

**Brickworks Limited**  
ABN. 17 000 028 526

738 - 780 Wallgrove Road  
Horsley Park NSW 2175

PO Box 6550  
Wetherill Park NSW 1851

**Tel** +61 2 9830 7800

**Fax** +61 2 9620 1328

info@brickworks.com.au  
www.brickworks.com.au

20 September 2012

Australian Securities Exchange

Attention: **ASX Market Announcements**

**BY ELECTRONIC LODGEMENT**

Dear Sir/Madam,

Please find attached a presentation to be made to analysts today regarding Brickworks' financial results for the year ended 31 July 2012, for immediate release to the market.

Yours faithfully,

BRICKWORKS LIMITED



IAIN THOMPSON

COMPANY SECRETARY

Proudly supports



# RESULTS FOR THE YEAR ENDED 31 JULY 2012

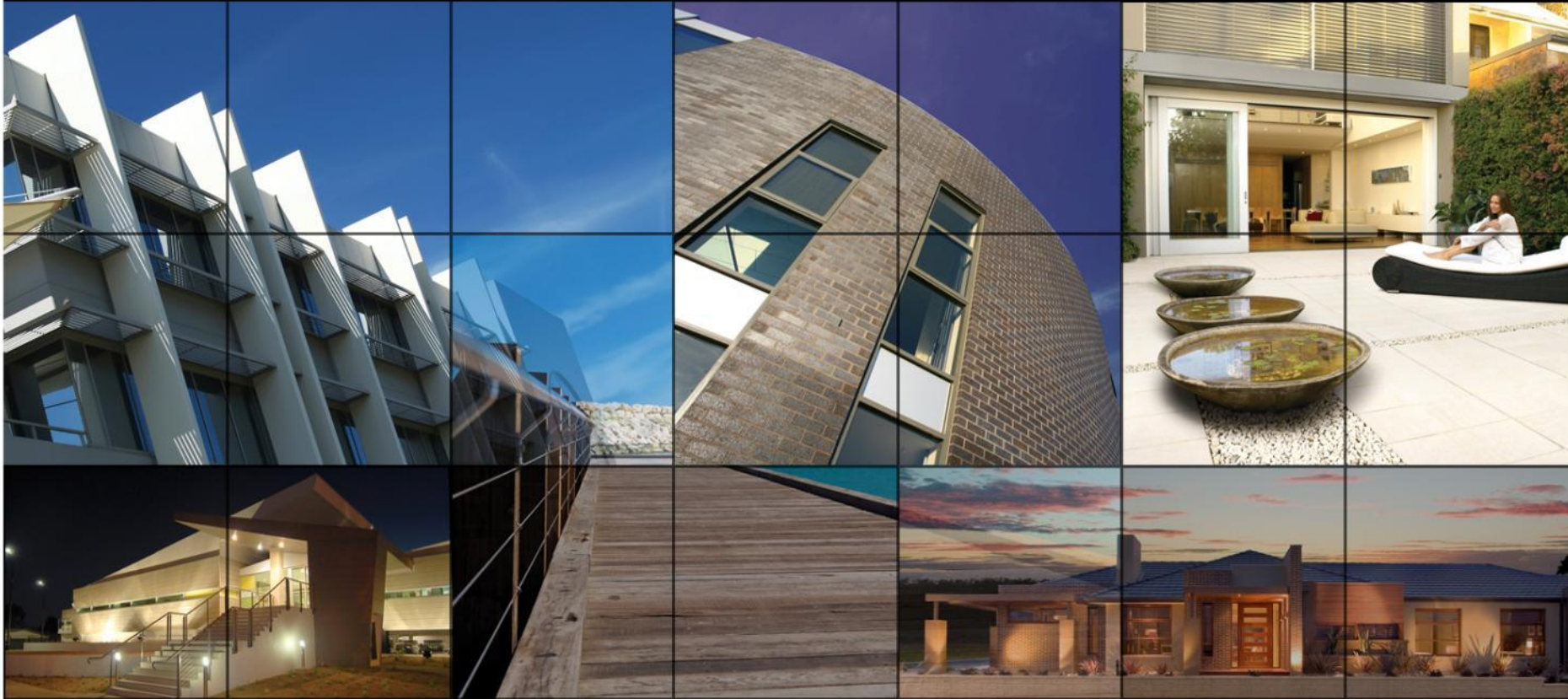


20 September 2012

**BRICKWORKS**  
LIMITED

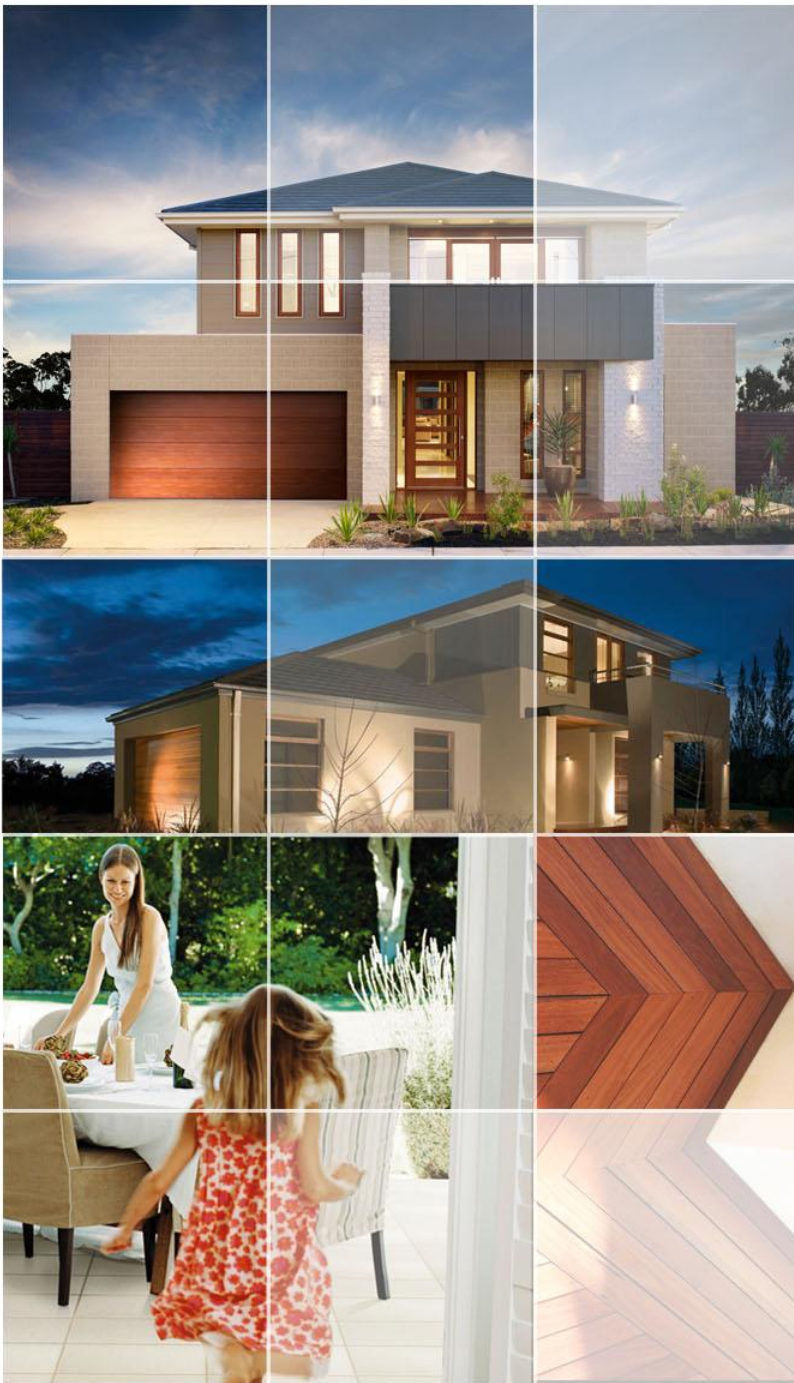
# OVERVIEW

Mr Robert Millner, Chairman



**BRICKWORKS**  
LIMITED

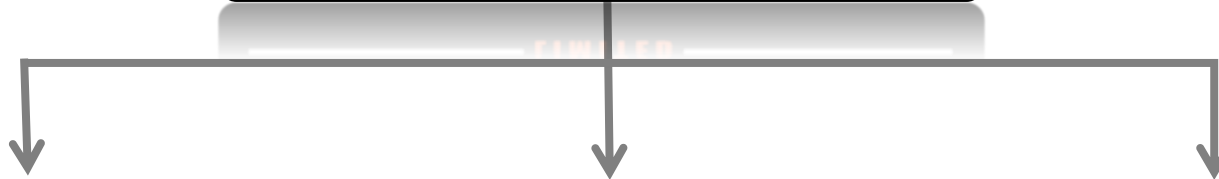




# Presentation Outline

- Overview
- Results in Detail
- Building Products Results
- Building Products Outlook
- Land & Development
- Investments
- Group Outlook
- Questions

# Brickworks Corporate Structure



## Building Products Group

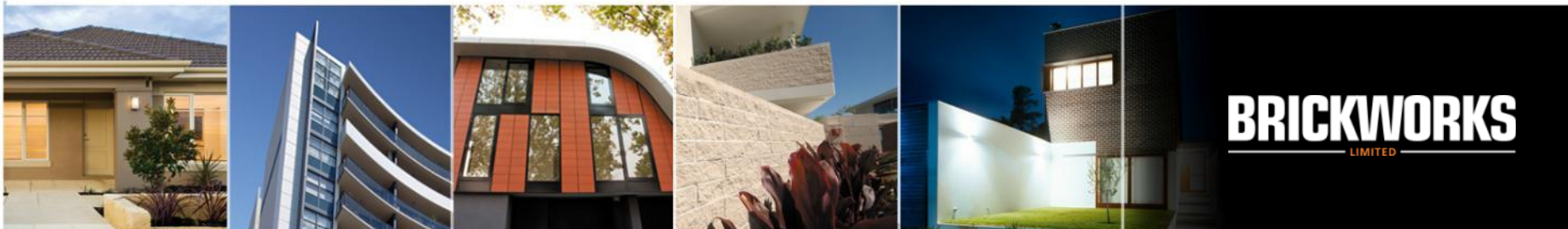
- Austral Bricks
- Austral Masonry
- Bristle Roofing
- Austral Precast
- Auswest Timbers

## Land & Development Group

- Property Sales
- Property Trust
- Waste Management

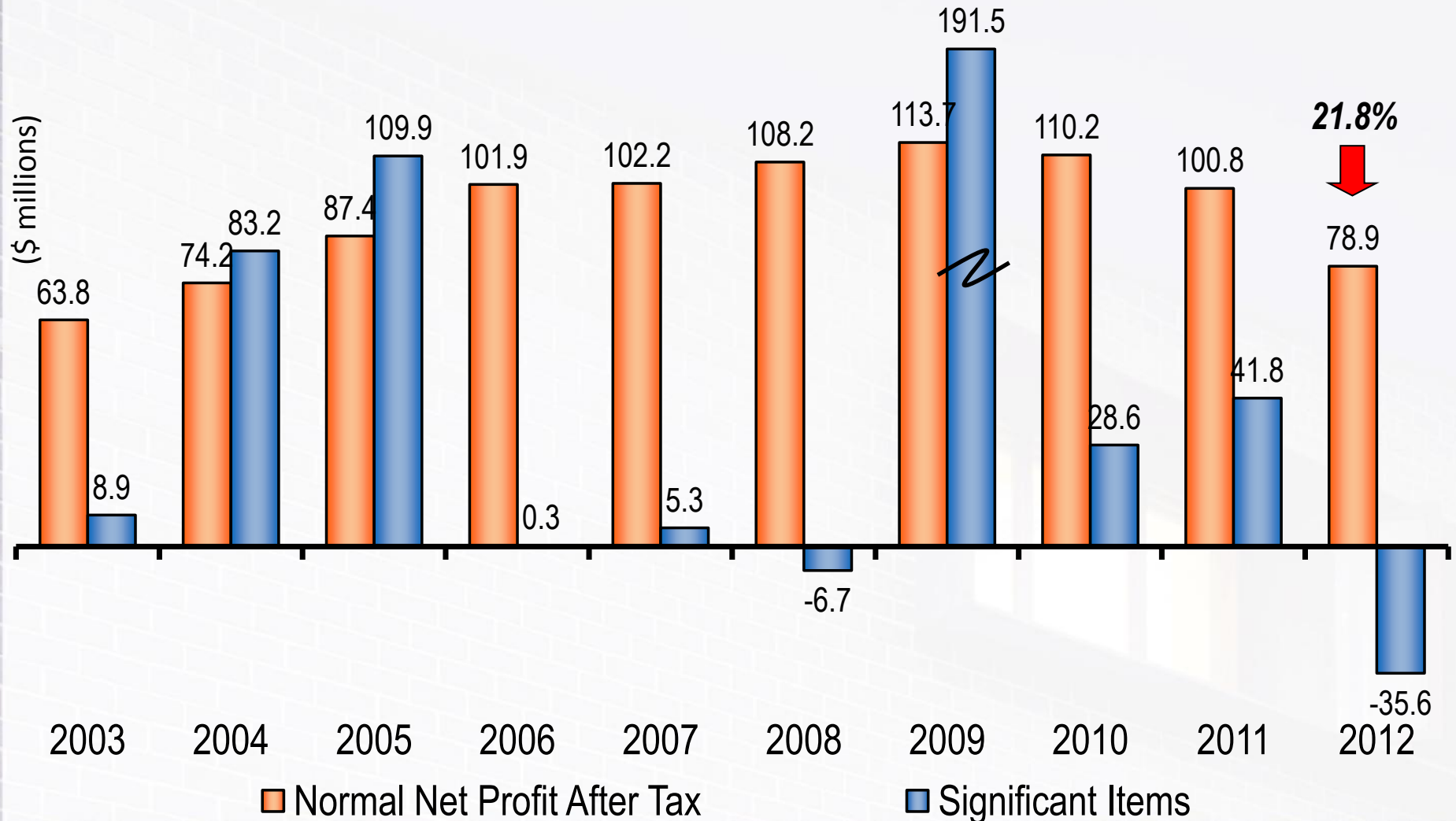
## Investments

- 42.72% holding in WHSP



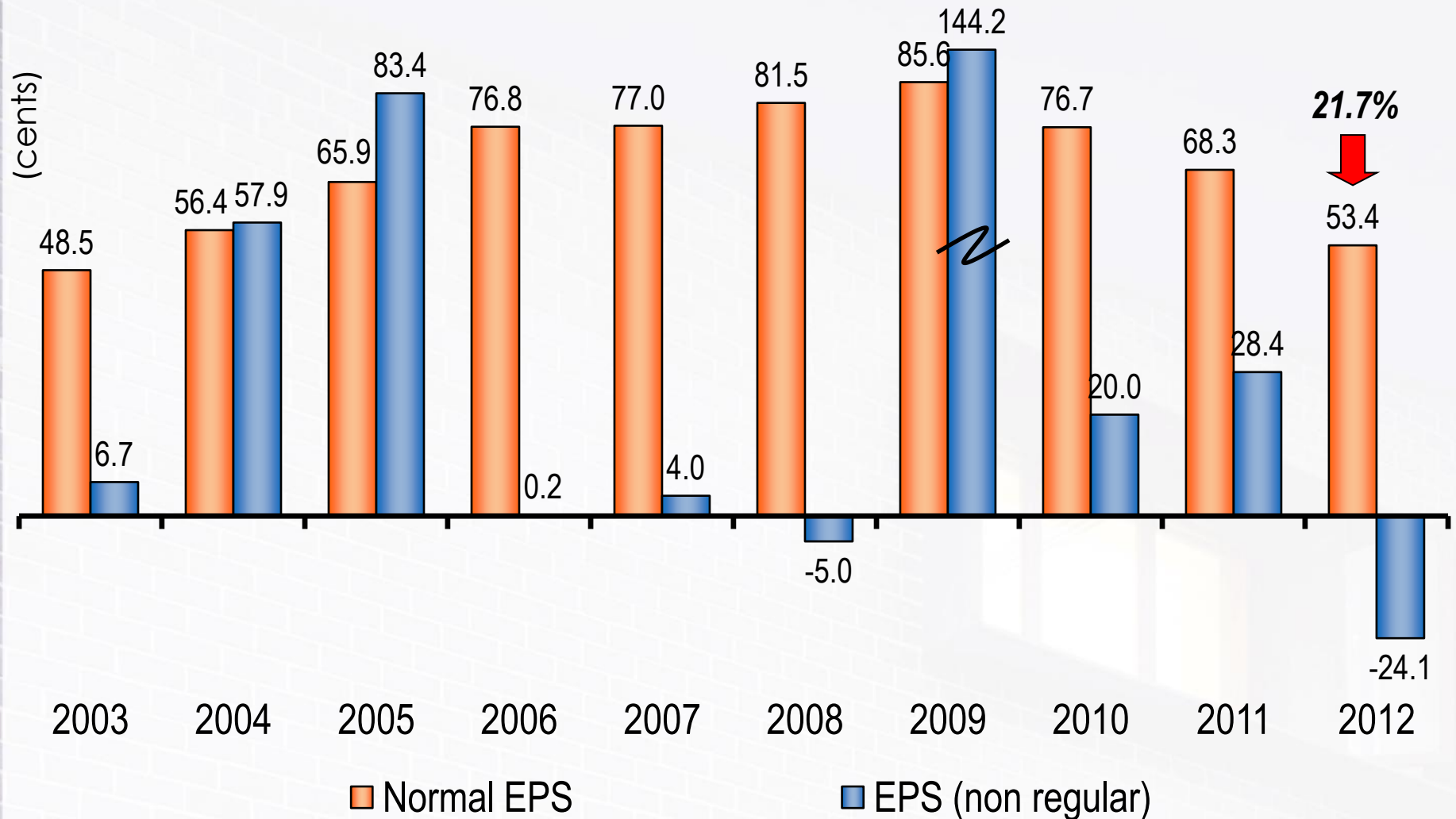
## Net Profit After Tax

- **Normal NPAT \$78.9m, down 21.8%**
- Headline NPAT \$43.3m, down 69.6%



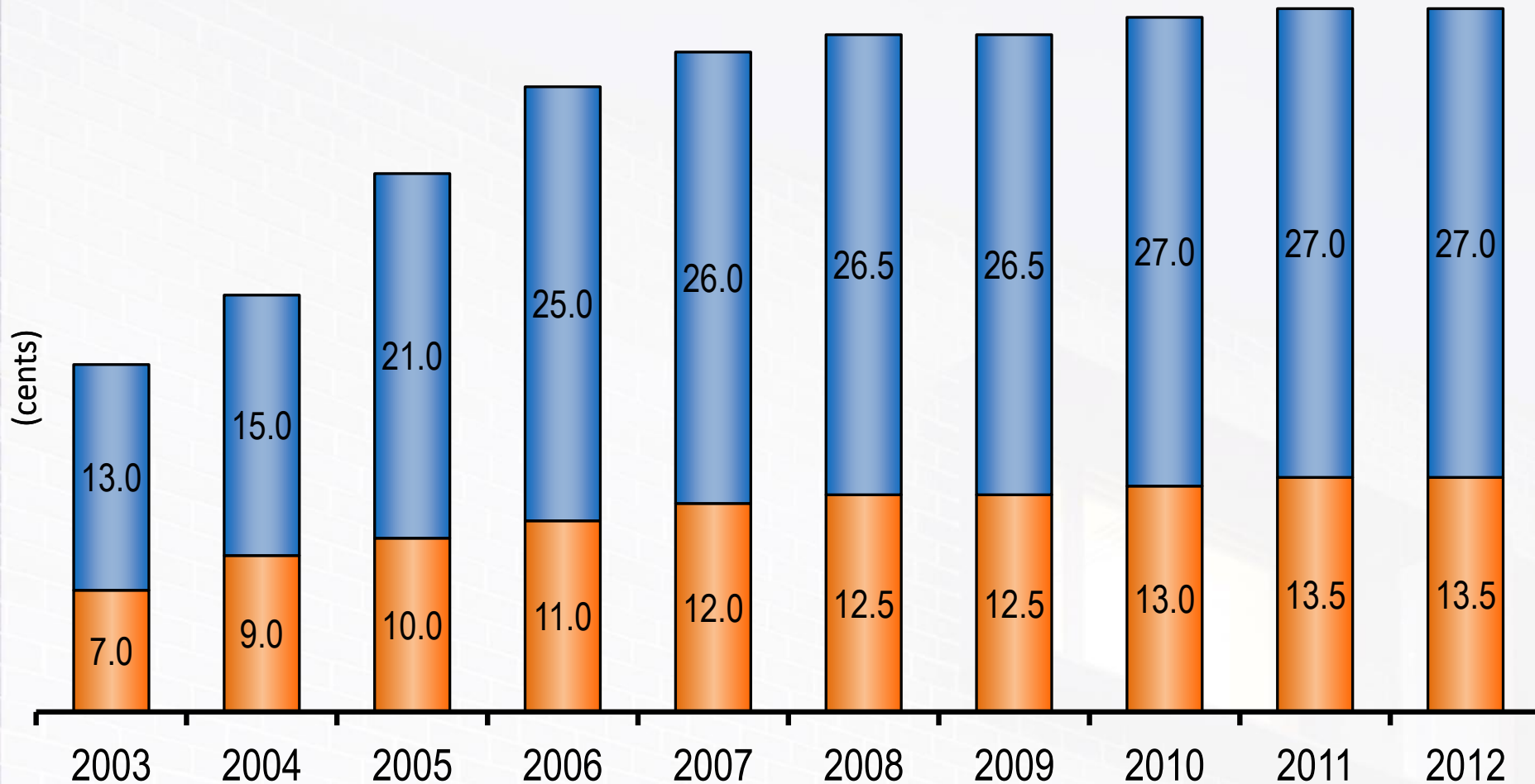
# Earnings Per Share

- Normal EPS 53.4 cps, down 21.7%



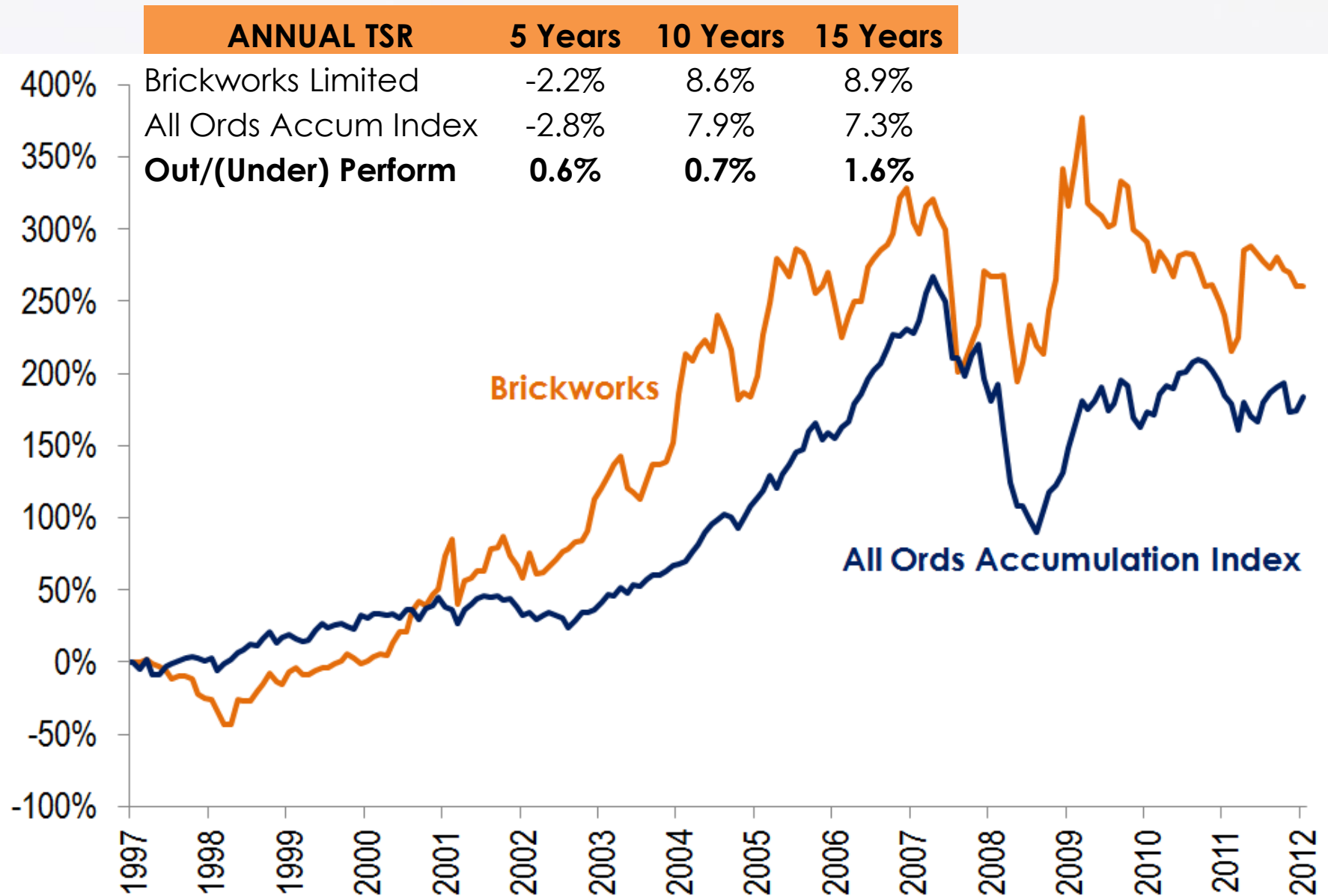
## Final Fully Franked Dividend

- Final dividend steady at 27.0 cents per share
- Full year dividend steady at 40.5 cents per share



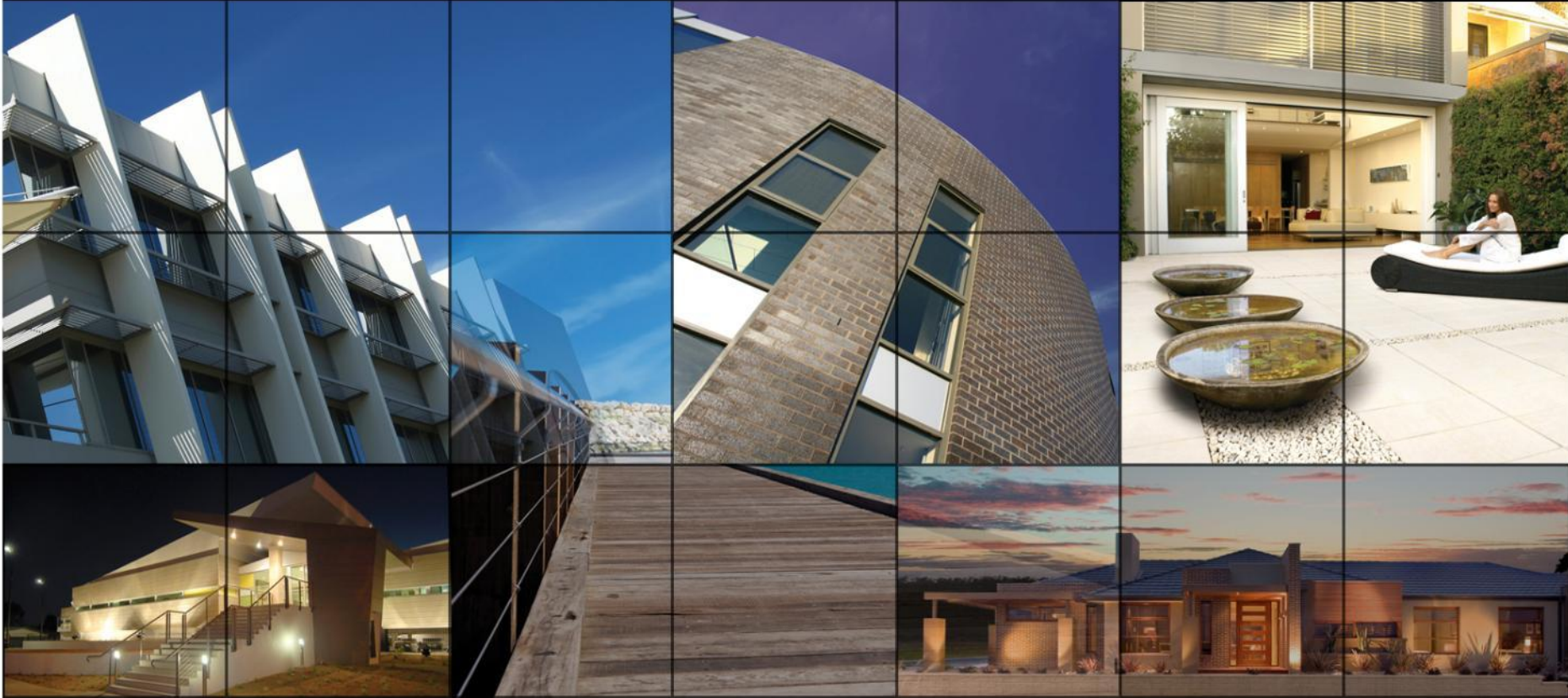


# Total Shareholder Return



# RESULTS IN DETAIL

Mr Lindsay Partridge, Managing Director



**BRICKWORKS**  
LIMITED

## Financial Snapshot

	FY 2011	FY 2012	% Change	
Building Products EBIT	\$42.0m	\$28.5m	↓	(32.1)
Land and Development EBIT	\$29.2m	\$19.0m	↓	(34.9)
Investments EBIT	\$67.9m	\$67.7m	↓	(0.3)
<b>Total EBIT</b>	<b>\$132.0m</b>	<b>\$108.5m</b>	↓	<b>(17.8)</b>
Interest cost	(\$20.4m)	(\$20.8m)	↑	(2.0)
Mark to market valuation of interest rate swaps	(\$0.8m)	(\$4.4m)	↑	(450.0)
Income tax	(\$10.1m)	(\$4.4m)	↓	56.4
<b>Net profit after tax (normal)</b>	<b>\$100.8m</b>	<b>\$78.9m</b>	↓	<b>(21.8)</b>
Significant items (after tax)	\$41.8m	(\$35.6m)	↓	(185.2)
<b>Net profit after tax and sig. items</b>	<b>\$142.6m</b>	<b>\$43.3m</b>	↓	<b>(69.6)</b>

## Significant Items

Significant Items	Gross	Tax	Net
Tax adjustment for the carrying value of WHSP	-	\$13.0m	\$13.0m
Significant transactions by WHSP, after tax	\$0.8m	-	\$0.8m
Austral Bricks Victoria restructuring	(\$8.8m)	\$2.6m	(\$6.2m)
Austral Bricks Queensland restructuring	(\$5.2m)	\$1.5m	(\$3.6m)
Austral Bricks Western Australia restructuring	(\$5.5m)	\$1.7m	(\$3.9m)
Other business restructuring costs	(\$2.5m)	\$0.7m	(\$1.7m)
Business acquisition costs	(\$1.9m)	\$0.6m	(\$1.4m)
Corporate project costs	(\$1.3m)	\$0.4m	(\$0.9m)
Goodwill impairment in Building Products	(\$31.6m)	-	(\$31.6m)
<b>Total</b>	<b>(\$56.1m)</b>	<b>\$20.6m</b>	<b>(\$35.6m)</b>



# Goodwill Impairment

Division	Write-Down
Austral Bricks Western Australia	\$16.9m
Austral Masonry	\$11.2m
Auswest Timbers	\$1.9m
Austral Bricks South Australia	\$1.6m
<b>Total</b>	<b>\$31.6m</b>

- A detailed bottom up analysis of cash flow forecasts, incorporating conservative management projections has been undertaken
- A non-cash write-down of Goodwill is deemed prudent
- The write-down reflects the current depressed market conditions and the anticipated slow recovery
- Carbon tax impact

## Key Financial Indicators

	FY 2011	FY 2012	% Change
Net tangible assets (NTA) per share	\$9.42	\$9.44	0.2
Shareholders' equity	\$1,676m	\$1,663m	(0.8)
Shareholders' equity per share	\$11.36	\$11.27	(0.8)
Return on shareholders equity	8.5%	2.6%	(69.4)
Cash flow from operations	\$89.0m	\$64.5m	(27.5)
Net debt	\$249.4m	\$285.4m	(14.5)
Net debt/capital employed	13.0%	14.7%	(13.1)
Interest cover (normal/annualised)	6.4x	5.2x	(18.8)

# Capital Expenditure

	FY 2011	FY 2012
“Stay in Business” capital expenditure	\$19.1m	\$14.3m
Growth capital items	\$15.7m	\$13.8m
<b>Building Products total</b>	<b>\$34.8m</b>	<b>\$28.1m</b>
Depreciation and amortisation	\$26.6m	\$24.8m
Land and Development & rehabilitation	\$0.9m	\$0.8m
Business acquisitions	\$17.1m	\$19.9m

# BUILDING PRODUCTS RESULTS

## *Australia's Best Building Products Company*





## Building Products Result

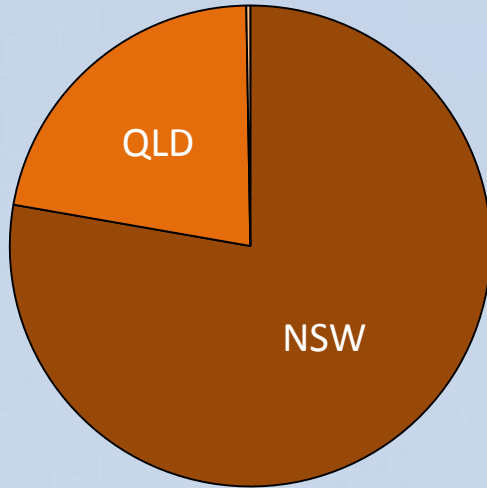
	FY 2011	FY 2012	% Change
Sales revenue	\$604.9m	\$547.6m	(9.4)
<b>Like for Like sales revenue</b>	\$604.9m	\$536.0m	(11.4)
EBITDA	\$68.6m	\$53.3m	(22.3)
Depreciation	\$26.6m	\$24.8m	6.8
<b>EBIT<sup>1</sup></b>	<b>\$42.0m</b>	<b>\$28.5m</b>	<b>(32.1)</b>
EBITDA to sales	11.3%	9.7%	(1.6)
EBIT to sales	6.9%	5.2%	(1.7)

1. Pre significant items

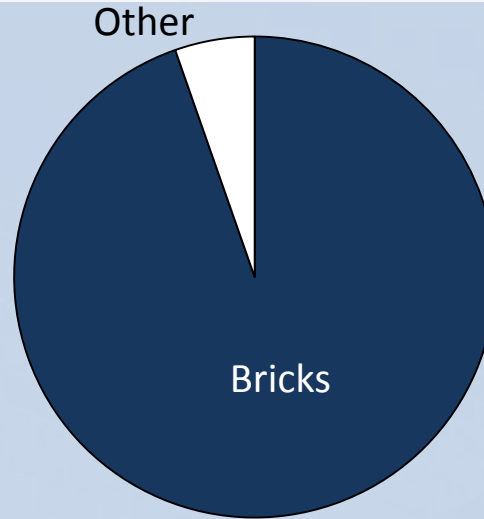
# Building Products Revenue Breakdown

## By State

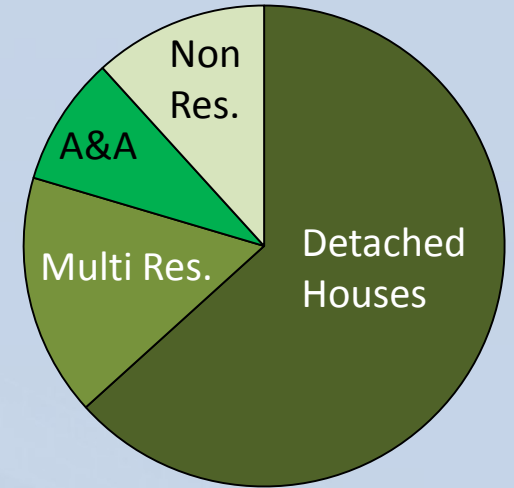
2002



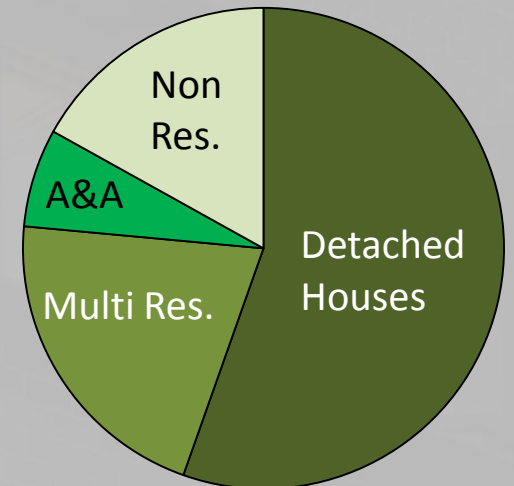
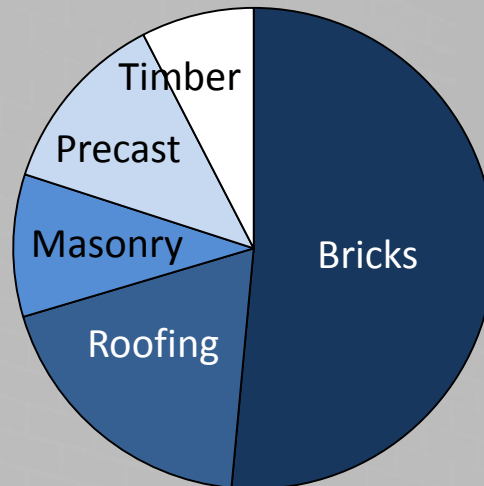
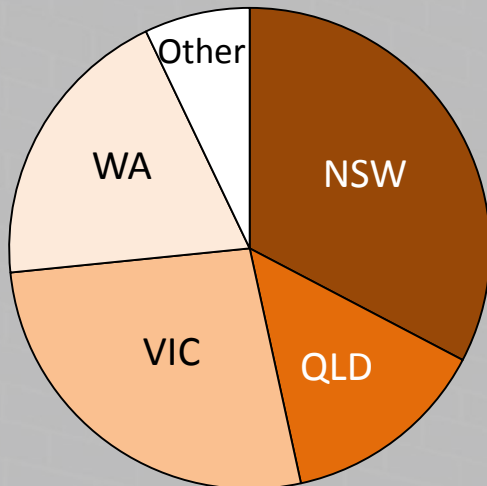
## By Business



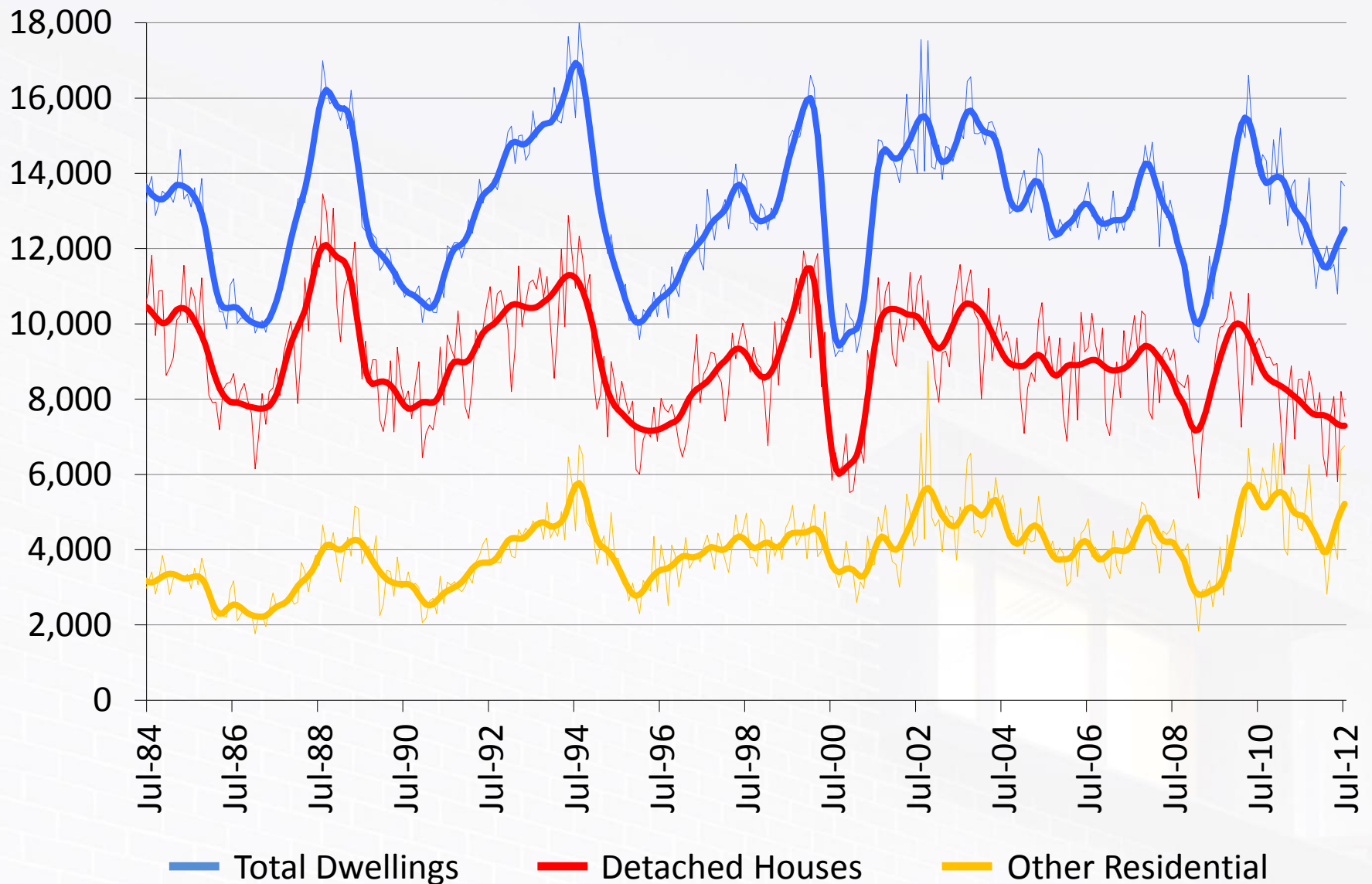
## By End Market



2012



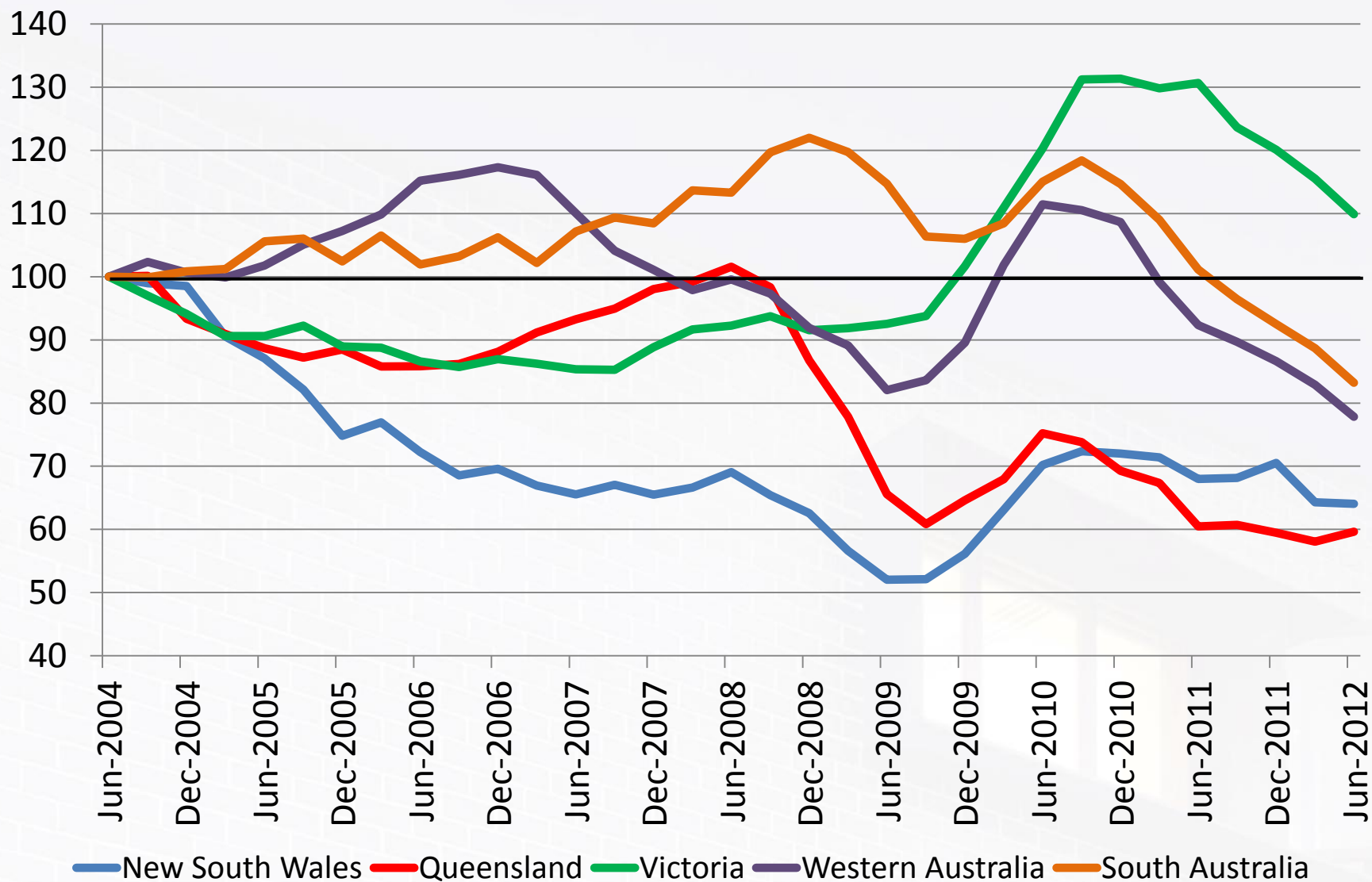
# Annualised Australian Dwelling Approvals



Source: ABS

# Annualised Dwelling Starts By State

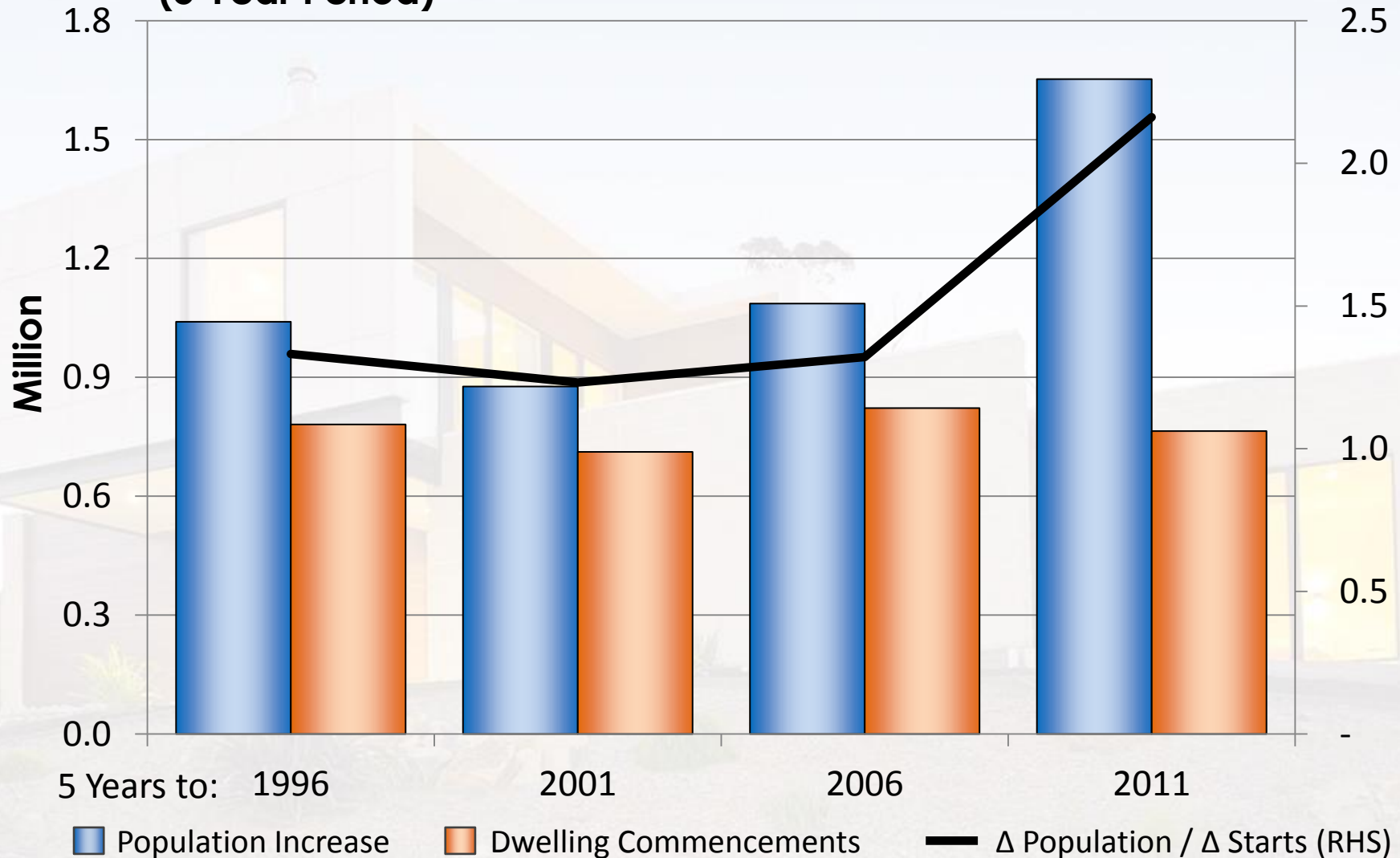
## *Indexed to 100 at June 2004*





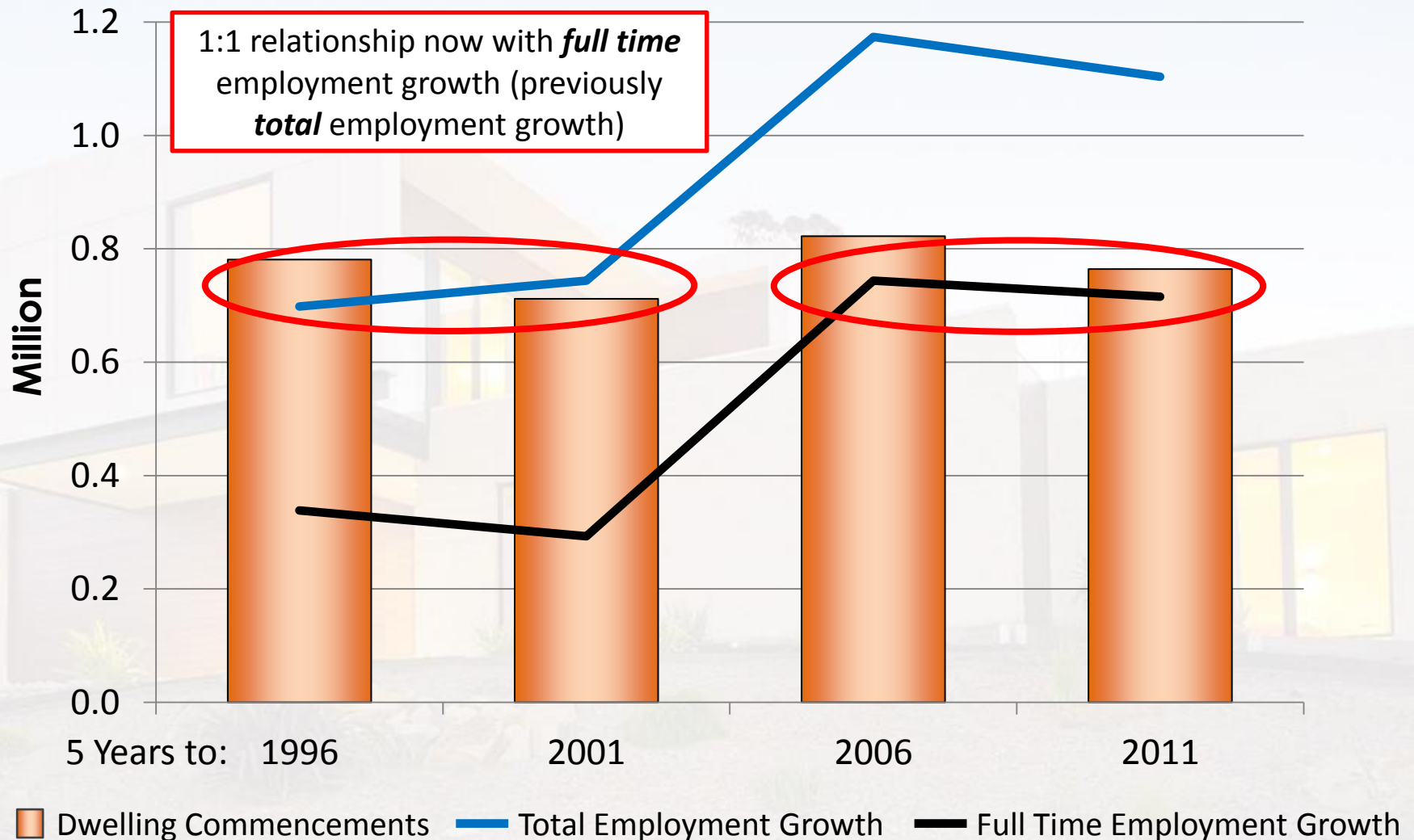
# Population and Housing Activity

## Inter Census Increase in Population vs Commencements (5 Year Period)

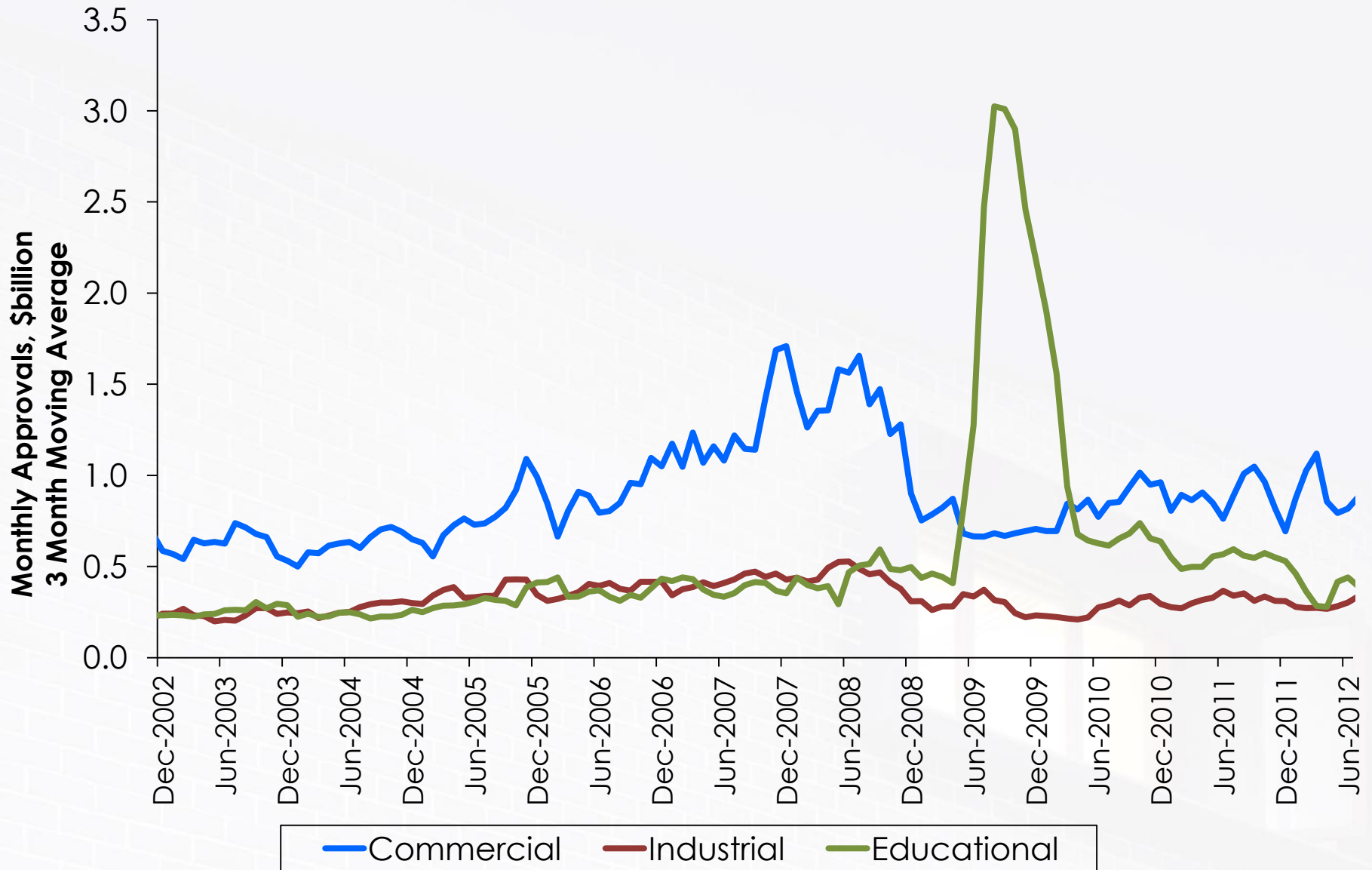


# Employment and Housing Activity

## Inter Census Increase in Employment vs Commencements (5 Year Period)



# Non Residential Approvals



Source: ABS

# Austral Bricks™



- Earnings lower, as market conditions continued to deteriorate
- Sales revenue of \$281 million, down 14.8%
- Margins impacted by higher input prices and extended shutdowns
- Significant restructuring activities completed in Victoria, Queensland, Western Australia and New South Wales
- Benefits from restructuring evident but more to flow through

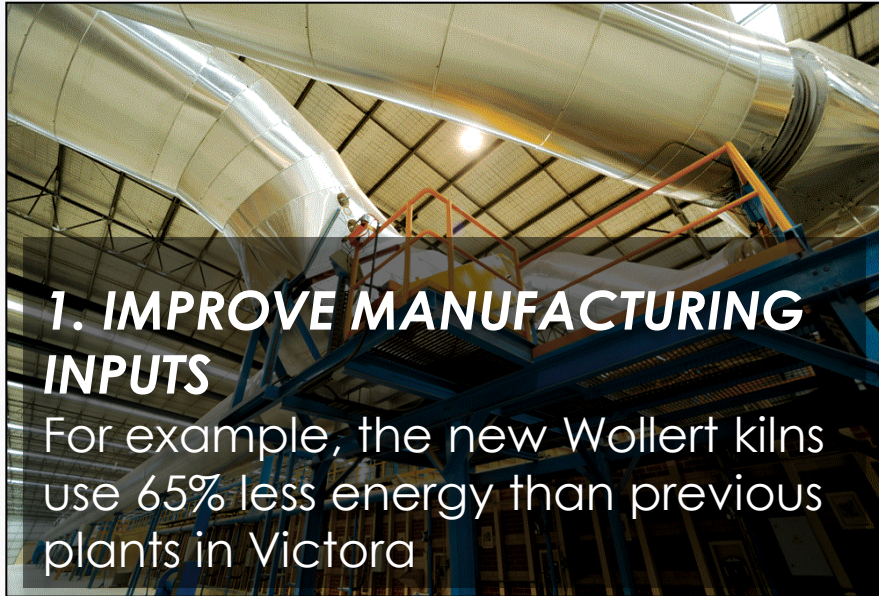


# Update on Austral Bricks Restructuring Activities

Division	Restructuring Activities	Status
Austral Bricks New South Wales	<ul style="list-style-type: none"><li>• One kiln at Horsley Park Plant 3 placed on standby</li><li>• Rationalisation of sales and distribution</li></ul>	✓
Austral Bricks Victoria	<ul style="list-style-type: none"><li>• Rationalisation of 7 old kilns on three sites to two state of the art kilns at Wollert</li><li>• Commissioning almost complete</li><li>• Grinding mill fire delayed completion</li></ul>	✓
Austral Bricks Queensland	<ul style="list-style-type: none"><li>• Rationalisation to one site at Rochedale</li><li>• One kiln on standby at Rochedale</li><li>• Planning underway for plant refit</li><li>• Redeveloping Riverview site</li></ul>	✓
Austral Bricks Western Australia	<ul style="list-style-type: none"><li>• Cardup plant closed</li><li>• Volume transferred to more modern Malaga plant</li></ul>	✓



# Energy and Greenhouse Gas Reduction Strategy



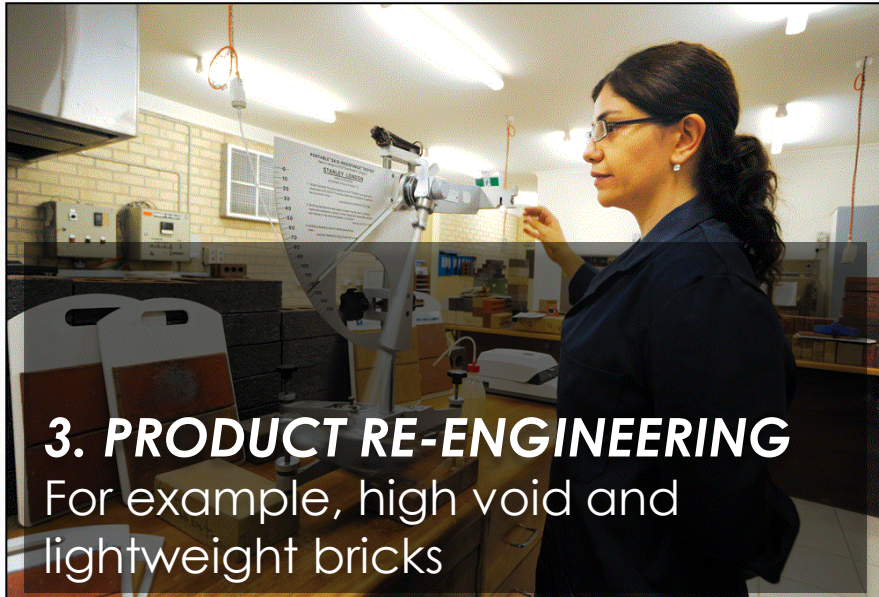
## 1. IMPROVE MANUFACTURING INPUTS

For example, the new Wollert kilns use 65% less energy than previous plants in Victoria



## 2. IMPROVE MANUFACTURING PROCESSES

Developing less energy intensive processes to achieve required finishes



## 3. PRODUCT RE-ENGINEERING

For example, high void and lightweight bricks

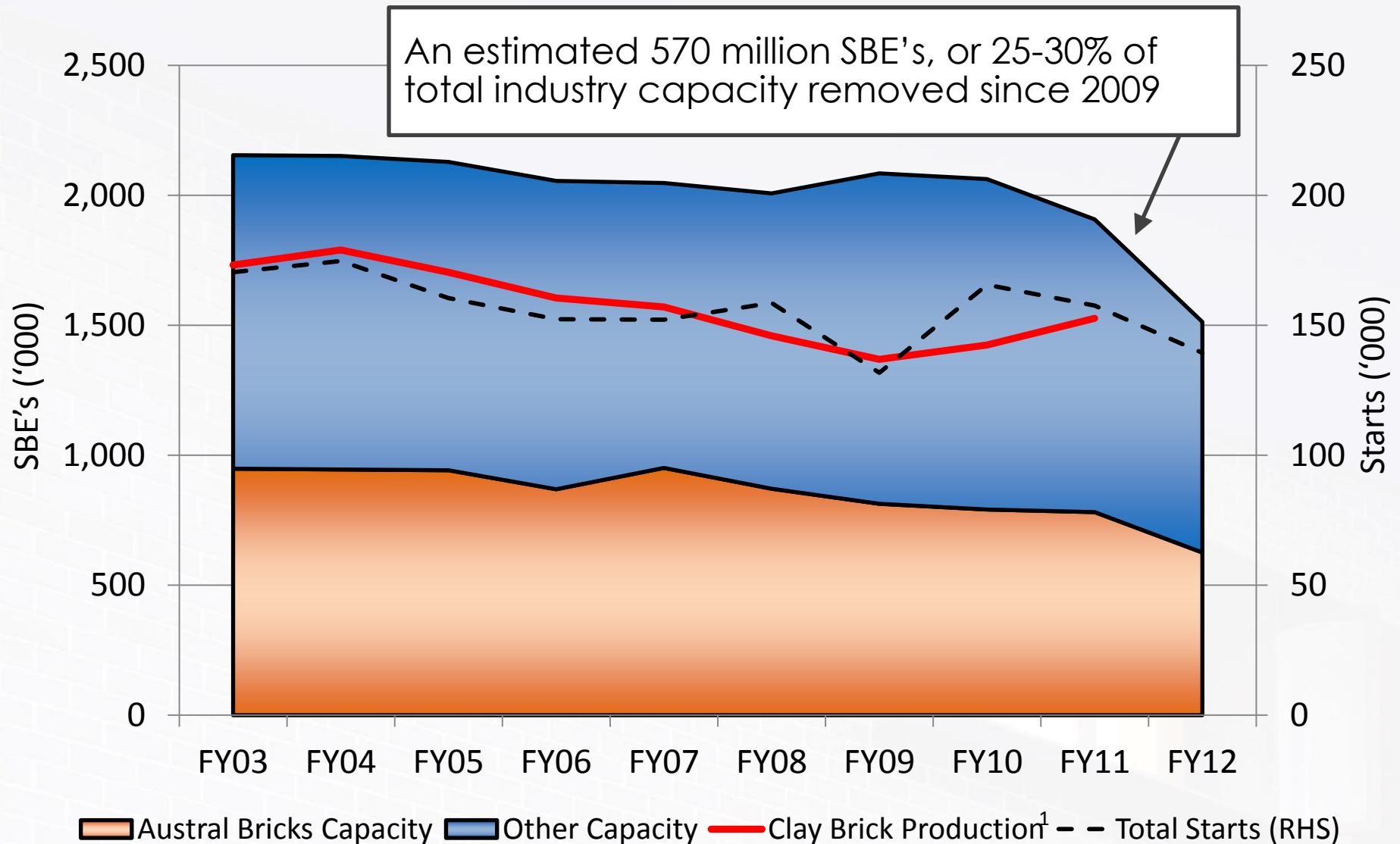


## 4. ALTERNATIVE FUELS

For example, Austral Bricks Longford plant in Tasmania uses sawdust for firing the kiln



# Brick Industry Capacity Reduction

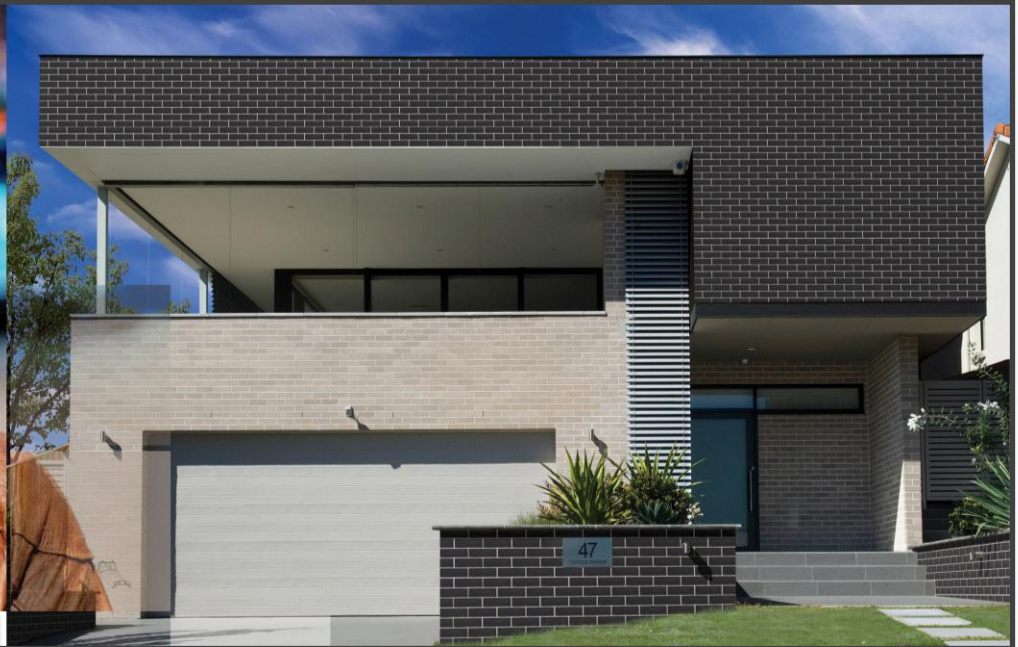


1. Brick production sourced from ABS. Latest full year data available to June 2011.

# Renaissance of Face Brick



Right: Luxe - Midnight, Boreal 76 - Silvermetal Silver.



Right: Reveal - Reveal Grey.



# Bristle Roofing™

- Earnings down on the East Coast in line with market activity declines
- Improved result in Western Australia following restructuring of plant operations in the first half
- Sales revenue of \$104 million, down 15.7%
- The exit of a major competitor in Queensland provided a significant boost to sales in the final months of the year
- Exclusive agreement for supply of La Escandella tiles in Australia and NZ





# La Escandella Collection

Styled in Europe, influenced by Spain

Now available in Australia.



roof tiles.  
people look  
up to bristile

 **bristleroofting**

## La Escandella Distribution Agreement

- Based in Spain, La Escandella are one of the world's largest manufacturers of terracotta roof tile
- The distribution agreement re-enforces an existing relationship
- Compliment locally manufactured concrete tiles on the East Coast
- Transition to full import model on the West Coast

# Austral Masonry™

- Sales Revenue down 3.3%, to \$53.4 million
- Volumes declined in the second half as wet weather impacted deliveries along the East Coast
- Solid contribution from the acquired Cairns operation
- Continued range expansion with new retaining wall products



# Austral Precast™

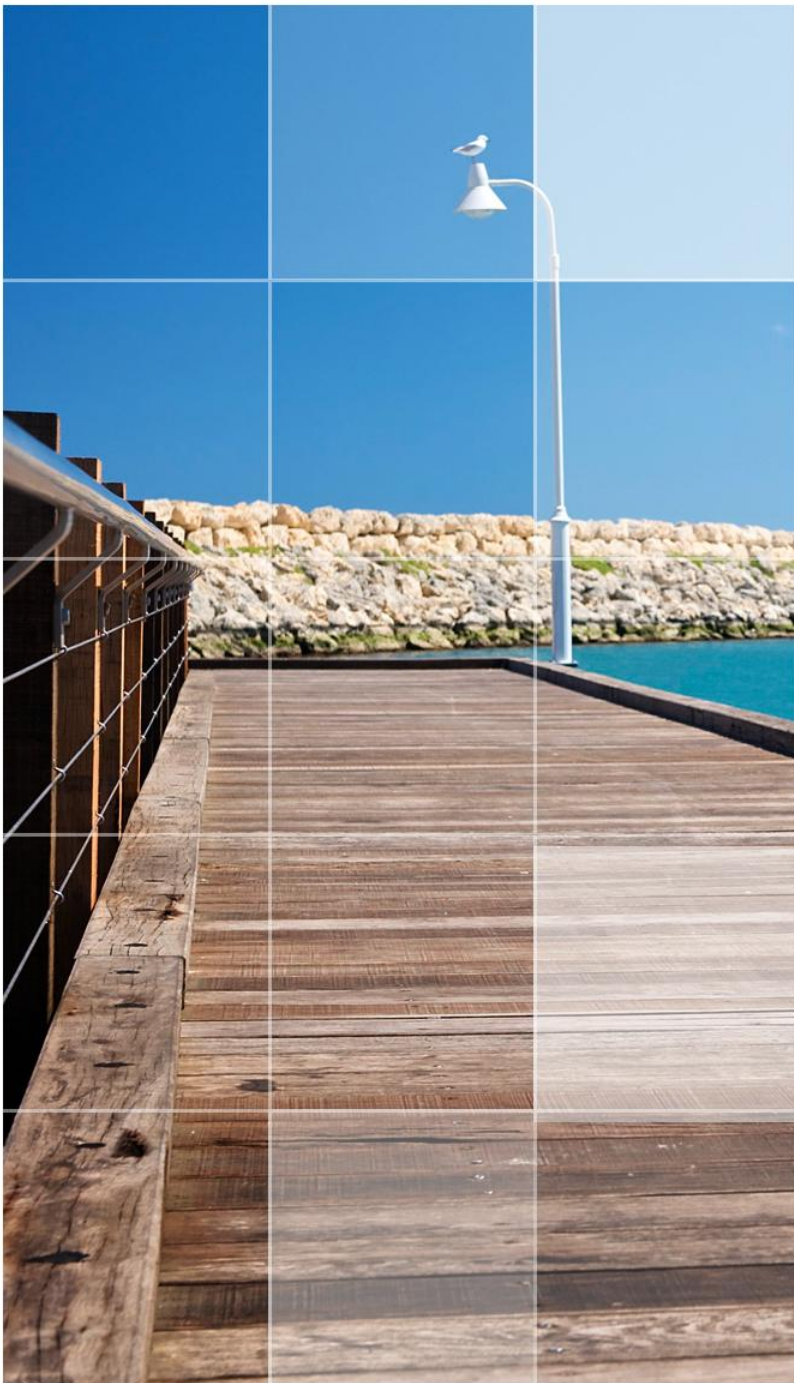
- Delivered another increase in earnings
- Sales revenue up 20.3% to \$68.1 million
- Installation of a batching plant at Wetherill Park nearing completion, allowing the consolidation of operations
- Integration of acquired Queensland business proceeding to plan following relocation to new site
- Significantly improved result in Western Australia following plant upgrade in the prior year





# Auswest Timbers™

- Domestic earnings up on the prior year, however export earnings were down
- Sales revenue up 12.4% to \$40.6 million, due in part to the acquisition of Western Australian Jarrah assets in December 2011
- Increased working capital due to requirement to re-build feedstock levels in the acquired businesses
- Fire at Deanmill in August resulting in extended shutdown
- Uncertainty over Victorian log license



# Building Products Outlook





## Building Products Outlook

- Forward indicators suggests that we are close to the bottom of the residential building cycle, assuming no external shocks
- The recovery in building activity is likely to be patchy over the next twelve months
  - Weak full-time employment growth
  - Low consumer confidence
  - Varying state government policies
- Brickworks anticipates a total of around 140,000 residential commencements for the year ending 31 July 2013
- Increased activity in New South Wales and Western Australia likely to be offset by continuing declines in Victoria.
- Focused on improving earnings with existing resources



# LAND & DEVELOPMENT





## Land & Development EBIT

<b>\$ millions</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>% Change</b>
Property Trust	12.5	19.6	56.8%
Land Sales	16.3	0.7	(95.7%)
Waste	2.5	2.5	0.0%
Property Admin <sup>(1)</sup>	(2.1)	(3.8)	(81.0%)
<b>Total</b>	<b>29.2</b>	<b>19.0</b>	<b>(34.9%)</b>

1. Property administration includes the holding costs of surplus land

## Industrial Property Trust EBIT

\$ millions (BKW share)	FY 2011	FY 2012	% Change
Rent	7.1	9.0	26.8%
Revaluation of established properties	4.7	5.3	12.8%
Revaluation on completion of new properties		4.5	N/A
Sales of vacant lots	0.7	0.8	14.3%
<b>Total</b>	<b>12.5</b>	<b>19.6</b>	<b>56.8%</b>

## Industrial Property Trust Value

(\$ millions)	FY 2011	FY 2012	% Change
Leased properties	445.8	518.4	16.3%
Land to be developed	165.6	137.0	(17.3%)
<b>Total</b>	<b>611.4</b>	<b>655.4</b>	<b>7.2%</b>
Less borrowings	243.5	286.4	17.6%
Net trust assets (100%)	367.9	369.0	0.3%
<b>Brickworks equity (50%)</b>	<b>184.0</b>	<b>184.5</b>	<b>0.3%</b>
<b>Return</b>	<b>11.7%</b>	<b>12.3%</b>	<b>0.7%</b>



# Industrial Property Trust Assets

Tenant / Asset	Location	Asset Value	Revaluation Profit	GLA (m <sup>2</sup> )	Gross Rental p.a.	WALE (yrs)	Cap. Rate
Coles CDC	Eastern Ck	\$139m	\$0.2m	43,070	\$11.1m	10.4	8.0%
Toll	Eastern Ck	\$35.5m		16,761	\$3.0m	5.2	8.2%
Capicure	Eastern Ck	\$24m		16,809	\$2.3m	2.0	8.5%
Southridge	Eastern Ck	\$34.6m	\$0.6m	24,357	\$2.9m	2.6	8.5%
Linfox	Erskine Park	\$72m	\$5.9m	51,323	\$5.9m	9.4	8.0%
Ubeeco	Erskine Park	\$16m		10,865	\$1.3m	7.2	8.0%
Kimberly Clark	Erskine Park	\$60.3m		45,853	\$4.7m	11	7.8%
Woolworths	Erskine Park	\$73m	\$2.0m	52,888	\$5.7m	11	7.8%
Wacol	Wacol, QLD	\$10.3m	\$0.9m	10,384	\$1.1m*	6.9	8.5%
DHL Transport	Oakdale	\$18.4m		10,390	\$1.5m	9	8.3%
DHL J & J	Oakdale	\$35.3m		26,161	\$2.8m	9.3	8.0%
<b>Total</b>		<b>\$518.4m</b>	<b>\$10.6m</b>	<b>308,861</b>	<b>\$42.3m</b>	<b>7.6</b>	

\* Includes hardstand rent on adjoining land

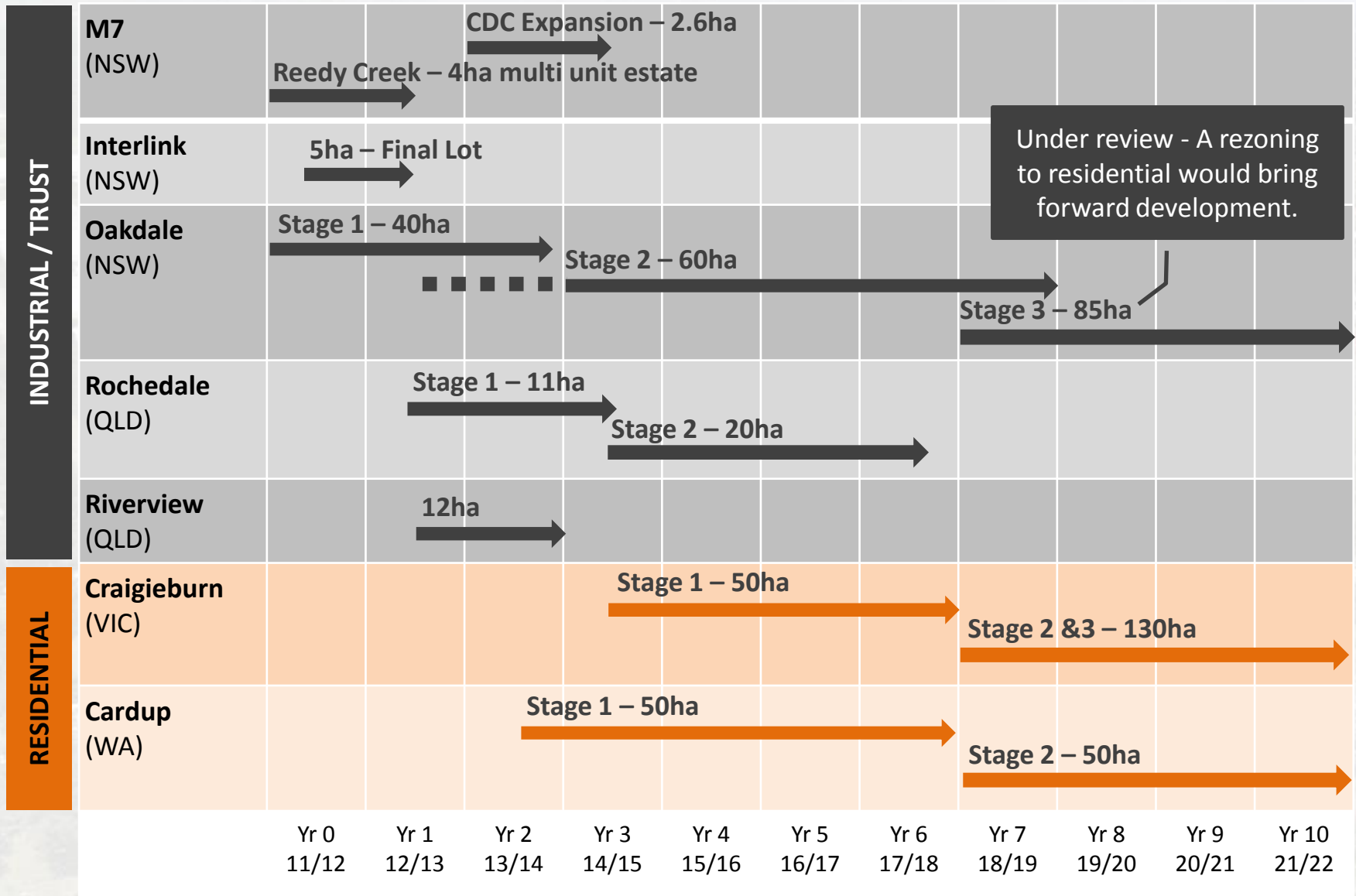
# Land Holdings

Operational Land <sup>(1)</sup>	Gross Land Area	Book Value	Most Recent Valuation
NSW	465ha	\$52m	\$166m
VIC	567ha	\$22m	\$24m
QLD	747ha	\$20m	\$28m
WA	1,792ha	\$34m	\$117m
SA & TAS	272ha	\$7m	\$13m
<b>Total</b>	<b>3,843ha</b>	<b>\$135m</b>	<b>\$348m</b>

Development Land	Gross Land Area	Development Area	Book Value	Current Value	Potential Value <sup>(2)</sup>
NSW	300ha	182ha	\$25m	\$81m	\$137m
VIC	369ha	233ha	\$28m	\$28m	\$147m
QLD	169ha	130ha	\$4m	\$22m	\$34m
WA	187ha	90ha	\$5m	\$5m	\$21m
SA & TAS	44ha	44ha	\$1m	\$1m	\$1m
<b>Total</b>	<b>1,069ha</b>	<b>679ha</b>	<b>\$63m</b>	<b>\$137m</b>	<b>\$340m</b>

1. In addition to operational land values shown, book value of buildings is \$78 million
2. Potential value assumes future land value if rezoned and rehabilitated but does not include development profit to BKW

# Property Pipeline





# Land & Development Outlook

- Demand for new site developments is improving from a weak base across the broader market
- Rental returns from the Property Trust to increase as development work is completed
- Land sales are expected to increase in the next twelve months with sales into the Property Trust and to third parties
- Rezoning work continuing on Craigieburn in Victoria, Oakdale in New South Wales, Rochedale in Queensland and Cardup in Western Australia

# INVESTMENTS





# Washington H. Soul Pattinson (ASX: SOL)

## Annual Shareholder Return



■ Washington H Soul Pattinson (WHSP)

■ All Ords Accumulation index

- BKW owns 42.72% of WHSP
- Normalised EBIT contribution of \$66.6 million, up marginally on the prior year
- Value of the BKW stake at 31 July 2012 was \$1.345 billion
- Brickworks received \$42.9 million fully franked dividends during the year

# GROUP OUTLOOK



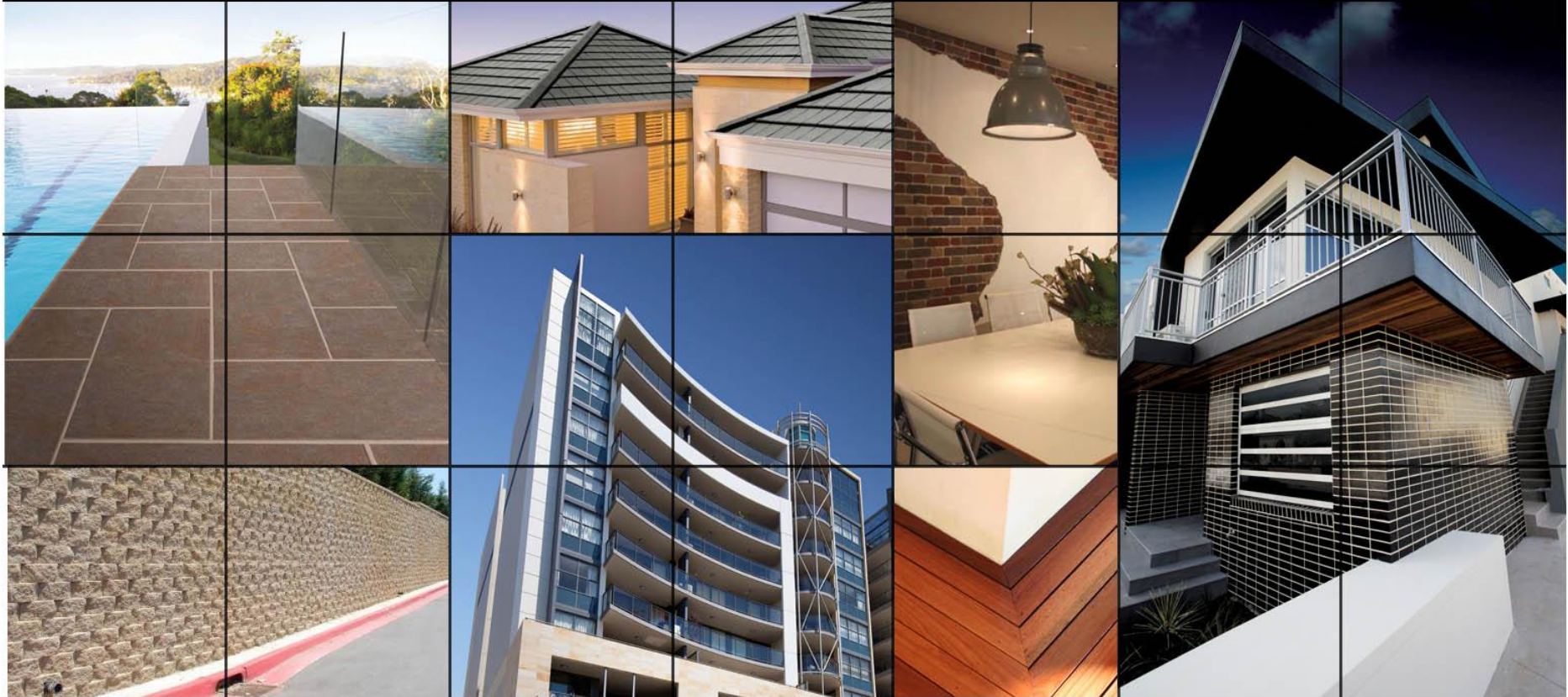


# Brickworks Group Outlook

- Building Products earnings expected to recover in FY2013, following completion of internal restructuring activities
- In the medium term, industry rationalisation and improvements in building activity will assist
- Land and Development earnings expected to increase, with a strong pipeline of potential land sales and continued growth of the Property Trust
- Investments should continue to deliver stable earnings



# QUESTIONS?



**BRICKWORKS**  
LIMITED

# Disclaimer

IMPORTANT: The information in this document has been provided to you for information only by Brickworks Limited ("BKW") and is subject to change without notice. Nothing contained in this document constitutes investment, legal, tax or other advice. The information in this does not take into account your investment objectives, financial situation or particular needs. Before making an investment decision, you should consider, with or without the assistance of a professional securities adviser, whether an investment in BKW is appropriate in the light of your particular investment needs, objectives and financial circumstances.

Nothing in this document should be considered a solicitation, offer or invitation to buy, subscribe for or sell any security in any jurisdiction. The distribution of this document outside Australia may be restricted by law. Persons who come into possession of this document who are not in Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Neither this document nor any copy hereof may be transmitted in the United States of America ("US") or distributed, directly or indirectly, in the US or to any

US person including (1) any US resident, (2) any partnership or corporation or other entity organised or incorporated under the laws of the US or any state thereof, (3) any trust of which any trustee is a US person, or (4) an agency or branch of a foreign entity located in the US.

By accepting this document you agree to be bound by these limitations. BKW has prepared this document based on information available to it. Although reasonable care has been taken to ensure that the facts stated and opinions given in this document are fair and accurate, the information provided in this document has not been independently verified. Accordingly, no representation or warranty, expressed or implied is made as to the reliability, fairness, accuracy, completeness or correctness of the information and opinions contained in this document. To the fullest extent permitted by law, none of BKW, its related bodies corporate, directors, employees or agents nor any other person accepts any liability for any loss whatsoever arising from any use of this document or its contents, or otherwise arising in connection therewith.