

21 September 2017

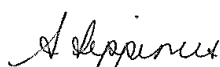
Australian Securities Exchange  
Attention: **Companies Department**

**BY ELECTRONIC LODGEMENT**

Dear Sir / Madam

Please find attached a presentation to be presented to analysts today regarding Brickworks Limited's financial results for the year ended 31 July 2017, for immediate release to the market.

Yours faithfully  
BRICKWORKS LIMITED



**Susan Leppinus**  
Company Secretary

# RESULTS

## FOR THE YEAR ENDED JULY 31 2017

*Mr. Lindsay Partridge, Managing Director*

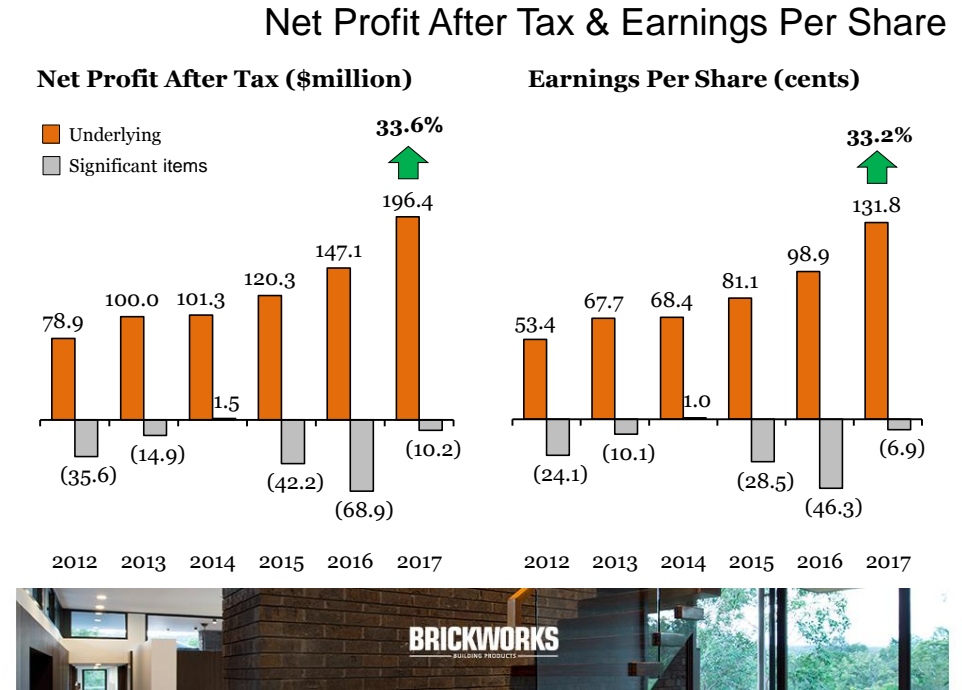
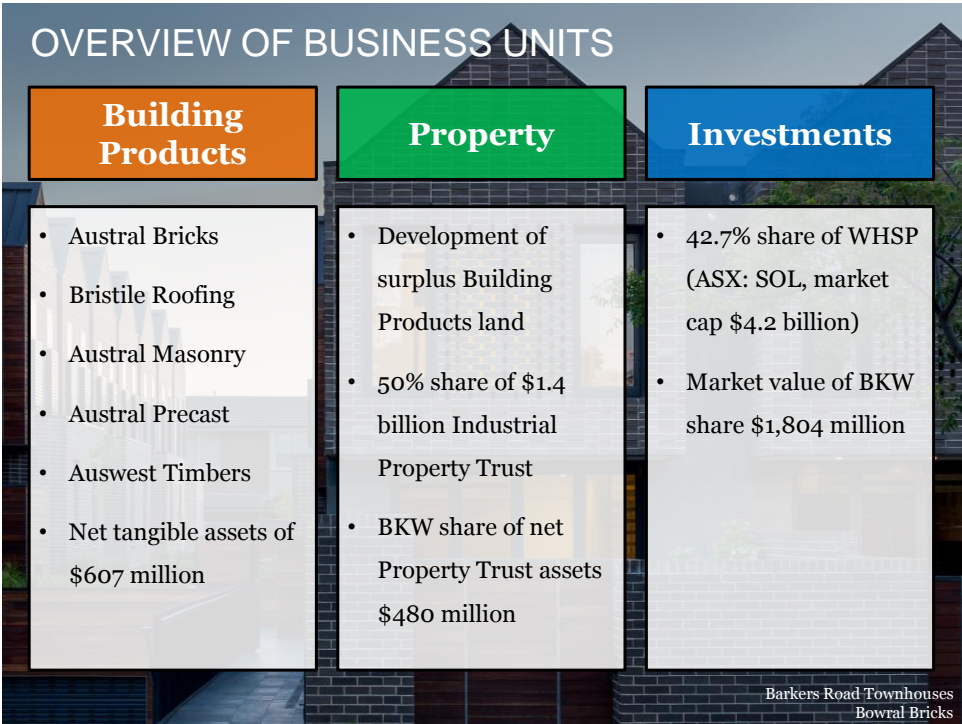


**BRICKWORKS**  
LIMITED

## PRESENTATION OUTLINE

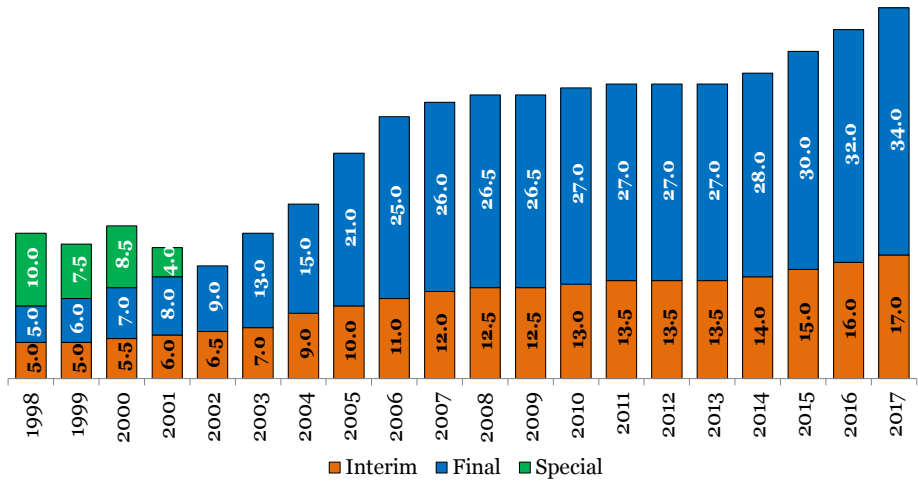
- Group Overview
- Results in Detail
- Building Products Results
- Building Products Outlook
- Property
- Investments
- Group Outlook
- Questions





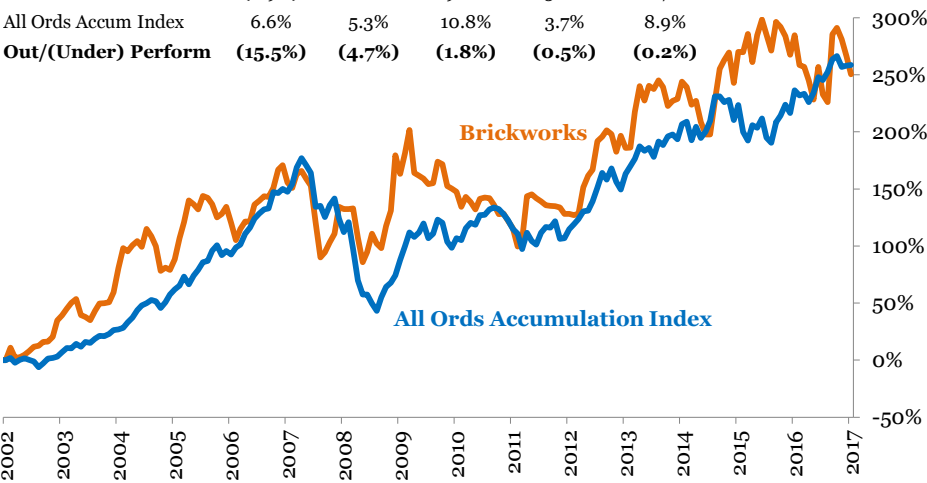
## DIVIDENDS (CENTS PER SHARE)

- Final dividend 34 cents per share, up 6.3%



## 15 YEAR TOTAL SHAREHOLDER RETURN (TO 31 JUL 2017)

ANNUAL TSR	1 Year	3 Years	5 Years	10 Years	15 Years
Brickworks Limited	(8.9%)	0.6%	9.0%	3.2%	8.7%
All Ords Accum Index	6.6%	5.3%	10.8%	3.7%	8.9%
Out/(Under) Perform	(15.5%)	(4.7%)	(1.8%)	(0.5%)	(0.2%)



# RESULTS IN DETAIL

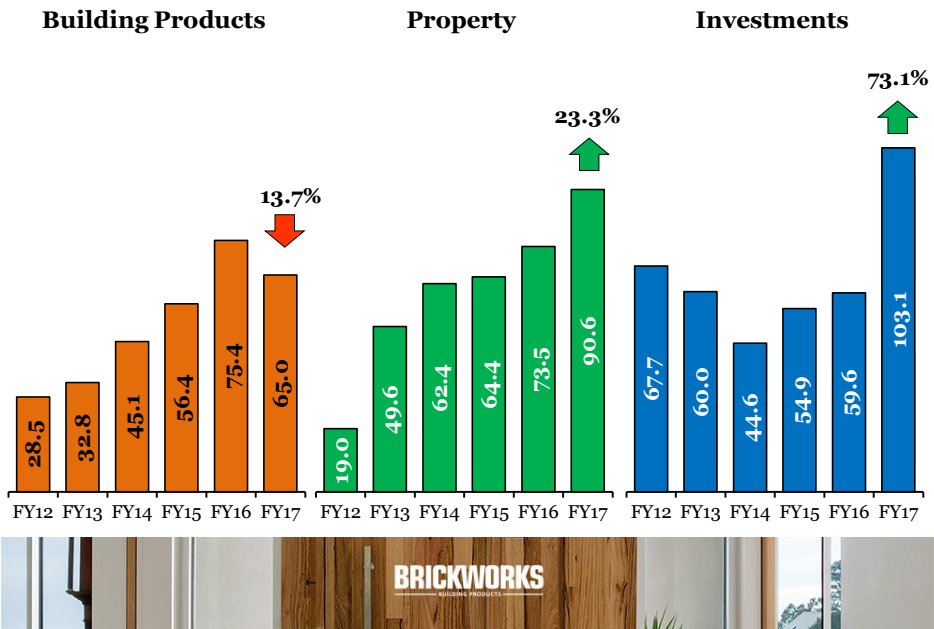


## FINANCIAL SNAPSHOT

	FY2016	FY2017	% Change
Building Products segment EBIT	\$75.4m	\$65.0m	↓ (13.7)
Property segment EBIT	\$73.5m	\$90.6m	↑ 23.3
Investments segment EBIT	\$59.6m	\$103.1	↑ 73.1
<b>Total EBIT</b>	\$195.9m	\$246.3m	↑ 25.7
Borrowing costs	(\$14.1m)	(\$12.4m)	↓ 11.7
Underlying income tax	(\$34.8m)	(\$37.4m)	↑ (7.7)
<b>Underlying NPAT</b>	\$147.1m	\$196.4m	↑ 33.6
Significant items (after tax)	(\$68.9m)	(\$10.2m)	
<b>Statutory NPAT</b>	\$78.2m	\$186.2m	↑ 138.2



# EBIT HISTORY BY SEGMENT (\$M)



## SIGNIFICANT ITEMS

Significant Items	Gross	Tax	Net
Impairment of PP&E	(\$3.0m)	\$0.9m	<b>(\$2.1m)</b>
Restructuring and commissioning costs	(\$12.9m)	\$3.9m	<b>(\$9.1m)</b>
Net legal and advisory costs	\$0.1m	-	<b>\$0.1m</b>
Significant items relating to WHSP	\$26.1m	(\$25.3m)	<b>\$0.9m</b>
<b>Total</b>	<b>\$10.3m</b>	<b>(\$20.5m)</b>	<b>(\$10.2m)</b>





## KEY FINANCIAL INDICATORS

	FY 2016	FY 2017	% Change
Net tangible assets (NTA) per share	\$10.95	<b>\$11.77</b>	↑ 7.4
Shareholders' equity	\$1,838m	<b>\$1,968m</b>	↑ 7.0
Shareholders' equity per share	\$12.37	<b>\$13.20</b>	↑ 6.8
Underlying return on shareholders equity	8.0%	<b>10.0%</b>	↑ 24.8
Cash flow from operations	\$148.5m	<b>\$115.4m</b>	↓ (22.3)
Net debt	\$269.2m	<b>\$293.4m</b>	↑ 9.0
Net debt/capital employed	12.8%	<b>13.0%</b>	↑ 1.6
Interest cover	14.4x	<b>16.7x</b>	↑ 16.6



## CAPITAL EXPENDITURE

	FY 2016	FY 2017
"Stay in Business" capital expenditure	\$23.5m	<b>\$29.0m</b>
Growth items and major projects	\$29.2m	<b>\$31.3m</b>
<b>Building Products total</b>	<b>\$52.7m</b>	<b>\$60.3m</b>
Depreciation and amortisation	\$27.4m	<b>\$27.9m</b>
<b>Property</b>	<b>\$5.4m</b>	<b>\$2.7m</b>



# BUILDING PRODUCTS RESULTS



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## BUILDING PRODUCTS SEGMENT RESULT

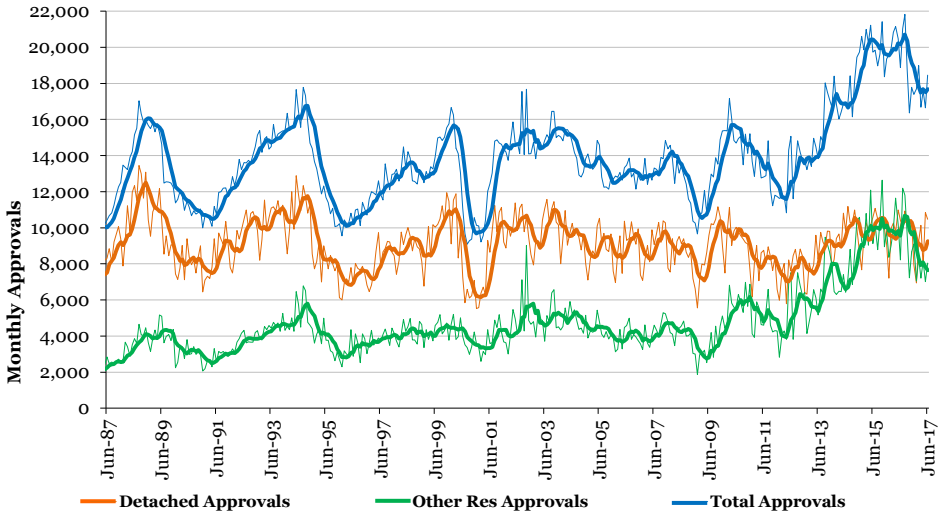
	FY 2016	FY 2017	% Change	
Sales revenue	\$748.1m	<b>\$763.3m</b>	↑	2.0
EBITDA	\$102.8m	<b>\$92.9m</b>	↓	(9.6)
<b>EBIT</b>	\$75.4m	<b>\$65.0m</b>	↓	(13.7)
EBITDA to sales	13.7%	<b>12.2%</b>	↓	(11.4)
EBIT to sales	10.1%	<b>8.5%</b>	↓	(15.4)
Return on Net Tangible Assets	12.2%	<b>10.7%</b>	↓	(12.6)
Full Time Employees	1,598	<b>1,511</b>		(5.4)
Injury Frequency (TRIFR)	19.2	<b>17.1</b>	↓	(10.9)
Lost Time Injury Rate (LTIFR)	1.6	<b>1.3</b>	↓	(18.7)





# AUSTRALIAN BUILDING APPROVALS

6 month moving average

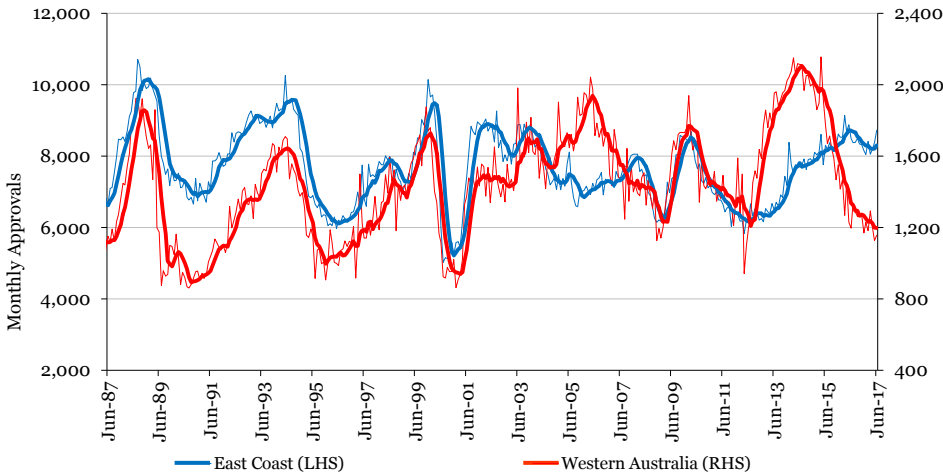


Source: ABS



## DETACHED HOUSING APPROVALS – EAST<sup>1</sup> VS WEST

6 month moving average

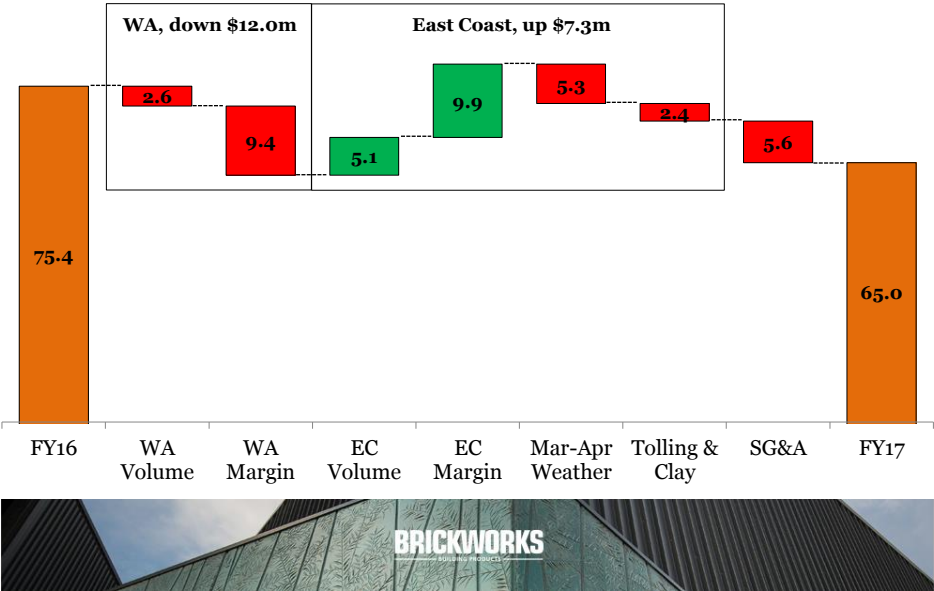


1. NSW, ACT, VIC, QLD, SA, TAS

Source: ABS



# BUILDING PRODUCTS FY2017 EBIT ANALYSIS (\$M)



## WA RESTRUCTURING

Business	Plant	Status
Bricks	Malaga	Closed – sold
	Bellevue	In operation
	Cardup	Upgraded
	Armadale	Mothballed
Timber	Deanmill	Closed
	Pemberton	Closed
	Manjimup	Closed
	Greenbushes	Upgraded
Roofing	Caversham	Mothballed

- Extensive restructuring in WA
  - Austral Bricks
  - Auswest Timbers
  - Bristle Roofing
- 6 plants shut (4 permanent)
- \$15.9 million one-off costs
- 126 jobs lost



*Much improved position with lower costs and increased flexibility*



## AUSTRAL BRICKS

- Earnings higher, up 7.3%
- Sales revenue of \$413.9 million, up 2.0%
- Continued focus on premium products driving higher margins
- Particularly strong performance in all major east coast states
- Gains on the east coast offset by decline in WA
- Transition to Cardup plant in WA complete



## AUSTRAL MASONRY

- Earnings marginally lower
- Sales revenue of \$89.0 million, stable
- Focus on premium products delivered higher average selling prices
- Strong performance in NSW, with sales and earnings higher
- Qld operations significantly impacted by Cyclone Debbie



## BRISTILE ROOFING

- Earnings down on the prior year
- Sales revenue of \$127.9 million, up 3.0%
- Earnings impacted by difficult conditions in WA and plant upgrades at Wacol plant in Qld
- Caversham plant in WA mothballed
- Completion of metal roofing, fascia and gutter acquisition in VIC
- More diversified product offer and growth opportunities



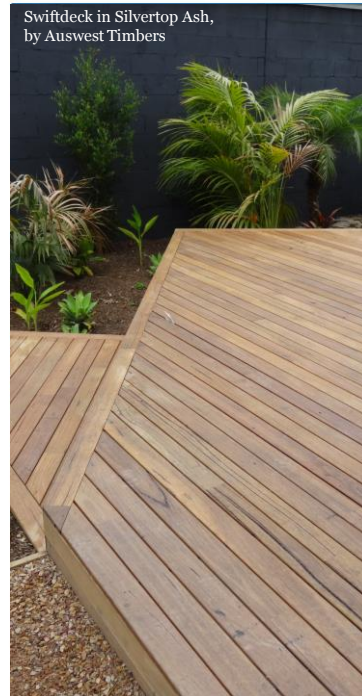
## AUSTRAL PRECAST

- Earnings down on the prior period
- Sales revenue of \$80.5 million, up 8.7%
- Excellent performance in NSW, benefitting from production scale and automated manufacturing plant
- Challenging conditions in WA and Qld
- Victorian operations closed, effective October 2017



## AUSWEST TIMBERS

- Earnings down on the prior period
- Sales revenue of \$46.6 million, down 11.4%
- Fyshwick batten mill earnings improved on east coast housing strength
- Rationalisation of Western Australian operations completed
- Victorian operations adversely impacted by decreasing log feedstock size
- Log supply now secured in East Gippsland



## BUILDING PRODUCTS STRATEGY & OUTLOOK



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## BUILDING PRODUCTS STRATEGY

*We Believe In Making Beautiful Products That Last Forever.*



### Strengthen the Core.

- **Operations excellence**, to secure lowest cost manufacturing positions
- **Consolidate and grow** our position in existing business units when opportunities exist
- Build **industry leading customer relationships**
- Invest in **style and product leadership**



### Build Growth Businesses.

- **Invest in affiliated businesses**
- **Distribute market leading products**
- **Create better building solutions**



### Sustaining Our Strong Culture.

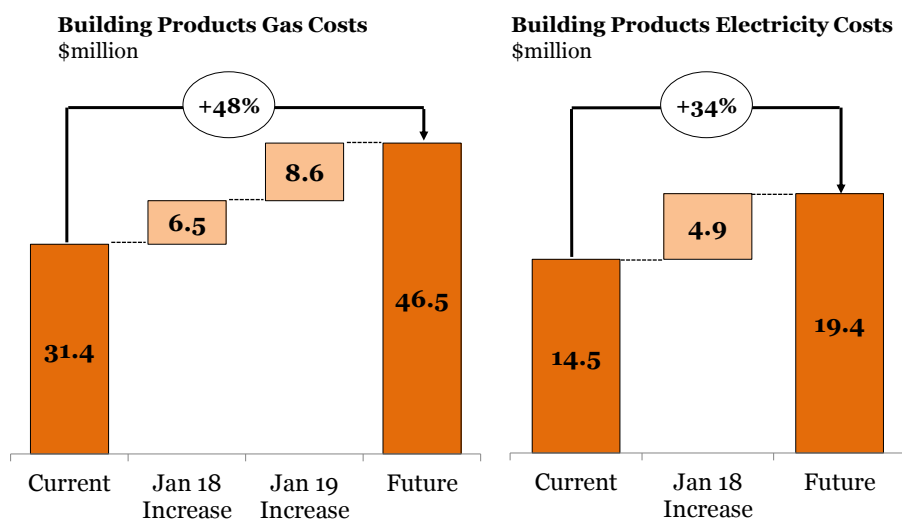
## BUILDING PRODUCTS OUTLOOK

- East coast demand remains elevated resulting in a strong order book
- Continued challenging conditions in Western Australia are expected
- Overall, the short to medium term outlook for Building Products remains positive:
  - Price rises already implemented in major divisions
  - Long pipeline of work in major east coast states
  - Re-structuring activities in Western Australia completed in financial year 2017 have improved position in that state
- Earnings currently tracking above the prior corresponding period





## INCREASING ENERGY COSTS



# PROPERTY



## PROPERTY SEGMENT EBIT (\$M)

\$ millions	FY2016	FY2017	% Change
Property Trust	74.9	<b>44.4</b>	(40.7%)
Land Sales	1.4	<b>50.3</b>	>100%
Waste	1.3	-	N/A
Property Admin <sup>1</sup>	(4.2)	<b>(4.1)</b>	(2.4%)
<b>Total</b>	<b>73.5</b>	<b>90.6</b>	<b>23.3%</b>

1. Property administration includes the holding costs of surplus land



## INDUSTRIAL PROPERTY TRUST EBIT (\$M)

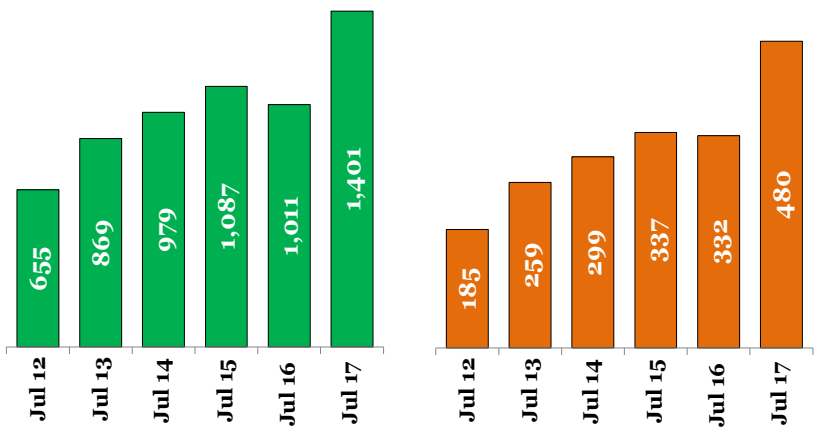
\$ millions (BKW share)	FY2016	FY2017	% Change
Net Trust Income	15.3	<b>18.3</b>	19.6%
Revaluation of properties	41.8	<b>14.3</b>	(65.8%)
Development Profit	17.8	<b>10.8</b>	(39.3%)
Sale of assets	-	<b>1.0</b>	N/A
<b>Total</b>	<b>74.9</b>	<b>44.4</b>	(40.7%)



# INDUSTRIAL PROPERTY TRUST VALUE

Total Trust Assets (\$m)

Brickworks 50% Equity Value (\$m)



# INVESTMENTS



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## INVESTMENT IN WHSP (ASX: SOL)

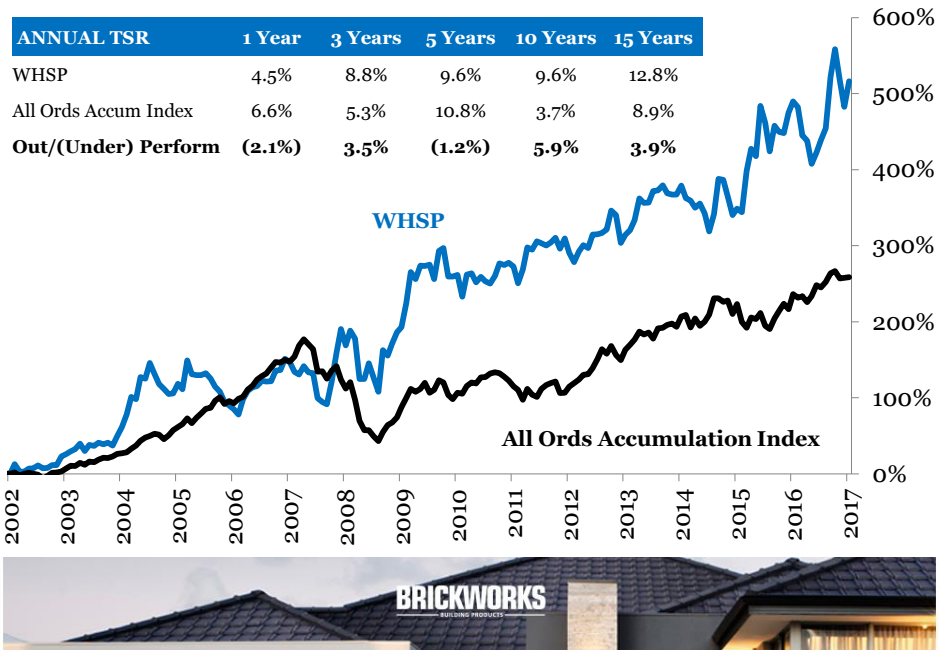
- BKW holds 42.7% stake in SOL
- SOL is a diversified investment house with interests in a wide range of companies such as TPG, New Hope, API and Brickworks
- FY2017 underlying EBIT contribution from Investments of \$103.1 million, up 73.1%<sup>1</sup>
- \$54.2 million fully franked dividends received by BKW during FY2017
- Market value \$1.804 billion at 31 Jul 17, up \$21.5 million vs prior year



1. Includes interest revenue of \$0.2 million



# TOTAL SHAREHOLDER RETURN (TO 31 JUL 2017)



## GROUP OUTLOOK





## GROUP OUTLOOK

- **Building Products** earnings for the 2018 financial year will be underpinned by the strong order book in major east coast divisions, and re-structuring activities undertaken in Western Australia
- Despite strong development activity in the Trust, **Property** earnings in 2018 are expected to be lower due to no major land sales
- The diversified nature of our holding in WHSP's **investments** is expected to deliver steadily increasing earnings and dividends to Brickworks over the long term



## THANKYOU



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