

21 March 2013

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 half year ended 31 January 2013, for immediate release to the market.

Yours faithfully,

BRICKWORKS LIMITED



IAIN THOMPSON

COMPANY SECRETARY

**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

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**RESULTS FOR THE HALF YEAR ENDED  
31 JANUARY 2013**



21 March 2013

**BRICKWORKS**  
LIMITED

**OVERVIEW**

**Mr Robert Millner, Chairman**



**BRICKWORKS**  
LIMITED

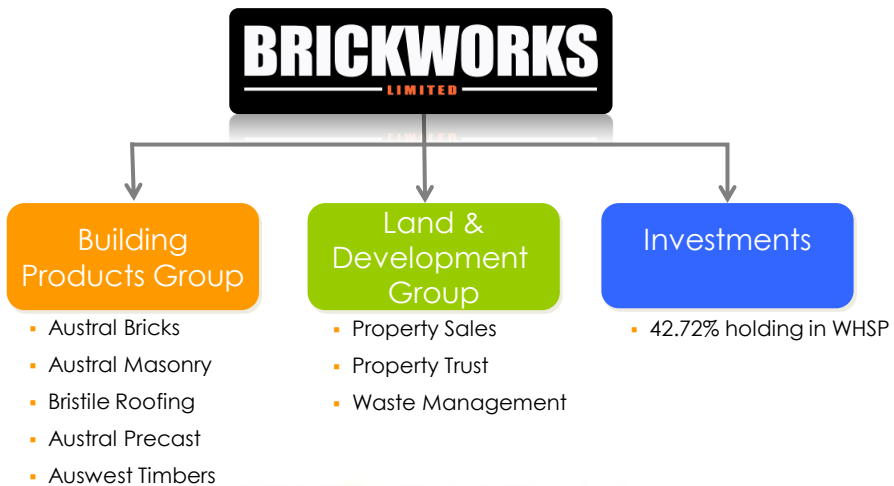


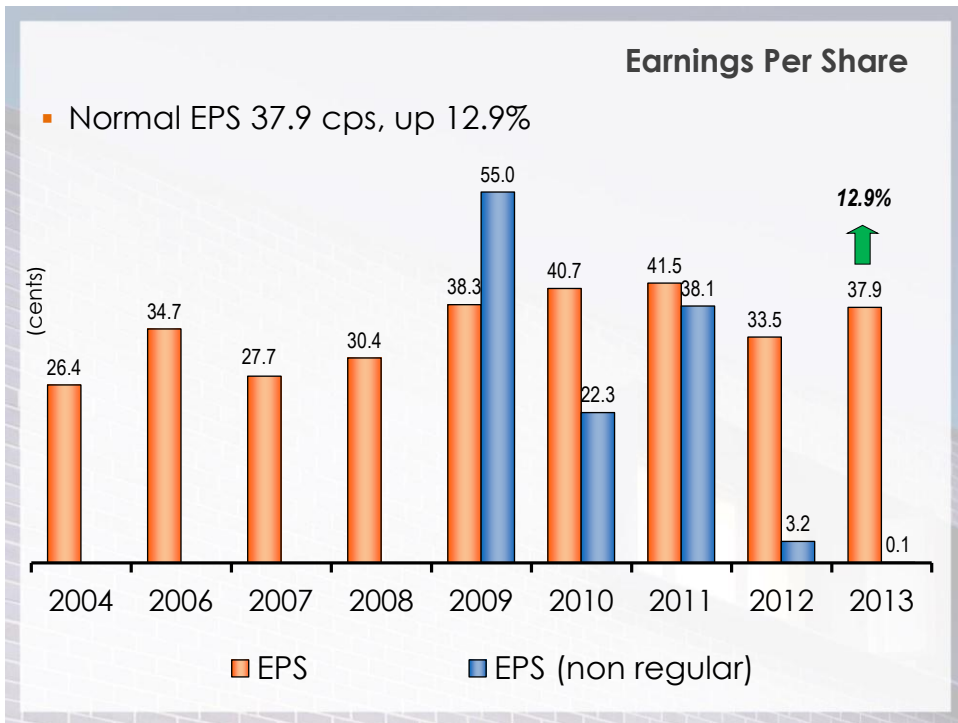
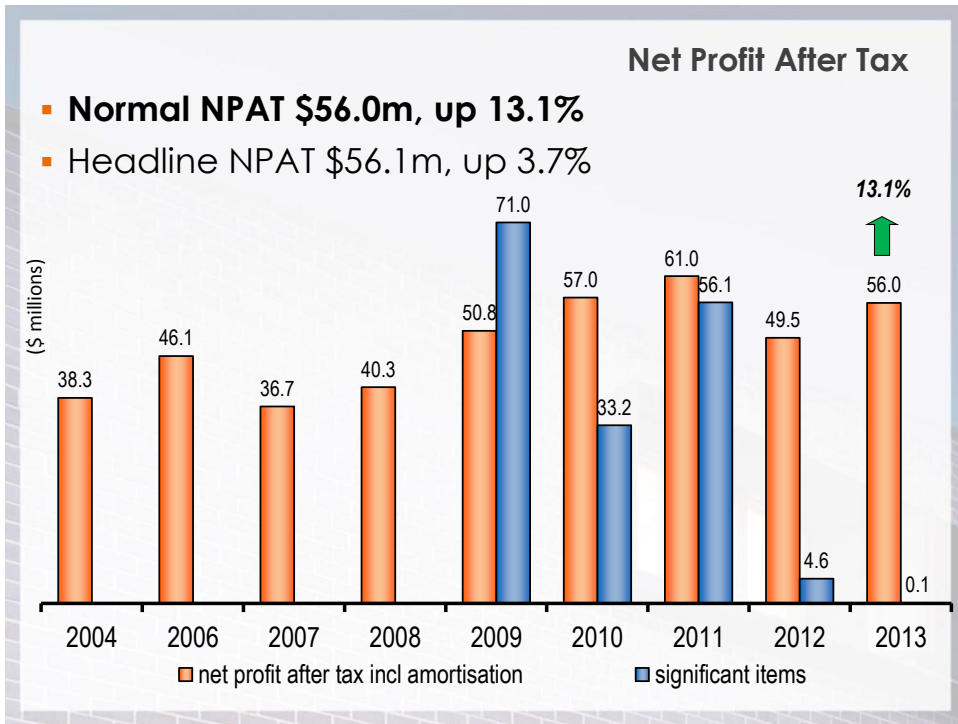
## Presentation Outline

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



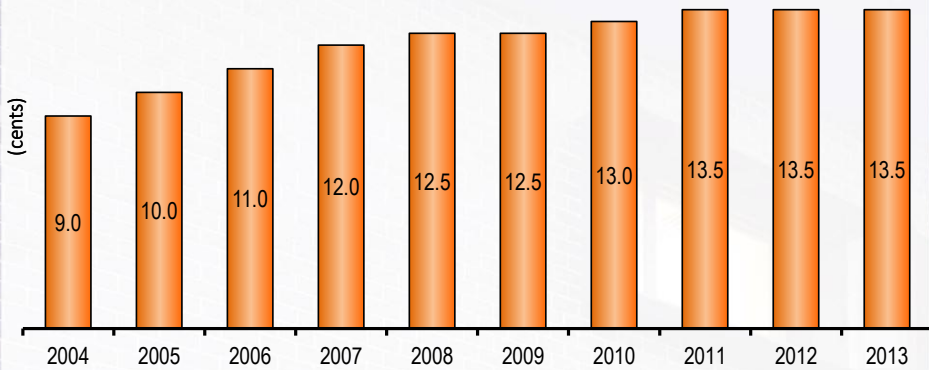
## Brickworks Corporate Structure



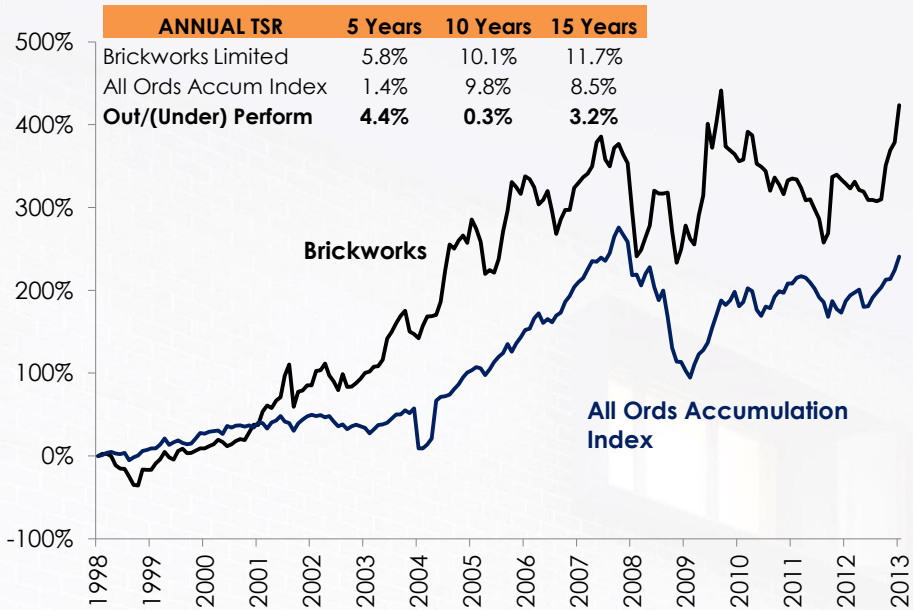


### Interim Fully Franked Dividend

- The interim fully franked dividend steady at 13.5 cents per share



### Total Shareholder Return



## RESULTS IN DETAIL

Mr Lindsay Partridge AM, Managing Director



**BRICKWORKS**  
LIMITED

### Financial Snapshot

	<b>HY2012</b>	<b>HY2013</b>	<b>% Change</b>
Building Products EBIT	\$14.4m	\$14.0m	↓ (2.8)
Land and Development EBIT	\$13.3m	\$37.3m	↑ 180.4
Investments EBIT	\$41.7m	\$28.8m	↓ (30.9)
<b>Total EBIT</b>	<b>\$65.9m</b>	<b>\$76.5m</b>	<b>↑ 16.0</b>
<b>Total EBITDA</b>	<b>\$78.2m</b>	<b>\$89.3m</b>	<b>↑ 14.2</b>
Interest cost	(\$10.8m)	(\$10.5m)	↓ 2.8
Mark to market valuation of swaps	(\$2.8m)	\$0.6m	↑ 121.8
Income tax	(\$2.9m)	(\$10.7m)	↑ (273.4)
<b>Net profit after tax (normal)</b>	<b>\$49.5m</b>	<b>\$56.0m</b>	<b>↑ 13.1</b>
Significant items (after tax)	\$4.6m	\$0.1m	↓ (97.2)
<b>Net profit after tax and sig. items</b>	<b>\$54.1m</b>	<b>\$56.1m</b>	<b>↑ 3.7</b>

### Key Financial Indicators

	FY JUL 2012	HY JAN 2013	% Change
Net tangible assets (NTA) per share	\$9.44	\$9.73	↑ 3.1
Shareholders' equity	\$1,663m	\$1,708m	↑ 2.7
Shareholders' equity per share	\$11.27	\$11.56	↑ 2.6
Return on shareholders equity	2.6%	6.6%	↑ 152.2
Cash flow from operations (HY12)	\$38.0m	\$26.6m	↓ (29.9)
Net debt	\$285.4m	\$303.8m	↑ 6.4
Net debt/capital employed	14.7%	15.1%	↑ 3.1
Interest cover (normal/annualised)	5.2x	6.4x	↑ 23.1

### Capital Expenditure

	HY 2012	HY 2013
S.I.B. plant and equipment	\$6.9m	\$8.1m
Growth capital items	\$8.7m	\$1.4m
<b>Building Products total</b>	<b>\$15.6m</b>	<b>\$9.5m</b>
Depreciation and amortisation	\$12.2m	\$12.8m
Land and Development & rehabilitation	\$0.5m	\$0.2m
Business acquisitions	\$6.0m	-

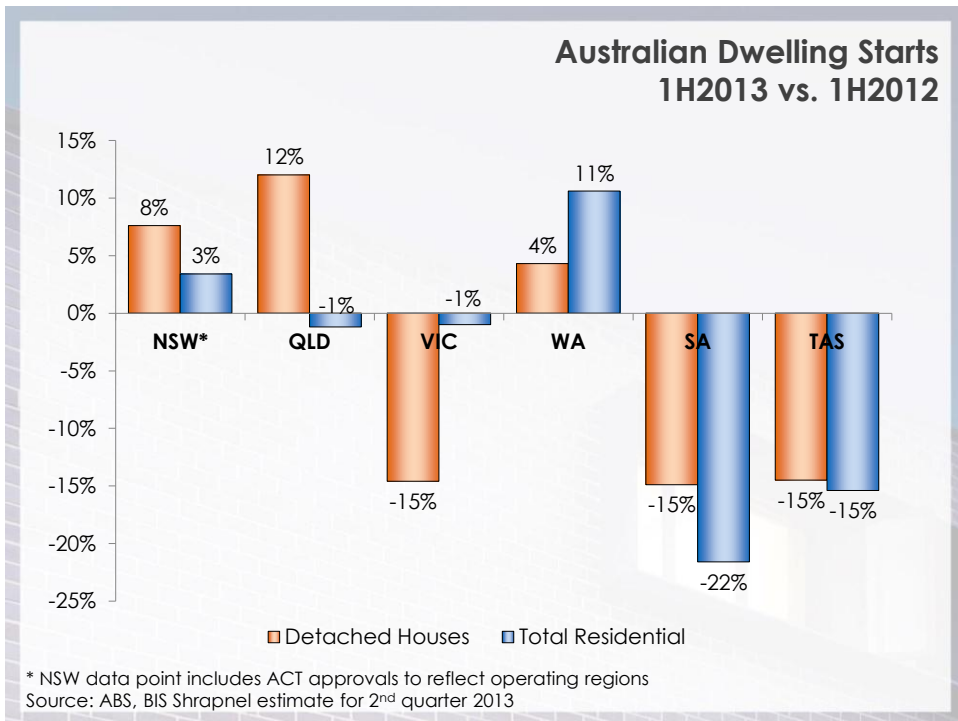
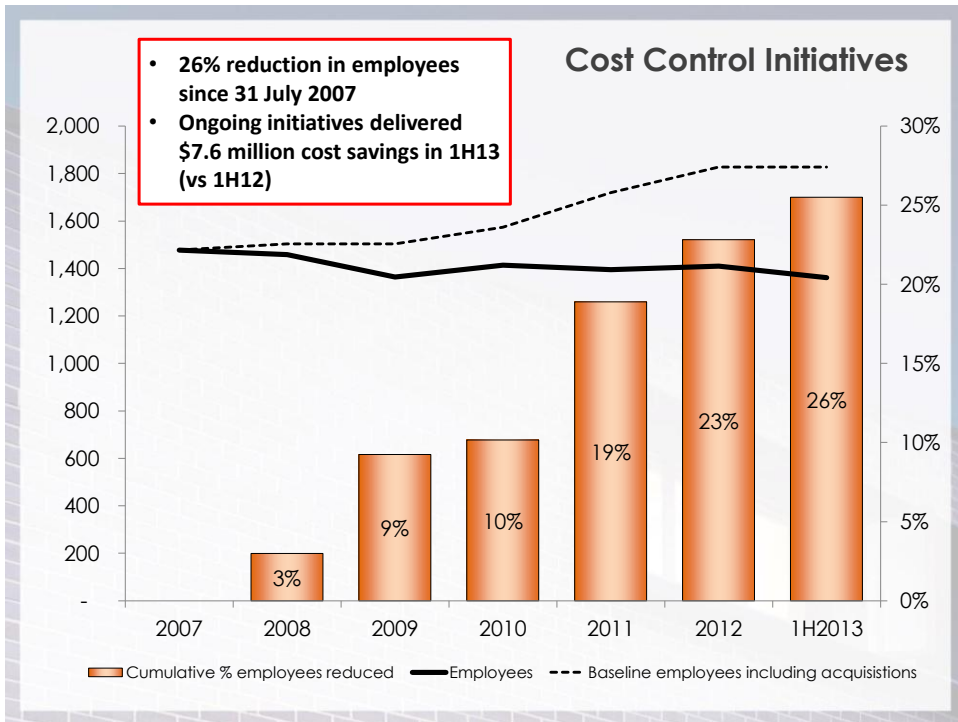


## BUILDING PRODUCTS RESULTS

*Australia's Best Building Products Company*

### Building Products Result

	HY 2012	HY 2013	% Change
Sales revenue	\$268.2m	\$278.7m	3.9
<b>Like for Like sales revenue</b>	\$268.2m	\$272.4m	1.6
EBITDA	\$26.7m	\$26.9m	0.6
Depreciation	\$12.3m	\$12.8m	4.5
<b>EBIT</b>	<b>\$14.4m</b>	<b>\$14.0m</b>	<b>(2.8)</b>
EBITDA to sales	10.0%	9.6%	(3.2)
EBIT to sales	5.4%	5.0%	(6.4)





## Austral Bricks™

- Earnings up 54.1% on the prior period
- Sales revenue of \$144.5 million, up 2.6%
- Margins stronger due to focus on premium products and good pricing outcomes, partially offset by input cost increases, including the Carbon Tax
- Significant improvements in New South Wales and Queensland result, partially offset by Victoria
- Western Australia marginally higher in difficult market

## Austral Bricks Queensland Restructure

### Potential Development of Rochedale



- A restructure of Austral Bricks QLD is underway to release land value and rationalise operations:
  - Closure of Riverview plant in 2012, currently on the market for sale
  - Planned sale of surplus land at Rochedale

	Before	After	Change
Plants / operating kilns <sup>1</sup>	2/2	1/1	
Capacity <sup>1</sup>	105	60	↓ 43%
Employees	87	59	↓ 32%
Real Capital Deployed (\$m)	72.1	30.9	↓ 57%
Land value released (\$m)		41.2	

1. Excludes the second kiln at Rochedale that has been mothballed since 2005

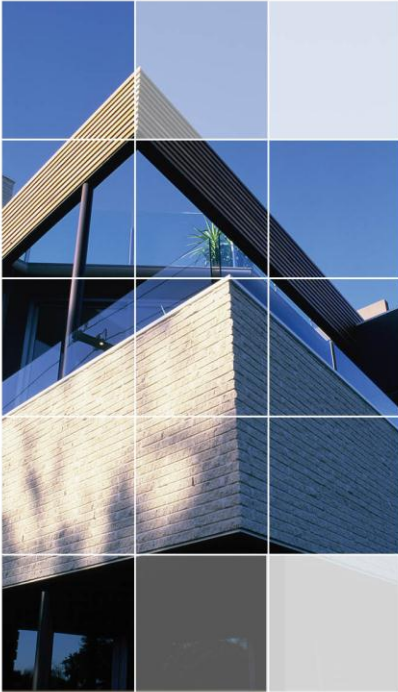
## Gas Supply

- Competitive gas supply contracts on the East Coast at the expiry of current contracts in December 2014 is a major issue.
- Offers of gas supply emerging, however pricing is significantly higher than current rates, already up by 100% over the past five years.
- Gas producers moving to exports
- Brickworks will mitigate the impact of rising gas prices by implementing a range of alternative fuels projects.



## Bristile Roofing™

- Earnings up by 73.1%, despite a decline in volume of 4.2%
- Sales revenue of \$54.3 million, up 7.2%, as a result of excellent pricing outcomes
- Improvements in New South Wales, Queensland and Western Australia, offset by decline in Victoria
- Caversham site closed in Western Australia with transition to imports underway
- Strong sales of premium La Escandella terracotta tiles along East Coast



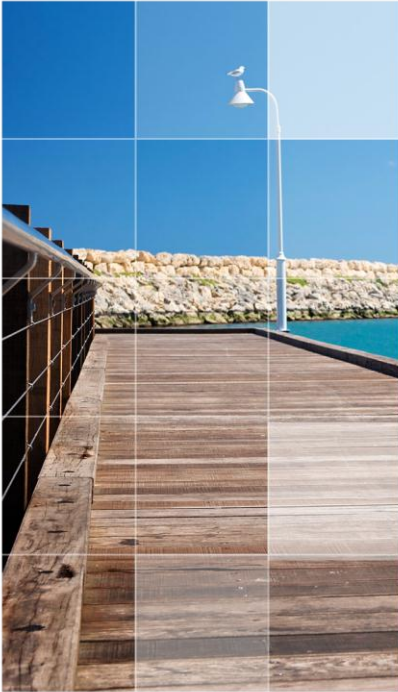
### **Austral Masonry™**

- Earnings in line with prior period
- Sales Revenue up 5.9%, to \$27.8 million
- Average Selling Prices up 6.5% contributed to an increased margin
- Completed the purchase of the Boral Masonry operation at Prospect in New South Wales on 8<sup>th</sup> February
- Improved paving and retaining wall product range
- Austral Masonry now the 2<sup>nd</sup> largest masonry producer on the East Coast



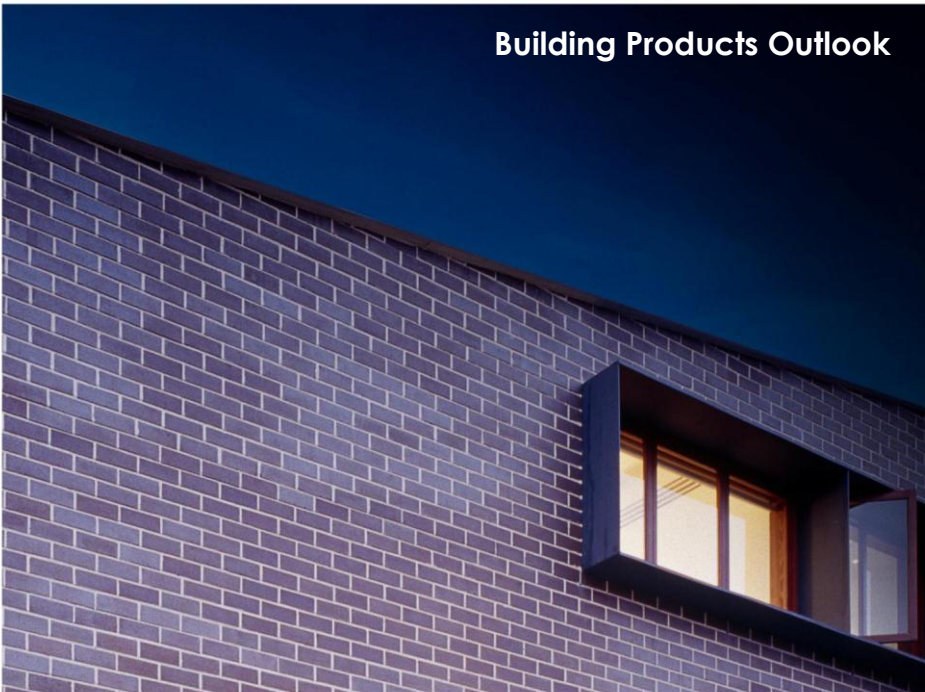
### **Austral Precast™**

- Earnings down on the prior period
- Sales revenue up 5.8% to \$33.4 million
- Flooding at Wetherill Park facility in Sydney
- New batching plant at Wetherill Park now in full production, enabling 24 hour operation
- Consolidation to one site in Sydney and Brisbane
- Western Australia impacted by project related issues



## Auswest Timbers™

- Earnings down on the prior period
- Sales Revenue up 16.6%, to \$33.4 million due inclusion of acquired operations for a full half
- Deanmill fire in August resulted in significant disruptions to Western Australian operations.
- Deanmill expected to re-commence in April
- Log supply uncertainty in Victoria



## Building Products Outlook

## Building Products Outlook

- The recovery in building activity remains patchy
- Detached house building yet to show an improvement
- Anecdotal evidence indicates a strong uplift in activity in New South Wales, Western Australia and South Australia in the fourth quarter
- Significant industry rationalisation will assist
- Additional price rises planned
- Strong competitive position
- Mild improvement in second half result is anticipated



### Land & Development EBIT

\$ millions	1H 2012	1H 2013	% Change
Property Trust	12.8	15.0	17.2%
Land Sales	-	23.4	
Waste	1.3	0.4	(69.0%)
Property Admin <sup>(1)</sup>	(0.8)	(1.6)	(100%)
<b>Total</b>	<b>13.3</b>	<b>37.3</b>	<b>180.4%</b>

1. Property administration includes the holding costs of surplus land

### Industrial Property Trust EBIT

\$ millions (BKW share)	1H 2012	1H 2013	% Change
Rent	3.7	5.1	37.8%
Revaluation of established properties	3.8	3.8	-
Revaluation on completion of new properties	4.5	6.1	35.6%
Sales of vacant lots	0.8	-	
<b>Total</b>	<b>12.8</b>	<b>15.0</b>	<b>17.2%</b>

### Industrial Property Trust Value

(\$ millions)	1H 2012	1H 2013	% Change
Leased properties	514.1	603.0	17.3%
Land to be developed	137.0	234.3	71%
<b>Total</b>	<b>651.1</b>	<b>837.3</b>	<b>28.6%</b>
Less borrowings	286.4	332.5	16.1%
Net trust assets (100%)	364.7	504.8	38.4%
<b>Brickworks equity (50%)</b>	<b>182.4</b>	<b>252.4</b>	<b>38.4%</b>
<b>Return</b>	<b>13.0%</b>	<b>13.0%*</b>	

\* Annualised 1H2013

### 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	\$140m	\$0.6m	43,070	\$11.4m	9.8	7.5%
Toll	Eastern Ck	\$35.5m		16,761	\$3.1m	4.6	8.2%
Capicure	Eastern Ck	\$24.0m		16,809	\$2.3m	1.4	8.5%
Southridge	Eastern Ck	\$34.6m		24,357	\$2.9m	2.0	8.5%
Linfox	Erskine Park	\$75.1m	\$2.0m	51,323	\$5.9m	8.8	7.8%
Ubeeco	Erskine Park	\$16.0m		10,865	\$1.3m	6.6	8.0%
Kimberly Clark	Erskine Park	\$60.3m		45,853	\$4.7m	10.4	7.8%
Woolworths	Erskine Park	\$73.0m		52,888	\$5.7m	10.4	7.8%
Wacol	Wacol, QLD	\$11.0m	\$0.7m	10,384	\$1.1m	6.3	8.5%
DHL Transport	Oakdale	\$18.4m		10,390	\$1.5m	8.4	8.3%
DHL J & J	Oakdale	\$36.8m	\$1.5m	26,161	\$2.8m	8.7	7.8%
Reedy Creek	Eastern Ck	\$32.8m	\$2.8m	22,959	\$2.7m	2.3	8.0%
Jeminex	Erskine Park	\$45.5m		31,278	\$3.6m	7.9	7.8%
<b>Total (Jan 13)</b>		<b>\$603.0m</b>	<b>\$7.6m</b>	<b>363,098</b>	<b>\$49.0m</b>	<b>6.7</b>	
<i>Total (Jul 12)</i>		<i>\$518.4m</i>	<i>\$10.6m</i>	<i>308,861</i>	<i>\$42.3m</i>	<i>7.6</i>	

## 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>

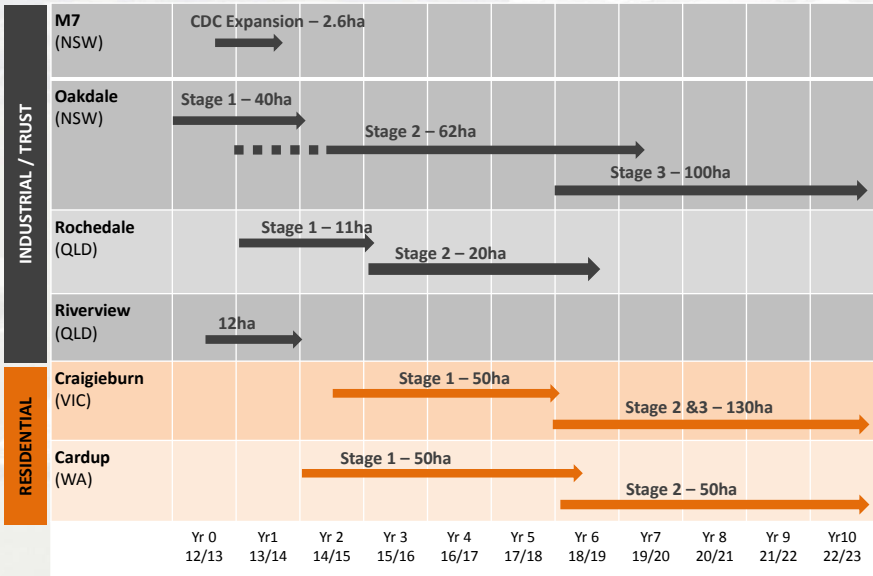
Development Land	Gross Land Area	Development Area	Book Value	Current Value	Potential Value <sup>(2)</sup>
NSW	157ha	100 ha	\$14m	\$20m	\$75m
VIC	332ha	196ha	\$27m	\$27m	\$146m
QLD	169ha	130ha	\$4m	\$22m	\$34m
WA	187ha	90ha	\$5m	\$5m	\$21m
<b>Total</b>	<b>845ha</b>	<b>516ha</b>	<b>\$50m</b>	<b>\$74m</b>	<b>\$276m</b>



- **Operational land unchanged since Jul 12**
- **Development land decreased due primarily to sale of Oakdale into Trust**

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

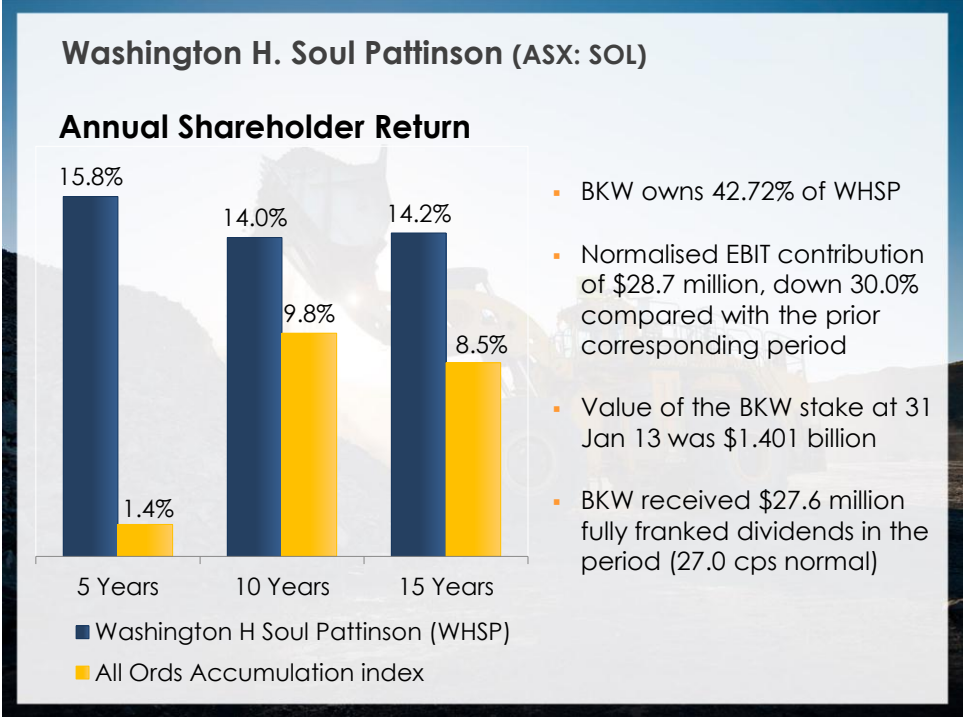
## Property Pipeline



## Land & Development Outlook

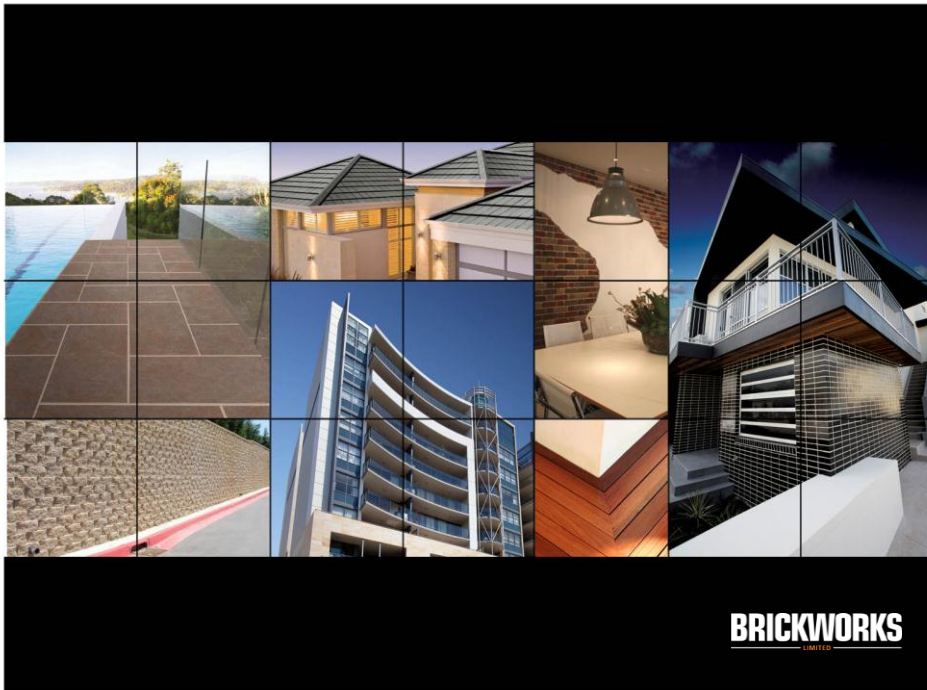
- Demand for new site developments is improving from a weak base across the broader market.
- Rental returns from the Property Trust to increase as development work is completed
- Major land sale for FY13 complete. Work continuing on preparing Riverview and Rochedale for redevelopment/sale.
- Rezoning work continuing on Craigieburn in Victoria and Cardup in Western Australia.





## Brickworks Group Outlook

- Housing activity remains patchy, however anecdotal information suggests that a pick up in some states in the final quarter will support mildly improved earnings from Building Products in the second half
- Property Trust earnings are expected to continue to improve, however there are no significant land sales planned in the second half
- The diversified nature of WHSP's investments is expected to continue to deliver strong performance over the long term



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