

11 October 2021

Australian Securities Exchange
Attention: **Companies Department**

BY ELECTRONIC LODGEMENT


Dear Sir/Madam

Please find attached company presentation and additional comments to be given by the Managing Director through ASX CEO Connect on 12 October 2021, for immediate release to the market.

This announcement has been authorised for release by the Managing Director.

Yours faithfully

Brickworks Limited



Susan Leppinus
Company Secretary

Daniel Robertson Overland Range
Carbon neutral bricks

ASX CEO Connect

12 October 2021

Mr. Lindsay Partridge
Managing Director

BRICKWORKS



Good morning.

My name is Lindsay Partridge, CEO of Brickworks Limited.

It is a pleasure to present to you today, and I thank you for attending and taking an interest in Brickworks.

Investment Proposition

Asset Backing

Brickworks' current inferred asset backing is \$32 per share¹

Dividend Growth & Value Creation

Brickworks' has delivered superior shareholder returns and has a long history of dividend growth

Major shareholding in WHSP

Brickworks' is the largest shareholder of Australia's leading publicly listed investment house. The current value of Brickworks stake is \$3.4 billion¹

Pipeline of Property Development

Brickworks' is a 50% shareholder in an industrial property trust with gross assets >\$2.5 billion and a long development pipeline

Expansion to North America

Brickworks has established itself as the largest brickmaker in the northeast of the United States

Domestic Housing Exposure

Brickworks is Australia's leading brickmaker and holds strong positions in other building products

1. As at the close of trade on 7 October, 2021

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Brickworks can trace its history back to 1908 when Austral Bricks was incorporated at St Peters in Sydney.

In 1934, Austral Bricks was among a group of 26 brickmakers who formed Brickworks Limited, and in 1962 the company was listed on the Australian stock exchange.

Today, Brickworks' offers investors:

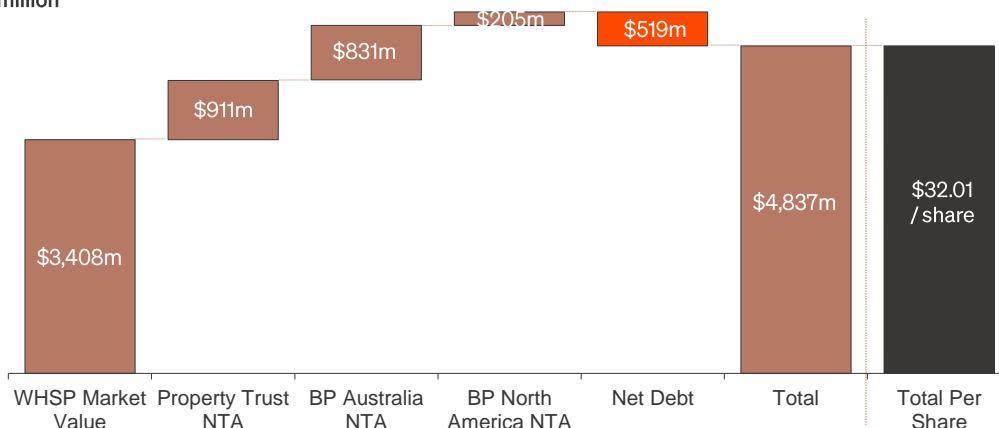
- A diversified portfolio of attractive businesses, underpinned by significant asset value;
- A long track record of dividend growth and value creation;
- A major shareholding in WHSP, Australia's leading publicly listed investment house;
- A portfolio of prime industrial property, with a long development pipeline;
- Exposure to the domestic housing market through our Australian building products operations; and
- A significant growth opportunity in North America, following recent acquisitions in that market.

Asset Backing

Brickworks' current inferred asset backing is \$32.01 per share

Inferred Asset Value^{1,2} (Current, as at 7 Oct 2021)

\$million



1. WHSP market value as at market close on 7 October 2021. Other asset values as at 31 July 2021. Building Products NTA includes AASB 16 (Leases) right-of-use assets
 2. Based on a cost base of \$3.44 per share, capital gains tax of around \$925 million would be payable if Brickworks sold its entire shareholding in WHSP at the current market price

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Brickworks is focused on steadily building asset value over the long term.

Looking more closely at the value of each of our key assets:

- The shareholding in WHSP has a current market value of \$3.4 billion;
- Our 50% share of the industrial property trust, has a net asset value of \$911 million;
- and
- Our Building Products operations have net tangible assets of more than \$1 billion.

This translates to a total inferred asset backing of \$4.8 billion, after including our net debt of \$519 million.

On a per share basis, inferred net assets has increased by 150% over the past ten years, from less than \$13 in 2011, to \$32 today.

It is also worth noting that the Building Products asset value includes land, both operational and surplus, with market value that is significantly higher than book value.

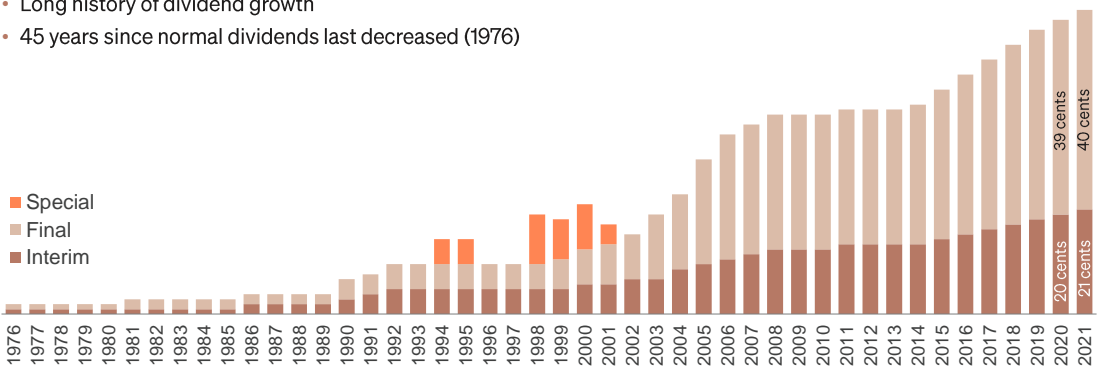
Dividend Growth

Brickworks normal dividend has been maintained or increased since 1976

Brickworks Dividend History

Cents per share

- 40 cents per share fully franked final dividend, up 3% (Record date 3 Nov, payment 24 Nov)
- Long history of dividend growth
- 45 years since normal dividends last decreased (1976)



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We recently announced a final dividend of 40 cents per share, fully franked, for financial year 2021.

Together with the interim dividend, this brought full year dividends to 61 cents, up by 2 cents.

We are proud of our long history of dividend growth, and the stability this provides to our shareholders. As shown on screen, we have now maintained or increased normal dividends for the last 45 years.

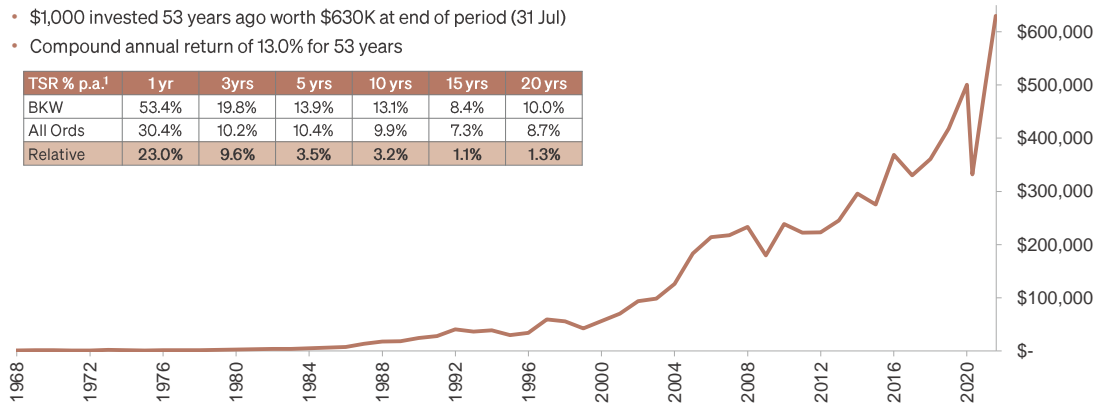
Total Value Creation

Brickworks has created significant shareholder value over the long term

Value of \$1,000 invested in 1968

- \$1,000 invested 53 years ago worth \$630K at end of period (31 Jul)
- Compound annual return of 13.0% for 53 years

TSR % p.a. ¹	1 yr	3yrs	5 yrs	10 yrs	15 yrs	20 yrs
BKW	53.4%	19.8%	13.9%	13.1%	8.4%	10.0%
All Ords	30.4%	10.2%	10.4%	9.9%	7.3%	8.7%
Relative	23.0%	9.6%	3.5%	3.2%	1.1%	1.3%



1. Total shareholder return to 31 July 2021, assuming dividends re-invested

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In addition to dividend growth, Brickworks also has a strong history of total value creation.

Based on the share price at the end of the financial year, the Company has delivered shareholder returns of 13% per annum for 53 years, incorporating both dividends and share price appreciation.

This means that \$1,000 invested in Brickworks in 1968, the same time as our initial investment in WHSP, would be worth around \$630,000 today.

Performance over a range of shorter periods is also shown on the slide, with Brickworks performance exceeding the index over 1,3,5,10,15 and 20 years.

Investments - Major Shareholder in WHSP

Brickworks' is the largest shareholders in Australia's leading publicly listed investment house

\$97m

FY21 Underlying EBITDA

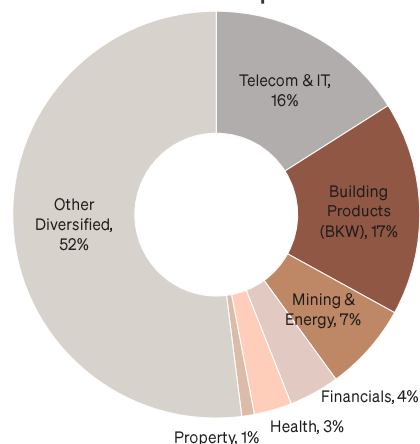
Investment in WHSP

- Brickworks investment in WSHP (ASX: SOL) dates back to 1968
- The stake in WHSP has delivered outstanding returns, steadily increasing dividends and diversification
- WHSP has recently merged with Milton (ASX: MLT). As a result, Brickworks is now the major shareholder in Australia's leading publicly listed investment house
 - Brickworks shareholding is 26.1%
 - Total pre-tax net assets of WHSP post merger is ~\$10 billion
 - Top 50 ASX listed company
- Brickworks holds 94.3 million shares, with a market value of \$3.4 billion (as at 7 October, 2021)
- The merger will provide WHSP with increased scale, diversification and liquidity to pursue additional investment opportunities

1. As at 30 June 2021 (source: Scheme Booklet for WHSP and Milton merger)

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WHSP Asset Exposure¹



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Turning now to our portfolio of businesses.

Brickworks is the major shareholder in WHSP. As I said, our first investment dates back to 1968.

The investment in WHSP has delivered outstanding returns, steadily increasing dividends and diversification.

In financial year 2021, Investments delivered an underlying earnings contribution of \$97 million and dividends of \$58 million to Brickworks.

WHSP has recently merged with Milton, another large ASX listed investment company. The larger WHSP has pre-tax net assets of around \$10 billion, and is now a top 50 company on the ASX by market value.

Brickworks holds 94.3 million shares in WHSP which equates to a 26.1% shareholding. As I mentioned a moment ago, this stake has a current market value of \$3.4 billion.

The asset exposure of WHSP post the merger is shown by the chart on the right of screen. The merger will provide WHSP with increased scale, diversification and liquidity to pursue additional investment opportunities.

Property - Long Pipeline of Further Development

Brickworks' is a 50% shareholder in an industrial property trust with gross assets of \$2.7 billion and a long development pipeline

\$253m

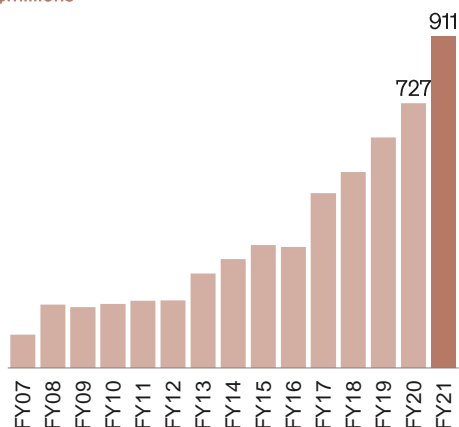
FY21 Underlying EBITDA

Overview of Property Trust

- The Property Trust was established in 2006 and is a 50/50 joint venture between Brickworks and Goodman
- Mutually beneficial partnership
- Prime industrial property in western Sydney and Brisbane
- Total gross assets \$2.7 billion
 - Leased assets of \$2.0 billion + \$0.7 billion development land
 - After including debt, Brickworks 50% share of net assets is valued at \$911 million (as at 31 Jul 21)
- Structural tailwinds, driven by industry trends to online shopping
- Long pipeline of further development
 - Pre-committed developments to be completed over the next 2 years will drive an increase in leased asset value and rent of circa 60%

BKW 50% share of Property Trust Assets

\$millions



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Turning now to Property, which delivered underlying earnings of \$253 million in 2021.

Our property earnings are derived from selling surplus operational land, and through our 50% ownership in a Joint Venture Property Trust with Goodman.

Having grown significantly since its inception in 2006, the Trust now makes up the vast majority of our Property earnings.

The Trust structure is based on Brickworks selling surplus operational land into the Trust at market value and Goodman funding the infrastructure works, to create serviced land ready for development. Balancing payments may be required to ensure an equitable contribution towards the value of the fully serviced land.

Once a lease pre-commitment is secured, the serviced land can then be used as security, with debt funding used to cover the cost of constructing the facilities.

The relationship is mutually beneficial, with Brickworks gaining access to Goodman's development expertise and network of customers, and Goodman gaining access to Brickworks prime industrial land.

The total value of assets held within the Property Trust at the end of the year was \$2.7 billion, which comprised \$2.0 billion of leased assets and \$0.7 billion of assets under development. After including borrowings, Brickworks' 50% share of net asset value was \$911 million as at 31 July 2021.



Since the Trust's inception over a decade ago, Brickworks net asset value has increased at 17% per annum, generating significant value for shareholders.

We are currently undergoing a period of unprecedented development within the Property Trust, fuelled by structural tailwinds that are driving strong demand for prime industrial property.

The completion of pre-committed developments over the next two years will result in an uplift of around 60% in rent and leased asset value, from the current level.

The new developments are increasingly sophisticated, incorporating features such as robotics, automation and multi-storey warehousing. The development of these advanced facilities has become a critical competitive advantage for many businesses in the new economy and will continue to support the increasing value of the Property Trust.

One example is the state-of-the-art Amazon facility shown on screen. This is located at our Oakdale West estate in Horsley Park, in the west of Sydney.

Practical completion of this facility is expected in December 2021.

In the background of this photo you can also see the Coles distribution warehouse, with construction of this facility expected to take around 18 months.

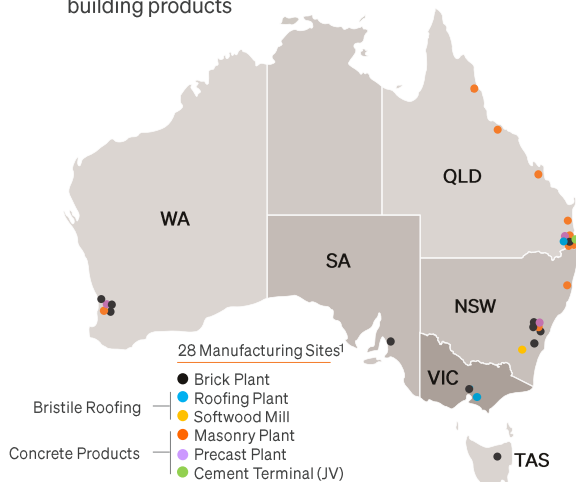
Domestic Housing Exposure Through Building Products Australia

Brickworks is Australia's leading brickmaker and holds strong positions in other building products

\$97m

FY21 Underlying EBITDA

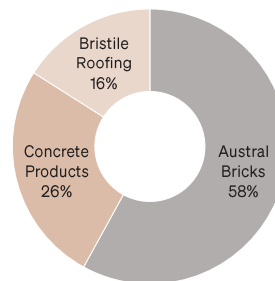
Building Products Australia FY2021 Revenue
\$687 million



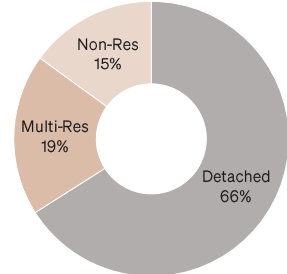
1. As at 31 July 2021

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By Division



By End-Market



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Building Products Australia is a leading manufacturer and distributor of building products across all Australian states. Since 2000, the Building Products Group has grown from a two-state brick manufacturer, in New South Wales and Queensland, to a diversified national building products business.

In total, Building Products Australia comprises 28 manufacturing sites and more than 45 design centres and design studios across the country.

The portfolio includes:

- Austral Bricks: Australia's largest clay brick manufacturer with significant market positions in every state;
- Concrete Products, comprising Austral Masonry, Austral Precast and Southern Cross Cement; and
- Bristle Roofing.

Building Products Australia is primarily exposed to the residential housing market, with 85% of sales into this segment.

In financial year 2021, revenue from Building Products Australia was \$687 million and underlying EBITDA was \$97 million.

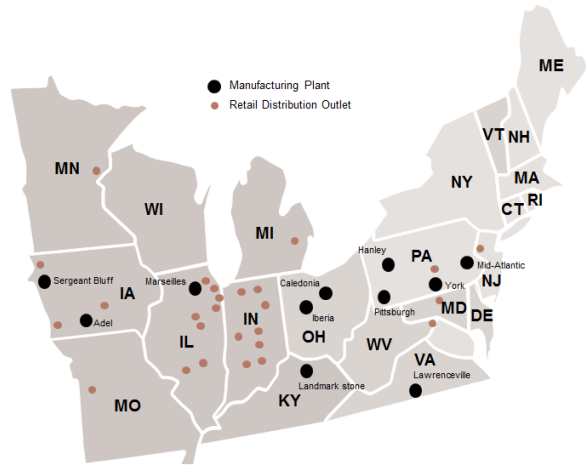
Expansion to North America

Brickworks has established itself as the largest brickmaker in the northeast of the United States

\$26m

FY21 Underlying EBITDA

- Initial market entry in 2018 with the acquisition of Glen-Gery
- 3 additional bolt-on acquisitions since then
- Market share leadership in key states across Northeast, Midwest and Mid-Atlantic regions
- Portfolio of well recognised, premium brands
- Over 1,000 employees
- 10 operating brick plants and one manufactured stone plant
- 27 retail distribution outlets + design studios in New York & Pennsylvania
- Strong growth prospects, following recent acquisitions, capital projects and investment in sales and marketing



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Turning to our newest division, Building Products North America.

We initially entered this market in 2018 with the acquisition of Glen-Gery, a leading brick manufacturer in the north eastern region of the United States.

Since then we have completed 3 additional bolt-on acquisitions. We have now established a business of significant scale in North America, able to make a meaningful contribution to Group earnings, and a platform for growth.

Building Products North America now has:

- Market leadership in key states across the Northeast, Midwest and Mid-Atlantic regions;
- A portfolio of well recognised, premium brands;
- Over 1,000 employees;
- 10 operating brick plants and one manufactured stone plant; and
- 27 retail distribution outlets, plus design studios in New York and Pennsylvania

On revenue of AU\$202 million, Building Products North America delivered EBITDA of AU\$26 million in 2021.

The revenue and earnings delivered in financial year 2021 were significantly impacted by the pandemic, and do not accurately reflect the rapid growth phase currently underway and the significant achievements of the North American business since our entry a few years ago.

Outlook

Investments

63% of Group assets

- Merger with Milton provides increased scale, diversification and liquidity to pursue additional investment opportunities. History of long-term outperformance expected to continue
- BKW stake in the larger entity reduces to 26.1%

Property

19% of Group assets

- Development activity within the Property Trust continues at unprecedented scale
- Completion of pre-committed facilities over the next two years will result in a significant uplift in rental income and asset value
- Trend towards online shopping, and demand for more sophisticated facilities to drive growth

Building Products Australia

14% of Group assets

- Strong demand and significant pipeline of work within detached housing across the country – translating into higher brick and roof tile sales in states unaffected by COVID-19 restrictions
- Sales in NSW and VIC temporarily impacted by construction restrictions during 1Q22
- Major capital projects will improve competitive position in key markets
- Medium term uncertainty, post stimulus induced surge

Building Products North America

5% of Group assets

- Sales momentum has recommenced following the summer holiday period
- Integration of IBC, prior period plant rationalisation and upgrades, and investment in sales and marketing initiatives will support future earnings

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Turning now to the outlook.

Brickworks is in a strong position, with a conservative debt level and a diversified portfolio of attractive assets.

We are excited by the outlook for our investment in WHSP, following the recent merger with Milton Corporation. We expect the larger WHSP to continue to deliver superior long-term returns and consistent dividend growth well into the future.

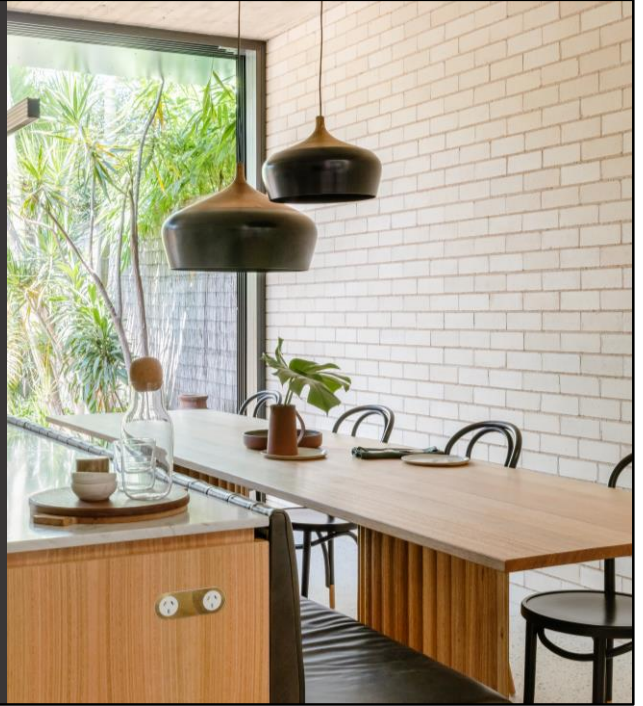
As I have discussed, development activity within the Property Trust is continuing at unprecedented scale, and the completion of these facilities over the next two years will result in a significant uplift in rental income and asset value.

Within Building Products Australia, underlying demand across the country is strong, with a large backlog of detached housing construction work in the pipeline. In the short term significant uncertainty persists, with the potential for new restrictions remaining ever present across all states. However, with vaccination rates across the country now approaching government targets, we are hopeful that by the second half of the financial year, the prospect of any further restrictions will be behind us, and all states will experience an elevated period of activity.

In North America, assuming there are no major disruptions caused by the pandemic, we expect improving sales volume, the continued integration of recent acquisitions and the investments we have made in sales and operations to deliver higher earnings in future years.

Questions

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I will now take questions.

Thank you

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Disclaimer

The Managing Director has authorised the release of this announcement to the market

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