

# **BRICKWORKS**

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LIMITED

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24 March 2011

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 2011, for immediate release to the market.

Yours faithfully,  
BRICKWORKS LIMITED



IAIN THOMPSON  
COMPANY SECRETARY

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**BRICKWORKS LIMITED**

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# RESULTS FOR THE HALF YEAR ENDED 31 JANUARY 2011



24 March 2011

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## OVERVIEW

Mr Robert Millner, Chairman



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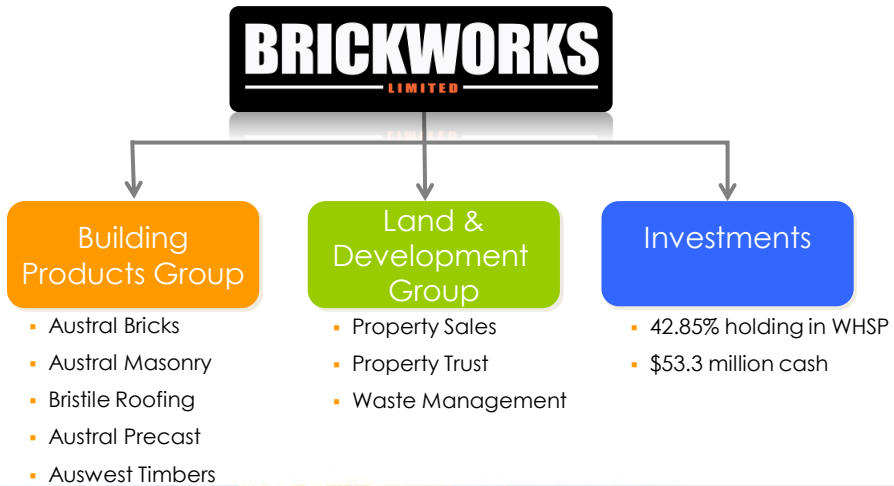


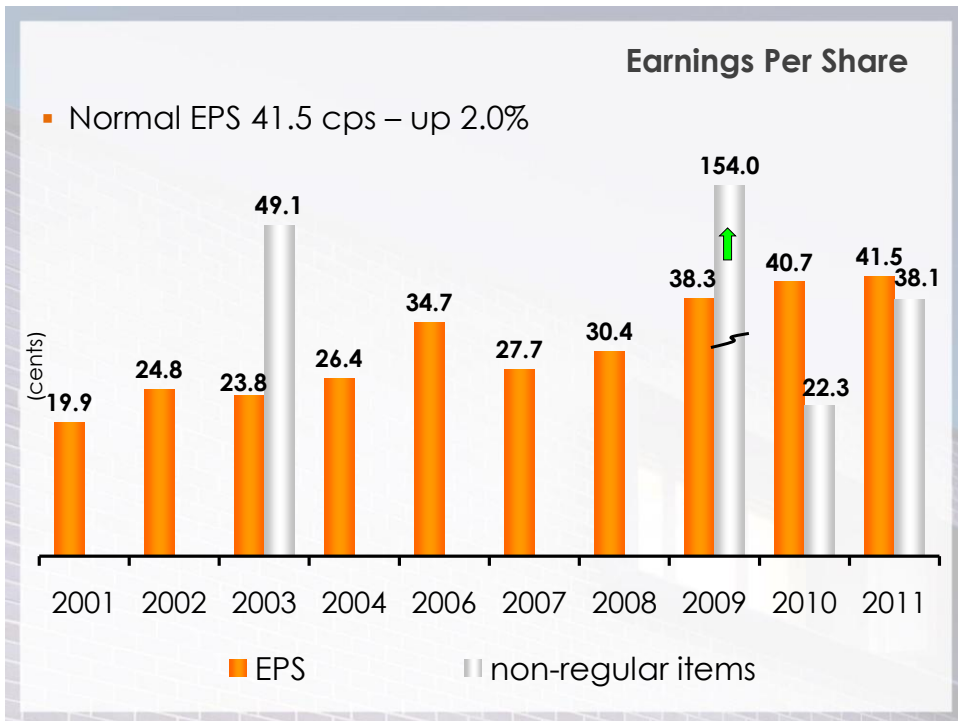
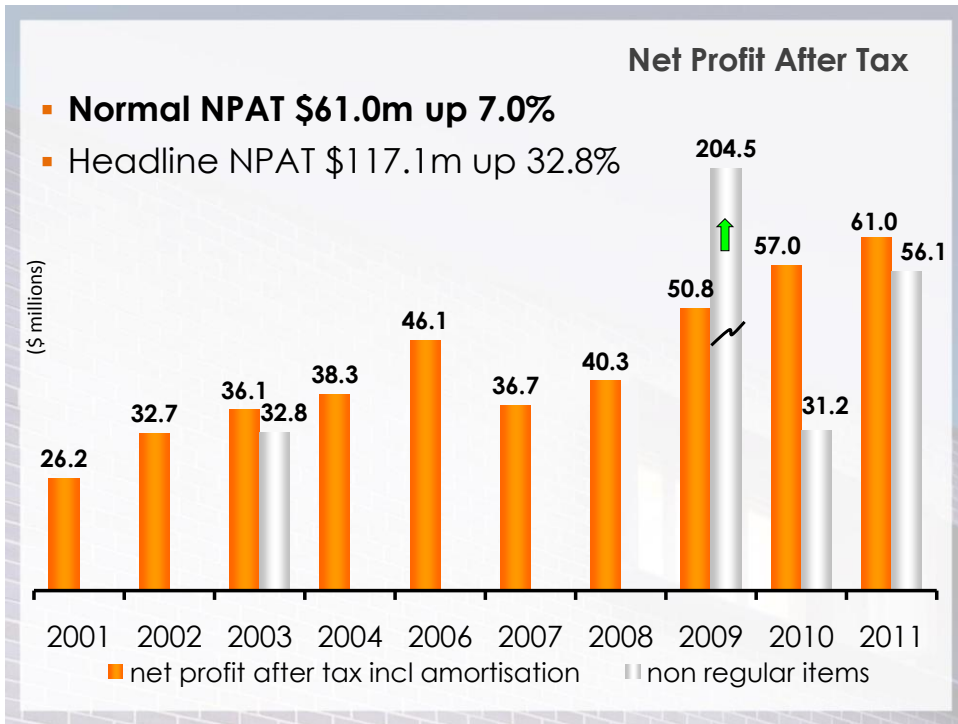
## Presentation Outline

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



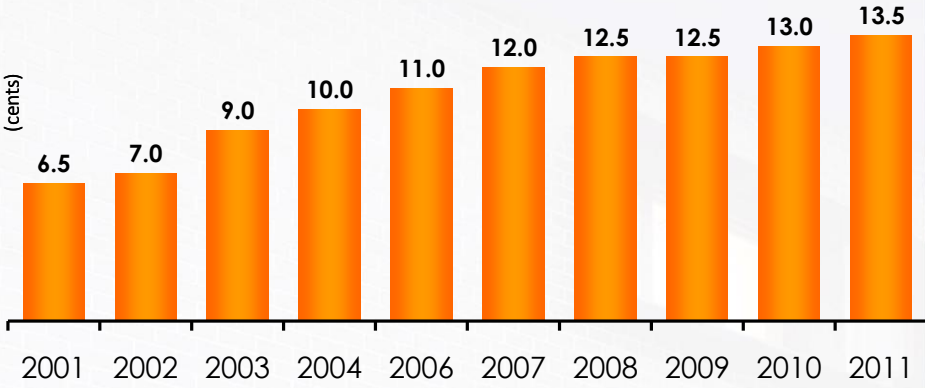
## Brickworks Corporate Structure



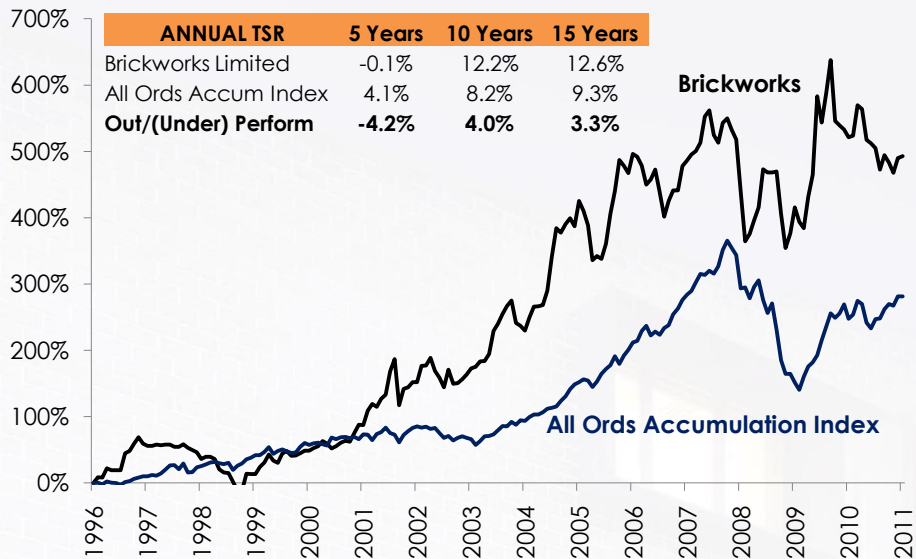


### Interim Fully Franked Dividend

- Interim Dividend increased 3.8% to 13.5 cents per share



### Total Shareholder Return



## RESULTS IN DETAIL

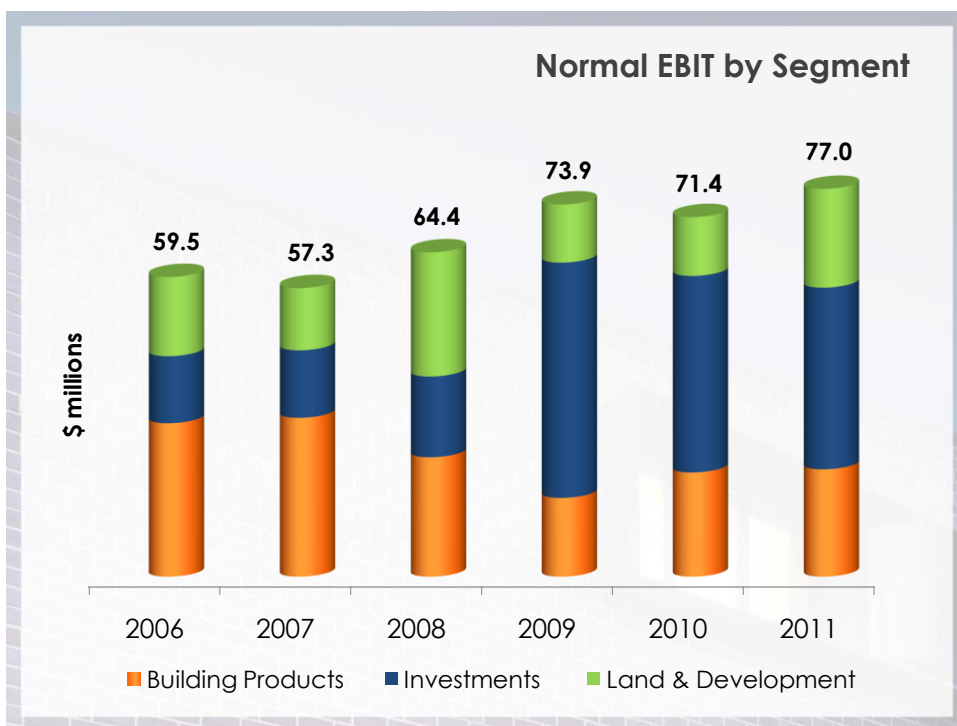
Mr Lindsay Partridge, Managing Director



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## Financial Snapshot

	HY 2010	HY 2011	% Change
Building Products EBIT	\$21.8m	\$22.4m	↑ 2.8
Land and Development EBIT	\$12.3m	\$20.6m	↑ 67.5
Investments EBIT	\$41.1m	\$37.9m	↓ (7.8)
<b>Total EBIT</b>	<b>\$71.4m</b>	<b>\$77.0m</b>	<b>↑ 7.8</b>
Borrowing cost	(\$10.5m)	(\$9.2m)	↓ (12.4)
Income tax	(\$3.9m)	(\$6.8m)	↑ 74.4
<b>Net Profit after Tax (Normal)</b>	<b>\$57.0m</b>	<b>\$61.0m</b>	<b>↑ 7.0</b>
<b>Net Profit after Tax and non-regs</b>	<b>\$88.2m</b>	<b>\$117.1m</b>	<b>↑ 32.8</b>



### Key Financial Indicators

	FY July 2010	HY Jan 2011	% Change
Net Tangible Assets (NTA) per share	\$9.28	\$9.48	2.2
Shareholder's Equity	\$1,650m	\$1,683m	2.0
Shareholder's Equity per share	\$11.21	\$11.41	1.8
Return on Shareholders Equity	8.4%	13.9%	65.5
Net Debt	\$226.6m	\$246.7m	8.9
Net Debt/Capital Employed	12.1%	12.8%	(5.8)
Interest Cover (Normal/Annualised)	5.8x	7.4x	27.6

## Capital Expenditure

	HY 2010	HY 2011
S.I.B. Plant and Equipment	\$6.6m	\$9.2m
Major Capital Items	\$2.6m	\$5.1m
Building Products Capital Expenditure	\$9.2m	\$14.3m
Land and Development & Rehabilitation	\$0.5m	\$7.2m
Depreciation and Amortisation	\$12.8m	\$13.2m
Business Acquisitions	-	\$14.2m



## Capital Expenditure – Wollert Expansion





## BUILDING PRODUCTS

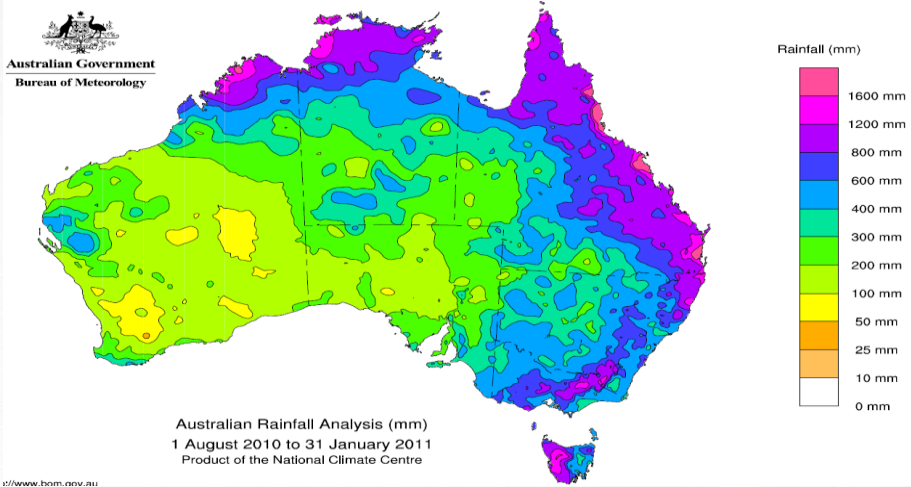
*Australia's Best Building Products Company*



### Building Products Result

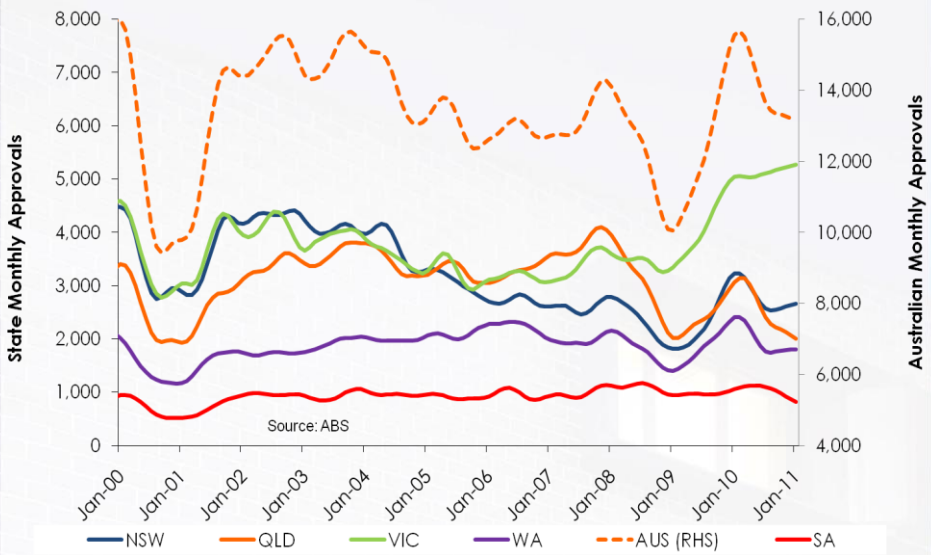
	HY 2010	HY 2011	%Change
Sales revenue	\$263.0m	\$303.5m	15.4
Building Products EBITDA	\$34.6m	\$35.6m	2.9
Consisting of:			
▪ Depreciation	\$12.8m	\$13.2m	3.1
▪ EBIT	\$21.8m	\$22.4m	2.8
Building Products Margin			
▪ EBITDA to sales	13.2%	11.7%	(11.4)
▪ EBIT to sales	8.3%	7.4%	(10.8)

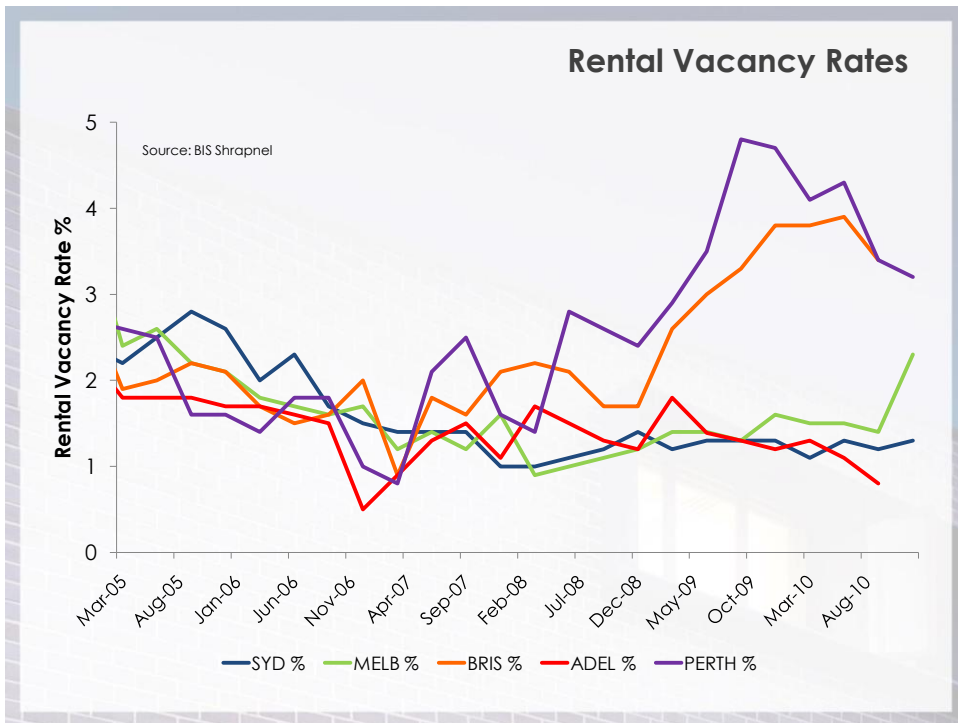
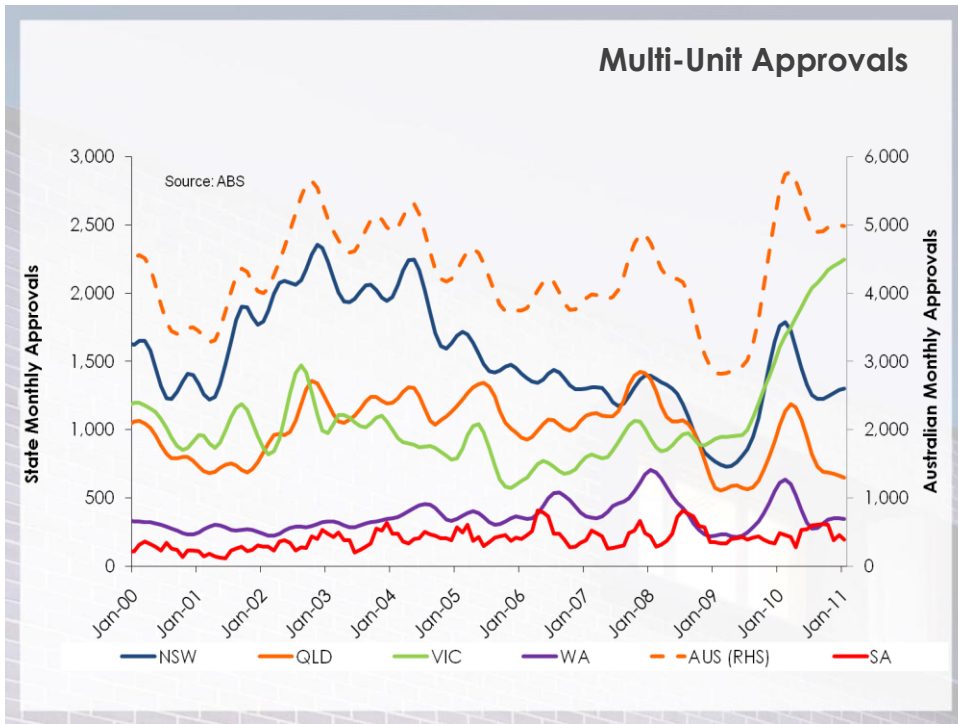
### Extraordinary Weather Conditions



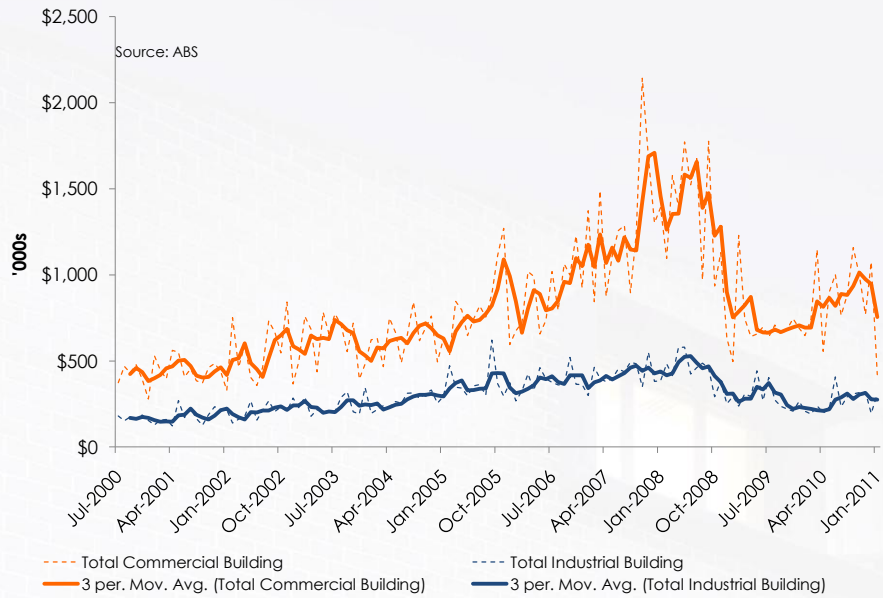
- Impact of extraordinary weather on EBIT estimated to be \$1.7 million

### Australian Residential Dwelling Approvals





## Commercial and Industrial Approvals



## Display and Design Centres





### **Austral Bricks™**

- Sales Volume up 5.5%
- Average Selling Prices up 1.9%
- Manufacturing volumes increased to match demand
- Unit Manufacturing Costs contained despite increase in input costs
- BER and Social Housing Programs winding down



### **Austral Masonry™**

- Sales Volume down 5% excluding Port Kembla acquisition
- Average Selling Prices up 2.6% with greater promotion of premium ranges
- Manufacturing unit costs up 5.9%
- No plants damaged by January floods but significant business interruption
- Acquired East Coast Masonry at Coffs Harbour, NSW in Feb 11 for \$2.5 million



### **Bristle Roofing™**

- Another solid lift in earnings
- Sales Volume on East Coast steady despite impact of weather
- East Coast selling prices up 3.0%
- Production costs up on lower volumes
- West Coast volumes and prices up, leading to improved result



### **Auswest Timbers™**

- Improved result due to increased margins
- Average selling prices increased at twice the rate of production costs
- Sales volume in line with prior period
- Strategy of repositioning the product mix more towards value added products continues

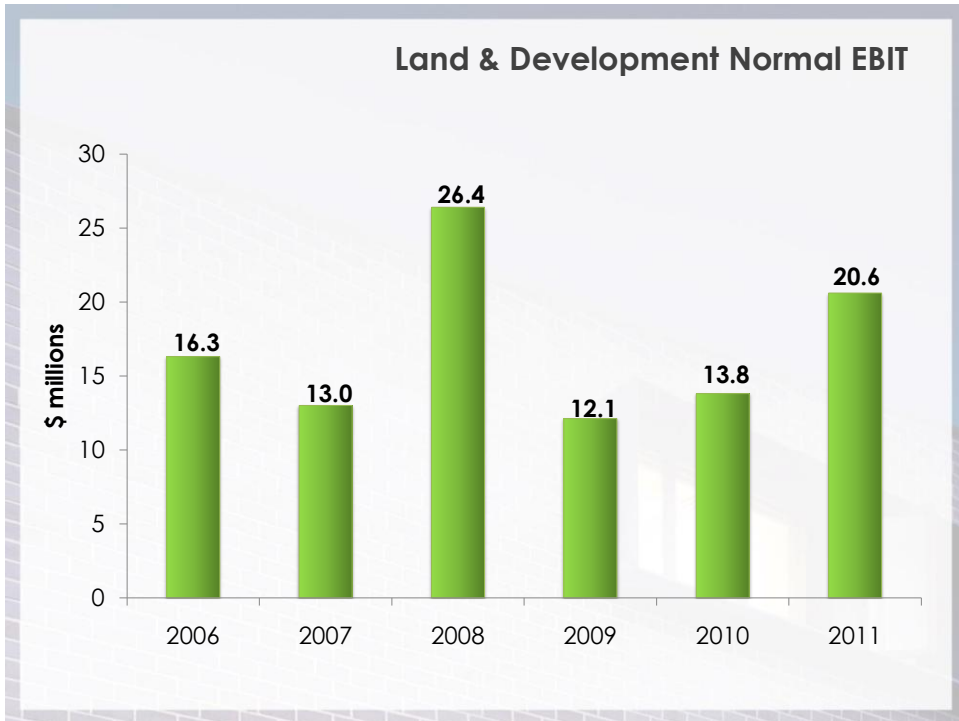


### **Austral Precast™**

- Purchased Giroto/Gocrete for \$13.8 million plus stock in Sep 10
- Only national precast company
- Positive contribution to earnings
- Integration progressing well
- Significant upgrades to automated plant at Wetherill Park, NSW are well underway
- Planning for new automated plant in Victoria is underway

### **Building Products Outlook**

- Dwelling commencements expected to be 150,000 to 155,000 in the coming year
- RBA Monetary Policy could threaten investment in new housing
- Government's proposed carbon tax will damage the housing industry
- Available land supply for development continues to constrain activity in most states
- Anecdotal evidence suggests signs of a sustained recovery in medium to high density segment in NSW
- Commercial and industrial segments are also showing some signs of growth at a national level







- EBIT of \$14.9 million
- Proceeds received include:

TRANSACTION	PROCEEDS
M7 Hub - Hewlett Packard Site	\$18.8m
M7 Hub – Lot 358	\$2.0m
<b>Total Land Sales</b>	<b>\$20.8m</b>

### Land Sales in Detail



### Industrial Property Trust

- Total EBIT of \$5.5 million
- Rental Distribution profit \$3.0 million
- Revaluation profit of \$2.5 million
- Capitalisation rates remain stable at 8.0% to 8.5%
- Construction of two DHL facilities on Oakdale underway and on schedule for delivery second half of calendar 2011

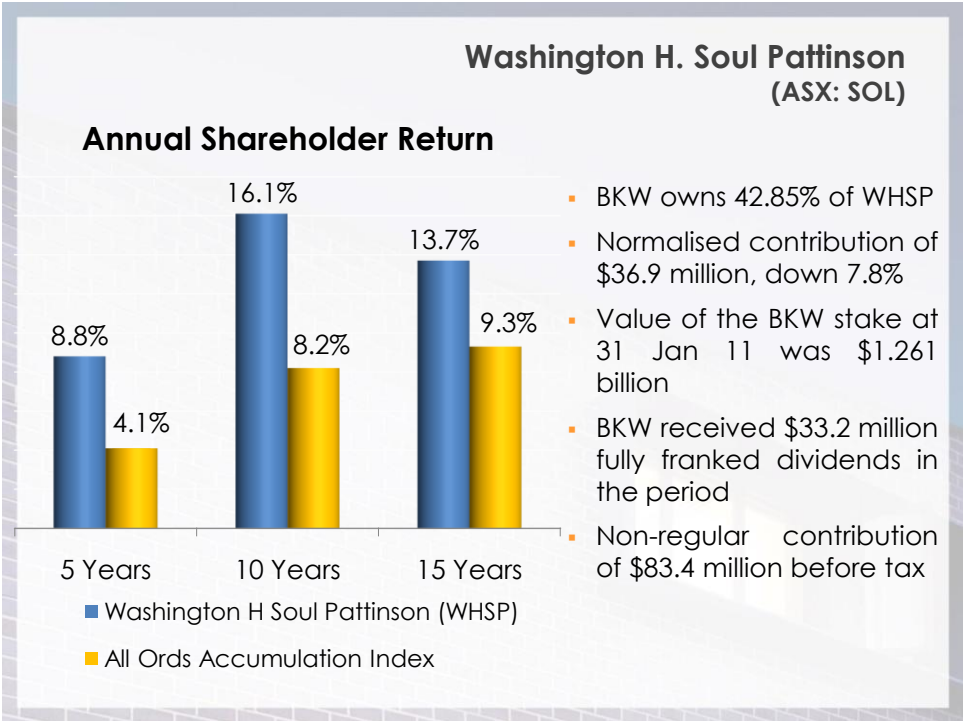
## Industrial Property Trust

(\$ millions)	Jul-10	Jan-11	% Change
Leased Properties	435.3	443.4	1.9%
Land to be developed	165.6	165.6	0.0%
Total	600.9	609.0	1.3%
Less Borrowings	248.9	243.5	(2.2%)
Net Trust Assets (100%)	352.0	365.5	3.8%
<b>Brickworks Equity (50%)</b>	<b>176.0</b>	<b>182.8</b>	<b>3.8%</b>

## Land & Development Outlook

- Improving overall demand but competition is stronger
- Rezoning work continuing on Craigieburn (Residential) with response on future expected by mid 2011
- Rochedale (Industrial) rezoning continuing
- Rental returns stable

**INVESTMENTS**





### Brickworks Group Outlook

- Full year result is expected to be solid with a:
  - Flat result for Building Products
  - Steady earnings from Property
  - Slightly weaker contribution from Investments
  
- Thank you

## QUESTIONS?



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