

BRICKWORKS LIMITED

83rd ANNUAL GENERAL MEETING

28 November 2017



BRICKWORKS
LIMITED

CHAIRMAN:

Good afternoon ladies and gentlemen, my name is Robert Millner and I am Chairman of Brickworks Limited. I would like to welcome all shareholders and visitors to the 83rd annual general meeting of Brickworks Limited.

If you have not yet been issued with a voting, non-voting or visitors registration card, please see the representatives of Computershare at the registration desk just outside the function room.

Opening:

Today's meeting has been convened in accordance with both the Corporations Act and the ASX listing rules. The Company Secretary has advised me that there is a quorum present and I therefore declare the meeting open.

Standing orders:

The standing orders (rules for discussion) will be as follows:

- (i) Questions will only be recognised from shareholders and proxies or attorneys of shareholders.
- (ii) Only those who are registered with an electronic handheld device or those who hold an ORANGE card are entitled to ask questions at today's meeting.
- (iii) Would you please ensure that all mobile phones are turned off.

Introduce directors:

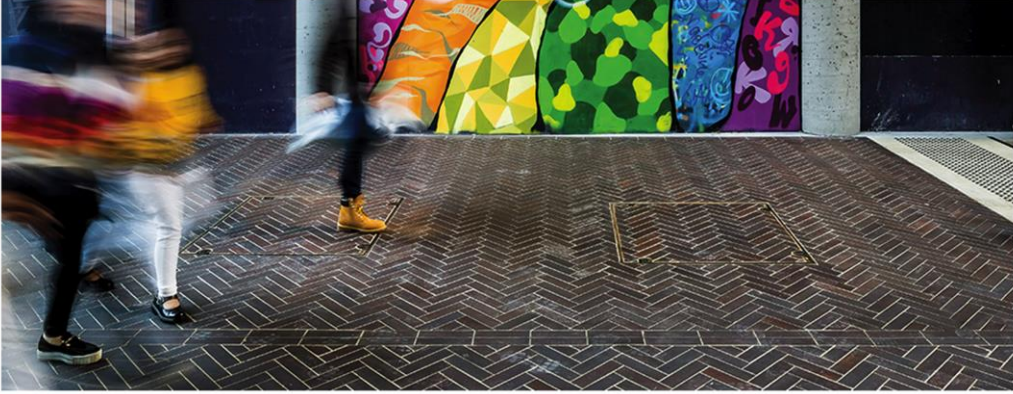
Before we go further with the meeting I would like to introduce those seated before you:

- Ms Susan Leppinus, the General Counsel & Company Secretary;
- Mr Lindsay Partridge, the Managing Director;
- Mr Michael Millner, the Deputy Chairman;
- Mr Robert Webster;
- Mrs Deborah Page;
- Mr Brendan Crotty;
- Mr David Gilham; and
- Mr Robert Bakewell, the Chief Financial Officer.

Also here today is a representative of our external auditors, Mr Anthony Jones of Ernst & Young.

CHAIRMAN'S ADDRESS

Mr Robert Millner

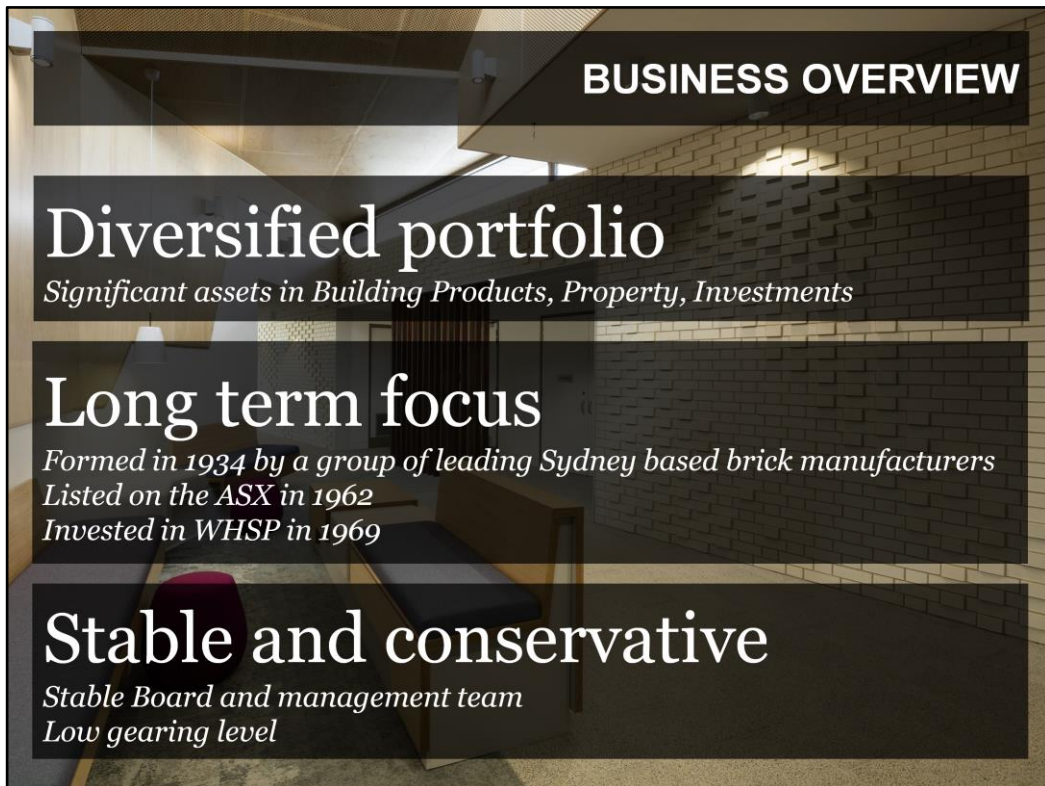


BRICKWORKS
— BUILDING PRODUCTS —

After I have completed my overview, Lindsay will give the Managing Director's Address, including a review of Building Products, Property and Investments.

Following this, shareholders will have the opportunity to ask questions.

We will then proceed to the formal part of the meeting.



Brickworks' has a diversified corporate structure that has provided stability of earnings and steady asset growth over the long term.

There are three main parts to the Brickworks business model, with the company having significant assets in:

- Building Products;
- Property; and
- Investments.

As a diversified business, we are less exposed to market volatility and are well placed to ride out the low points of business cycles.

We take a long-term view of our operations. Brickworks was formed in 1934 by a group of leading Sydney based brick manufacturers and has grown over time to become the largest and most successful brick maker in the country.

Brickworks was listed on the ASX in 1962 and in 1969 made a significant investment in Washington H. Soul Pattinson that remains in place today.

We make investment decisions not for the short term, but across cycles, ensuring we are in the strongest possible position to continue to grow and succeed in the future.

The company is stable and conservative, with a low gearing level, a prudent approach to capital management, and a stable Board and management team.



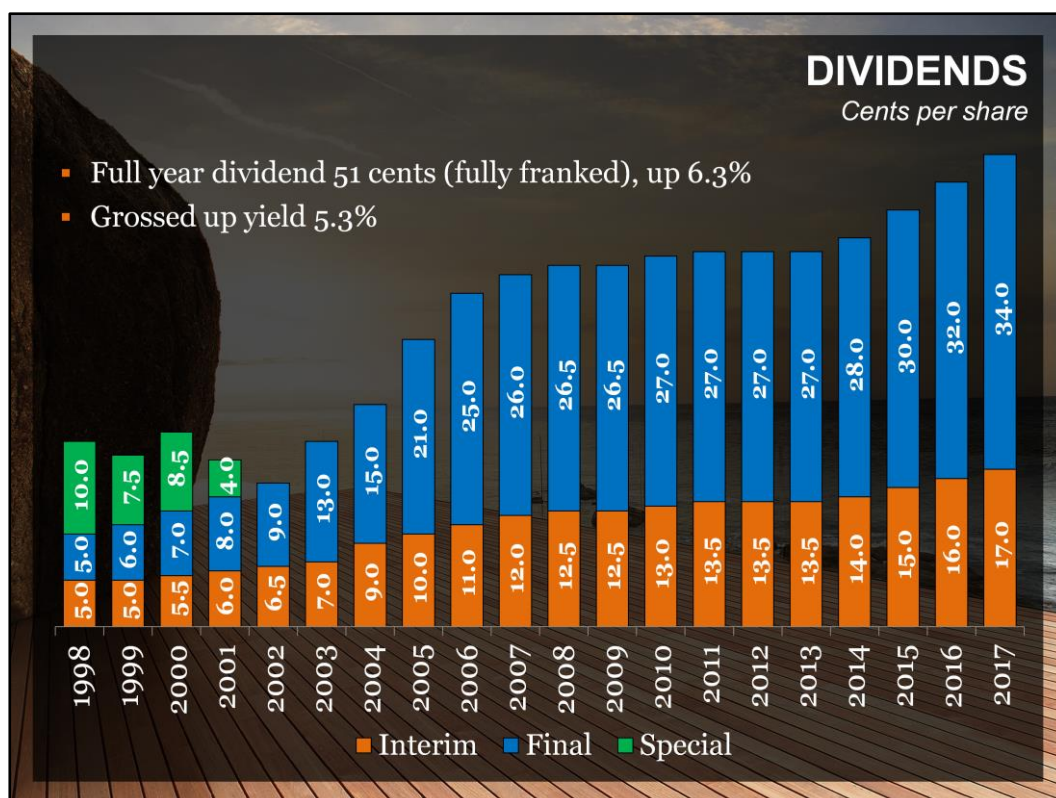
2017 was a great year for your company.

Brickworks underlying EBIT was up 26% on the previous year to \$246 million.

Excluding the impact of significant items, our underlying NPAT was a record \$196 million, up 34%. This translates to normal earnings per share of \$1.32, and marks the fifth consecutive year of growth in underlying NPAT.

Including the impact of significant items, statutory net profit after tax was \$186 million, up 138%.

Net debt was \$293 million at the end of the year, resulting in gearing remaining at a conservative 13%.



A fully franked final dividend of 34 cents per share is payable to shareholders tomorrow. This takes the full year dividend to 51 cents, up by more than 6% on the prior year.

This represents a fully franked dividend yield of around 3.8%, equating to a grossed up yield of over 5%.

We believe this is an attractive return, especially considering our significant property exposure, as against traditional REIT's which largely pay out unfranked dividends to shareholders.

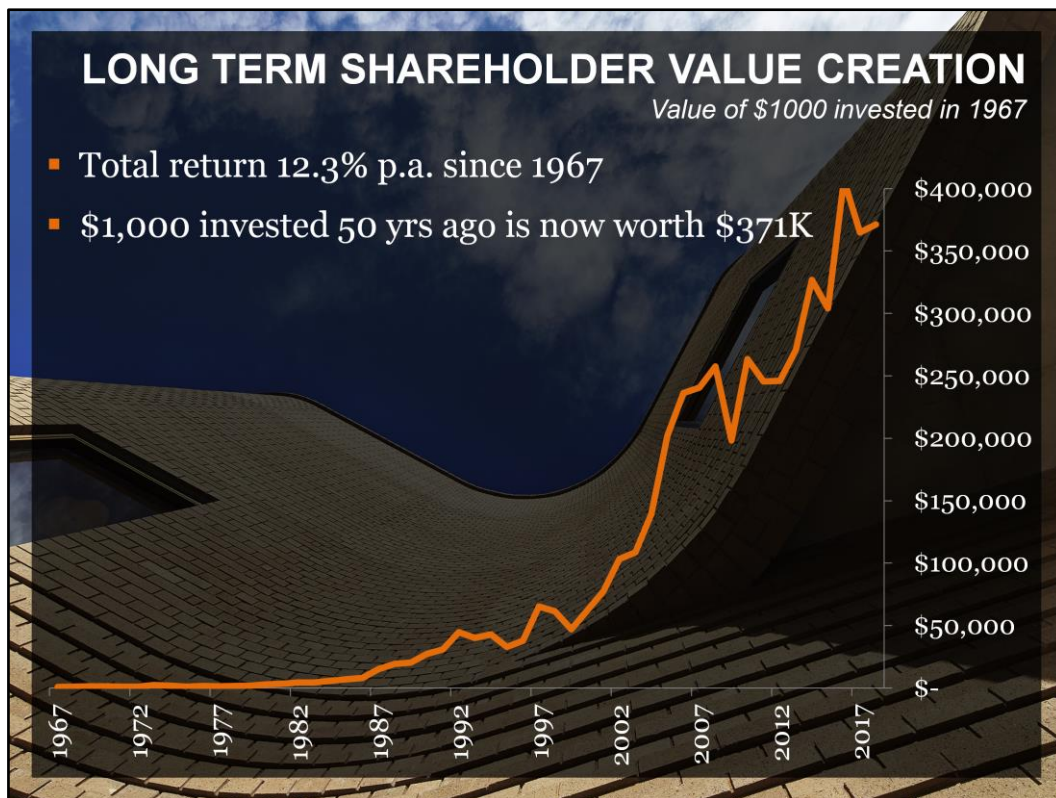
We recognise the importance of dividends to our shareholders and are proud of our strong and stable dividend history. We are one of only 6 current ASX200 companies who have a 20 year history of maintaining or increasing normal dividends to shareholders.

In fact since listing on the ASX in 1962, we have only reduced dividends once, in 1975.



The chart on screen shows average shareholder returns for the 15 year period to 31 July 2017. Over this period average shareholder returns of 8.7% per annum are marginally below the market return of 8.9% per annum. Performance for the year to 31 July 2017 was disappointing, however since that time the share price has rebounded by around 7%.

Although Brickworks earnings have increased significantly over the past 4 years, during this time the Company's major shareholder Perpetual has been selling down Brickworks shares. Between June 2014 and August 2017 Perpetual's holding has decreased by approximately 55% causing share overhang and downward pressure on Brickworks' share price.



Over the past 50 years Brickworks has delivered average shareholder returns of over 12% per annum. This means that \$1,000 invested in Brickworks 50 years ago in 1967 would now be worth around \$370,000 today.

As I mentioned a moment ago, we are confident that we have the right strategy in place to deliver superior long term returns for our shareholders.

In July the Federal Court of Australia overwhelmingly rejected Perpetual's claim that Brickworks engaged in oppressive conduct due to the existence of the cross-shareholding structure with WHSP. Brickworks was awarded costs from Perpetual, agreed at \$2.7 million.

This decision vindicated our firm belief that the existing corporate structure is currently in the best interests of our shareholders.

The Board regularly reviews its capabilities and composition to ensure an optimal mix of skills, knowledge, and experience to safeguard the continued success of the company.

As advised to shareholders at the 2016 Annual General Meeting, Mr David Gilham will not seek re-election at the 2018 Annual General Meeting. As part of our succession plan, the Company will engage external consultants to assist with the appointment of an additional independent non-executive director during the course of the coming year.

The continued strong performance of the company is a credit to our more than 1,500 staff. On behalf of the Board, I would like to thank all our staff and our executive management team for their ongoing efforts and commitment. I would also like to thank my fellow directors and our shareholders for your continued support.

I will now hand over to Lindsay who will provide the Managing Director's address.

MANAGING DIRECTOR'S ADDRESS

Mr Lindsay Partridge



BRICKWORKS
— BUILDING PRODUCTS —

Thank you Chairman. Good afternoon ladies and gentlemen.

It gives me great pleasure to report that Brickworks has delivered another strong financial result in 2017. We have also made significant progress in the implementation of a range of strategic initiatives to position the company for further growth.



The health and safety of our people is our number one priority. During the year our safety performance improved, with fewer injuries being recorded across the organisation. There were four lost time injuries during the year. This translates to 1.3 lost time injuries per 1 million hours worked.

The total reportable injury frequency rate decreased to 17.1.

These injury rates were both at new record lows.

Although this is a very pleasing result, and demonstrates our success in rolling out best practice OH&S standards across our operations, we continued to strive for a workplace free of any injuries.

Building Products	Property	Investments
<ul style="list-style-type: none"> Austral Bricks Bristle Roofing Austral Masonry Austral Precast Auswest Timbers 	<ul style="list-style-type: none"> Development of non operational land 50% share of \$1.4 billion Industrial Property Trust 	<ul style="list-style-type: none"> 42.7% share of WHSP (ASX: SOL, market cap \$4.2 billion)
<ul style="list-style-type: none"> Net tangible assets of \$607 million 	<ul style="list-style-type: none"> Development land + BKW share of net Property Trust assets \$508 million¹ 	<ul style="list-style-type: none"> Market value of BKW share \$1,804 million
<ul style="list-style-type: none"> Total asset backing = \$2.9 billion Market capitalisation = \$2.1 billion 		
<small>The only site currently held for development is at Craigieburn in Victoria, at a book value of \$28 million.</small>		

As the Chairman has mentioned, Brickworks has a diversified portfolio of businesses.

Building Products consists of leading brands such as Austral Bricks, Bristle Roofing, Austral Masonry, Austral Precast and Auswest Timbers.

The Property business exists to maximise the value of land that is surplus to the Building Products business, and includes a 50% share in an Industrial Property Trust with the Goodman Group. At July 2017, total Trust assets were \$1.4 billion.

The 42.7% interest in Washington H. Soul Pattinson, now an ASX200 company with market capitalisation of \$4.2 billion, provides a stable and diversified earnings stream that has provided Brickworks with superior returns and security to weather periods of weaker building products demand.

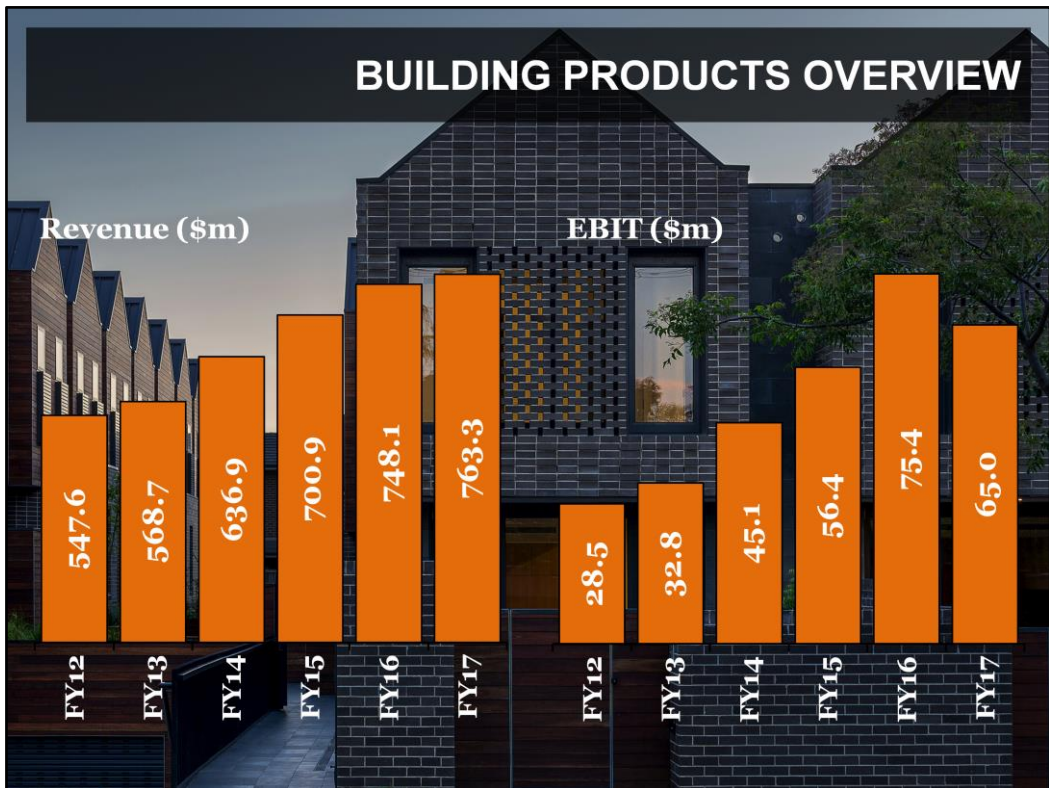
Our strong financial performance during the year again reinforced the benefit of our diversification strategy which has consistently grown net asset value over the long term and helped to deliver solid returns and stability to our shareholders. The company's share price is well supported by the total asset backing of the Group, which is now almost \$3 billion, versus a market capitalisation of around \$2.1 billion.

BUILDING PRODUCTS



BRICKWORKS
— LIMITED —

Looking now at Building Products in more detail.



In 2017, Building Products revenue increased by 2% to a record \$763 million.

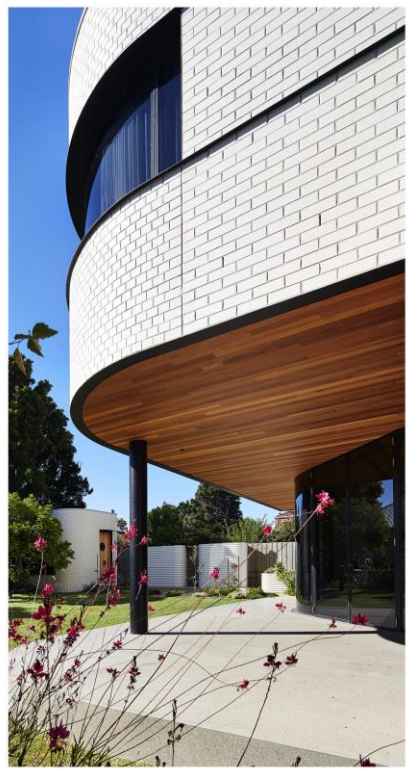
EBIT was \$65 million, with the year being characterised by the stark contrast in conditions between the east and west coast of the country.

On the east coast, elevated levels of construction activity supported increased demand for our products and resulted in higher earnings. The improved earnings on the east coast were achieved despite poor weather conditions during the year, with a number of extended periods of heavy rain, including Cyclone Debbie in March.

It was an extremely challenging 12 months in Western Australia, where residential building starts were down 22%, bringing the two year decline to almost 40%. This resulted in lower sales volume across all operations and earnings from Western Australia decreasing significantly, more than offsetting the gains on the east.



- Australia's largest brick manufacturer
- Leading position in all states
- 11 plants in operation with over 700 million bricks production capacity
- Sales revenue of \$414 million
- Market leading product range
- Premium products delivering major projects and driving higher margins
- WA restructure



Looking now at divisional performance, starting with Austral Bricks.

Austral Bricks commenced operations in 1908 and is Australia's largest clay brick manufacturer with significant market positions in every state.

Austral Bricks has 11 plants currently in operation with a combined production capacity of over 700 million bricks per annum. That is enough for around 70,000 homes.

In financial year 2017, Austral Bricks recorded sales revenue of \$414 million and delivered a 7% increase in earnings, on the back of a strong performance from the major east coast states.

A focus on developing premium and stylish new products, and our close collaboration with architects, has resulted in great success in winning major projects and driving higher margins.

In Western Australia, following upgrades to our Cardup plant, we closed the Malaga plant and mothballed the Armadale plant.

The upgraded Cardup plant and the Bellevue plant provide enough capacity to meet demand for the foreseeable future, with the Armadale plant providing the flexibility to increase production should demand increase.



Over the past 15 years, Brickworks has diversified its portfolio by establishing leading positions in a range of other building products, including Austral Masonry, Bristile Roofing, Austral Precast and Auswest Timbers. Our products are all proven, trusted and well established in the market, and provide important diversification to Brickworks.

Combined, these businesses generated revenue of almost \$350 million in financial year 2017.

Whilst performance on the east coast was improved in most markets, isolated incidents adversely impacted performance in some areas. Project delays in North Queensland caused by Cyclone Debbie had a significant impact on Austral Masonry due to its strong presence in this area.

Earnings in Western Australia were lower, due primarily to the difficult market conditions. Significant restructuring, including plant closures, were undertaken in Auswest Timbers and Bristile Roofing to deliver a lower cost base and increased flexibility to these operations.



We have made good progress on our strategic objectives during the past 12 months. I have already outlined the significant investments and restructuring undertaken in Western Australia. These initiatives support our objective of achieving the lowest cost manufacturing position.

Developing industry leading customer relationships is an ongoing priority for Brickworks. During the year, our capital city design studios hosted hundreds of events, which attracted thousands of customers, architects and other key influencers. This strategy continues to deliver results, including increased penetration of Brickworks' products in several key markets such as high rise and commercial developments.

A great example of our success is the use of our products in a number of iconic and landmark projects including the Australian Embassy project in Bangkok, completed during 2017. Our products also featured in three out of the five winning projects at the Horbury Hunt awards that recognise excellence in the use of building products in design.

Earnings growth is also being delivered through our international partnerships with leading manufacturers, to offer our customers a wider range of unique and premium products. During the year, we entered into a new supply agreement with Italian manufacturer S. Anselmo for a unique range of sandstock bricks. This follows the success of our distribution arrangements for premium La Escandella roof tiles and La Paloma bricks from Spain.

We are also investing to grow in both our core business and in new businesses.



Last week we completed the \$13.5 million purchase of Urbanstone from Schaffer Corporation.

Urbanstone is a market leading manufacturer and distributor of premium paving and masonry block products, with a turnover of around \$20 million. The business has a manufacturing operation based south of Perth, complimented by a national sales and distribution network. It has been established for over 20 years, and during that time has built a strong brand and reputation for high quality and innovative products.

The Urbanstone acquisition is a logical bolt-on to our existing masonry business, providing additional scale and diversifying our product range and geographic exposure.

However most importantly, the acquisition allows us to expand our premium product offering, in line with our strategy to invest in style and product leadership. With our design studios and displays across the country and our relationships with the architectural community, we are excited by the opportunity to introduce the Urbanstone range to our customers, and look forward to growing this already strong business.



We are also pleased to announce the establishment of Southern Cross Cement, a Joint Venture company owned by Brickworks, the Neilsen Group and the Neumann Group. Southern Cross Cement has been granted approval for the construction of a circa \$50 million cement import terminal in Brisbane.

For Brickworks, this project will enhance our quarry to end-use strategy by securing high quality and cost effective raw material supply for our Austral Masonry, Bristle Roofing and Austral Precast businesses.

Investment returns will be underpinned by the competitive cost structure of the facility and shareholder volume throughput. Combined cement demand from the shareholders is in excess of 200,000 tonnes per year.

The terminal is expected to be fully installed and commissioned within 18 months.

1st QUARTER UPDATE AND OUTLOOK

- Favourable weather conditions vs prior corresponding period
- Continued momentum on east coast, and long pipeline of work remains in place
- Western Australia restructure delivering improved performance
- 1st quarter sales revenue up 14% to \$216 million¹
- 1st quarter unaudited EBIT increased to \$22.6 million¹
- Energy cost increase in 2nd half expected to be fully mitigated

1. Unaudited

Turning now to our first quarter trading update and outlook.

The first quarter has been very strong for Building Products, benefitting from improved weather conditions compared to the prior corresponding period.

Momentum on the east coast has continued, particularly in the major markets of New South Wales and Victoria.

Whilst conditions in Western Australia remain difficult, our performance has improved as a result of the restructuring initiatives undertaken last year.

Overall unaudited 1st quarter revenue is up 14% to \$216 million, and unaudited EBIT increased to almost \$23 million.

As previously flagged, new gas and electricity contracts will take effect on the east coast from 1 January 2018. However brick price increases and efficiency improvements have already been implemented to fully offset this additional cost impost in the second half.

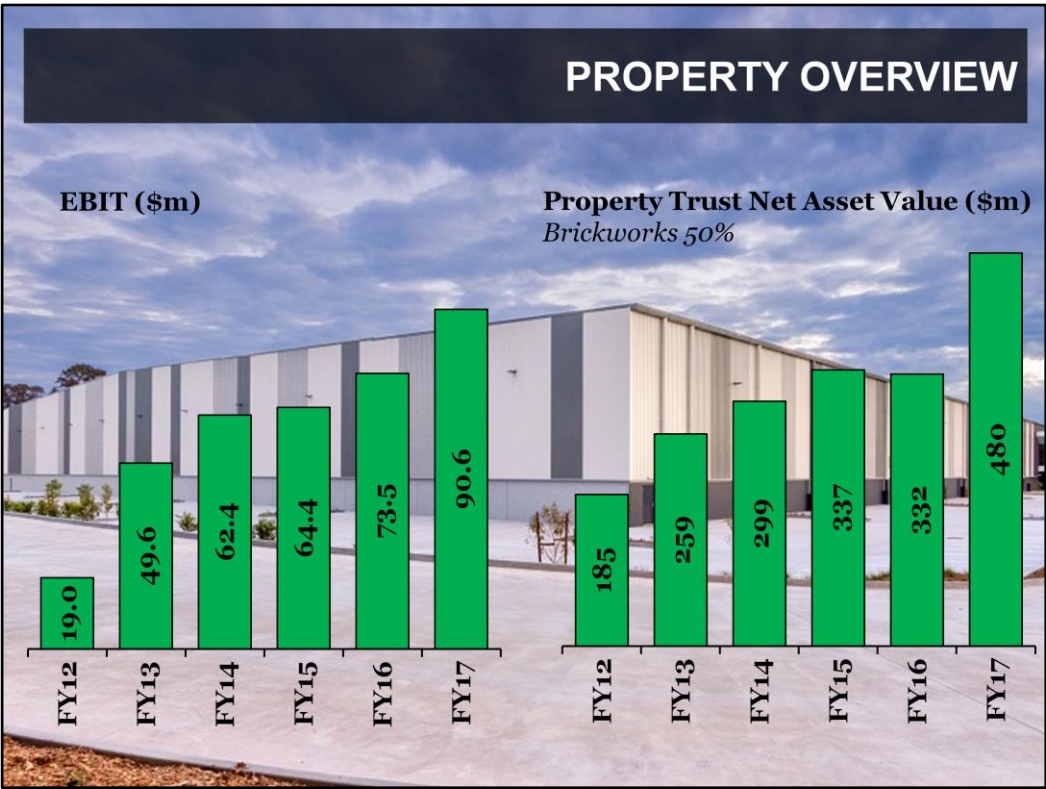
With our strong pipeline of work still in place in the major east coast states, we remain positive about the outlook for Building Products.

PROPERTY



BRICKWORKS
LIMITED

Turning now to Property.



2017 was another incredibly pleasing year, with Property delivering an EBIT of \$91 million and recording a fifth consecutive year of earnings growth.

The sale of Oakdale West was a significant milestone, generating a profit of \$50 million for the Company.

This sale, into our 50/50% Joint Venture Property Trust with the Goodman Group, also secures a strong future development pipeline for the Trust.

The key operational focus during 2017 was the continued development activity within the Property Trust.

We are focused on continuing to build asset value in the Property Trust, and have re-invested cash proceeds received from land sales in recent years to support development activity. This has seen total assets within the Trust increase to \$1.4 billion at the end of the year – a significant achievement given its inception just over 10 years ago.

After taking into account debt, Brickworks share of net asset value was \$480 million at the end of financial year 2017, up \$148 million over 12 months.

PROPERTY GROUP OUTLOOK



Development activity in the Property Trust has continued at pace since July, with 130,000 square metres of new developments to be completed at Oakdale Central in New South Wales and Rochedale in Queensland by April 2018. An aerial photo of progress at the Oakdale Central Estate is shown on the screen.

These developments will continue to drive growth in rent and asset value.

Once completed these developments will contribute an additional \$15 million in gross rent to the Property Trust. After taking into account the Trust gearing level and Brickworks 50% ownership stake, this equates to around \$4 million in net rental income to Brickworks.

In addition, Brickworks share of net Trust assets is expected to increase by around \$50 million during financial year 2018.

Meanwhile, the completion of infrastructure works at Oakdale South in April 2018 will trigger settlement on the sale of 30 hectares of land, delivering \$100 million in gross receipts to the Trust.

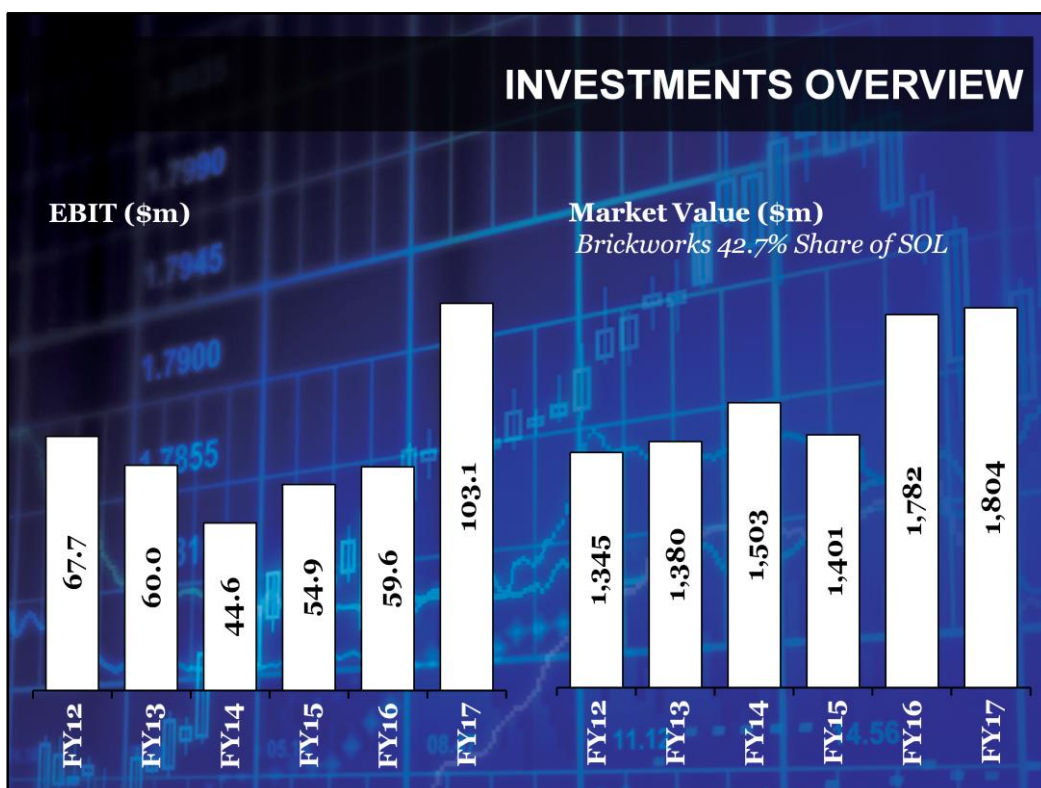
Overall 2018 Property EBIT will depend on the outcome of any additional land sales that continue to be investigated across our portfolio.

INVESTMENTS



BRICKWORKS
— LIMITED —

Looking now at Investments.



Investments consists primarily of a 42.7% stake in WHSP, a core asset of Brickworks that has brought diversity and reliable earnings to the company for more than 40 years.

Our investment in WHSP provides a cash flow stream via dividends that allows long term strategic decision making by sheltering the business during cyclical downturns.

Total EBIT from Investments was up 73% to \$103 million in 2017, bolstered by improved earnings from New Hope Coal and TPG Telecom. In addition cash dividends of \$54 million were received during the year, up almost 4% on the prior period.

The market value of Brickworks investment in WHSP was just over \$1.8 billion at 31st July 2017, up over \$20 million during the year.

The investment in WHSP has delivered outstanding performance over the long term, recording a total shareholder return of 12.8% per annum over the past 15 years, 3.9% ahead of the benchmark All Ordinaries Accumulation Index.

We are confident that WHSP will continue to deliver a stable and growing stream of earnings and dividends over the long term.

THANKYOU



BRICKWORKS
LIMITED

I'd now like to thank our people - the key to our success. I am very proud that at Brickworks we have been able to maintain a stable and highly experienced workforce, and I believe this gives us a competitive edge. I am proud to report that in excess of 700 of our 1,500 staff are shareholders in the company.

I'd like to introduce a number of our executive staff who are here today.

Ms. Megan Kublins	Executive General Manager Land & Development
Mr. David Fitzharris	Group General Manager Sales and Export
Mr. Mark Ellenor	Group General Manager Austral Bricks
Mr. Ross Baxter	General Manager Bristle Roofing
Mr. David Millington	General Manager Austral Masonry
Mr. Andrew Nearhos	General Manager Austral Precast
Mr. Jason Wilson	General Manager Auswest Timbers

In addition we have several other staff members here who have made an outstanding contribution to Brickworks over the year.

I would also like to take this opportunity to thank the Board of Directors for their guidance and support during the year.

Finally I'd like to thank all our shareholders, including those in attendance today for your continued support of Brickworks Limited.

I will now hand back to the Chairman for any questions.

QUESTIONS



BRICKWORKS
LIMITED

CHAIRMAN:

Before we open up for the floor for questions, five questions were received from a shareholder, Mr Robert Johnston, yesterday morning. I will read out and answer each question.

Question 1:

Total shareholder returns have underperformed the All Ords Accumulation Index over 1, 3, 5, 10 and 15 year time periods. That is a long time. The Chairman and Managing Director have each held their positions for an even longer period. Given the prolonged underperformance, is it not time for a change at the top?

Answer:

Shareholder returns will fluctuate depending upon time frame and start date. We believe in measuring returns over a long period to remove short term cyclical or market related effects. To 31 October 2017 Brickworks 15 year

total shareholder return is 9.1% p.a. This is approximately in line with the index return of 9.2% p.a. We believe a return of 9.1% p.a. over 15 years is a sound return given the relatively low risk profile of Brickworks due to our low gearing and diversified portfolio. To 31 October Brickworks 10 year total shareholder return exceeds the market (3.6% p.a. vs 3.1% p.a.). As shown in the earlier presentation the total shareholder return since 1969 is 12.3% per annum.

With regard to shorter term performance, as outlined in today's presentation, Brickworks earnings have increased significantly over the past 4 years. However at the same time the Company's major shareholder Perpetual has been selling down Brickworks shares. Between June 2014 and August 2017 Perpetual's holding has decreased by approximately 55% (from approximately 18.9 million to 8.4 million shares) which has created share overhang and downward pressure on Brickworks' share price.

Question 2:

Management appear to acknowledge that the Company is very much undervalued compared to its peers. What steps are the Board taking to address this issue?

Answer:

Investors can value a company on range of different metrics depending on their investment philosophy and requirements. Therefore management does not make a judgement of value vs peers. We are focussed on our own strategy and our own performance. Brickworks long term performance has been sound and the Board believes the company has the right structure and strategy in place to deliver strong returns to shareholders in the future

What I will say is that when you look at our balance sheet and at the net asset position of each of our Divisions you will see that at current levels our market cap is well supported by our asset base.

The Board continues to focus on creating shareholder value. This is evidenced by our recent acquisition of Urbanstone, today's announcement of the establishment of a new cement terminal in Brisbane, the continued growth of our property portfolio and our history of returning dividends to shareholders through the cycle.

Question 3:

The discovery process as part of the recent Perpetual Court case indicated that the Company had some issues surrounding corporate governance, "chinese walls", communication with shareholders and integrity. What lessons have the Board learnt from this experience?

Answer:

Justice Jagot dismissed Perpetual's claim that the cross shareholding is oppressive to shareholders. In relation to corporate governance she rejected the claim that the cross shareholding entrenched incumbent boards and depressed the share price of each company.

Rather she found that the cross shareholding may reasonably be seen as having provided each Company with material benefits as a result of diversification which has reduced earnings volatility.

Perpetual failed on every part of its claim and was ordered to pay Brickworks' legal costs.

Question 4:

The number of shareholders has remained almost the same for the past

7 years despite the Company's inclusion in the ASX 200 a couple of years ago. Does the Board believe that an increase in the number of shareholders is important? If so, what steps are they taking to address this issue?

Answer:

I assume that you are referring to the registered shareholder numbers contained in the Annual Report. In 2010 there were 9,119 registered shareholders compared to 9,394 in 2017.

The Company's registered shareholders are not the same as its underlying beneficial shareholders. The registered shareholders include large beneficial owners that hold shares on behalf of hundreds of shareholders. For example banks and superannuation funds noted on the register hold shares on behalf of hundreds of underlying beneficial owners which are not themselves reflected on the register numbers.

Our analysis reveals that within the top 50 registered holders, Brickworks' underlying beneficial ownership base has doubled from roughly 300 to 600 beneficial owners, between June 2010 to August 2017 and our institutional shareholder base has increased every year over the past 7 years.

Perpetual's sale of a large number of shares over the past four years as mentioned earlier has also improved the Company's liquidity and broadened the Company's shareholder base.

Question 5:

Referring to the relative TSR measure for the MD and CFO. If TSR underperforms the S&P 200 Accumulation Index by 20%, this would appear to me to be a very poor result. However the Board does not appear to share this view as the employees would get 90% vesting for

this result. Please explain how you justify such generous vesting.

Answer:

The relative TSR measure was chosen after careful consideration of current circumstances relevant to the Company. As already mentioned over the past 4 years the Company's major shareholder Perpetual has been selling down Brickworks shares. Between June 2014 and August 2017 Perpetual's holding has decreased by approximately 55% (from approximately 18.9m to 8.4m shares) which has created share overhang and downward pressure on Brickworks' share price.

The Board will continually review the Company's circumstances and where necessary refine the TSR measure to address a change in these circumstances.

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.

