

Financial Results

Half year end 31st January 2022

Mr. Lindsay Partridge
Managing Director

Mr. Robert Bakewell
Chief Financial Officer

BRICKWORKS



Today

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1H22 Overview

Section 01

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1H22 Overview

Brickworks achieves record half-year earnings

Statutory NPAT up 720% to \$581m

Underlying NPAT up 269% to \$330m

Property Trust value up by \$349m, strong development pipeline

WHSP merger with Milton triggers significant one-off profit

Strong earnings uplift in Building Products Australia, driven by Austral Bricks

Completion of the IBC acquisition drives revenue growth in North America

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1H22 Financial Highlights

\$535m

Group revenue ↑ 24%

\$488m

Underlying EBITDA ↑ 200%
(continuing operations)

\$330m

Underlying profit ↑ 269%
(continuing operations)

\$581m

Statutory profit ↑ 720%

218 cents

Underlying EPS ↑ 266%
(continuing operations)

22 cents

Interim Dividend ↑ 5%
fully franked

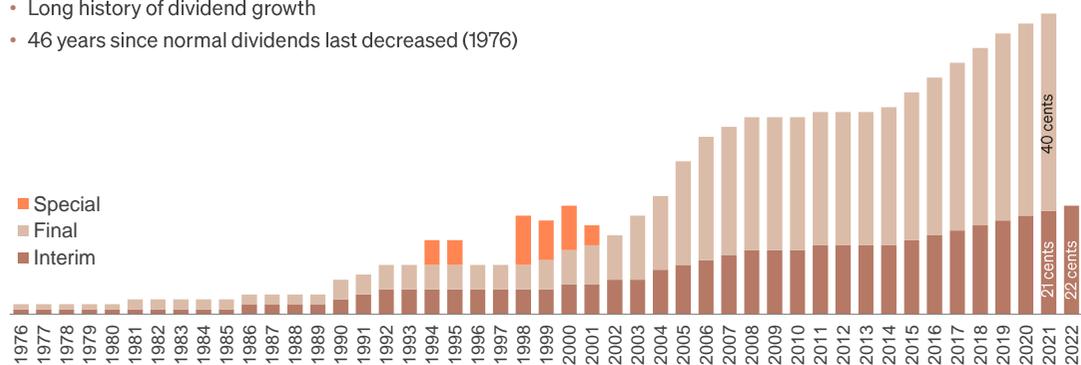
Dividends

Brickworks' normal dividend has been maintained or increased since 1976

Brickworks Dividend History

Cents per share

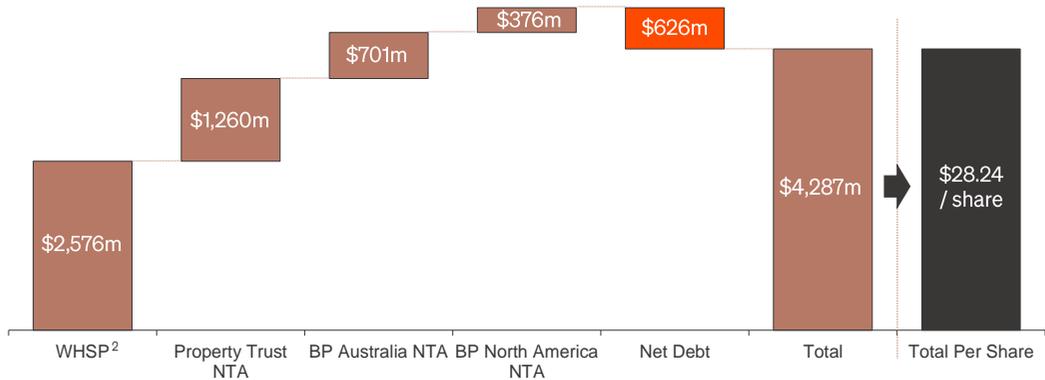
- 22 cents per share fully franked interim dividend, up 5% (Record date 12 April, payment 3 May)
- Long history of dividend growth
- 46 years since normal dividends last decreased (1976)



Asset Backing

Brickworks' current inferred asset backing is over \$28 per share

Inferred Asset Value¹



1. Asset values as at 31 Jan 2022. Building Products NTA includes AASB 16 (Leases) right-of-use assets. Intercompany transfers eliminated.

2. Based on a cost base of \$3.44 per share, capital gains tax of around \$675 million would be payable if Brickworks sold its entire shareholding in WHSP at the current market price

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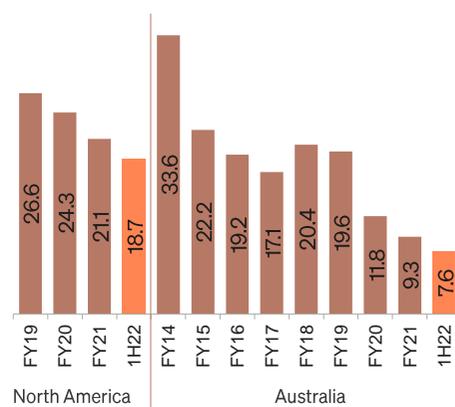
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Safety

A sustained decrease in workplace injuries has been achieved

- Strong safety performance in Australian operations
 - Sustained decrease in injury rate over many years
 - Record low reportable injury rate achieved in 1H22
 - No lost time injuries in 1H22
- Injury rates are currently higher in acquired US operations, but decreasing year on year
 - 3 lost time injuries in 1H22
- Additional health and safety initiatives are being implemented in the United States to improve performance

Total Reportable Injury Frequency Rate Injuries per million work hours



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Divisional Review

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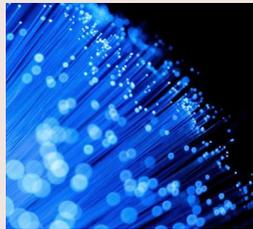
Divisional Overview

Brickworks has a diversified portfolio of attractive assets across four divisions

Investments

52% of Group assets

26.1% interest in WHSP, an ASX100 diversified investment house



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Property

26% of Group assets

Joint Venture Industrial Property Trust with Goodman Group



Building Products Australia

14% of Group assets

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



Building Products North America

8% of Group assets

Leading brickmaker in Midwest and Northeast USA



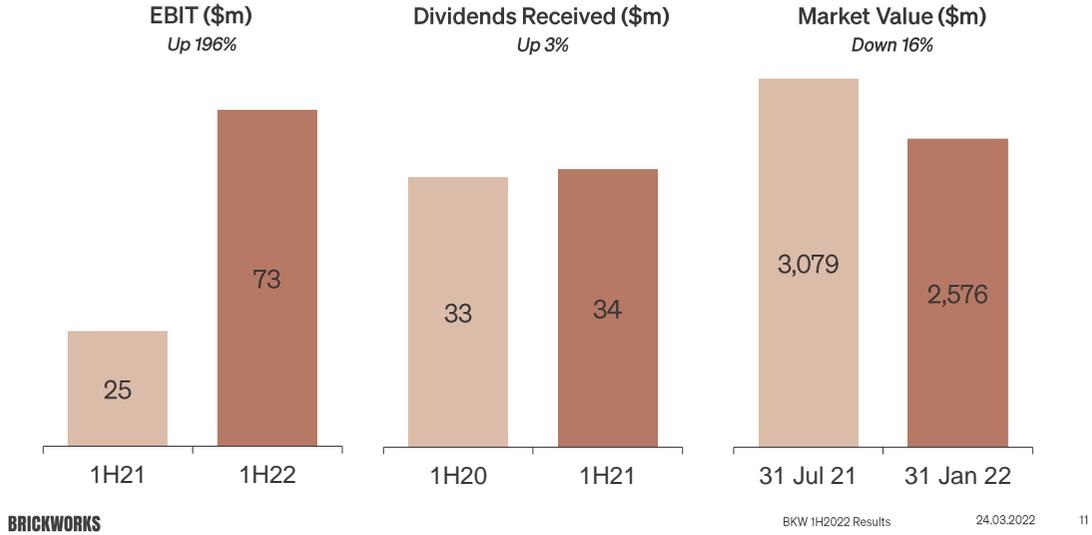
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Investments – 1H22 Result

Investments delivered increased earnings and dividends in 1H22, however the market value declined over the period

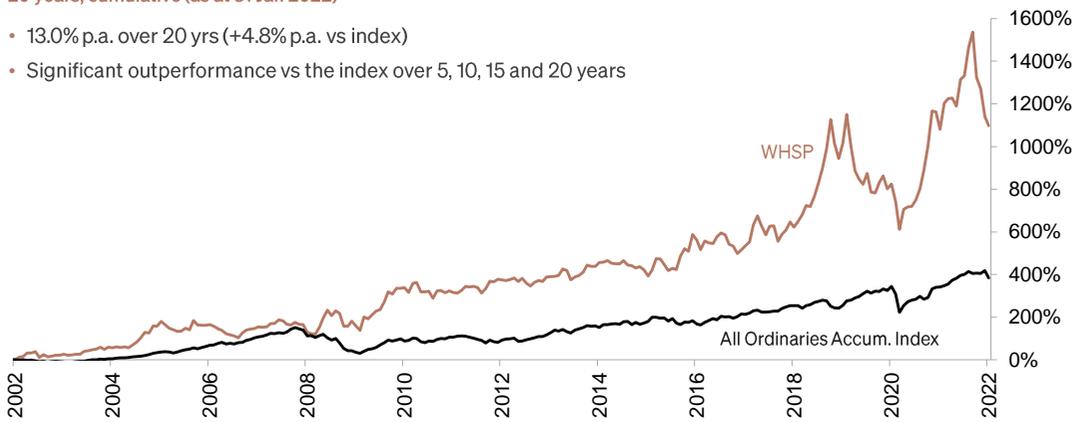


Investments – Long Term Value Creation

WHSP is a diversified investment house that has delivered strong returns over many years

WHSP Total Shareholder Return 20 years, cumulative (as at 31 Jan 2022)

- 13.0% p.a. over 20 yrs (+4.8% p.a. vs index)
- Significant outperformance vs the index over 5, 10, 15 and 20 years



WHSP / Milton Merger

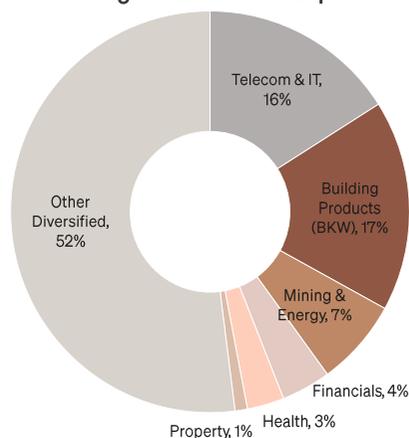
The merger with Milton provides WHSP with increased scale, diversification and liquidity

- Brickworks is now the major shareholder in Australia's leading publicly listed investment house
 - 26.1% shareholding
 - WHSP pre-tax net assets of ~\$9 billion¹
- The merger resulted in a \$279 million a one-off (non-cash) profit to Brickworks
 - \$453 million profit (post tax) due to a “deemed disposal” of WHSP shares
 - Offset by Brickworks share of a goodwill impairment incurred by WHSP (\$175 million)
- The merger will provide WHSP with increased scale, diversification and liquidity to pursue additional investment opportunities
- Continued focus on long-term market outperformance and growth in dividends

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

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Post Merger WHSP Asset Exposure¹



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Property – 1H22 Result

Property delivered record half year EBIT of \$358 million

- Net trust income higher, on rent reviews and additional developments
- Industrial real estate valuations continue to increase, in response to consumer trends such as online shopping
- Revaluation profit of \$228 million comprising:
 - \$180 million in relation to the leased portfolio, representing a 50 basis point reduction in cap rates
 - \$48 million in relation to fully serviced land awaiting development
- Development profit of \$115 million, driven primarily by the completion of the Amazon facility at Oakdale West

HALF ENDED JAN (\$M)	1H21	1H22	CHANGE
Net trust income	16	17	7%
Revaluations	40	228	466%
Development profit	0	115	NA
Property Trust	56	360	543%
Land sales	38	0	NA
Admin and other	(2)	(2)	-
Total	92	358	289%

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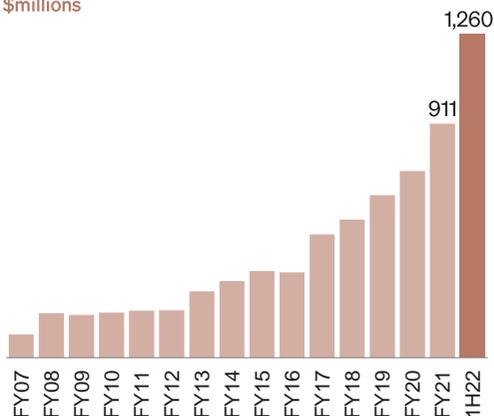
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Property Trust Asset Value

The net value of Brickworks' share of Property Trust assets increased by \$349 million during the half

HALF ENDED JAN (\$M)	FY21	1H22	CHANGE
Leased properties	1,982	2,987	51%
Land under development	686	508	(26%)
Total Property Trust assets	2,668	3,494	31%
Borrowings	(845)	(974)	15%
Net Property Trust assets	1,822	2,520	38%
BKW 50% share	911	1,260	38%

BKW 50% share of Property Trust Assets
\$millions



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Overview of Property Trust – Current Leased Assets

Estate	Status	Currently Leased				
		Asset Value (\$m)	Gross Rental (\$m p.a.)	WALE (yrs)	Cap. Rate	GLA ¹ (m ²)
M7 Hub (NSW)	Fully developed	225	9	2.8	3.8%	64,200
Interlink Park (NSW)	Fully developed	575	26	4.0	3.7%	192,200
Oak. Central (NSW)	Fully developed	869	31	3.6	3.5%	245,200
Oak. East stage 1 (NSW)	Fully developed	169	6	10.5	3.4%	35,900
Oak. South (NSW)	Partially developed	453	16	6.6	4.0%	136,900
Rochedale (QLD)	Partially developed	283	12	9.7	3.9%	95,600
Oak. West (NSW)	Partially developed	413	14	20.0	3.3%	53,500
Total		2,987	113	7.0	3.6%	823,500

1. Gross lettable area

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Oakdale South
February 2022



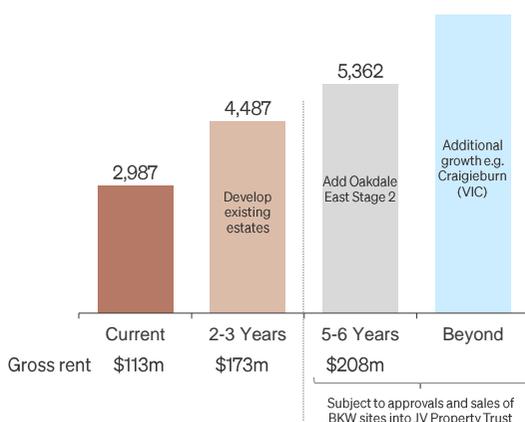
Oakdale West Estate
March 2022





Overview of Property Trust – Growth Outlook

Indicative Future Leased Property Value (\$m)



1. Gross lettable area

2. Rent estimates are based on the average gross rent / GLA for currently leased and pre-committed developments (~\$140/m²)

3. Asset values assume a capitalisation rate of 4.0% for all pre-committed and future developments (vs. 3.7% for the leased portfolio)

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GLA ¹ (m ²) by Estate	Currently Leased	Pre-Committed	Additional	Potential New Estates
M7 Hub (NSW)	64,200	Fully developed		
Interlink Park (NSW)	192,200	Fully developed		
Oak. Central (NSW)	245,200	Fully developed		
Oak. East I (NSW)	35,900	Fully developed		
Oak. South (NSW)	136,900	8,500	32,000	
Rochedale (QLD)	95,600	30,200	-	
Oak. West (NSW)	53,500	182,500	144,000	
Oak East 2 (NSW)	-	-	-	250,000
Total GLA (m²)	823,500	221,100	176,400	250,000
Gross Rent² (\$m p.a.)	113	35	~ 25 (est.)	~35 (est.)
Leased Asset Value³ (\$m)	2,987	~ 875 (est.)	~ 625 (est.)	~875 (est.)

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Intention to Launch a New Operational Property Trust

- Brickworks has been exploring opportunities to realise value from Building Products Australia operational land
- Advanced discussions with Goodman in relation to a potential transaction to establish a new JV “Operational Property Trust”¹
- An initial portfolio of 15 properties has been identified as Stage 1, with gross asset value ~\$415 million. Sale and leaseback of these properties into the jointly owned Operational Property Trust will deliver approximately:
 - \$200 million in gross proceeds
 - \$260-280 million in pre-tax profit²
- Additional properties to be added in future, subject to further due diligence
- JV Partnership with Goodman supports long term value creation through development opportunities and greater site utilisation

Example Stage 1 Property Austral Bricks Plant, Rochedale, QLD



1. There are no assurances that any binding agreement will be reached or that the proposed transaction will occur. Further information about the proposed transaction is contained in the Company's Half Year 2022 Report as released to ASX today

2. Around \$90 million of this pre-tax profit is expected to be recognised on completion of the transaction, with the remainder recognised over the life of the lease terms (up to 20 years)

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Building Products Australia – Market Activity

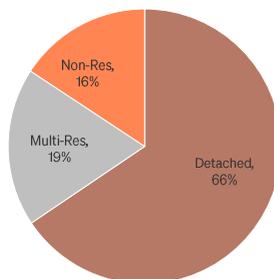
Building Activity by State¹

6 months to Dec 21 (vs 6 months to Dec 20)



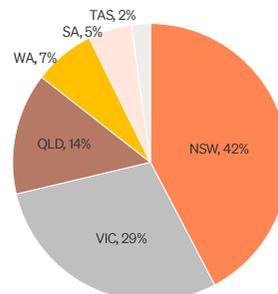
Segment Exposure

Sales revenue by end market



Regional Exposure

Sales revenue by state



1. Detached House and Multi-Residential Commencements. Non-Residential value of work done. Source: BIS Oxford Economics Dec 2021 forecast. Data shown for NSW also includes ACT, to align with Brickworks' sales regions.

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Building Products Australia 1H22 Result

Building Products Australia EBIT was up by 66%, with momentum building during the half

- Sales in Sydney and Melbourne impacted by construction restrictions early in the period
- Margins were higher due to improved production efficiencies
 - Price increases offset inflationary cost impacts
 - Supply chain pressures in some areas
- Major capital investment program well underway
 - Sydney masonry plant completed
 - Sydney brick plant well underway
 - New ERP system fully rolled out
- 121 hectares of land purchased at Bringelly, to support future brick operations

HALF ENDED JAN (\$M)	1H21	1H22	CHANGE
Revenue	330	348	6%
EBITDA	43	54	25%
EBIT	16	27	66%
EBITDA margin	13%	16%	19%
EBIT margin	5%	8%	57%

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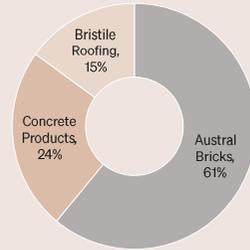
Business Unit Performance

- **Austral Bricks** earnings and revenue increased across all states
 - Very strong performance in QLD
 - Sharp increase in demand in WA resulting in supply chain pressures
 - Production curtailed in NSW during July and August, in response to COVID-19 restrictions
 - Construction of new plant at Horsley Park to be completed within 12 months
- **Concrete Products** earnings lower on steady revenue
 - Austral Precast earnings improved, on sales growth of “Double Wall”
 - Austral Masonry transition to new plant in NSW
 - High shipping costs adversely impacted Southern Cross Cement margins
- **Bristile Roofing** sales revenue lower in key Victorian market, higher in all other states

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Building Products Australia Revenue 1H22

\$348 million



1H22 v 1H21	Revenue	EBIT
Austral Bricks	↑	↑
Concrete Products	↔	↓
Bristile Roofing	↓	↔

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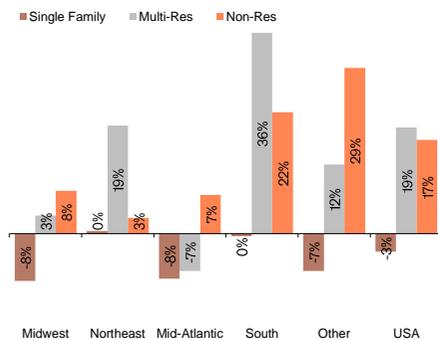
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Building Products North America – Market Activity

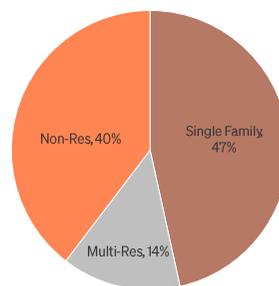
Building Activity by Region¹

6 months to Dec 21 (vs 6 months to Dec 20)



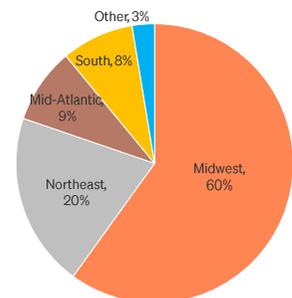
Segment Exposure

Sales revenue by end market



Regional Exposure

Sales revenue by region



1. Single Family and Multi-Residential Commencements. Non-Residential value of work done. Source: Dodge Data & Analytics

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Building Products North America – 1H22 Result¹

Building Products North America EBIT decreased, with margins impacted by supply chain issues

- Revenue significantly higher
 - Benefit of IBC acquisition
 - Increased sales to the large homebuilder market in Texas
- Margins impacted by supply chain issues
 - Transportation costs
 - Labour constraints and staffing issues
- Higher proportion of sales into the lower margin residential segment
- Land sales contributed US\$1 million in EBIT

HALF ENDED JAN (\$M)	1H21	1H22	CHANGE
Revenue (\$US)	75	136	82%
EBITDA (\$US)	9	9	(2%)
EBIT (\$US)	3	1	(70%)
Revenue (\$AU)	102	187	84%
EBITDA (\$AU)	13	12	(1%)
EBIT (\$AU)	4	1	(70%)
EBITDA margin	12%	7%	(46%)
EBIT margin	4%	1%	(84%)

1. An average exchange rate of 1AUD=0.73 USD has been used to convert earnings in 1H22 (1AUD=0.73 USD in 1H21)

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Building Products North America - Achievements

- Vertical integration with continued growth of company owned distribution network
 - IBC acquisition completed in Aug 21
 - Capital Brick acquisition completed Feb 22
- Plant rationalisation and upgrades, in line with strategy
 - Closure of York site
 - Completion of upgrades at Hanley
- Premium brand positioning
 - G21 product launch
 - Imports of selected niche products
 - Design studio opening in New York City
- Strategic review of land holdings to identify sale and / or development opportunities

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Financials

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Financials – 1H22 Overview

- Increase in Property, Investments and Building Products Australia earnings partially offset by decrease in Building Products North America
- Borrowing costs marginally lower
- Underlying tax higher due to the increase in Australian Building Products and Property earnings
- Significant items increased statutory NPAT by \$251 million

HALF ENDED JAN (\$M)	1H21	1H22	CHANGE
Total EBITDA	163	488	200%
Depreciation & amortisation	36	38	7%
EBIT	127	450	254%
Borrowing costs	(10)	(9)	(9%)
Underlying income tax	(27)	(110)	298%
Underlying NPAT (from continuing operations)	90	330	269%
Significant items & discontinued items	(18)	251	NA
Statutory NPAT	71	581	720%

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Financials – Significant items

- \$279 million net gain recorded following WHSP's merger with Milton
 - \$453 profit on deemed disposal of WHSP shares
 - Offset by Brickworks share of a goodwill impairment incurred by WHSP (\$175 million)
- A \$16 million tax cost arising from the carrying value of WHSP
- \$6 million restructuring cost, primarily relating to:
 - The relocation of Austral Masonry in Sydney
 - Closure of retail outlets and decommissioning of production at the York plant in North America
- \$5 million in COVID-19 related costs

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\$MILLION	GROSS	TAX	NET
<i>Gain on deemed disposal of WHSP upon Milton merger</i>	725	(271)	453
<i>WHSP impairment of Goodwill upon Milton merger</i>	(249)	75	(175)
Net impact of WHSP merger with Milton	475	(196)	279
Other significant items relating to WHSP	2	-	2
Income tax arising from the carrying value of WHSP	-	(16)	(16)
Restructuring activities	(8)	2	(6)
COVID-19 costs	(7)	2	(5)
Acquisition costs	(3)	1	(2)
Other costs	(2)	0	(1)
TOTAL	458	(207)	251

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Financials – Cash Flow Reconciliation

- Decrease in operating cash flow, primarily due to increased working capital within Building Products operations
- Acquisition costs primarily represent IBC purchase
- Elevated capital expenditure of \$43 million for the period reflects several major projects underway
- Dividend payments of \$61 million (prior corresponding dividend included some uptake of DRP)

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\$MILLION	1H21	1H22
Statutory net profit after tax	71	581
Depreciation, amortisation	36	38
Non cash revaluations within Property Trust	(78)	(343)
Non-cash gain on deemed disposal	-	(715)
Share of profits of associates not received as dividends	15	191
Changes in tax provisions	31	338
Inventory movements	(11)	(26)
Other items	12	(1)
Operating cash flow	76	63
Acquisitions (net of cash)	-	(64)
Capital expenditure	(61)	(43)
Dividends paid (net of DRP uptake)	(52)	(61)

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Financials – Key Indicators

- Total shareholder's equity increased by \$509 million during the half, or \$3.33 per share
 - Reflects strong statutory profit, offset by dividend payments
- Net debt increased by \$107 million to \$626 million
 - Gearing steady at 21%

	FY21	1H22	CHANGE
NTA per share	\$13.88	\$16.72	20%
Shareholder's equity	\$2,480m	\$2,989m	21%
Shareholder's equity per share	\$16.36	\$19.69	20%
Return on shareholder's equity ¹	12%	22%	92%
Operating cash flow (v 1H21)	\$76m	\$63m	(17%)
Net debt	\$519m	\$626m	21%
Gearing (net debt / equity)	21%	21%	-
Interest cover	20x	37x	85%

¹. Based on annualised underlying NPAT from continuous operations (1H22 NPAT x 2)

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Debt Maturity and Metrics

- Circa \$1,015 million in debt facilities committed
 - Syndicated multi-currency facility ~\$735 million
 - Bilateral cash advance facility \$75 million
 - Institutional term loan facility \$184 million
 - Construction loan facility \$20 million
- Next maturity in 2H22 (construction loan)
- Net debt of \$626 million¹ at 31 Jan 2022:
 - Total drawn debt \$705 million
 - Offset by cash of \$78 million
- Significant headroom within existing covenants:
 - Gearing 17%¹ (vs covenant <40%)
 - Interest cover 9.6x¹ (vs covenant of >3.5x²)
 - Leverage ratio 3.4x¹ (vs covenant of <3.5x²)

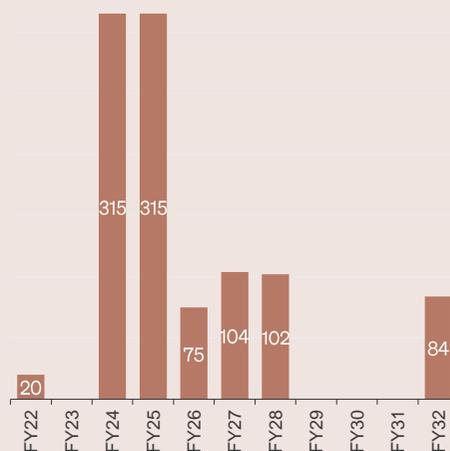
¹. Gearing, interest cover and leverage ratio outlined here are based on the Group's banking covenant calculation (and differ from standard calculations used for these metrics, as quoted elsewhere in this report)

². Covenant only applies if gearing > 22.5%

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Debt Maturity Profile

Total \$1,015 million facilities



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Outlook

Section 04

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Outlook

Investments

52% 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

Property

26% of Group assets

- Within the Property Trust, the completion of facilities at existing Estates over the next three years will result in a significant uplift in rental income and leased asset value
- Advanced discussions in relation to a new “Operational Property Trust” with Goodman, in Australia
- Property opportunities emerging in North America
- Severe wet weather has impacted the start of 2H22

Building Products Australia

14% of Group assets

- Demand remains strong, with a large backlog of housing construction work in the pipeline
- Medium term uncertainty, post stimulus-induced surge. Building approvals weak
- Major capital projects will improve competitive position in key markets
- Inflationary pressures and supply chain issues to persist in the foreseeable future

Building Products North America

8% of Group assets

- A record order book is expected to flow through to increased sales activity from April
- Integration of IBC, prior period plant rationalisation and upgrades, and investment in sales and marketing initiatives will support future earnings

Group

- Outbreak of war in Ukraine has created increased uncertainty that could impact all businesses

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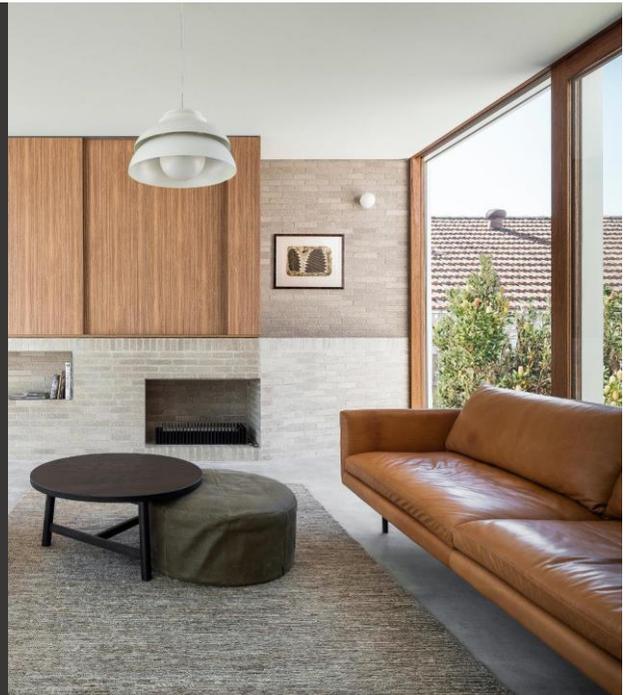
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Questions

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Thank you

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