

24.09.2020

Financial Results

Year ended 31 July 2020

Mr. Lindsay Partridge
Managing Director

Mr. Robert Bakewell
Chief Financial Officer

BRICKWORKS

we make beautiful products
that last forever

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Our Values

Our values guide our culture. They are our essence and what we stand for. They remain a constant in everything we say and do. They are what we look for in our people. These foundations will continue to be built upon as our company innovates and grows.

Care — Sustainably Safe 	Collaborate — Succeed Together 	Exceed — Passionately Play to Win 	Innovate — Everyone, Everywhere, Everyday 	Integrity — I do what I say 	Lead — Inspired People 
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Today

Agenda

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COVID-19

Section 01

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COVID-19: Impacts to date

- Brickworks was well-prepared prior to the onset of the pandemic, and has been resilient throughout
 - Operational: manufacturing continued across most sites with strict protocols in place, IT infrastructure well established, strong local management
 - Financial: strong balance sheet, diversified portfolio. No equity raise required, or government support received¹
- Government-imposed shutdowns in March impacted manufacturing plants in Pennsylvania
- In subsequent months, several additional plants in Australia and the United States were taken offline to preserve cash and control inventory
- Building products demand remained resilient across most markets throughout the 2nd half. The impact in the US was greater than Australia.
- There has been no significant impact on Property Trust rental collections
- Brickworks workplace culture is based on collaboration and personal interactions; however we are maintaining a flexible approach to workplace arrangements to accommodate individual circumstances

¹ Excludes a tax benefit that Brickworks is eligible to receive in relation to the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") in the United States of America

COVID-19: Emerging stronger from the pandemic

- Brickworks has used the opportunity to accelerate the implementation of a range of initiatives to allow the company to emerge stronger post the pandemic
- Infrastructure and development work within the Property Trust continues at pace
- In October, Brickworks will hold its biggest product launch event ever, with an exciting range of innovative new bricks, roof tiles and masonry products
- Transforming our customer reach and interaction
 - A new pilot “Supercentre” retail trade concept being developed
 - A new Enterprise Resource Planning (ERP) system is currently being rolled out
 - Revamped online and digital interfaces, including launch of dedicated architectural news channel
- An extensive on-line training program across the company has been completed, using online channels
- The capital investment program – the largest in the company’s history - has been re-initiated, where we have mobility and availability of engineering crews
 - Includes \$125 million face brick plant at Horsley Park in Sydney
- A more unified and consistent approach to borders is essential in order to maintain industry, support the economy and ultimately preserve the employment and livelihood of many Australians

FY20 Overview

Section 02



FY2020 Overview

Statutory NPAT
up 93%

Brickworks has delivered another strong performance, underpinned by a diversified portfolio of attractive assets

US brick expansion on track

- 2 additional bolt-on acquisitions completed during the year
- Integration and rationalisation activities proceeding to plan
- Strong operational performance

Australian Building Products performance resilient

- Demand resilient, despite COVID-19 headwinds
- Major new plant investments in Bricks and Masonry
- Southern Cross Cement terminal fully commissioned

Property Trust value increasing, strong structural tailwinds

- \$94 million increase in net value to BKW
- Long term leases secured with Amazon
- Strong tenant demand

Good progress on workplace safety outcomes

- Record low injury rates in Australia
- Improved safety performance in North America

FY2020 Financial Highlights¹

\$281m

Underlying EBITDA ↓19%
(continuing operations)

\$146m

Underlying profit ↓38%
(continuing operations)

\$299m

Statutory profit ↑93%

\$14.08

Net tangible asset / share ↑6%

98 cents

Underlying EPS ↓38%
(continuing operations)

39 cents

Final Dividend ↑3%
fully franked

¹ Note: Comparative numbers for FY19 have not been restated to take into account the impact of AASB 16 (Leases). Re-stated FY20 numbers that occlude the impact of AASB 16 (Leases) and the resultant like-for-like variances vs FY19 are shown in the supplementary slides

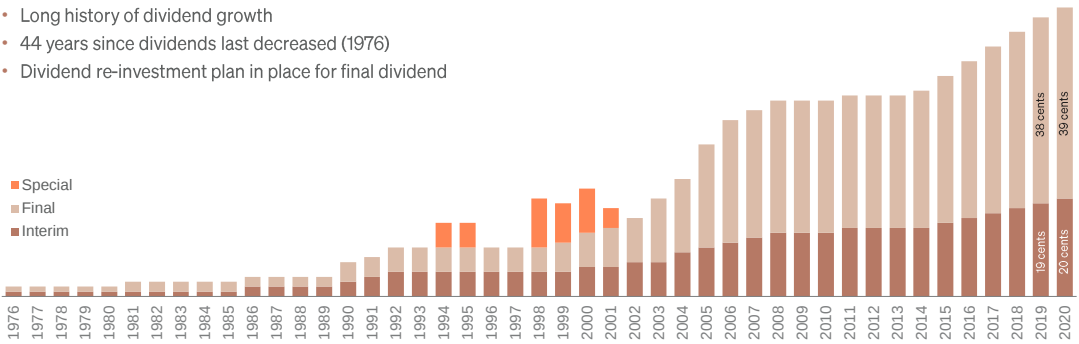
Dividends

Brickworks normal dividend has been maintained or increased since 1976

Brickworks Dividend History

Cents per share

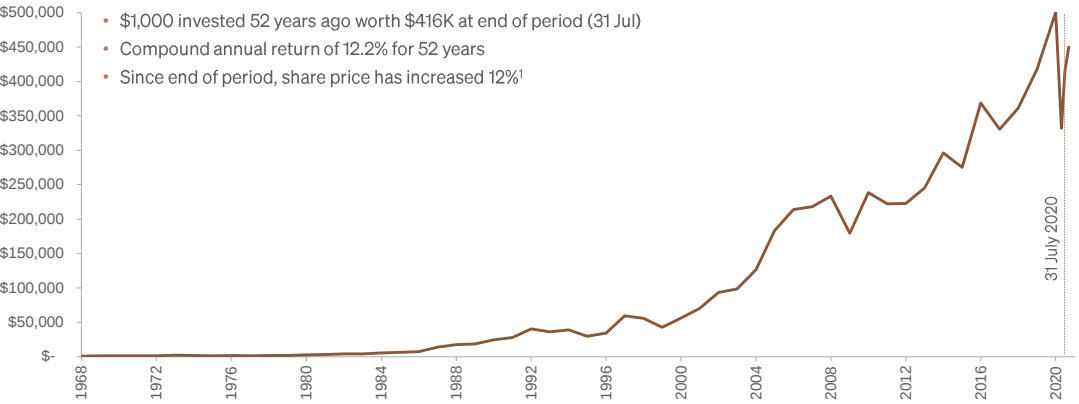
- 39 cents per share fully franked final dividend, up 3% (Record date 15 October, payment 25 November)
- 59 cents total full year dividends per share, fully franked
- Long history of dividend growth
- 44 years since dividends last decreased (1976)
- Dividend re-investment plan in place for final dividend



Total Value Creation

Brickworks has created significant shareholder value over the long term

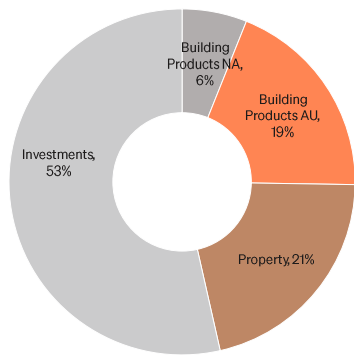
Value of \$1,000 invested in 1968



Diversification

Asset Exposure

Split by BKW Operating Division



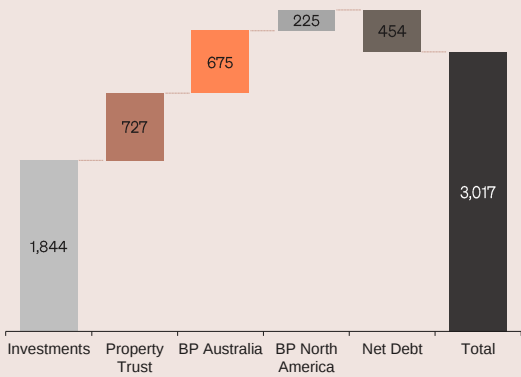
¹ Investments: market value of BKW shareholding on 31 Jul 2020. Property: BKW 50% share of net property trust assets FY20. BP Australia: NTA FY20. BP North America: NTA FY20. Building Products NTA includes AASB 16 (Leases) right-of-use assets

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Asset Backing

Inferred Asset Value¹

\$million



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Safety

Record low injury rates achieved in Australian operations

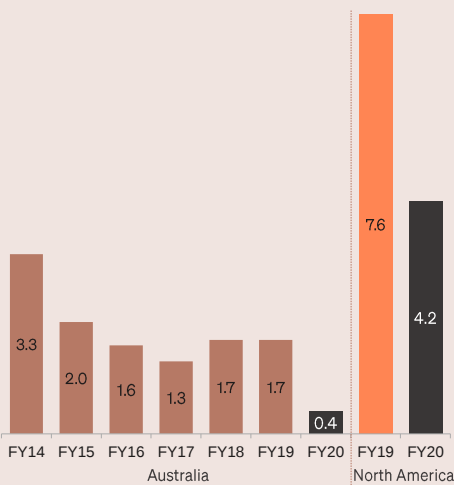
- 1 lost time injury translated to a lost time injury frequency rate of 0.4

Additional health and safety initiatives are being implemented in the United States to improve performance

- Injury rates are currently higher in acquired US operations
- 6 lost time injuries translated to a lost time injury frequency rate of 4.2

Total Lost Time Injury Frequency Rate

Injuries per million work hours



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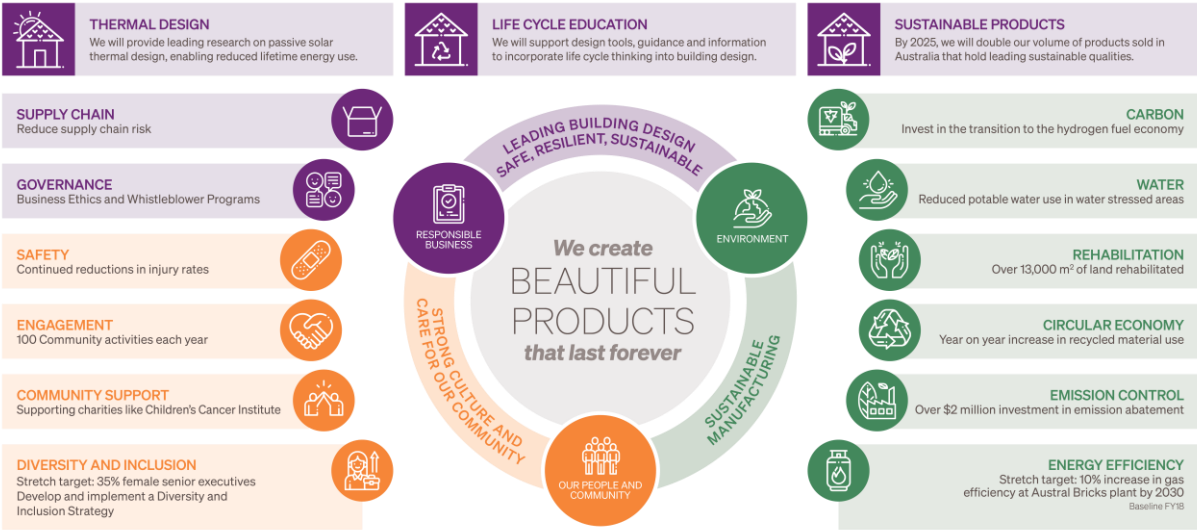
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TOWARDS 2025

Brickworks Sustainability Strategy

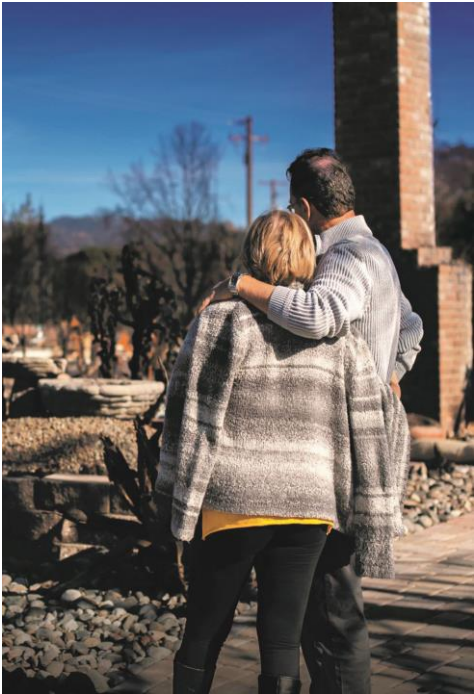
Brickworks is one of the world's leading manufacturers of quality building products. Our purpose has sustainability at our core – to create beautiful products that last forever.

The built environment is the fabric of our cities and our lives and Brickworks' products form part of this ever-changing fabric. Our sustainability strategy focuses on the opportunity to make buildings and cities safe, resilient and sustainable. It demonstrates our approach to sustainable manufacturing, incorporating sustainability into buildings to create greater efficiency during their operation. We do this with strong governance and a culture of care for our community.



Building resilient, safe and sustainable cities

1	Bricks last forever	2	Bricks can be reused or recycled	3	Bricks are maintenance free, they don't fade, rot or rust	4	Bricks are fireproof, unlike glass & fibre cement that shatter and fail	5	Bricks are known for their outstanding durability and colourfastness for life
6	Bricks are a thermal battery keeping your home cooler in summer and warmer in winter	7	Brick homes are more energy efficient than those constructed with lightweight materials	8	Bricks have excellent sound reducing qualities	9	Bricks are the natural healthy choice as they breathe and allow moisture to escape. Bricks emit no VOC's	10	Only Austral Bricks are guaranteed for 100 years



Divisional Review

Section 03

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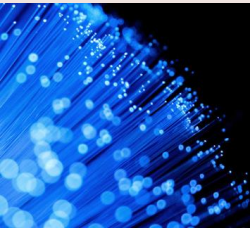


Divisional Overview

Investments

53% of Group assets

39.4% interest in WHSP, an ASX100 diversified investment house



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Property

21% of Group assets

Joint Venture Industrial Property Trust with Goodman Group



Building Products Australia

19% of Group assets

Australia's leading brickmaker + strong positions in other building products



Building Products North America

6% of Group assets

Leading brickmaker in north east USA



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Investments – FY2020 Result

YEAR ENDED JULY (\$M)	FY2020	FY2019	CHANGE
Underlying earnings	51	104	(51%)
Dividends from WHSP	56	56	-
WHSP share price	19.55	22.71	(14%)
WHSP market cap	4,679	5,434	(14%)
BKW market value	1,844	2,141	(18%)

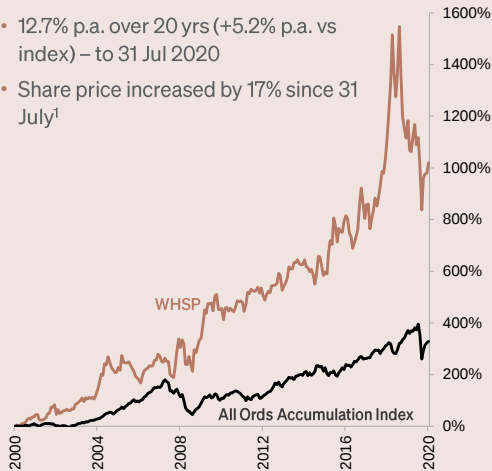
1. As at close of trading on 22 March

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WHSP Total Shareholder Return

20 years, cumulative

- 12.7% p.a. over 20 yrs (+5.2% p.a. vs index) – to 31 Jul 2020
- Share price increased by 17% since 31 July¹



BKW FY2020 Results

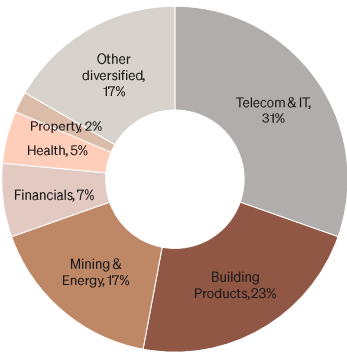
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Investments

WHSP is a diversified investment house with an attractive portfolio of assets

WHSP Asset Exposure



Telecom / IT



Financial Services



Mining & Energy



Health / Pharmaceutical



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Property – FY2020 Result

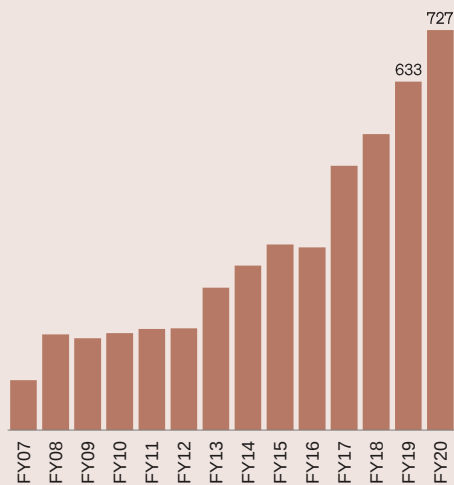
- Industrial real estate resilient through the COVID-19 pandemic
- Net trust income higher, on rent reviews and addition of new developments
- Revaluation profit driven by 25 to 50 basis point reduction in cap rates in NSW
- 2 developments completed at Oakdale South
- Sale of 10 hectares at Oakdale East to the Property Trust in the second half

YEAR ENDED JULY (\$M)	FY2020	FY2019	CHANGE
Net trust income	30	26	15%
Revaluation of properties	53	70	(24%)
Development profit	25	19	29%
Sale of assets	0	12	(100%)
Property Trust	108	127	(15%)
Land sales	26	35	(27%)
Property admin and other	(4)	(4)	-
Total	129	158	(18%)

Property Trust Asset Value

YEAR ENDED JULY (\$M)	FY2020	FY2019	CHANGE
Leased properties	1,663	1,411	18%
Land to be developed	397	345	15%
Total Property Trust assets	2,060	1,756	17%
Borrowings	(606)	(490)	24%
Net Property Trust assets	1,455	1,266	15%
BKW 50% share	727	633	15%

BKW 50% share of Property Trust Assets
\$millions

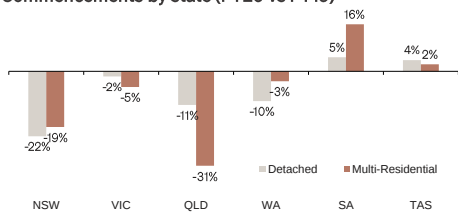




Building Products Australia – FY20 Result

- Demand resilient, despite 12% decrease in total residential building activity
- First half impacted by numerous plant shutdowns on the east coast to complete significant maintenance and upgrades
- Additional unplanned shutdowns in the second half in response to COVID-19
- Continued intense competition in Western Australia

Commencements by state (FY20 vs FY19)



YEAR ENDED JULY (\$M)	FY2020	FY2019	CHANGE
Revenue	687	755	(9%)
EBITDA	91	88	3%
EBIT	33	57	(43%)
EBITDA margin	13%	12%	13%
EBIT margin	5%	8%	(37%)

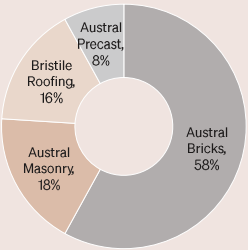
Comparative numbers for FY2019 have not been re-stated to take into account the impact of AASB 16 (Leases). Excluding the impact of AASB 16, the comparable FY2020 EBIT is \$26 million and EBITDA is \$61 million.

Building Products Australia – Business Unit Performance

- **Austral Bricks** east coast performance was resilient, with improvements in Qld, SA and TAS offset by declines in NSW and Vic where prolonged plant shutdowns were incurred. Conditions in WA remain very challenging.
- **Austral Masonry** revenue up following ACP acquisition in the prior year. Landscape product sales were resilient but grey block sales were impacted by the downturn in apartment construction in Sydney and Brisbane
- **Bristle Roofing** impacted by strong competition, particularly in Qld
- **Austral Precast** launched “Double Wall” a cost effective permanent structural framework that offers significant advantages over alternative systems. Exit from WA and Qld markets in the second half.

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Building Products Australia Revenue FY2020
\$687 million



FY20 vs FY19	Revenue	EBIT
Austral Bricks	↓	↓
Bristle Roofing	↓	↓
Austral Masonry	↑	↓
Austral Precast	↓	↓

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Southern Cross Cement Terminal Fully Commissioned



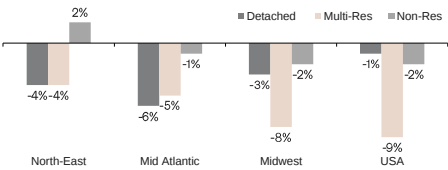
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Building Products North America – FY20 Result

- Strong increase in revenue and earnings driven by acquisitions
- FY2020 result includes
 - 11 months operation of Sioux City Brick plants
 - 5 months operation of Redland Brick plants
- Sales activity across a number of states restricted for various periods during the second half

Building activity by region (FY20 vs FY19)



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YEAR ENDED JULY (\$M)	FY2020	FY2019	CHANGE
Revenue (\$US)	155	80	94%
EBITDA (\$US)	18	8	125%
EBIT (\$US)	7	4	75%
Revenue (\$AU)	230	121	91%
EBITDA (\$AU)	27	12	122%
EBIT (\$AU)	10	6	63%
EBITDA margin	12%	10%	17%
EBIT margin	4%	5%	(15%)

Comparative numbers for FY2019 have not been re-stated to take into account the impact of AASB 16 (Leases). Excluding the impact of AASB 16, the comparable FY2020 EBIT is AU\$10 million (no significant impact) and EBITDA is AU\$23 million.

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Building Products North America – FY20 Achievements

- Successful integration of acquired businesses including IT systems and organization structure
- Reduced unit manufacturing costs in most plants
 - Rationalised plant footprint with closures of Bigler, Redfield, Cushwa and extrusion kiln at York
 - Completed “Engineering blitz” at Marseilles and Hanley
 - Major projects at Iberia and Hanley
- Finished goods reduction of over 30 million bricks
- Dedicated pricing team established
- Revamp of product brochures, websites and other marketing material
- New design studios under construction and will soon launch in Philadelphia and New York

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Building Products North America

Brickworks North America Plant Footprint¹



1. Additional mothballed plants at Cushwa and Rocky Ridge not shown
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- Combination of three strong businesses
- Market share leadership in key states across Northeast, Midwest and Mid-Atlantic regions
- Portfolio of well recognised, premium brands
- Over 700 employees
- 10 operating brick plants and one manufactured stone plant
 - Brick plants now operating at almost 80% utilization rate (up from 50%)
- Circa 400 million brick sales per annum
- Extensive reseller network and company operated retail outlets

Financials

Section 04



Financials – FY2020 Overview

- For FY20, AASB 16 (Leasing) resulted in:
 - +\$34 million EBITDA impact
 - +\$5 million EBIT impact
- Increase in Building Products North America earnings offset by decreases across other divisions
- Underlying tax decreased due to lower earnings
- Significant items contributed net \$169 million to NPAT from continuing operations
- Auswest hardwood operations at Greenbushes (WA) and East Gippsland (Victoria) classified as discontinued operations during the first half (these assets were sold in October 2019)

1. Includes \$29 million related to leased assets in accordance with AASB 16 (Leasing)

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\$MILLION	FY2020	FY2019	CHANGE
Total EBITDA	281	310	(19%)
Depreciation ¹	75	37	104%
EBIT	206	310	(34%)
Borrowing costs	(26)	(24)	10%
Underlying income tax	(33)	(52)	(35%)
Underlying NPAT (from continuing operations)	146	234	(38%)
Significant items	169	(37)	NA
NPAT (from continuing operations)	315	197	60%
Discontinued operations	(17)	(42)	(61%)
Statutory NPAT	299	155	93%

Comparative numbers for FY19 have not been re-stated to take into account the impact of AASB 16 (Leases). Re-stated FY20 numbers that exclude the impact of AASB 16 (Leases) and the resultant like-for-like variances vs FY19 are shown in the supplementary slides.

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Financials – Significant items

- \$317 million from WHSP primarily relates to a one-off profit triggered by the merger of TPG with Vodafone, resulting in a change in accounting treatment of the TPG investment
 - This also resulted in a significant tax cost
- \$32 million non-cash impairment, primarily in relation to Australian Building Products business, in accordance with AASB 136
- \$29 million restructuring cost, primarily in relation to stock write-downs and redundancy costs associated with plant closures and rationalisation activities in the Australian and North American Building Products divisions
- \$10 million in unabsorbed fixed costs primarily related to the temporary closure of plants in response to the COVID-19 pandemic
- Net acquisition costs of \$9 million
- \$5 million tax benefit from the “CARES Act” in the USA

\$MILLION	GROSS	TAX	NET
Significant items relating to WHSP	317		317
Income tax arising from the carrying value of WHSP		(73)	(73)
Asset impairment	(46)	14	(32)
Restructuring activities	(41)	12	(29)
COVID-19 costs	(10)		(10)
Acquisition costs, net of “bargain purchase”	(9)		(9)
Tax benefit in relation to the CARES Act in the USA		5	5
TOTAL	211	(42)	169

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Financials – Cash Flow Reconciliation

- Decrease in operating cash flow, primarily due to:
 - \$54 million in tax paid in January 2020, following the sale of WHSP shares in December 2018
 - Lower Building Products Australia earnings
- Acquisition payments of \$102 million: Sioux City Brick and Redland Brick assets
- Increased capital expenditure of \$104 million reflects several major projects underway
- Cash dividend payments of \$87 million

\$MILLION	FY2020	FY2019
Statutory net profit after tax	299	155
Depreciation, amortisation	75	37
Non cash revaluations within Property Trust	(78)	(89)
Share of profits of associates not received as dividends	(312)	(18)
Non cash impairments	46	56
Non cash profit on sale of land held for resale	(28)	-
Non cash losses on discontinued operations	12	49
Working capital movements	36	(12)
Losses / (gains) on disposal of PPE	4	(2)
Gain on sale of WHSP shares (investing activity)	-	(109)
Changes in tax provisions	17	53
Other items	5	4
Operating cash flow	75	123
Proceeds received from WHSP share sale	-	208
Acquisitions (net of cash)	(102)	(142)
Capital expenditure	(104)	(49)
Dividends paid	(87)	(82)

Financials – Key Indicators

- Total shareholder's equity increased by \$237 million during the year, or \$1.56 per share
- Net debt decreased in the second half, but increased over the full year due to:
 - Payments for the Sioux City Brick and Redland Brick acquisitions (\$98 million)
 - Lower operating cashflow, including the tax payment on the WHSP share sale
- Gearing increased to 19% for the full year (but was lower than Jan 20 level of 21%)

	FY2020	FY2019	CHANGE
NTA per share	\$14.08	\$13.28	6%
Shareholder's equity	\$2,404m	\$2,167m	11%
Shareholder's equity per share	\$16.04	\$14.48	11%
Return on shareholder's equity¹	6.1%	10.8%	(44%)
Operating cash flow	\$75m	\$123m	(39%)
Net debt ²	\$454m	\$253m	80%
Gearing (net debt / equity) ²	19%	12%	62%
Interest cover ²	8x	18x	(55%)

Comparative numbers for FY19 have not been re-stated to take into account the impact of AASB 16 (Leases). Re-stated FY20 numbers that exclude the impact of AASB 16 (Leases) and the resultant like-for-like variances vs FY19 are shown in the supplementary slides.

¹ Based on underlying NPAT from continuous operations
² Net debt, gearing and interest cover excludes the impact of AASB 16 (Leases), in line with banking covenant calculations

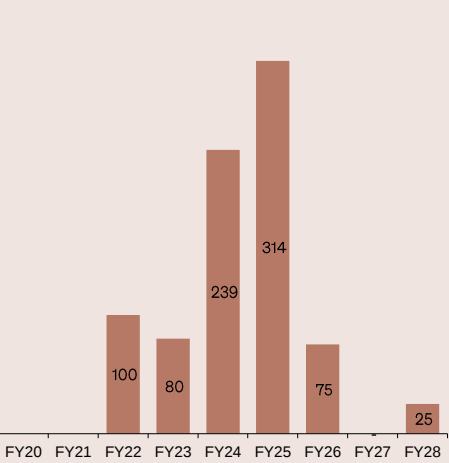
Debt Maturity and Metrics

- Circa \$832 million in debt facilities committed
 - Syndicated multi-currency facility ~\$632 million
 - Bilateral cash advance facility \$100 million
 - Institutional term loan facility \$100 million
- Syndicated multi-currency facility established in May 2019
- Next maturity in FY2022
- Net debt of \$454 million¹ at 31 Jul 2020:
 - Total drawn debt \$641 million
 - Offset by cash of \$187 million
- Brickworks has around \$380 million in funding headroom
- Significant headroom within existing covenants:
 - Gearing 15%² (vs covenant <40%)
 - Interest cover 8.9x² (vs covenant of >3.5x³)
 - Leverage ratio 2.2x² (vs covenant of <3.5x³)
- Additional lease liabilities of \$113 million

1. Net debt excludes the impact of AASB 16 (leases) in line with banking covenant calculations
2. Gearing, interest cover and leverage ratio outlined here are based on the Group's banking covenant calculation (and differ from standard calculations used to calculate these metrics, as reported elsewhere in this report)
3. Covenant only applies if gearing > 22.5%

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Debt Maturity Profile
Total \$832 million facilities



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Outlook

Section 05

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Outlook

Investments

53% of Group assets

- Strong history of outperformance over the long term and across business cycles

Property

21% of Group assets

- Discussions well underway with several parties for leasing opportunities within the Property Trust
- Trend towards online shopping, and more sophisticated and specialised industrial facilities to drive medium and longer term growth

Building Products Australia

19% of Group assets

- Orders and sales have increased in September across most businesses, reflecting the various government stimulus measures in place
- Building approvals data is encouraging, but Sydney and Melbourne markets are critical (and the most uncertain)
- Major capital projects in Sydney to underpin competitive position in this key market longer term

Building Products North America

6% of Group assets

- Building approvals and starts data indicate improving activity, albeit variable across regions and market segments
- Broad based increase in housing activity expected to offset non-residential weakness (particularly New York)
- Completed plant rationalisation activities have improved efficiency and will drive higher margins

Group

- Diversified portfolio of assets and robust balance sheet provides stability in short term
- Major projects across the portfolio to provide medium and longer term growth

Questions

Section 06



Supplementary Slides

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Financials – AASB 16 (Leases)

AASB 16 (Leases) had an impact on comparative financials in 1H20

Balance Sheet	Income Statement	Cashflow
Assets + \$106 million	EBITDA + \$34 million	Operating cashflow +\$28 million
Liabilities + \$113 million	EBIT + \$5 million	Investing cashflow No change
	NPAT No change	Financing cashflow -\$28 million
	Depreciation + \$29 million	
	Interest +\$4 million	

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Financials – AASB 16 (Leases)

AASB 16 (Leases) had an impact on comparative financials in FY20

\$MILLION	FY2020 (INCAASB 16)	CHANGE (INCAASB 16)	FY2020 (EX AASB 16)	CHANGE (EX AASB 16)	FY2019
Total EBITDA	281	(19%)	247	(29%)	346
Depreciation	75	104%	45	(24%)	37
Total EBIT	206	(34%)	201	(35%)	310
Underlying NPAT (From continuing operations)	146	(38%)	146	(38%)	234
Cashflow from operations	75	(39%)	47	(62%)	123
NTA / share	\$14.08	6%	\$14.79	11%	\$13.28

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Dividend Reinvestment Program (DRP)

- Directors have adopted a Dividend Reinvestment Plan (“DRP”)
- The Plan will commence in respect of the forthcoming dividend, and full details will be sent to shareholders and published on the ASX
- WHSP will not participate in the DRP
- Brickworks has entered into an agreement with UBS AG Australia Branch (the “Underwriter”) to underwrite \$20 million in relation to the forthcoming dividend (“Underwritten Amount”)
- The Underwriter will receive an underwriting fee of 0.15% of the Underwritten Amount

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Thank you

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Disclaimer

The Board has authorised the release of this announcement to the market

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