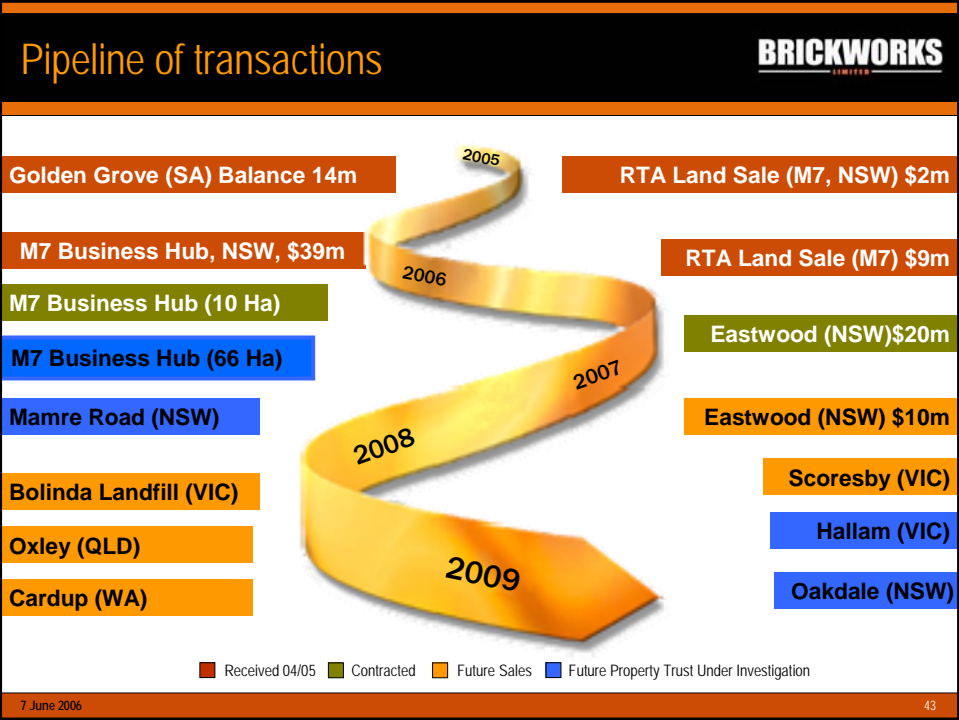
Future Strategy – Residential

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- Residential land still to be sold
 - Eastwood, NSW (16 Ha)
 - Scoresby, Vic (56 Ha)
 - Oxley, Brisbane (approval secured to fill) (15 Ha)
 - Cardup, WA (commenced investigations) (292 Ha)

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SUMMARY & QUESTIONS

Lindsay Partridge
Managing Director

SUMMARY

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- **Building Products**
 - NSW difficult
 - Cost reduction
 - No price discounting
 - Leading edge new products
 - Preparing for the next peak
 - Reinvesting in the business will produce lowest cost going forward
- **Property**
 - Long pipeline of transactions
 - Property trust
 - Significant land and clay reserves

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QUESTIONS