

21 March 2019

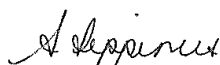
Australian Securities Exchange
Attention: **Companies Department**

BY ELECTRONIC LODGEMENT

Dear Sir / Madam

Please find attached a presentation and additional comments to be presented to analysts today regarding Brickworks Limited's financial results for the half year ended 31 January 2019, for immediate release to the market.

Yours faithfully
BRICKWORKS LIMITED



Susan Leppinus
Company Secretary

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Financial results

Half year ended 31 January 2019

Mr. Lindsay Partridge Managing Director

Mr. Robert Bakewell Chief Financial Officer

Park Chelsea, Washington DC





Good Afternoon Ladies and Gentlemen and welcome to the Brickworks analyst briefing for the half year ended 31 January 2019.

Today I will provide an overview of the Brickworks investment proposition, our first half results highlights, a review of divisional performance and an overview of the outlook for Brickworks.

Robert Bakewell, our Chief Financial Officer, will take you through the first half financials in more detail.

We will then be happy to take any questions at the conclusion of the presentation.

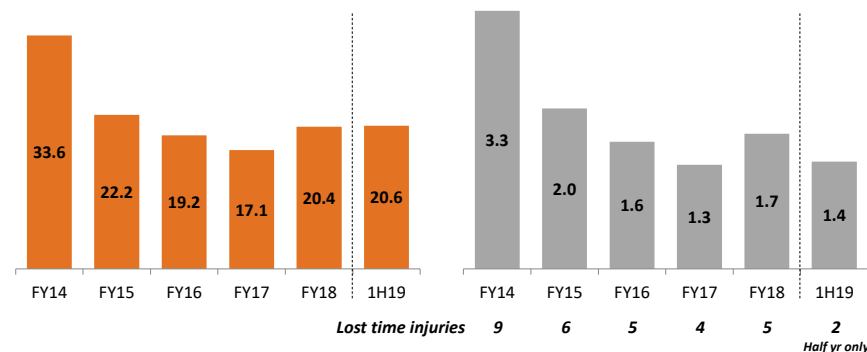
Safety

Continued focus on workplace safety and injury prevention

Note: Safety statistics represent Australian operations only

Total Workplace Injury Frequency Rate
Injuries per million work hours

Total Lost Time Injury Frequency Rate
Injuries per million work hours



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But first, and most importantly, I will talk about safety.

The health and safety of our people is our number one priority, and the Company has made steady progress in reducing the number of workplace injuries over many years.

As shown, the number of lost time injuries sustained within our Australian operations has progressively decreased.

There were 2 Lost Time Injuries during the first half of 2019. This translated into a decrease in the Lost Time Injury Frequency Rate compared to the 2018 financial year, and a result just shy of our record low injury frequency rate achieved in 2017.

We are commitment to rolling out best practice safety standards across all operations, including our newly acquired Glen-Gery business in the United States.



Investment Proposition



Before outlining our results, I will take some time to talk about our investment proposition.

Brickwork's investment proposition

BKW offers compelling value, stability and potential for growth

Value	Stable and Conservative	Long term growth
<p>Inferred asset value at historic premium to share price</p> <p>Value of WHSP shareholding alone \$2.7b, in line with BKW mkt cap</p>	<p>Low gearing</p> <p>Diversified portfolio of assets</p> <p>Stable management and Board</p>	<p>History of dividend growth and value creation</p> <p>Exposure to industrial property (new economy)</p> <p>International growth in bricks</p>

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We believe Brickworks offers investors compelling value, stability, and good prospects for long term growth.

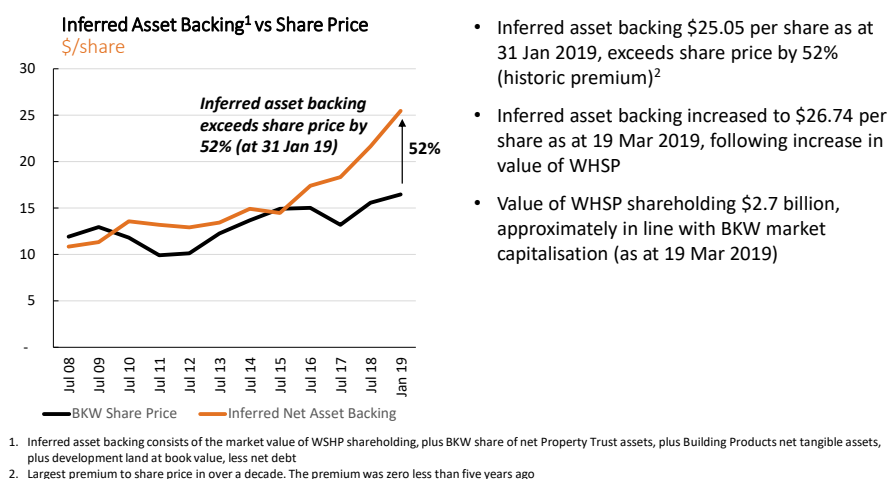
Our inferred asset value is currently at a historic premium to the Brickworks share price.

The company is conservative, with low gearing, a diversified portfolio of assets and a stable management and Board.

We have a proud track record of dividend growth that dates back over 40 years, and we believe our portfolio of businesses is well placed to continue to deliver long term earnings growth in the years ahead.

Value: Share price vs asset value

Inferred asset value at a historic premium to the BKW share price



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Firstly, looking at our share price vs asset value.

The orange line on the chart on the left of screen shows the growth in inferred net tangible asset value over the past decade, on a per share basis.

Brickworks has consistently grown net asset value per share over the long term. Since 2008 asset value has increased at a compound rate of 10% per annum.

The inferred asset backing of \$25.05 per share as at 31 Jan 2019, exceeded the share price at that time by 52%, a historic premium.

Since the end of the half the asset backing of Brickworks has extended further, due to the increasing WHSP share price, and now sits at almost \$27 per share.

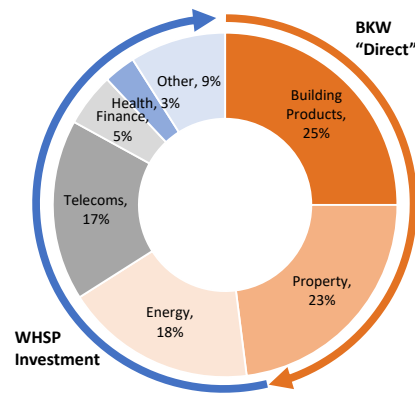
Based on the close of trade on the 19th March, the value of our shareholding in WHSP of \$2.7 billion, is approximately in line with Brickworks' market capitalisation.

Given this strong asset backing, we believe Brickworks is currently offering investors compelling value.

Stable and conservative: diversified asset exposure

BKW has a diversified portfolio of assets

Brickworks Look Through Asset Exposure¹



- WHSP is a diversified investment house with interests in a range of assets, including TPG Telecom and New Hope Corporation
- As a result, Brickworks has a highly diversified portfolio of assets on a look through basis
- Diversity provides earnings stability and the ability to invest for the long term, through cycles
- Brickworks gearing reduced to a conservative 11% at the end of 1H19

1. Based on WHSP asset value (ex BKW) as disclosed in 2018 Annual Report

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Brickworks has a diversified portfolio of assets, consisting of:

- Building Products in Australia;
- Building Products in the USA, following our acquisition of Glen-Gery;
- Industrial Property; and
- Our investment in WHSP

The WHSP holding itself consists of a mix of investments in sectors such as energy, telecommunications, finance and healthcare.

As a result, Brickworks diversification increases further on a look through basis. The total look through asset exposure of Brickworks is shown on the chart, with:

- Building Products, making up 25% of asset value;
- Property, 23%;
- Energy, 18%. This primarily relates to WHSP's holding in New Hope Corporation;
- Telecommunications, 17%. This primarily relates to WHSP's holding in TPG Telecom;
- Finance, 5%;
- Health, 3%; and
- Other listed and non listed assets, 9%

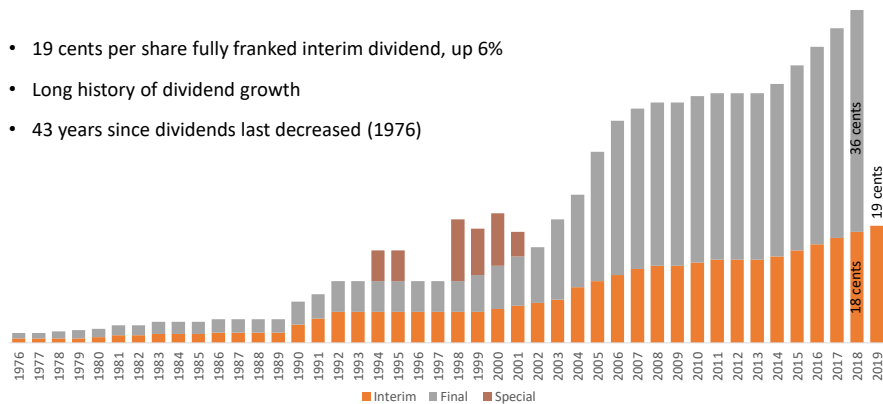
This diversity provides earnings stability and the ability to invest for the long term, through cycles.

Long term growth: dividends

Brickworks normal dividend has been maintained or increased since 1976

Brickworks Dividend History
Cents per share

- 19 cents per share fully franked interim dividend, up 6%
- Long history of dividend growth
- 43 years since dividends last decreased (1976)



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This earnings stability also helps the company to deliver consistent and growing dividends to our shareholders.

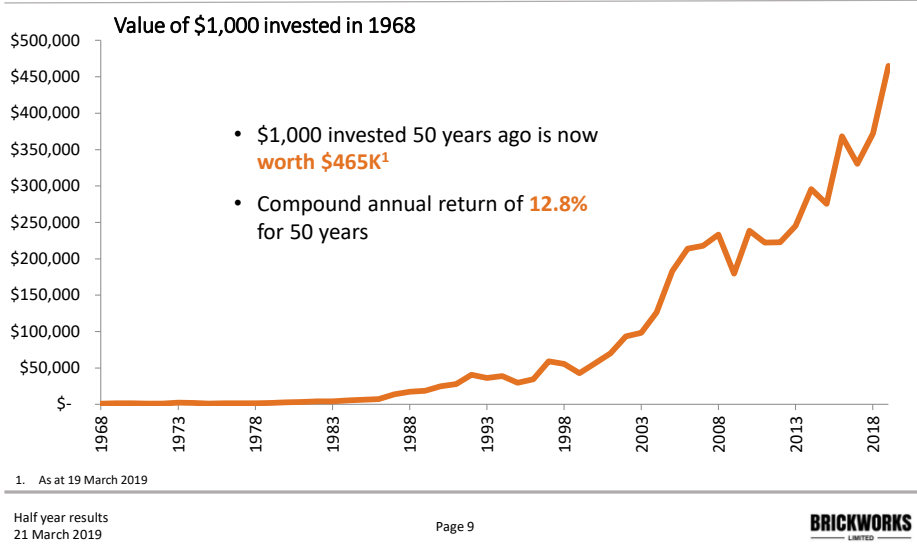
We are proud of our long history of dividend growth, and are happy to announce another dividend increase today, up 6% to 19 cents per share.

The record date for the interim dividend is 9 April, with payment on 30 April.

As shown on screen, we have now maintained or increased dividends for the last 43 years.

Long term growth: total value creation

Brickworks has created significant shareholder value over the long term



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

Over the past 50 years the company has delivered average shareholder returns of around 13% per annum, incorporating dividends and share price appreciation. This means that \$1,000 invested in Brickworks in 1968 would be worth around \$465,000 today.

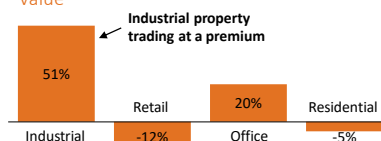
Long term growth: industrial property

Industrial property portfolio leveraged to growth in new economy



Australian Listed Property

Share price premium / (discount) to Net Asset Value¹



- Portfolio has well-located industrial facilities, close to end-customers, which are critical in the supply chain of the new economy
- Industrial capitalisation rates compressing and industrial focussed stocks trading at premiums

1. CLSA, Australian Real Estate Sector Outlook (Sholto Maconochie)

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Looking ahead we are also excited by the long term growth prospects for our business, and I will provide two examples today.

Our property business has been a great success over the past decade, and demand for our industrial land continues to increase.

This reflects a wider structural change across the economy, as companies modernise their supply chains in response to consumer preferences, such as on-line shopping.

Well-located industrial facilities, close to consumers are increasing in value, as they are now a key component in the supply chain solution of our customers.

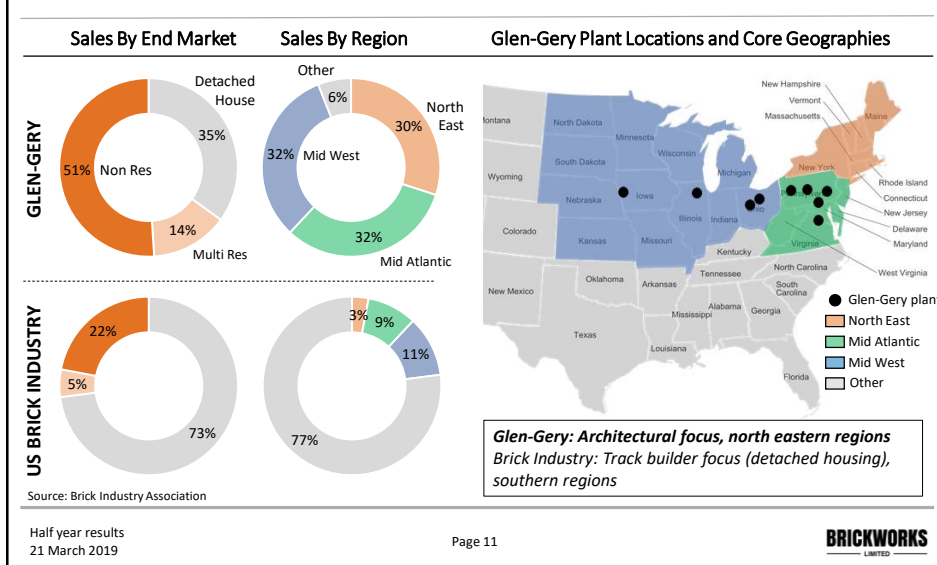
As a result we are seeing a shift in valuation across the property sector, with industrial capitalisation rates compressing, and industrial focussed stocks trading at a premium.

We expect this to continue, with tight supply of large industrial zoned land in prime areas, resulting in trends such as the increasing development of multi-level industrial facilities.

Our JV partner and manager, Goodman, is a world leader in multi-storey logistics, with scale and operational capacity to deliver, in response to this strong demand from blue chip tenants.

Long Term Growth: USA Bricks

A differentiated brick business – by geography and end-customer



Now, looking at our recent acquisition of Glen-Gery.

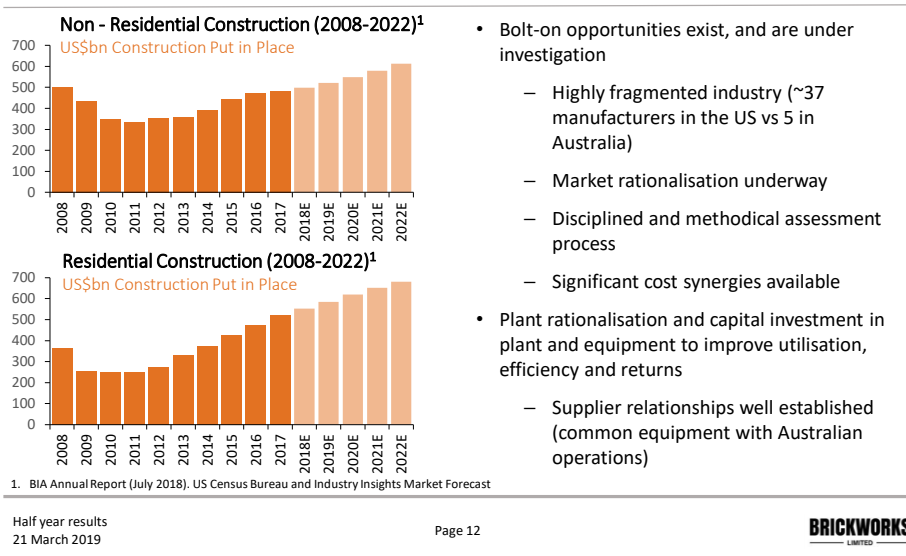
Glen-Gery is a differentiated brick business in the US, with a unique market position. It holds a leading position in the north-east, mid-atlantic and mid-west regions of the United States, an area where other major players have minimal presence. This region, incorporates major cities such as New York, Washington DC, Boston, Philadelphia, Baltimore, Pittsburgh, Chicago and Detroit, each with a long heritage of brick construction in commercial and residential buildings.

Glen-Gery's product mix reflects the traditional building styles of this region, with higher margin architectural products into the non-residential and multi-residential segments making up 65% of sales. This compares to the wider US brick industry, where sales into these sectors make up only 27% of the total.

So, whereas the industry as a whole has a majority of sales to track builders in southern regions, such as Texas, Glen-Gery's focus is on higher margin architectural bricks, in the major north eastern cities.

Long term growth: USA Bricks

A platform for further growth in the United States



Our acquisition of Glen-Gery provides a strategic “beach-head” for long term growth, in a large, attractive market.

Growth prospects in the United States are strong, with non-residential and residential construction expected to continue steady growth over the medium term.

In addition to market growth, bolt-on acquisition and capital investment opportunities exist.

Despite ongoing market consolidation, the US brick industry remains highly fragmented, with around 37 manufacturers, operating at overall industry utilisation of around 50%. Acquisition opportunities are currently under investigation, and any subsequent transactions are expected to offer significant cost synergies, through plant rationalisation and increased utilisation.

Consistent with our strategy, Brickworks will bring a long term focus to operations in the US, with opportunities to be evaluated with a disciplined and methodical assessment process.

It is anticipated that the transition to a highly efficient and fully utilised plant network, incorporating bolt-on acquisitions, plant upgrades and rationalisation of facilities, will take approximately three to five years to complete.



1H19 Overview

Residential Tower, 3rd Avenue & E95th St, New York City



Turning now to our 1st half results highlights.

1H19 overview

Significant milestones across all Group activities

- International expansion, through the acquisition of Glen-Gery, provides a platform for long term growth
- Sale of 7.9 million WHSP shares
- WHSP admitted into S&P/ASX 100 Index on March 18
- Reclassification of the hardwood operations of Auswest Timbers as discontinued operations
- Pre-commitment for highest value facility ever developed by the JV Property Trust, with anticipated value >\$300 million at completion (66,000m², up to 34 metres high, 20 year lease to Coles Group)

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There have been a number of significant milestones across all Group activities during the first half, including a number of important steps we have taken to refocus our portfolio of assets.

As I mentioned, in November we completed the acquisition of Glen-Gery in the United States, representing our first major overseas investment, and we are excited by the opportunities this presents.

In November and December, Brickworks sold 7.9 million shares in WHSP, generating \$208 million in cash proceeds. This was the first sale of WHSP shares by Brickworks since the initial investment in 1969, and I will talk more about this later.

I also note the admission of WHSP into the S&P/ASX 100 just last week, a significant achievement for the company.

During the period, a portfolio review within Building Products Australia resulted in the reclassification of the hardwood operations of Auswest Timbers as discontinued operations. This review determined that further investment in these assets is not justified, given structural challenges impacting the business, and competing capital priorities across the Group. Brickworks is now focussed on realising the maximum value possible from these assets, through an orderly exit, with UBS having been appointed to assist with a sale process. Robert will talk later about the associated impairments that we have reported in the period.

Reinforcing the strong demand for our industrial property that I was just discussing, in January we were pleased to announce a pre-commitment for the highest value facility ever developed by the JV Property Trust. This 66,000m² facility, up to 34 metres high, is underpinned by a 20 year lease to the Coles Group and will have an anticipated value of more than \$300 million at completion.

1H19 result highlights

Record first half underlying earnings from continuous operations

Underlying EBITDA (continuing operations)	Underlying profit (continuing operations)	Statutory profit
\$227m ↑44%	\$160m ↑37%	\$115m ↑18%
Net tangible asset / share	Underlying EPS (continuing operations)	Dividend
\$13.04 ↑5%	107 cents ↑37%	19 cents ↑6%

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Financial results in the first half of 2019 have also been very successful for Brickworks.

Total EBITDA from continuing operations was \$227 million, up 44% compared to the prior corresponding period.

A record first half underlying profit from continuing operations of \$160 million was achieved, up 37% on the prior period.

This translates to underlying earnings per share of 107 cents.

After including the impact of significant items and discontinued operations, statutory NPAT for the period was \$115million, up 18%.

Total shareholders equity was up by \$62 million and now stands at over \$2.1 billion. Net tangible assets per share was up 5% to \$13.04.

Divisional Review

Iron Mountain Development, Oakdale South, New South Wales

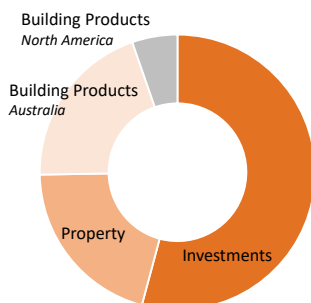


Now looking at divisional performance.

Divisional Overview

An attractive portfolio of diversified businesses

Total Assets (look through basis)¹
Excludes net debt and assets held for sale



Investments

- Diversified investment house with proven investment approach that has delivered outstanding returns
- Stable and trusted business partner

Property

- 50% interest in Industrial Property Trust JV with Goodman Group – total assets \$1.7bn
- Leveraged to new economy
- Additional surplus Building Products land

Building Products Australia

- Australia's leading brickmaker
- Leading positions in other trusted and established building products

Building Products North America

- Leading brickmaker in the northeast
- Focussed on architectural products for the non res and multi res sectors
- Significant growth opportunities

1. Based on WHSP asset value (ex BKW) as disclosed in 2018 Annual Report

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We have a strong portfolio of businesses.

Our investment in WHSP makes up the largest component of Group assets.

In WHSP, we have a stable and trusted business, with a proven investment approach that has delivered outstanding returns over the long term.

As I mentioned, our Property business has strong growth potential, with our industrial property assets in prime locations leveraged to the growth of the new economy.

Within Building Products, our heritage Austral Bricks business is the country's leading brick maker, and delivers strong returns on capital across the building cycle. In Australia, we have leading positions in other trusted and established building products, through brands such as Bristle Roofing, Austral Masonry and Austral Precast.

In North America, Glen-Gery is the leading brickmaker in the northeast region of the country. It is differentiated from other major players, with a focus on architectural products for the non residential and multi-residential sectors.

Investments -WHSP

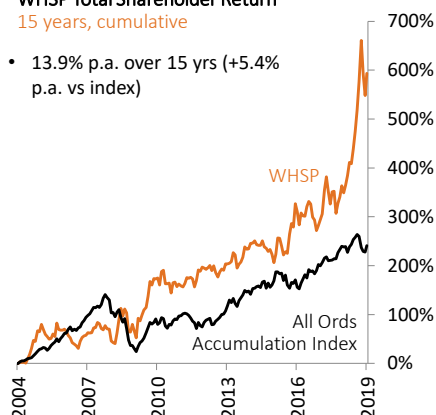
Long history of strong returns

\$million	1H2019	1H2018	Change
Underlying earnings	61	61	-
Dividends from WHSP	34	33	+3%
WHSP Share price (\$) (vs 31 Jul 18)	26.31	21.82	+21%
BKW Market Value (vs 31 Jul 18)	2,481 (39.4% share)	2,231 (42.7% share)	+11%

- Underlying earnings steady
- \$250 million increase in market value during the half
- Additional \$254 million increase in market value since 31 Jan 19 (as at 19 March)

WHSP Total Shareholder Return 15 years, cumulative

- 13.9% p.a. over 15 yrs (+5.4% p.a. vs index)



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Investments delivered an underlying contribution of \$61 million for the half year ended 31 January 2019, in line with the previous corresponding period. Within WHSP, strong underlying contributions were delivered from New Hope Corporation, TPG Telecom and property transactions during the period.

During the period cash dividends of \$34 million were received, up 3% on the prior period.

The market value of Brickworks shareholding in WHSP was almost \$2.5 billion at 31 January 2019, up \$250 million over the period, despite the sale of shares that reduced Brickworks shareholding to 39.4%.

Since the end of the period, the value of the stake has increased by a further \$254 million.

WHSP has delivered outstanding returns over the long term, with annualised total returns of 13.9% per annum for the past 15 years. This represents outperformance of 5.4% per annum versus the ASX All Ordinaries Accumulation Index.

Sale of WHSP shares

First sale of WHSP shares since acquisition in 1969

- In November and December, Brickworks sold 7.9 million shares at a weighted average sale price of \$26.37 / share
- Cash proceeds of \$208 million, enabled the Group to reduce debt following the acquisition of Glen-Gery
- Including dividends received, the sale price represents an annualised return of 13.7% for the 49 years since the original investment in 1969¹
- WHSP remains an important strategic asset, and Brickworks retains 94.3 million shares (39.4% share of WHSP)

1. Total return assumes re-investment of dividends and other special shareholder distributions

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As I mentioned earlier, Brickworks sold 7.9 million WHSP shares in November and December, at a weighted average price of \$26.37 per share, delivering total cash proceeds of \$208 million. This transaction enabled Brickworks to take advantage of the increased demand for WHSP shares following its inclusion in the MSCI index, and allowed the company to reduce debt soon after the acquisition of Glen-Gery.

The return delivered on this investment illustrates Brickworks patient and prudent long-term investment approach. Including dividends received, this parcel of shares has delivered a return of around 14% compounded annually for 49 years, since the initial purchase in 1969.

Brickworks now holds 94.3 million WHSP shares; equivalent to a 39.4% interest in WHSP. This shareholding in WHSP is an important source of earnings and cashflow diversification for the company, and remains an important strategic asset to the company.

Property – 1H19 result

Record first half profit, on revaluations and Punchbowl sale

\$million	1H2019	1H2018	Change	
Net Trust Income	12	11	+9%	• Net trust income higher, on rent reviews and addition of new developments
Revaluations	67	7	>500%	• Revaluation profit driven by 50 basis point reduction in cap rates in NSW
Development Profit	19	34	-44%	• 3 developments completed at Oakdale South
Property Trust	99	51	+94%	• Land sale: Completion of Punchbowl sale in August 2018 delivered earnings of \$35 million (total sale proceeds \$41 million)
Land Sales	35	-	N/A	
Property Admin ¹	(2)	(2)	-	
Total	132	50	+167%	

1. Property administration includes the holding costs of surplus land

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Turning now to Property.

Property delivered an EBIT of \$132 million for the period, up significantly on the prior corresponding period.

Net trust income was \$12 million, an increase of 9% on the prior corresponding period.

A revaluation profit of \$67 million was recorded during the half. This was driven by continued industry-wide capitalisation rate compression for prime industrial property assets. A New South Wales portfolio review was completed in December 2018, resulting in a 50-basis point reduction in capitalisation rates across the portfolio.

A \$19 million development profit was also recorded, following the completion of three new assets at Oakdale South.

In total, the Property Trust delivered an EBIT of \$99 million, up 94%.

In addition, the settlement of the Punchbowl property sale in August, resulted in a EBIT contribution from land sales of \$35 million.

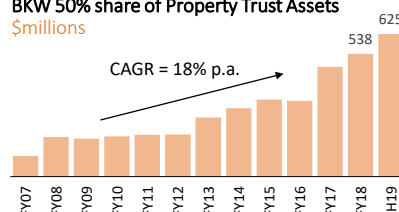
Property – JV Trust Asset Value

Joint Venture asset value continues to benefit from structural trends

\$million	1H2019	FY2018	Change
Leased properties	1,406	1,168	+20%
Land to be developed	308	360	-14%
Total Property Trust assets	1,715	1,527	+12%
Borrowings	(466)	(451)	-3%
Net Property Trust assets	1,249	1,076	+16%
BKW 50% share	625	538	+16%

- Total leased properties \$1.4 billion
 - 6 year weighted average lease expiry
 - “Blue chip” tenants
- Rental return on leased assets 6%¹
- Revaluation return 16% during 1st half²
- Gearing on leased assets 32%

BKW 50% share of Property Trust Assets
\$millions



1. Based on annualised Net Trust Income of \$24m (2 x 1H19), divided by \$425m. This represents Brickworks share of leased properties (net of borrowings on leased land of \$456m), less \$51 million of newly completed assets that did not contribute any rent during the period
 2. Methodology as above, but assuming annualised revaluation profit of \$67 million (in line with 1H19)

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The total value of leased assets held within the Property Trust was \$1.4 billion at the end of the half. Including \$308 million worth of land to be developed, the total value of assets held within the Property Trust was \$1.7 billion. Borrowings of \$466 million are held within the Property Trust, giving a total net asset value of over \$1.2 billion. Brickworks’ 50% share of net asset value was \$625 million as at 31 January 2019, up by 16%, or \$87 million during the period.

After a decade of methodical investment and development within the Property Trust, we are very pleased with the progress that has been achieved. Since its’ inception in 2008, Brickworks net asset value has increased at 18% per annum, generating significant value for shareholders.

The total return on the leased property assets for the period was 22%, comprising a revaluation return of 16% and rental return of 6%.

As a result of the increased valuation, gearing on leased assets decreased to a conservative 32% at the end of the period.

Building Products Australia – 1H19 result

Earnings adversely impacted by higher energy costs

\$million (Continuing operations)	1H2019	1H2018	Change	Residential Housing Starts ¹ 1H19 vs 1H18						
Revenue	375	376	-							
EBITDA	41	55	-25%							
EBIT	26	41	-35%							
EBIT margin	11%	14%	-21%							
Capital expenditure	18	26	-31%							
Net tangible assets	639	605	6%							
Return on net tangible assets	8%	14%	-43%							

Earnings decline due primarily to:

- Lower brick sales volume in NSW and WA, approximately in line with starts
- Increased energy costs (unable to be fully recovered by price)
- Brick kilns taken offline to complete necessary maintenance after running continuously for up to 8 years

1. For 6 months to December 2018 (vs Dec 2017). Source: ABS (3 months to September 2018) and BIS Oxford Economics forecast for the 3 months to December 2018

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Turning to Building Products Australia.

Revenue from continuing operations for the period was approximately in line with the prior period, at \$375 million.

EBIT was \$26 million, down 35%, and EBITDA was \$41 million.

Margins declined on the prior corresponding period, particularly within Austral Bricks, where price increases were insufficient to recover increasing energy costs.

In addition, the opportunity was taken during the period to complete necessary maintenance work on several brick kilns that had been operating continuously for up to 8 years.

Lower sales volume in New South Wales and Western Australia, approximately in line with market activity declines, also impacted earnings within Austral Bricks.

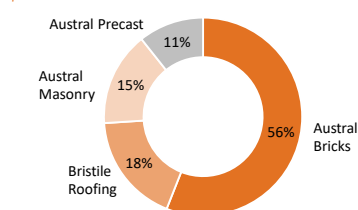
During the first 2 months of the financial year, sales volume more broadly was adversely impacted by tightening credit availability that caused widespread project delays.

Building Products Australia - Business Unit Performance

Mixed performance across Building Products business units

Building Products Australia Revenue 1H19

\$375 million



1H19 vs 1H18	Revenue	EBIT
Austral Bricks	↓	↓
Bristle Roofing	↓	↑
Austral Masonry	↑	↓
Austral Precast	↑	↔

- Austral Bricks margins impacted by kiln maintenance and higher energy costs (+\$6 million vs prior half). Volume increases in Victoria and other states offset by decline in NSW and WA.
- Plans being developed for new face brick plant at Plant 2 site, Horsley Park
- Bristle Roofing (inc. Auswest operations at Fyshwick) earnings higher on resilient demand in Victoria
- Austral Masonry earnings higher in QLD, plus full period contribution from Urbanstone, offset by weakness in NSW
- Austral Precast sales increasing, but earnings impacted by major project delays in NSW. Strong pipeline of work remains in NSW.
- Construction of Southern Cross Cement Terminal proceeding well

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Austral Bricks was particularly hard hit by the escalating energy costs, with a \$6 million cost increase compared to the prior year.

The impact of higher energy costs is being partially mitigated by a sustained investment program, to replace older inefficient kilns, with modern plants. Following significant investments in Victoria, Western Australia and Queensland in recent years, the focus for capital investment has now turned to New South Wales, where there has been limited investment for three decades. A review of the future operational footprint within the Horsley Park precinct has been completed, and plans for a new face brick plant at the current Horsley Park Plant 2 site are being developed.

Across the other business units:

- Bristle Roofing earnings, now including Auswest softwood operations at Fyshwick, were higher, on resilient demand in Victoria;
- Austral Masonry earnings were higher on the back of a strong performance in southeast Queensland a full period contribution from Urbanstone; and
- Austral Precast earnings were relatively steady, despite being adversely impacted by delays in deliveries of product to major projects in NSW.

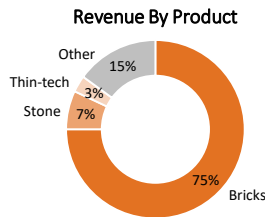
Construction of the Southern Cross Cement terminal has progressed well during the period. Civil works are scheduled for completion this month, with work on mechanical and electrical installation, and the erection of silos, now underway. Commissioning, and the first shipment of cement to shareholders, is expected in early financial year 2020.

Building Products North America

Performance ahead of expectation, integration proceeding well

Glen-Gery Overview

- 9 brick plants, 655 employees
- 1 manufactured stone plant
- Annual sales, circa 230 million bricks, AU\$162 million revenue¹
- EBITDA margin circa 11%¹



1. Based on 12 months to August 2018

For Period 23 Nov 18 – 31 Jan 19

- As per usual during winter period:
 - Plants offline for extended shutdowns; and
 - Sales volume significantly lower than balance of year
- Performance ahead of expectations, due primarily to sale of surplus clay from Capitol site:
 - Revenue of AU\$26 million;
 - EBIT of -AU\$1 million; and
 - EBITDA positive
- Integration progressing well
- Exclusive supply agreements with Brickworks European partners for supply of premium imported bricks
- Investigations commenced for a heavy refit of the Mid-Atlantic plant, and a new state of the art kiln at the same location

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In the US, the Glen-Gery acquisition was completed on the 23rd November last year, therefore the first half result includes just over 2 months of operation.

As is normal during the winter months, plants were shutdown during this period and sales volume was significantly below the typical run-rate for the year.

Sales revenue for the period was \$26 million.

EBITDA was marginally positive and EBIT, although negative, was ahead of expectations, due primarily to profits on the sale of surplus clay material from the Capitol site.

Integration activities have been proceeding well since the acquisition.

Progress is also underway on key strategic initiatives to enhance business performance, including securing exclusive agreements with our European partners, for the supply of premium imported products into the United States.

We are also investigating a new state of the art plant at the Mid-Atlantic site, in addition to a heavy refit of the existing plant at the same location. This 600-acre site in Pennsylvania is ideally located to service the north-eastern region of the United States. By investing in the country's largest and most efficient single production line, the company will be well placed to service this key region for decades to come.



Financials

Google Corporate office, Michigan, United States



I will now hand over to Robert, to review the financials in more detail.

Financials – 1H19 Overview

37% increase in underlying NPAT from continuing operations

\$million	1H2019	1H2018	Change	
Total EBITDA	227	158	+44%	• Earnings higher on strong Property result, offset by Building Products Australia
Depreciation	16	14	+15%	• Borrowing costs up due to mark to non-cash mark loss in interest rate swaps (vs gain in prior period)
Total EBIT	211	145	+46%	• Underlying tax increased due to higher earnings
Borrowing costs	(11)	(6)	-77%	• Significant items contributed net -\$12 million to NPAT from continuing operations
Underlying income tax	(41)	(22)	-90%	• Auswest hardwood operations at Greenbushes (WA) and East Gippsland (Victoria) classified as held for sale during the half (\$30 million impairment, and \$4 million operating loss)
Underlying NPAT (From continuing operations)	160	117	+37%	
Significant items	(12)	(18)	NA	
NPAT (From continuing operations)	148	99	+50%	
Discontinued operations	(34)	(2)	NA	
Statutory NPAT	115	97	+18%	

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Thankyou Lindsay.

As Lindsay mentioned, total underlying Group EBITDA for the half was \$227 million. Including depreciation of \$16 million, the underlying Group EBIT was up 46% to \$211 million.

Total borrowing costs were \$11 million and tax was \$41 million, resulting in the underlying net profit after tax from continuing operations of \$160 million, up 37%.

Significant items reduced NPAT by \$12 million, and I will discuss these in a moment.

As a result, net profit after tax from continuing operations was \$148 million, up 50% on the prior period.

As Lindsay mentioned, following a strategic review during the period, the company has determined that further investment in Auswest Timbers hardwood assets is not justified given other capital priorities across the Group. As such, these assets have been reclassified as discontinued operations. On the reclassification, an after-tax impairment of \$30 million was recorded on these assets.

Including these operations, statutory NPAT was \$115 million, up 18% for the half.

Financials – Significant items

Net impact of significant items (\$12 million)

\$million	Gross	Tax	Net
Gain on sale of WHSP Shares	110	(38)	71
Bristle Roofing and Austral Masonry goodwill impairment	(52)	-	(52)
Acquisition costs	(8)	-	(8)
Restructuring activities	(7)	2	(5)
Significant items relating to WHSP	(10)	-	(10)
Income tax arising from the carrying value of WHSP	-	(7)	(7)
Total (Continuing Operations)	31	(43)	(12)

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The table on the screen shows the significant items in more detail. In summary, they comprise:

- A \$71 million gain on the sale of WSHP shares;
- A non-cash goodwill impairment of \$52 million in relation to Bristle Roofing and Austral Masonry that I will discuss in more detail in a moment;
- After tax transaction costs of \$8 million, in relation to the Glen-Gery acquisition;
- After tax restructuring costs of \$5 million, primarily associated with the mothballing of Horsley Park Plant 2 in New South Wales;
- Significant items relating to WHSP of -\$10 million; and
- A \$7 million cost related to deferred taxes on the WHSP holding.

Financials – Impairments

Non cash impairments have been recorded within Building Products Australia

Business	Impairment	Comments
Bristile Roofing	\$32m	<ul style="list-style-type: none"> Non-cash Goodwill impairment to reflect updated cash flow forecast for the business, in accordance with AASB 136 Goodwill acquired as part of 2003 acquisition of Bristile Limited (included bricks and roofing operations) Total cumulative EBITDA generated from acquired operations exceeds \$900 million, on purchase price of circa \$520 million
Austral Masonry	\$20m	<ul style="list-style-type: none"> Non-cash Goodwill impairment to reflect updated cash flow forecast for the business, in accordance with AASB 136 Goodwill acquired as part of various acquisitions since 2006 Total cumulative EBITDA generated from acquired operations exceeds \$180 million, on total acquisition costs of \$96 million
Auswest Timbers <i>Hardwood operations</i>	\$30m	<ul style="list-style-type: none"> Non-cash impairment of assets (\$15 million inventory and \$15 million plant and equipment) to reflect estimated fair value, in accordance with AASB 5, Assets Held for Sale and Discontinued Operations Faced with structural challenges, including long term log-supply uncertainty (impacted by government policies), WA market decline Additional capital investment not justified given other priorities

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Looking now at the impairments that have been recorded during the period.

The non-cash Goodwill impairments to Bristile Roofing and Austral Masonry are \$32 million and \$20 million respectively, comprising all of the Goodwill that was previously carried by those businesses. The Goodwill impairment in these businesses reflects their updated cash flow forecasts, in accordance with AASB 136.

In the case of Bristile Roofing, the Goodwill was acquired as part of 2003 acquisition of Bristile Limited. Since then, the total cumulative EBITDA generated from the acquired Bristile operations exceeds \$900 million, on a purchase price of \$520 million.

In the case of Austral Masonry, the Goodwill was acquired as a result of various acquisitions since 2006. The total cumulative EBITDA generated from the acquired masonry operations exceeds \$180 million, on total acquisition costs of \$96 million.

As mentioned by Lindsay, Auswest Timbers hardwood operations were reclassified as held for sale during the period. Brickworks is now focussed on realising the maximum value possible from these assets, through an orderly exit process.

The impairment within Auswest Timbers comprises a \$15 million write down on inventory and a \$15 million impairment to plant and equipment, to reflect the estimated fair value, less costs, of these assets. These impairments are in accordance with AASB 5.

Financials – Cash flow reconciliation

Operating cash flow down, on lower AUS Building Products earnings

\$million	1H2019	FY2018
Statutory net profit after tax	115	97
Depreciation, amortisation	17	14
Non cash revaluations within Property Trust	(87)	(41)
Share of profits of associates not received as dividend	(16)	(22)
Non cash impairments	85	0
Gain on sale of WHSP shares (investing activity)	(110)	-
Changes in tax provisions	61	21
Other items	(1)	4
Operating cash flow	65	74
Proceeds received from WHSP share sale	208	
Acquisitions (net of cash)	(141)	(13)
Capital Expenditure	(18)	(26)
Dividends paid	(54)	(51)

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Turning to cashflow.

The total operating cash flow for the half was \$65 million. The decrease on the prior period was mainly a result of lower earnings from Building Products Australia.

The gain on sale of WHSP shares is classified as an investing cash flow, and gives rise to increased tax provisions.

As mentioned earlier, cash proceeds from the sale of WHSP shares more than offset the total Glen-Gery acquisition costs of \$141 million.

Capital expenditure of \$18 million was incurred, and dividends of \$54 million were paid during the period.

Financials – Key Indicators

Conservative balance sheet maintained post Glen-Gery acquisition

	1H2019	FY2018	Change	
NTA per share	\$13.04	\$12.42	+5%	• Total shareholder's equity increased by \$62 million during the period, or 39 cents per share
Shareholder's equity	\$2,134m	\$2,071m	+3%	• Decrease in operating cash flow, primarily due to lower Building Products earnings
Shareholder's equity per share	\$14.26	\$13.87	+3%	• Net debt reduced, with proceeds from WHSP sale more than offsetting Glen-Gery acquisition costs
Return on shareholders equity ¹	15%	11%	+36%	• Gearing decreased to a conservative 11%
Operating cash flow (vs 1H18)	\$65m	\$74m	-12%	
Net debt	\$242m	\$304m	-20%	
Gearing (net debt / equity)	11%	15%	-27%	
Interest cover	24x	18x	+18%	

1. Underlying return, based on 2x1H2019 Underlying NPAT from continuous operations

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Looking now at a range of key financial indicators.

Net tangible assets per share was up 5% over the period, to \$13.04.

Shareholders equity increased by \$62 million to over \$2.1 billion, which represents \$14.26 per share.

Underlying return on shareholders equity increased to 15%.

Net debt reduced to \$242 million.

Gearing was down to 11% and interest cover increased to a conservative 24 times.

I will now hand back to Lindsay to discuss the outlook.



Outlook

Briggs & Stratton Development, Oakdale South, New South Wales



Thankyou Robert.

Outlook

The outlook varies across each division within the Group

Investments <i>54% of Group assets</i>	<ul style="list-style-type: none"> Earnings, dividends and market value of WHSP are expected to grow over the long term, albeit the contribution to Brickworks will be impacted by the reduced shareholding
Property <i>21% of Group assets</i>	<ul style="list-style-type: none"> Strong outlook for Property Trust earnings and valuation, due to significant development pipeline Likely sale of 10 hectares at Oakdale East into the Trust in late calendar 2019
Building Products Australia <i>20% of Group assets</i>	<ul style="list-style-type: none"> Sales volume expected to decline on the east coast in the last quarter of FY2019, as the existing pipeline of housing is built out Rising energy costs to continue to adversely impact earnings in FY2019 – full year impact -\$12 million (vs FY2018)
Building Products North America <i>5% of Group assets</i>	<ul style="list-style-type: none"> Stable short term outlook, with healthy forward order book Medium and longer term growth anticipated due to increased building activity and market consolidation

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Turning now to the outlook.

- Earnings, dividends and the value of WHSP are expected to continue to grow over the long term, albeit the contribution to Brickworks will be impacted by the reduced shareholding
- There is a strong outlook for the Property Trust, with a significant development pipeline in place and continuing strong demand. Also within Property, the sale of 10 hectares at Oakdale East into the Trust is anticipated in late calendar 2019
- Within the Australian Building Products division, sales volume is expected to decline on the east coast in the last quarter, as the existing pipeline of housing is built out. The full year impact of higher energy costs is approximately -\$12 million, versus financial year 2018. In a declining market, cost increases of this magnitude are beyond the company's ability to recover through price rises, and will therefore have an adverse impact on the full year result.
- In North America, a healthy forward order book is in place. Over the medium and longer term, growth is anticipated due to increased building activity, and market consolidation. As noted earlier, we are actively investigating further bolt-on acquisition opportunities in North America.

Questions



I will now take any questions.