

# BRICKWORKS

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LIMITED

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23 September 2010

Australian Securities Exchange  
Attention: **Companies Department**

**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 2010, 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 LTD RESULT FOR THE FULL YEAR ENDED 31 JULY 2010

Robert Millner, Chairman  
Lindsay Partridge, Managing Director

23 September 2010



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## CHAIRMAN'S REVIEW

Mr Robert Millner



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## Presentation Outline

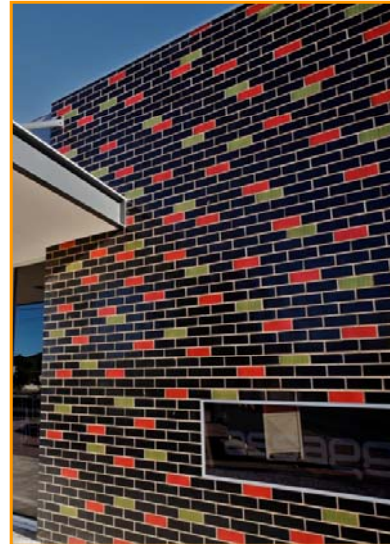
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### Chairman

- Overview of Results

### Managing Director

- Results in Detail
- Building Products
- Land & Development
- Investments
- Questions



Year Ending 31 July 2010

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## Diversified Structure

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### Building Products Group

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

### Land & Development Group

- Property Sales
- Property Trust
- Waste Management

### Investments

- 42.85% holding in WHSP
- \$73.4 million cash

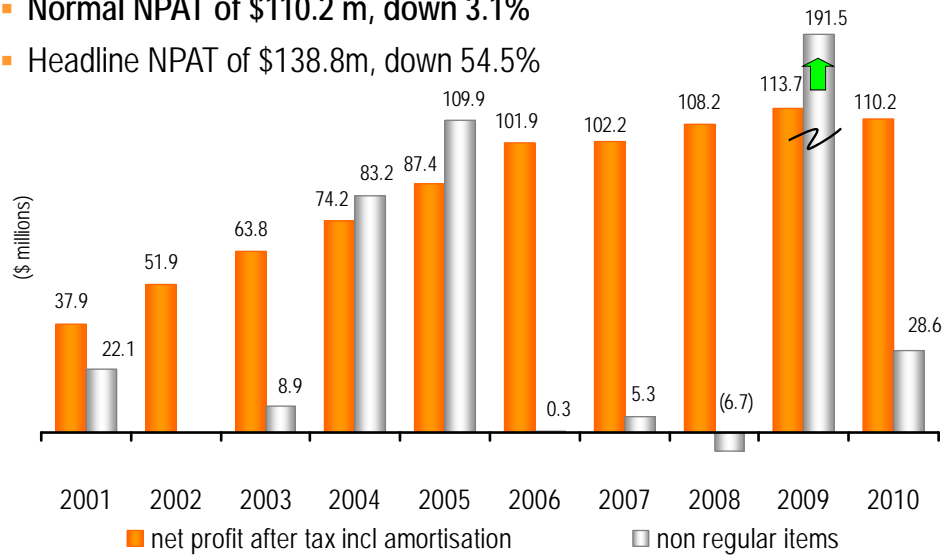
Year Ending 31 July 2010

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## Net Profit After Tax

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- Normal NPAT of \$110.2 m, down 3.1%
- Headline NPAT of \$138.8m, down 54.5%



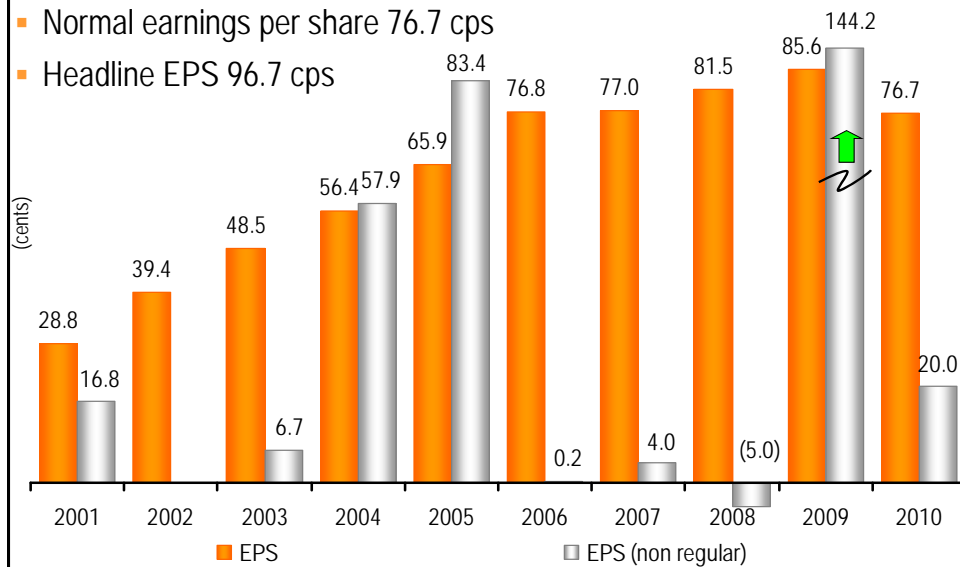
Year Ending 31 July 2010

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## Earnings Per Share

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- Normal earnings per share 76.7 cps
- Headline EPS 96.7 cps



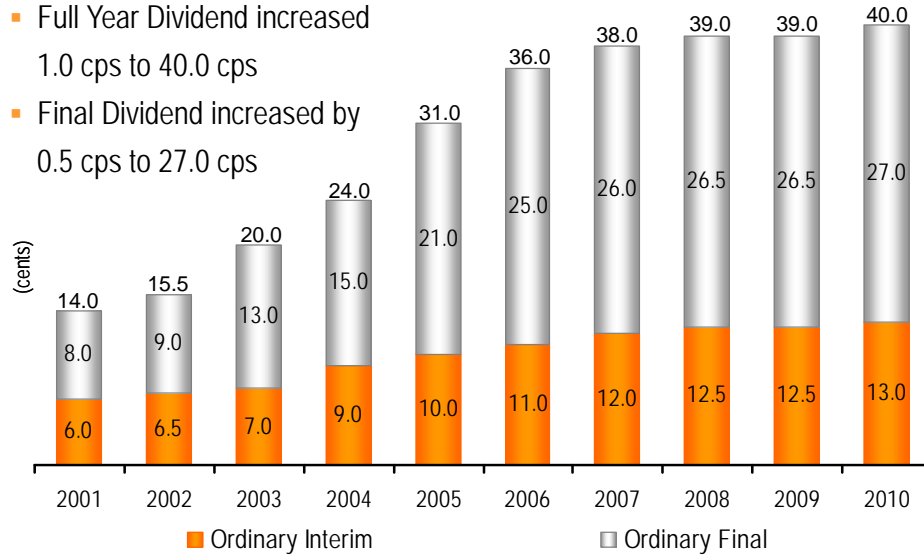
Year Ending 31 July 2010

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## Increased Fully Franked Dividend

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- Full Year Dividend increased 1.0 cps to 40.0 cps
- Final Dividend increased by 0.5 cps to 27.0 cps



Year Ending 31 July 2010

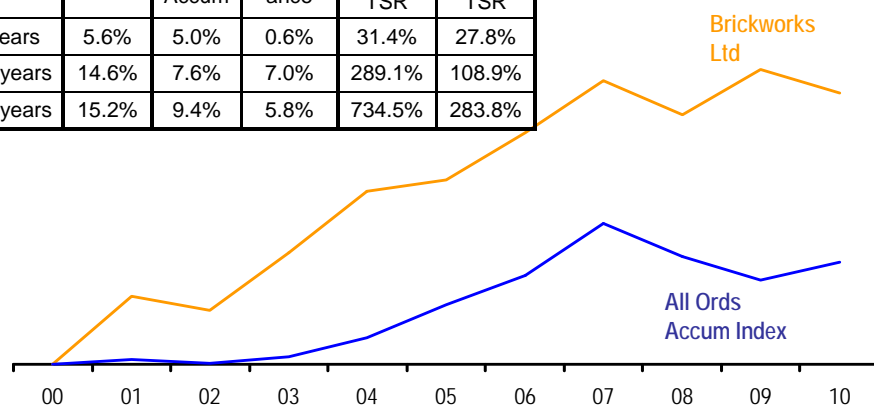
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## Brickworks Total Shareholder Return

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Brickworks Ltd has outperformed the ASX All Ordinaries Index over the long term

	BKW	ASX All Ord Accum	Out Performance	Total BKW TSR	Total All Ord TSR
5 years	5.6%	5.0%	0.6%	31.4%	27.8%
10 years	14.6%	7.6%	7.0%	289.1%	108.9%
15 years	15.2%	9.4%	5.8%	734.5%	283.8%



Year Ending 31 July 2010

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## MANAGING DIRECTOR'S REVIEW

Mr Lindsay Partridge



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## Financial Snapshot

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	FY 2009	FY 2010	Change
Building Products EBIT	\$37.0m	\$53.4m	↑ 44.3%
Land and Development EBIT	\$40.6m	\$28.4m	↓ (30.0%)
Investments EBIT	\$95.4m	\$76.5m	↓ (19.8%)
Total EBIT	\$165.8m	\$150.5m	↓ (9.2%)
Borrowing cost	(\$33.3m)	(\$24.5m)	↓ (26.4%)
Income tax	(\$18.8m)	(\$15.9m)	↓ (15.4%)
Net Profit after Tax (Normalised)	\$113.7m	\$110.2m	↓ (3.1%)
Non Regular items (after tax)	\$191.5m	\$28.6m	↓ (85.1%)
Net Profit after Tax and non-reg	\$305.2m	\$138.8m	↓ (54.5%)

Year Ending 31 July 2010

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## Non Regular Items

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\$m	Gross	Tax	Net
WHSP Carrying Value Tax Adjustment	-	\$38.7m	\$38.7m
Closure of Eureka Tiles business	(\$9.9m)	\$2.9m	(\$7.0m)
Business Acquisition Costs	(\$2.8m)	\$0.8m	(\$2.0m)
Other	(\$1.7m)	\$0.6m	(\$1.1m)
<b>TOTAL</b>	<b>(\$14.4m)</b>	<b>\$43.0m</b>	<b>\$28.6m</b>

Year Ending 31 July 2010

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## Key Financial Indicators

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	FY July 2009	FY July 2010
Net Tangible Assets (NTA)	\$1,099m	\$1,366m
Shareholder's Equity	\$1,371m	\$1,650m
Return on Equity (Normal)	8.3%	6.7%
Cash Flow From Operations	\$132.0m	\$146.5m
Total Interest Bearing Liabilities	\$400.0m	\$300.0m
Net Debt/Capital Employed	21.8%	12.1%
Total Gearing	29.2%	18.2%
Interest Cover (Normal / Annualised)	4.6x	6.5x

Year Ending 31 July 2010

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## Prudent Capital Expenditure

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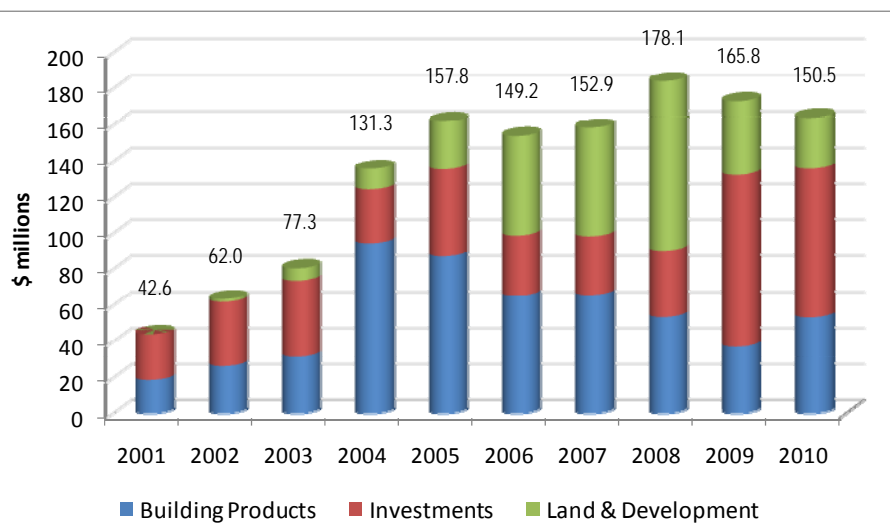
	FY 2009	FY 2010
S.I.B. Plant and Equipment	\$11.0m	\$15.1m
Major Capital Items	\$6.2m	\$8.8m
Building Products Capital Expenditure	\$17.2m	\$23.9m
Land and Development & Rehabilitation	\$0.2m	\$1.3m
Depreciation and Amortisation	\$27.7m	\$25.8m
Business Acquisitions	\$0m	\$53.1m

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## Normal EBIT by Segment

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## BUILDING PRODUCTS



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## Building Products Results

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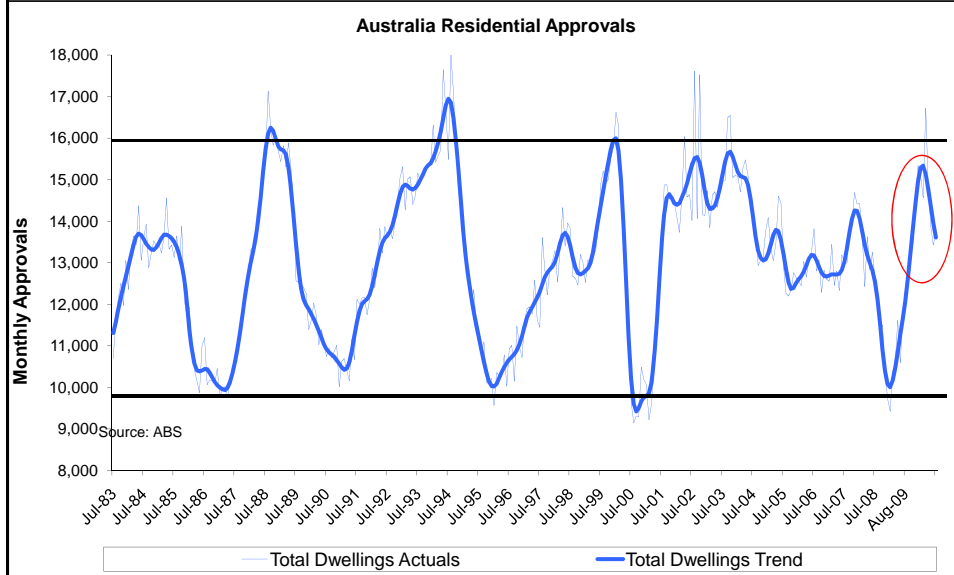
Full Year ended 31 July	FY 2009	FY 2010	Change
Sales revenue	\$489.3m	\$580.3m	↑ 18.6%
Building products EBITDA	\$64.7m	\$79.1m	↑ 22.3%
Consisting of:			
▪ Depreciation	\$27.7m	\$25.7m	↓ (7.2%)
▪ EBIT	\$37.0m	\$53.4m	↑ 44.3%
Building products margin			
▪ EBITDA to sales	13.2%	13.6%	↑ 3.0%
▪ EBIT to sales	7.6%	9.2%	↑ 21.1%

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## Dwelling Approvals – the last 27 years

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A BROADBENT GROUP COMPANY

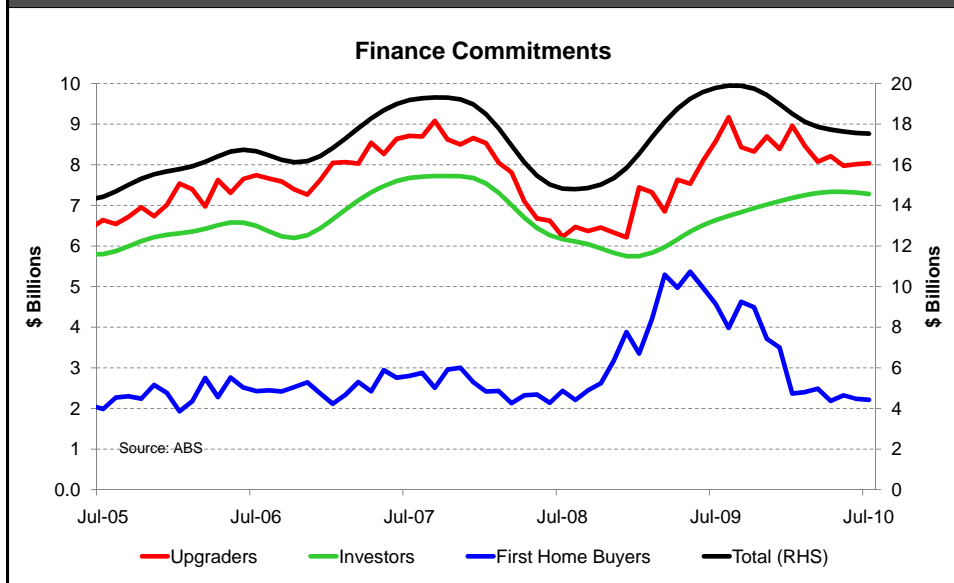


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## First Home Buyers and Investors

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A BROADBENT GROUP COMPANY

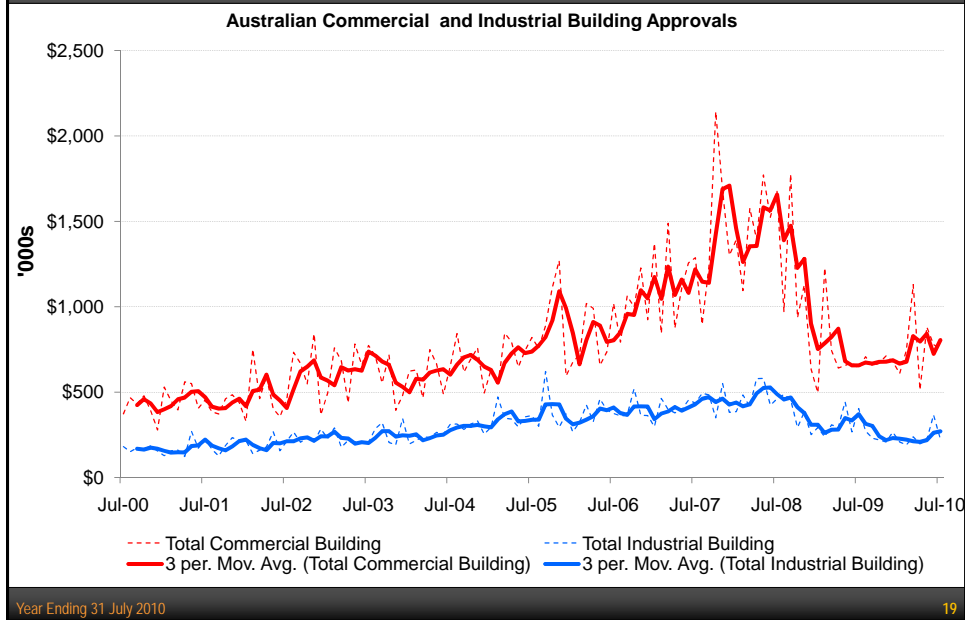


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## Commercial and Industrial Approvals

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A LUMINA GROUP COMPANY



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## Austral Bricks - Lifts strongly

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A LUMINA GROUP COMPANY

- Sales volume up 14.5%
- Average Selling Prices up 3.0%
- Manufacturing volume up 2.7%
- Margins improved as manufacturing costs only increased by 2%
- Stimulus programs underpinned volumes and lead to shift in customer mix



 **australbricks™**

Year Ending 31 July 2010

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## Austral Masonry - Improved margins

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A COMPANY OF



- Sales volume increased 9.8%
- Average Selling Prices up 3.8%
- Manufacturing costs down on substantially higher volumes
- Lightweight products released in South East Queensland
- Acquired Brick & Block at Port Kembla in Feb 2010 for \$13.5 million

**australmasonry™**

Year Ending 31 July 2010

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## Bristile Roofing - Strong sales volumes

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A COMPANY OF

- Sales volume up over 20% on first home owner work
- Average Selling Prices constrained due to shift in mix towards volume builders
- Production volumes increased to meet demand
- Manufacturing costs decreased 1.1%

**bristile™**  
**R O O F I N G**



Year Ending 31 July 2010

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## Austral Precast - New national business

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- Acquired Sasso in March 2010 for \$35.3 million
- Acquired Giroto and Gocrete 1 September 2010 for \$13.8 million
- Rebranded as Austral Precast
- National footprint
- Automated plants in Sydney and Perth, manual in Brisbane and Melbourne



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## Auswest Timbers - Increased volumes

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- Substantially improved result
- Sales volumes up 4.7% on strong pine and hardwood batten demand
- Average Selling Prices up
- Maintained export volumes by developing new markets in SE Asia
- Stronger AUD has increased competition from imported product



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## Display Centre Rollout

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A LAMBERT GROUP



Year Ending 31 July 2010

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## Outlook – Building Products

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A LAMBERT GROUP

- **LONG TERM**
  - Inadequate construction particularly in Sydney
- **THIS YEAR**
  - Demand softening as stimulus work subsides
  - Continued support of investors & upgraders is essential for sustained recovery
- **NON RESIDENTIAL**
  - Weak in Queensland and Western Australia
  - Showing early signs of recovery in New South Wales and Victoria

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## LAND AND DEVELOPMENT

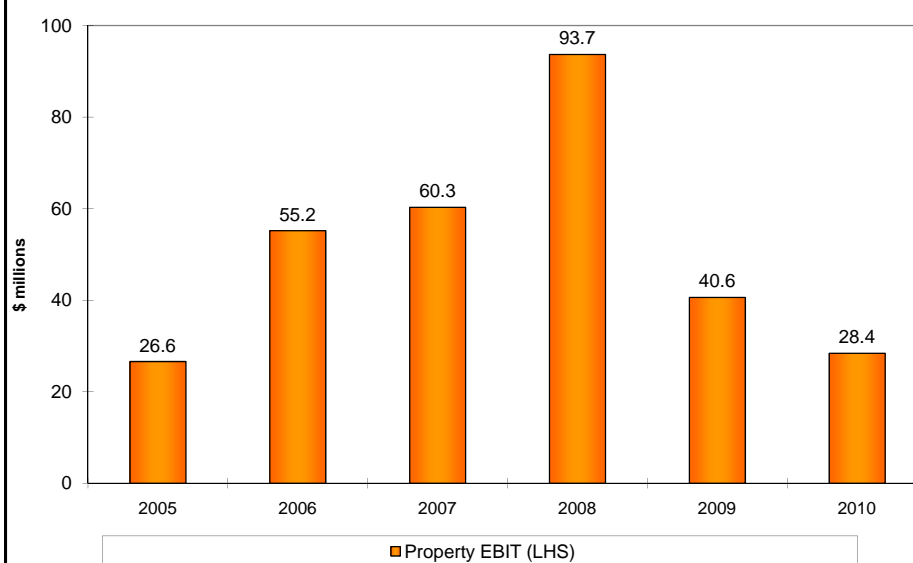


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## Land & Development Normal EBIT

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## Land Sales in Detail

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- EBIT of \$17.9 million
- Proceeds received include:

TRANSACTION	PROCEEDS
M7 Hub (2 lots)	\$10.5m
Eastwood	\$33.8m
Oxley	\$13.0m
Other Sales	\$1.3m
<b>Total Land Sales</b>	<b>\$58.6m</b>



Year Ending 31 July 2010

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## Industrial Property Trust

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A LAMARCO COMPANY

### Performance

- Total EBIT of \$10.3 million
- No new facilities were completed during the year
- Rental Distribution profit \$7.4 million
- Revaluation profit of \$2.8 million
- Capitalisation rates have stabilised at 8.0% to 8.5%



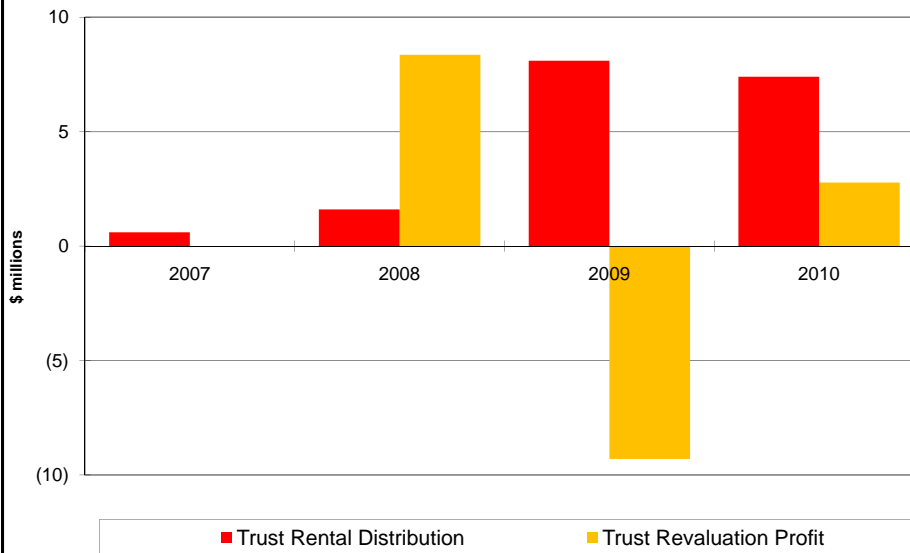
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## Property Trust Earnings

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## Property Trust Value

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(\$ millions)	Jul-09	Jul-10	% Change
Leased Properties	427.9	435.3	1.7%
Land to be developed	165.4	165.6	0.0%
<b>Total</b>	<b>593.3</b>	<b>600.9</b>	<b>1.3%</b>
Less Borrowings	272.5	248.9	(8.7%)
<b>Net Trust Assets (100%)</b>	<b>320.8</b>	<b>352.0</b>	<b>9.7%</b>
<b>Brickworks Equity (50%)</b>	<b>160.4</b>	<b>176.0</b>	<b>9.7%</b>

Year Ending 31 July 2010

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## Outlook – Land and Development

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- New site developments have slowed
- DHL signed a 10 year pre-lease for 36,000m<sup>2</sup> at Oakdale expected to be completed 2011/12
- Rezoning work continuing on Craigieburn (Residential) & Rochedale (Industrial)
- Melbourne Urban Growth Boundary includes Craigieburn
- Rental returns will be stable

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## INVESTMENTS

Mr Lindsay Partridge



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## Washington H. Soul Pattinson (SOL)

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### Performance



- BKW owns 42.85% of Washington H. Soul Pattinson (WHSP)
- WHSP owns 59.9% of New Hope Corporation
- Normal contribution of \$76.5 million, down 19.8%
- Fully franked dividends received \$59.3 million, including ordinary dividend of 33 cps and special dividend of 25 cps
- Value of the BKW stake at 31 July 2010 was \$1.329 billion

To 31 July 2010	Total Return (p.a.)		
	5 years	10 years	15 years
Washington H. Soul Pattinson	10.6%	18.0%	17.5%
All Ords Accumulation Index	5.0%	7.6%	9.4%
Outperformance	5.6%	10.4%	8.1%

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## SUMMARY



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## Brickworks Group Outlook

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- Brickworks' diversified model is expected to deliver another solid result in the coming year
  - Building Products demand softening this year, positive in the long term
  - Solid return from Investments
  - Reduced borrowing costs due to reduction in debt levels

Year Ending 31 July 2010

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**QUESTIONS?**



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