

# **BRICKWORKS**

**LIMITED**

27 September 2011

Australian Securities Exchange  
Attention: **Companies Department**

**BY ELECTRONIC LODGEMENT**

Dear Sir/Madam,

Please find attached a presentation to be given to analysts this morning, 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 VICTORIA

Mr Lindsay Partridge, Managing Director Brickworks  
Mr Peter Caughey, General Manager Austral Bricks Victoria



27 September 2011

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## Presentation Outline

- Brickworks Overview
- Building Products - Victoria
- Austral Bricks (+ Strategy)
- Austral Masonry
- Bristile Roofing
- Auswest Timbers
- Questions

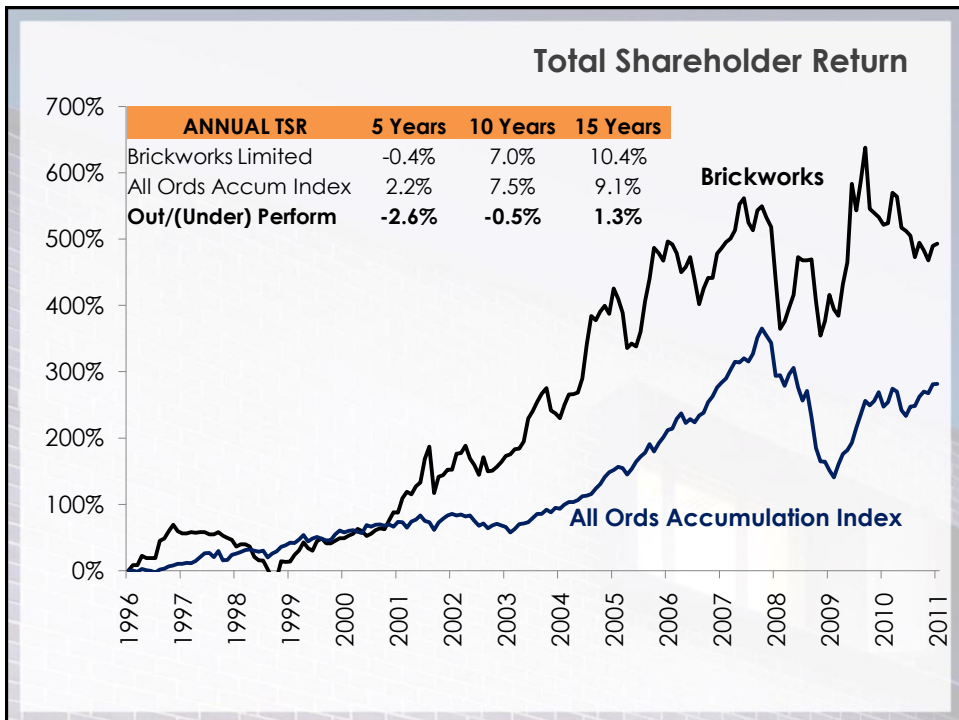


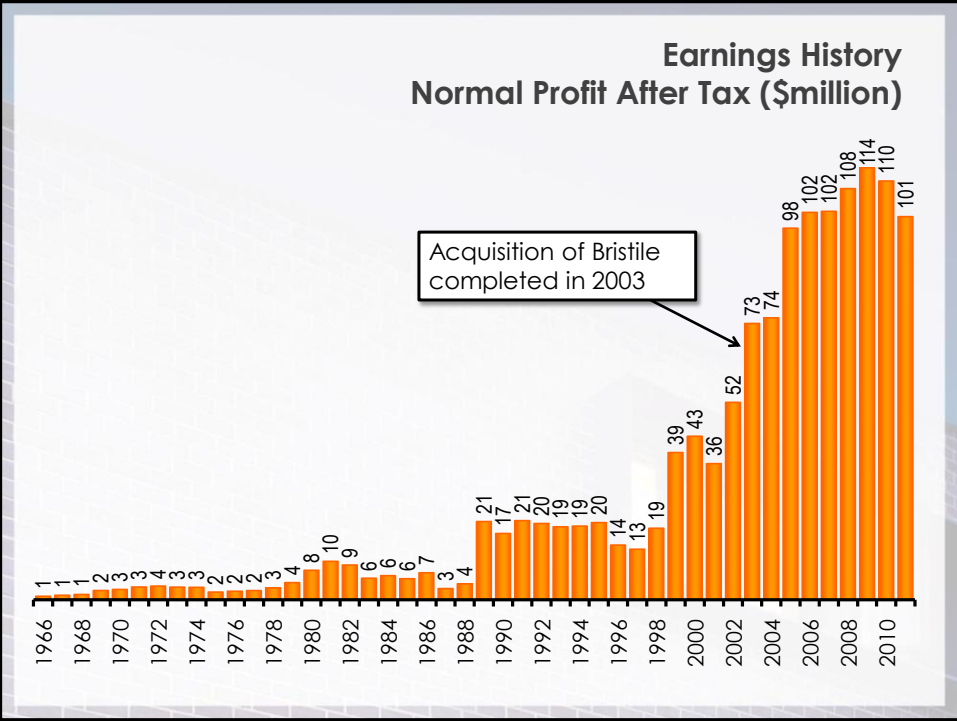
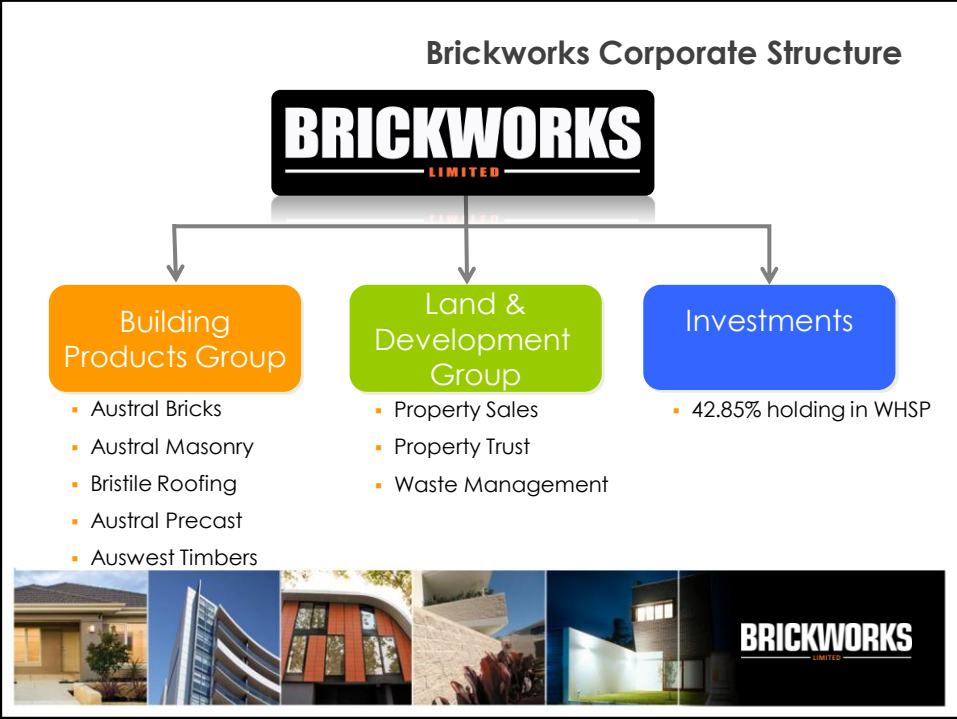
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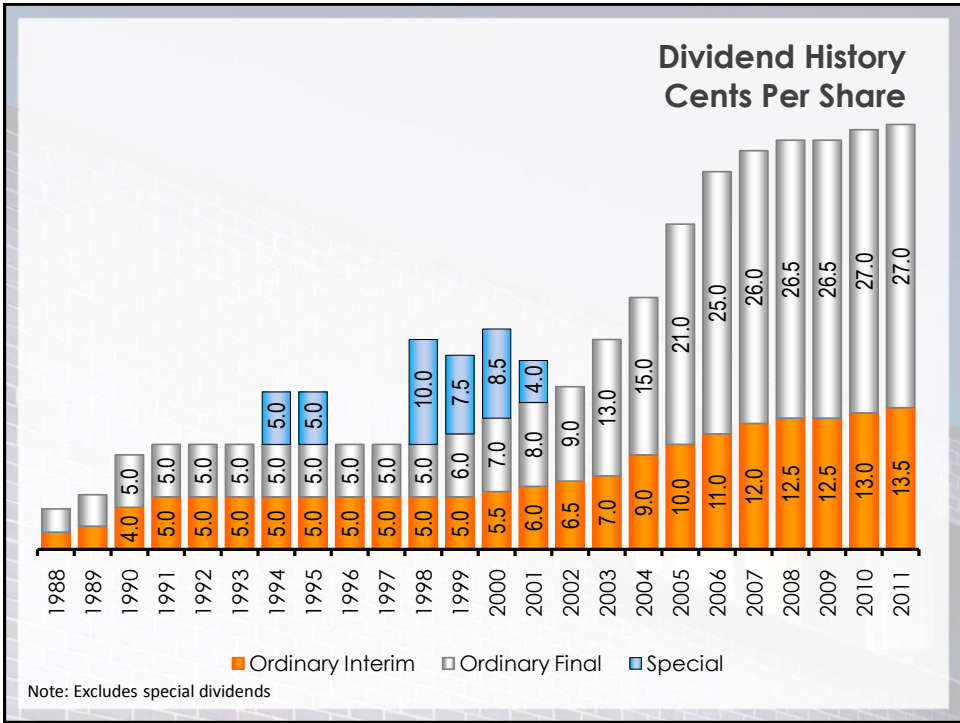


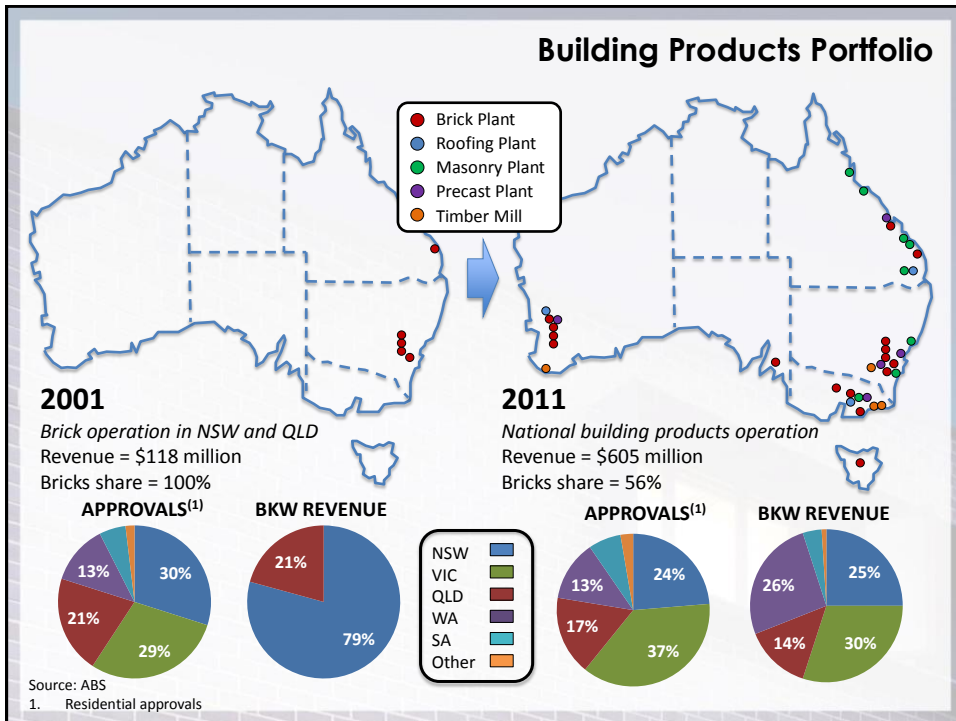
## Brickworks Overview

- Established in 1934
- Listed on ASX in 1961
- Market capitalisation approx. \$1.4 billion
- 9,000 shareholders
- 1,400 employees









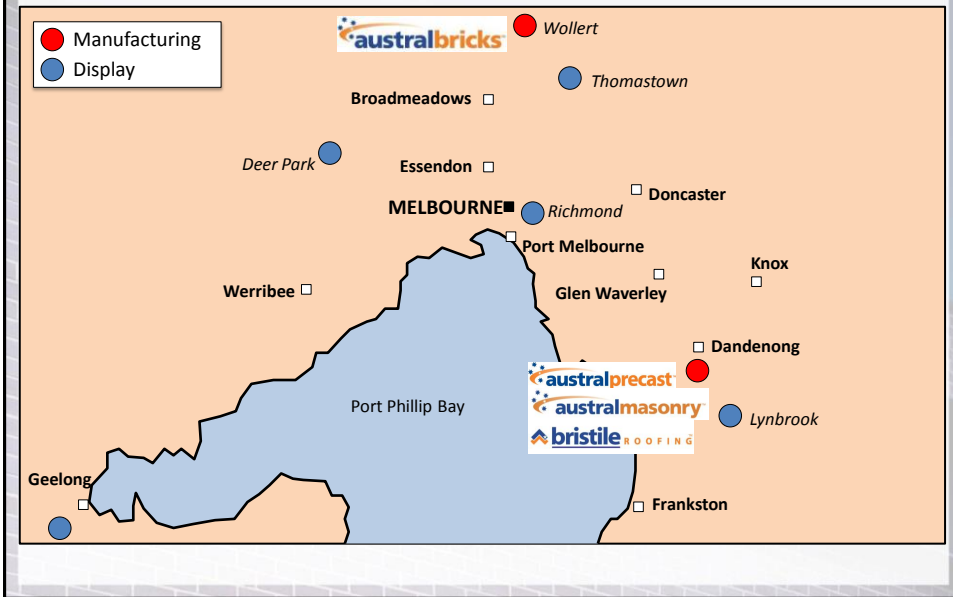
### Building Products Portfolio

BUILDING PRODUCTS DIVISION  
 FY2011 REVENUE, \$604 million  
 Total employees, 1,400

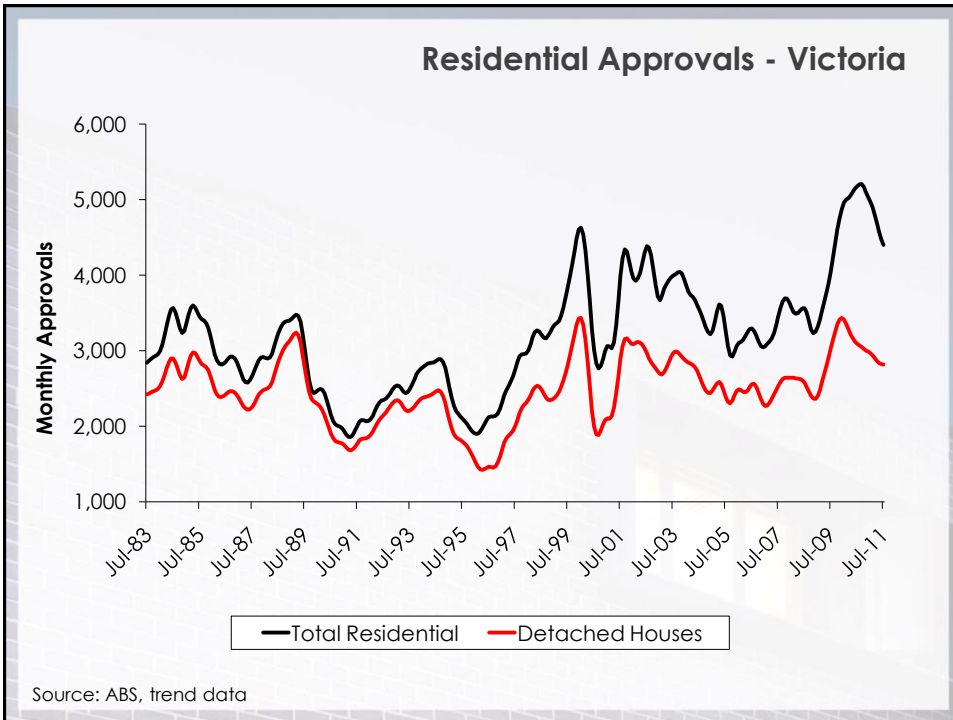
<b>AUSTRAL BRICKS</b>	<ul style="list-style-type: none"> <li>Australia's largest brick manufacturer with strong positions in all regions</li> <li>New Wollert kiln in Victoria lit on 1<sup>st</sup> July</li> </ul>
<b>AUSTRAL MASONRY</b>	<ul style="list-style-type: none"> <li>Rapidly grown through acquisition since 2006 to be Australia's third largest player</li> </ul>
<b>BRISTILE ROOFING</b>	<ul style="list-style-type: none"> <li>Concrete roofline plants in Queensland and Victoria and terracotta plant in Western Australia</li> </ul>
<b>AUSTRAL PRECAST</b>	<ul style="list-style-type: none"> <li>Rapid growth through acquisition to become the only national precast supplier</li> <li>High growth market</li> </ul>
<b>AUSWEST TIMBERS</b>	<ul style="list-style-type: none"> <li>Operates three sawmills and two value added facilities with distribution throughout Australia and a number of export markets</li> </ul>

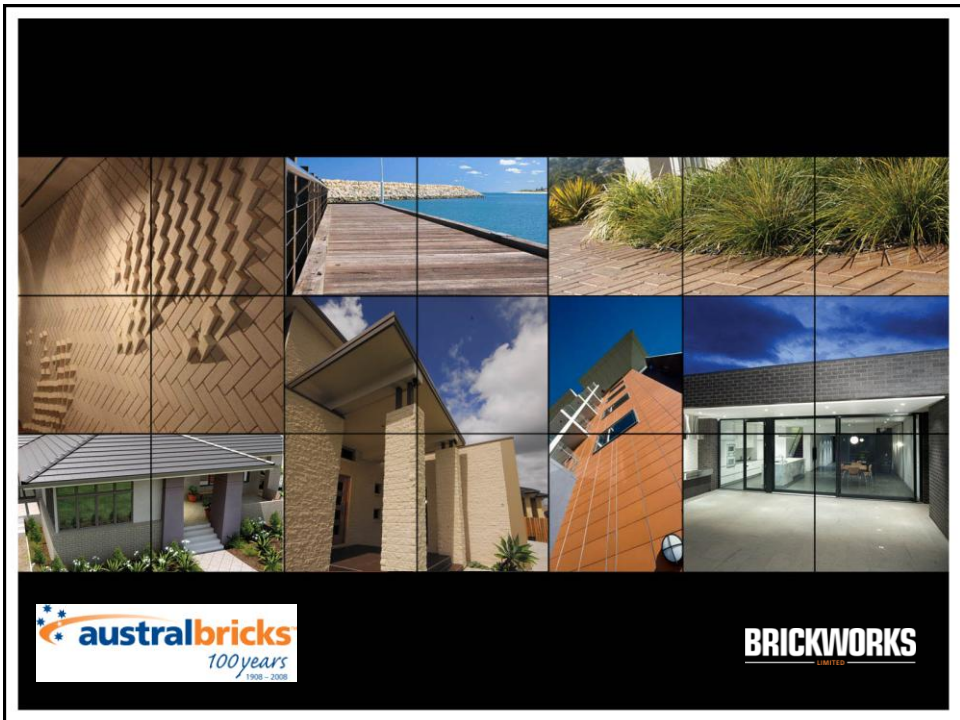
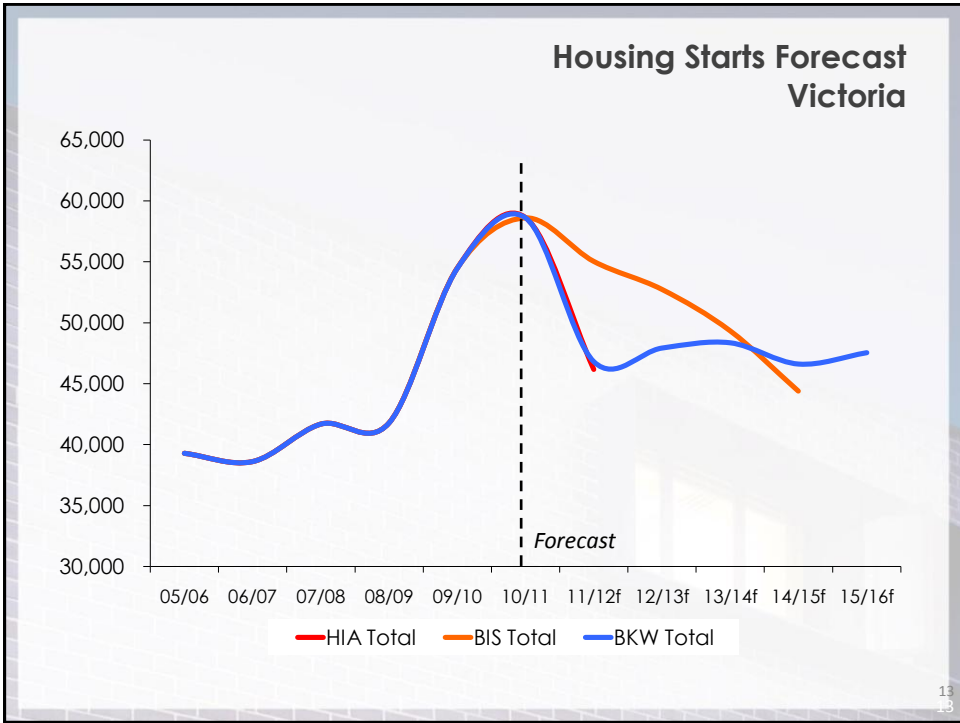
*All divisions have a strong presence in Victoria*

## Map of Melbourne Operations & Displays



## Residential Approvals - Victoria







## Austral Bricks™ Victoria Overview

- Predominantly a face brick market
- Rationalised production footprint
- Victorian plants running at capacity, plus drawing in significant interstate volume
- Volume up, particularly with Majors
- Brick and paver price increase followed by competitors. Constant price increases rather than large one-offs
- Focus on premium differentiated product

## Building Products Strategy

### “To be Australia’s Best Building Products Company”

“Iconic brand with superior and sustainable market position, returns, customer satisfaction and employee engagement”

#### PORTFOLIO STRATEGY

- **Market Diversification:**  
Reduce exposure to the detached house market
- **Geographic Diversification:** balance sales to building activity across Australia
- **Growth:** Invest in Precast to be new earnings driver for Building Products

#### ASSET MANAGEMENT

- “Quarry to end-use” ownership of assets
- **Optimal land usage** (in conjunction with Property division)
- **Optimal capex solutions**
- **Lease when advantageous:** align financing with asset life

#### BUSINESS PERFORMANCE

- **Customer focused:** be the “easiest to do business with”
- **Market leading products and services,** to attract premium prices
- **Operational excellence**
- **Align employees with strategy**

*Earnings stability*

+

*Superior manufacturing and property returns*

+

*High margins*

**= Superior shareholder performance**

## Asset Management Wollert

SCORESBY

**SOLD**



Land sale proceeds = \$117m

CRAIGIEBURN

**PREPARED  
FOR SALE**



Additional land release of  
210ha<sup>1</sup> (Book value \$28m)  
Est. value \$105m

SUMMERHILL /  
WOLLERT



Operational land 278 ha to  
be kept, book value \$15m

2012



WOLLERT

Plant leased<sup>2</sup>: Total project \$130m;  
\$100m leased over 20 year term

Sites / Kilns	3 / 7
Capacity	225m SBE
First quality recovery	75%
Production employees	170
Real capital deployed	\$388 m
Emissions (CO <sub>2</sub> Tonnes)	179,900



1 / 2	
170m SBE	
99%+	
59	
\$129 m	
64,900	

↓ 65%  
↓ 67%  
↓ 64%

Real production cost  
Real return on capital

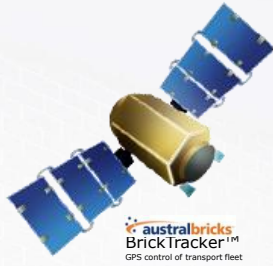
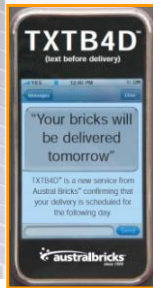
Down 22%  
Above 20%

1. Land available for sale /development at Craigieburn

## Asset Management Wollert



## Business Performance Customer Focused – “Easiest to do Business With”



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## Business Performance Customer Focused – “Easiest to do Business With”

- Display Centres located at:
  - Scoresby replaced by Lynbrook (2009)
  - New displays at Geelong & Ballarat (2010)
  - Thomastown and Deer Park refurbished (2011)
  - Richmond opened in September
  - Albury/Wadonga opening in October
- All displays feature masonry, roof tiles, timber and pre-cast
- Moving displays to high growth areas
- Changing display emphasis into direct sales outlets
  - Cost centre to profit centre

**Business Performance**  
Customer Focused: "Easiest to do business with"



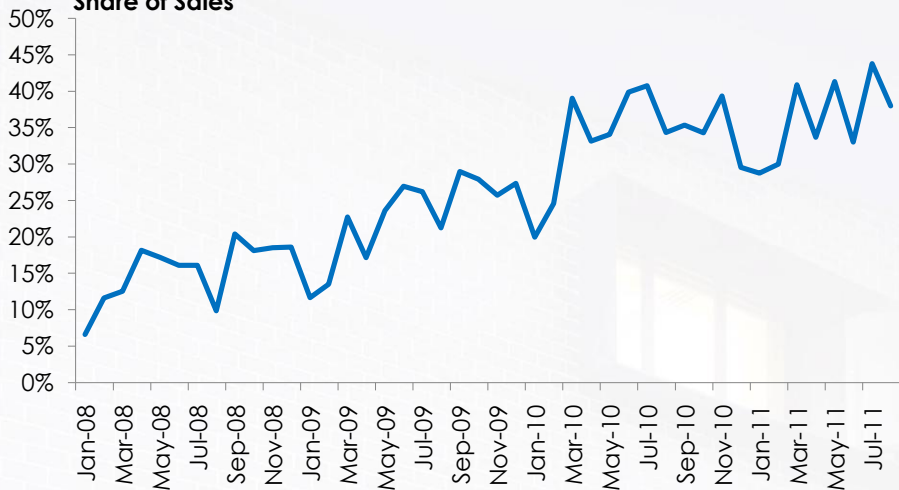
**Richmond, Victoria Design Studio**

**Business Performance**  
Market Leading Products and Services



## Business Performance Market Leading Products and Services

**AUSTRAL BRICKS VICTORIA  
PRODUCTS LESS THAN FOUR YEARS OLD  
Share of Sales**



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**australprecast**

**BRICKWORKS**



### **Austral Precast™ Victoria Overview**

- Austral Precast operations commenced in Victoria in September 2010 as part of the acquisition of Giroto from Boral
- Manual plant located in Dandenong, producing walling and flooring panels
- Investigating automated plant
- Services the multi-residential, industrial and commercial segments



### **Austral Precast™ Victoria FY2011<sup>(1)</sup>**

- Sales revenue up to \$11.3m (11 months to 31 July 2011)
- Sales volume up to 3,700 panels
- Net average selling price up 9.3%
- Average production cost up 4.2%
- Significant reduction in overhead costs
- Business turnaround from loss maker to solid profitability



### Austral Masonry™ Victoria Overview

- Factory relocated to Dandenong during 2003
- Two Besser 3 Block Machines
- Product mix comprises:
  - Standard Grey Block
  - Premium Coloured Block
  - Concrete Pavers
  - Dry Stack Retaining Walls



## Austral Masonry™ Victoria FY 2011

- Sales Revenue up on prior year
- Sales Volume up on prior year
- Net Average Selling Prices up 4.4%
- Manufacturing costs up 2.2%
- Factory currently running at approximately 75% of installed capacity

## Austral Masonry™ Victoria Future Growth

- Organic growth in market share
- New retaining wall products launched during 2011
  - Heron™
  - Coolum™
- Retail Selling Price increase of 5% implemented during August 2011
- Leveraging off strong customer relationships in sister brick, roofing and precast concrete divisions





### Bristile Roofing™ Victoria Overview

- Major upgrades to factory at Dandenong since 2004
- Strong supply only distributor network
- Specialised roof contracting services to major builders
- Quality concrete roof tiles in six profiles
- Bristile WA terracotta roof tiles in three profiles
- Premium imported Spanish “La Escandella” terracotta roof tiles

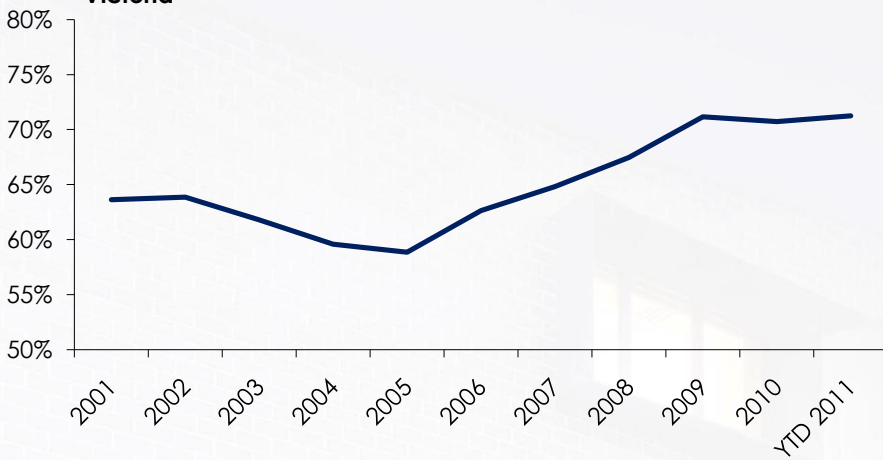


### Bristile Roofing™ Victoria FY2011

- Sales Revenue down
- Sales Volume down
- Average Selling Prices up 4.7%
- Manufacturing Costs up 5.1%
- Factory currently running at near full capacity
- Accessories imported from Queensland

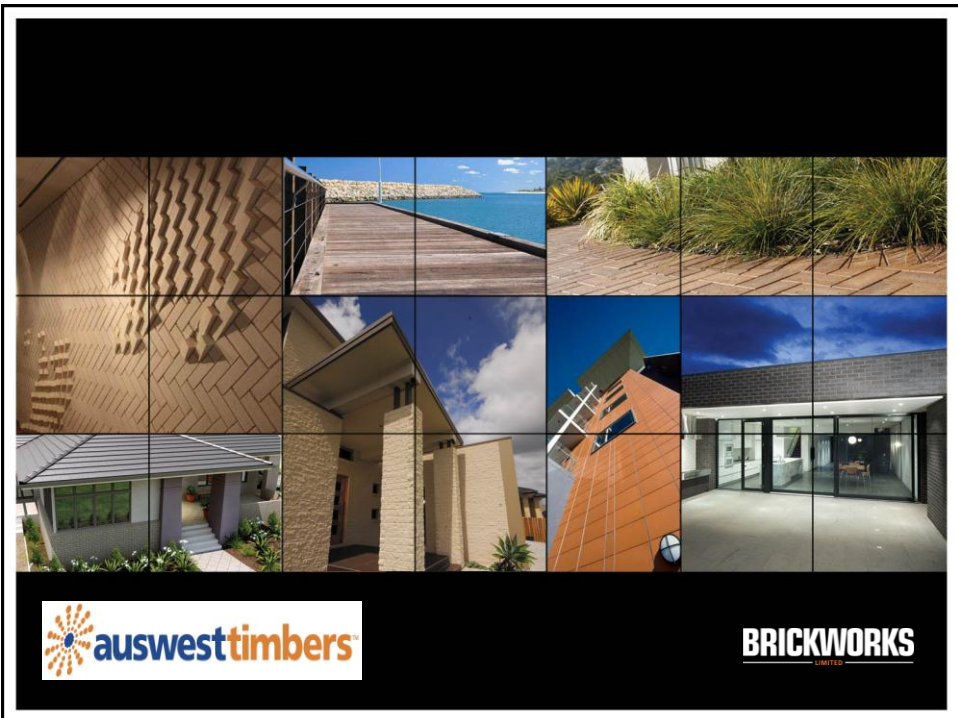
### Bristile Roofing™ Victoria Heavyweight Roofing Share

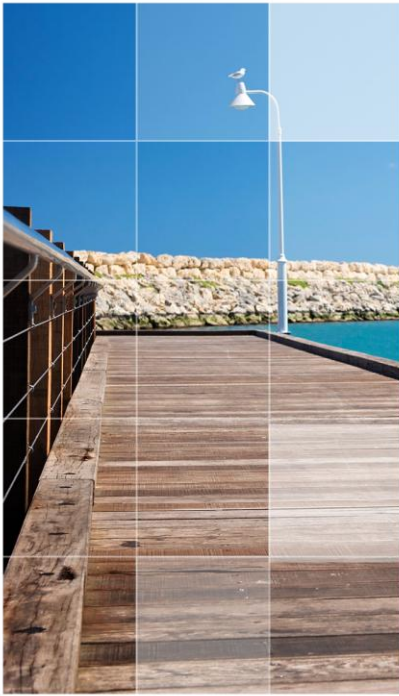
Heavyweight Roofing - % Share of Houses  
Victoria



## Austral Roofing™ Victoria Future Growth

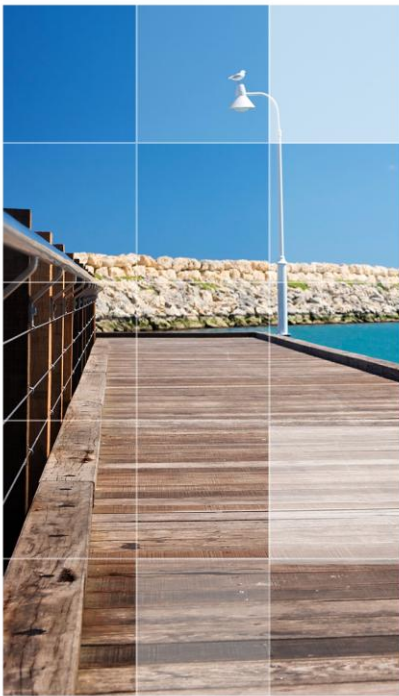
- Growth in market share due to superior quality and service
- New products and colours
  - Prestige flat concrete roof tiles
  - Planum™ and Visum3™ flat terracotta roof tiles
- Selling Price increase from August 2011 or as contracts expire
- Bristile is well positioned to leveraging off strong customer relationships in sister divisions





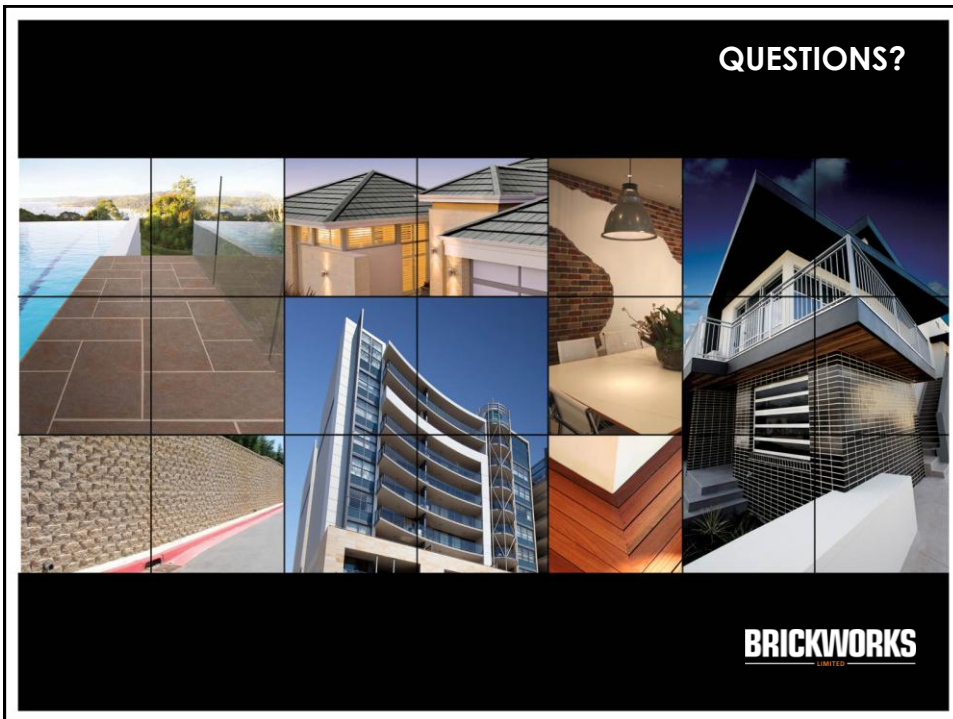
## Auswest Timbers™ Victoria Overview

- Orbost saw mill employs 35 people:
  - Processes mixed species hardwood
  - VicForest log allocation 35,000m<sup>3</sup> p.a. to 2017/18
  - Produces a mix of green structural products and value adding feedstock
- Bairnsdale Processing Centre employs 20 people:
  - Processes green hardwood into high valued kiln dried products
  - Product lines include flooring, decking and furniture timbers
  - Feedstock supplied from Orbost and others
  - Exports to Asia, USA and South Africa



## Auswest Timbers™ Victoria Overview

- Three core market segments:
  - The roof batten business
  - Structural products
  - Value adding business
- Key Sales Platform:
  - Environmental – Australian Forestry Standards – Chain of Custody Certification
  - Unique value adding branding – “Wormy Chestnut”
  - Quality, service and integrity
- Growth Priorities:
  - Build on Asian export success
  - Expand the value adding business



## QUESTIONS?

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