

21 October 2019

Australian Securities Exchange
Attention: **Companies Department**

BY ELECTRONIC LODGEMENT

Dear Sir / Madam

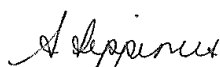
Please find attached the following documents which will be mailed to Brickworks shareholders today in relation to the 2019 Full Year Results and Annual General Meeting:

- Chairman's Letter
- Notice of Meeting
- Proxy Form
- Review of results for the year ended 31 July 2019
(condensed version of the Annual Report)
- October 2019 Newsletter

Also included in this mailing is the Brickworks 2019 Annual Report and the Sustainability Report, which has been lodged with the ASX under separate cover letters.

Yours faithfully

BRICKWORKS LIMITED



Susan Leppinus

Company Secretary

21 October 2019

Dear Shareholder

On behalf of your Board, I am pleased to invite you to attend the 85th Annual General Meeting of Brickworks Limited on Tuesday 26 November 2019 at the Ballroom, The Establishment, Level 2, 252 George Street, Sydney, NSW commencing at 12.00 noon (AEDT).

Included with this letter you have received a copy of the Notice of Meeting for the Annual General Meeting and a personalised proxy form for those who may be unable to attend the meeting in person. This proxy form must be lodged in accordance with the instructions contained on that form.

The 2019 AGM will be webcast live if you are unable to attend the meeting. If you are interested in this option, please send us an email at agm@brickworks.com.au and we will supply you with the relevant information to allow you to join us.

We are also offering shareholders the opportunity to submit questions in advance of the meeting, in relation to the ordinary business of the Annual General Meeting or the management of the Company. Questions may also be submitted to the external Auditor, providing it is related to the conduct of the audit; the preparation and content of the Auditor's report; the accounting policies adopted by the Company in relation to the preparation of the financial statements; or the independence of the Auditor in relation to the conduct of the audit.

Questions can be submitted at agm@brickworks.com.au, or mailed to Company Secretary, Brickworks Ltd, Level 9, 60 Carrington Street Sydney, NSW 2000, and should clearly identify your name and SRN or HIN. The Company and the Board will endeavour to provide responses to questions during the AGM, and subsequently make those questions and responses available as part of the presentation on the Brickworks website.

If you are unable to attend the meeting, a copy of the addresses given by the Managing Director, Mr Lindsay Partridge and myself, along with results of the voting on the various resolutions, will be posted both on the ASX website (www.asx.com.au) and on the Brickworks Ltd website (www.brickworks.com.au).

Once again, I look forward to meeting those shareholders able to attend in Sydney and encourage all shareholders to participate in voting on the resolutions as proposed.

Yours faithfully



Robert Millner
Chairman

Brickworks Limited

ABN 17 000 028 526

738–780 Wallgrove Road, Horsley Park NSW 2175
PO Box 6550, Wetherill Park NSW 1851

T +61 (0)2 9830 7800

F +61 (0)2 9830 1328

info@brickworks.com.au
brickworks.com.au

Proudly supports



BRICKWORKS

LIMITED

ABN 17 000 028 526



Notice of MEETING

Notice of
MEETING

NOTICE IS HEREBY GIVEN that the **ANNUAL GENERAL MEETING** of **BRICKWORKS LIMITED**, will be held in the Ballroom at The Establishment, Level 2, 252 George Street Sydney, NSW, 2000 on **Tuesday 26 November 2019** at 12.00 noon (AEDT).

ORDINARY BUSINESS

1. FINANCIAL REPORTS

To receive and consider the Financial Report of Brickworks Ltd and the Brickworks Group, and the reports of the Directors and Auditors thereon, for the financial year ended 31 July 2019.

2. REMUNERATION REPORT

To adopt the remuneration report for the financial year ended 31 July 2019.

Please refer to the attached Explanatory Notes for information regarding voting by key management personnel.

The Chairman of the meeting intends to vote all undirected proxies in favour of Resolution 2.

3. GRANT OF PERFORMANCE RIGHTS TO THE MANAGING DIRECTOR

That approval is given for all purposes under the Corporations Act and ASX Listing Rule 10.14 and for all other purposes for the grant to the Managing Director of performance rights up to a maximum value of A\$609,747 under the new Executive Rights Plan for FY 2019. The maximum number of performance rights to be granted to the Managing Director shall be determined by dividing the maximum value of performance rights of A\$609,747 by the volume weighted average price (**VWAP**) of Company shares traded on the ASX over the 5 trading days prior to the grant date (as adjusted after the vesting of the performance rights).

Please refer to the attached Explanatory Notes for information regarding voting exclusions.

The Chairman of the meeting intends to vote all undirected proxies in favour of Resolution 3.

4. RE-ELECTION OF DIRECTORS

- (a) That Mr M. Millner, who retires as a Director in accordance with section 6.3(b) of the Company's Constitution and being eligible for re-election, be re-appointed as a Director.

The Chairman of the meeting intends to vote all undirected proxies in favour of Resolution 4(a).

- (b) That Mr R. Webster, who retires as a Director in accordance with section 6.3(b) of the Company's Constitution and being eligible for re-election, be re-appointed as a Director.

The Chairman of the meeting intends to vote all undirected proxies in favour of Resolution 4(b).

- (c) That Mr M. Bunday, who retires as a Director in accordance with section 6.3(i) of the Company's Constitution and being eligible for re-election, be re-appointed as a Director.

The Chairman of the meeting intends to vote all undirected proxies in favour of Resolution 4(c).

5. CONDITIONAL RESOLUTION

Note – the following Resolution will only be put to the Annual General Meeting if at least 25% of votes cast on Resolution 2 (Adoption of Remuneration Report) are “against” that Resolution. If less than 25% of the votes cast on Resolution 2 are against the Resolution, then there will be no second strike and Resolution 5 will not be put to the Annual General Meeting.

If applicable, to consider and, if thought fit, pass the following Resolution as an ordinary resolution:

“That, for the purposes of section 250V(1) of the Corporations Act and for all other purposes:

- (a) a meeting of the Company’s members be held within 90 days of the date of this Annual General Meeting (Spill Meeting);*
- (b) all of the Directors in office when the Board resolution to approve the Directors’ Report for the financial year ended 31 July 2019 was passed (excluding the Managing Director, Mr Lindsay Partridge), and who remain in office as Directors at the time of the Spill Meeting, cease to hold office immediately before the end of the Spill Meeting.”*

If you do not want a Spill Meeting to take place (if applicable), you should vote “against” Resolution 5. If you want a Spill Meeting to take place, you should vote “for” Resolution 5.

The Chairman of the meeting intends to vote all undirected proxies against Resolution 5.

BY ORDER OF THE BOARD



S. LEPPINUS

Secretary

OTHER INFORMATION

ENTITLEMENT TO VOTE

The Board has determined that for the purpose of determining entitlements to attend and vote at the meeting, shares will be taken to be held by the persons who are the registered holders at 12.00 noon (AEDT) on 24 November 2019. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

VOTING RESTRICTIONS

REMUNERATION REPORT (RESOLUTION 2)

The Company will disregard any votes cast on this Resolution – by or on behalf of the Company's key management personnel (including the directors) (**KMP**), details of whose remuneration are included in the Remuneration Report and their closely related parties whether as a shareholder or as a proxy.

However a vote may be cast on Resolution 2 by a KMP or a closely related party of a KMP if the vote is not cast on behalf of a KMP or a closely related party of a KMP and either:

- (a) the vote is cast as a proxy appointed in writing that specified how the proxy is to vote on Resolution 2; or
- (b) the vote is cast as a proxy by the Chairman of the Meeting and the proxy form expressly authorises the Chairman to exercise the proxy even though Resolution 2 is connected directly or indirectly with the remuneration of a member of the KMP.

GRANT OF PERFORMANCE RIGHTS TO THE MANAGING DIRECTOR (RESOLUTION 3)

The Company will disregard any votes cast in favour of this Resolution – by or on behalf of Mr Lindsay Partridge and any of his associates (regardless of the capacity in which the vote is cast) whether as a shareholder or a proxy.

However a vote may be cast on Resolution 3 by Mr Lindsay Partridge if the vote is not cast on behalf of Mr Partridge or a closely related party of Mr Partridge and either:

- (a) the vote is cast as a proxy appointed in writing that specified how the proxy is to vote on Resolution 3; or
- (b) the vote is cast as a proxy by the Chairman of the Meeting and the proxy form expressly authorises the Chairman to exercise the proxy even though Resolution 3 is connected directly or indirectly with the remuneration of a member of the KMP.

CONDITIONAL RESOLUTION (RESOLUTION 5)

The Company will disregard any votes cast on this Resolution – by or on behalf of the Company's KMP (including directors), details of whose remuneration are included in the Remuneration Report and their closely related parties whether as a shareholder or as a proxy.

However a vote may be cast on Resolution 5 by a KMP or a closely related party of a KMP if the vote is not cast on behalf of a KMP or a closely related party of a KMP and either:

- (a) the vote is cast as a proxy appointed in writing that specified how the proxy is to vote on Resolution 5; or
- (b) the vote is cast as a proxy by the Chairman of the Meeting and the proxy form expressly authorises the Chairman to exercise the proxy even though Resolution 5 is connected directly or indirectly with the remuneration of a member of the KMP.

UNDIRECTED PROXY VOTING BY THE CHAIRMAN OF THE MEETING

If the Chairman of the Meeting is your proxy or is appointed your proxy by default, and you do not direct your proxy how to vote on Resolution 2, 3 or 5 on the proxy form, you will be expressly authorising the Chairman of the Meeting to exercise the proxy even though that Resolution is connected directly or indirectly with the remuneration of a member of the KMP.

HOW TO VOTE

Shareholders may vote by either:

- ▶ attending the meeting in person or by attorney; or
- ▶ by proxy (see below); or
- ▶ by corporate representative in the case of corporate shareholders (see below).

PROXIES

- (a) A member entitled to attend and vote is entitled to appoint not more than 2 proxies.
- (b) Where 2 proxies are appointed and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise half of the votes.
- (c) A proxy need not be a member of the Company.
- (d) A proxy form must be signed by the member or his or her attorney. Proxies given by corporations must be signed under seal or under the hand of the authorised officer or attorney.
- (e) Proxy forms must be lodged with the Secretary, Brickworks Limited, in accordance with the instructions on the proxy form, not less than 48 hours before the time for holding the meeting. A proxy form accompanies this notice.

CORPORATE REPRESENTATIVES

A member that is a body corporate may appoint an individual to act as its representative at the meeting. Unless otherwise specified in the appointment, the representative may exercise, on the body corporate's behalf, all or any of the powers that the body corporate could exercise at the meeting or in voting on a resolution.

Appointments may be lodged in advance of the meeting at the Company's registered office or share registry (details on the proxy form), or handed in at the meeting when registering as a corporate representative.

Explanatory STATEMENT

This statement explains the items of business to be considered at the meeting and should be read in conjunction with the notice of meeting.

RESOLUTION 1: RECEIVE AND CONSIDER THE FINANCIAL AND OTHER REPORTS

The full year results of Brickworks Ltd ("**Brickworks**") are available either in the Annual Report sent to those shareholders who elected to receive the Annual Report, or on the Company's website (www.brickworks.com.au).

This item does not require voting by shareholders. It is intended to provide an opportunity for shareholders to raise questions on the financial reports, and on the performance and management of the Company.

The auditors of the Company, EY, will also be present at the meeting, and will be available to answer any questions relevant to the financial reports, including:

- ▶ the conduct of the audit;
- ▶ the preparation and content of the auditor's report;
- ▶ the accounting policies adopted by the Company; and
- ▶ the independence of the auditor.

RESOLUTION 2: ADOPT THE REMUNERATION REPORT FOR THE YEAR ENDED 31 JULY 2019

The Corporations Act requires listed companies to present their remuneration report for adoption by shareholders at the Company's Annual General Meeting. The vote on this Resolution is advisory only, and does not bind the directors or the Company.

The Brickworks Board ("**Board**") is committed to ensuring that the remuneration framework is focused on driving a performance culture that is closely aligned to the achievement of the Company's strategy and business objectives as well as the retention of key members of the senior management team.

RESOLUTION 3: GRANT OF PERFORMANCE RIGHTS TO THE MANAGING DIRECTOR UNDER THE BRICKWORKS EXECUTIVE RIGHTS PLAN FOR FY2019

BACKGROUND

The Company has introduced a new Executive Rights Plan (**Plan**) which is designed to reward the Managing Director (**MD**) and the Chief Financial Officer (**CFO**) if they achieve the strategic long term goals for the Company over a three year period.

This Plan is weighted toward achieving long term growth and financial performance, based on objective measurable goals, and to align with growth in shareholder value.

MD'S PARTICIPATION IN THE PLAN FOR FY2019

Resolution 3 seeks shareholder approval for the MD to participate in the FY2019 Plan and for the grant of Performance Rights to Mr Partridge under the Plan to be allocated following the 2019 AGM.

The key terms of Mr Partridge's participation in the Plan for FY2019 are set out below.

WHY IS SHAREHOLDER APPROVAL BEING SOUGHT?

The Company is currently seeking approval for the equity grants under the Plan as a matter of good corporate governance and in accordance with ASX Listing Rule 10.14, to preserve flexibility for the Board to issue the shares in the Company allocated on vesting of Performance Rights under the Plan. The Board will exercise its discretion in determining how to source any shares at the relevant time with the best interests of the Company's shareholders in mind.

If shareholders' approval is given under ASX Listing Rule 10.14, approval is not required under ASX Listing Rule 7.1. As a result, the Performance Rights granted to Mr Partridge and any shares issued pursuant to that

approval will not be included within the limit of 15% of issued shares that can be issued by the Company without shareholder approval under ASX Listing Rule 7.1.

INCENTIVE OPPORTUNITY UNDER THE PLAN

The MD's target long term incentive (**LTI**) opportunity remains unchanged at 40% of his total fixed remuneration (incl. base salary, car allowance and superannuation) (**Plan Incentive**). The remaining 60% is his target of short term incentive (**STI**). The MD's fixed remuneration as at the date of this Notice is A\$1.5 million per annum.

DETAILS OF THE MD'S FY2019 LTI GRANT

The MD's FY2019 LTI will be granted as exercisable Performance Rights. A Performance Right is a right to receive an ordinary share in the Company at no cost, subject to the satisfaction of performance conditions. However, the Company retains discretion to pay a cash equivalent payment (either fully or partly) instead of allocating shares (for example, this will often be appropriate where Performance Rights vest after cessation of employment).

DIVIDENDS AND VOTING RIGHTS

The Performance Rights do not have voting rights attached to them.

In order to align the participants' and shareholders' interests, the MD will be compensated at the end of the performance period for dividends during the performance period on those Performance Rights that meet the performance criteria. No compensation will be provided for dividends on rights that do not meet the performance criteria.

QUANTUM & NUMBER OF PERFORMANCE RIGHTS

The MD's maximum LTI opportunity for FY2019 is A\$609,747 and the MD will be awarded a maximum number of Performance Rights determined by dividing the maximum opportunity by the volume weighted

average price (**VWAP**) of Company shares traded on the ASX 5 trading days prior to the grant date.

However, the Board may exercise its discretion to award a lower number of Performance Rights than the maximum if it believes it is appropriate due to market conditions.

The Performance Rights will only vest if the performance hurdles are met at the end of a three-year performance period, ending on 31 July 2022 (as outlined below).

After vesting, each Performance Right is adjusted in accordance with the following formula:

(1 + Adjustment Number)

Where:

Adjustment Number means the Notional Dividend Value divided by the volume weighted average of the selling price of the Company's shares recorded on the ASX over 20 ASX trading days immediately preceding the exercise date of the Performance Right.

Holding Period means, in respect of a Performance Right, the period between the first day of the financial year of the Company in which the Grant Date occurs and the exercise date of the Award.

Notional Dividend Value means the value (expressed in dollars) equal to the aggregate amount of dividends that would have been payable to the MD on one share of the Company with dividend record dates occurring during the Holding Period, such value to be grossed up or otherwise adjusted to account for:

- (a) the value of any franking credits and tax offsets which would have been available to the MD had the MD actually been paid the dividends referred to above; and
- (b) the time value of money during the period elapsed between the time the relevant party would have been paid each relevant dividend and the exercise date of the Performance Right.

The maximum number of shares in the Company that may be received by the MD is equal to the maximum number of Performance Rights.

No exercise price will be payable by the MD upon the exercise of the Performance Rights.

PERFORMANCE HURDLES FOR THE FY2019 LTI AWARD

The Performance Rights will only vest if the performance hurdles are met at the end of a three-year performance period, ending on 31 July 2022.

There is no retesting of the hurdles if they fail the test. Any Performance Rights that do not meet the vesting criteria at the test date will lapse. Any Performance Rights that vest will become exercisable (at no cost to the MD) for a period of up to three years from the vesting date. Any Performance Rights that remain unexercised at the end of this period will lapse. The two performance hurdles are as follows:

PERFORMANCE HURDLES

50% of the award is subject to Brickworks relative total shareholder return (**TSR**) vesting condition under which Brickworks TSR is compared to the companies in the S&P/ASX 200 Franking Credit Adjusted Annual Total Return Index (**XJOAI Franked**) over a period of 3 years from 1 August 2019 to 31 July 2022. The remaining 50% of the award is subject to an absolute TSR vesting condition also over the same period.

RELATIVE TSR

For the relative TSR measure, the vesting schedule is:

BKW's TSR inclusive of Grossed Dividends as a % of XJOAI Franked	Level of Vesting
Below the median	0% vesting
At the median	50% vesting
Between the median and the 60th percentile	Pro rata vesting on a straight line basis between 50 and 100%
At the 60th percentile or above	100% vesting

ABSOLUTE TSR

The Absolute TSR is equivalent to the sum of the grossed-up dividend yield plus or minus the movement in the 90-day VWAP's during the year under review. The vesting schedule is:

Absolute after tax (pre-tax with gross up for dividend component) TSR Target over the performance period	Level of Vesting
Less than 6%	0% vesting
Equal to 6%	50% vesting
Between 6% and 8%	Pro rata vesting on a straight line basis between 50% and 100%
Equal to 8% or greater	100% vesting

The Board believes that these measures, when combined with the STI, provides the most suitable link to long-term security holder value creation because:

- ▶ absolute TSR ensures vesting is commensurate with the Company's actual TSR, meaning there are no awards when TSR is negative and it also provides a good line of sight for the MD and CFO;
- ▶ measuring TSR on a relative basis levels the playing field by removing overall market movements and industry economics for the evaluation of MD and CFO performance, Relative TSR provides a relative, external market performance measure having regard to a peer group of ASX200 companies with which the Company competes for capital, customers and talent;
- ▶ the use of relative TSR ensures that the MD and CFO are motivated to deliver returns that are superior to what a security holder could achieve in the broader market and ensures as the most senior management they maintain a strong focus on security holder outcomes;
- ▶ Brickworks calculates its after tax TSR incorporating the full value of franking credits. The S&P ASX 200 Franking Credit adjusted annual total return Index also adjusts the total return for the tax effect of franking credits;
- ▶ the use of the S&P ASX 200 Franking Credit adjusted annual total return Index was chosen as the relative performance target following testing of this group against a range of historical and future share price/payout scenarios to confirm that outcomes align with the Company's historical notion of superior long-term performance. The S&P ASX 200 Franking Credit adjusted annual total return Index measure (**XJOAI Franked**) adjusts the total return of the S&P / ASX 200 Accumulation Index for franked dividends to ensure consistency of calculation. This Index is readily available and simple to use as a comparator for a Group that spans across the building materials and property development sectors. Given the diverse nature of the Brickworks Group and the size of Brickworks investment in Washington H. Soul Pattinson and Company Limited (and its investment profile) this remains the most appropriate index to compare Brickworks performance. The hurdles are reviewed annually by the Board and the Board believes that the TSR measures will drive outperformance without encouraging excessive risk taking; and
- ▶ while the Board appreciates that there are at times different views held by different stakeholders, it considers that these measures provide the appropriate balance between market and non-market measures.

The share price used at commencement of each tranche for assessing both relative and absolute TSR performance of Brickworks shares is the 90-day Volume Weighted Average Price (VWAP) prior to 31 July 2019. The actual share price used to compare to the TSR target share price is the 90-day VWAP prior to 31 July 2022.

CESSATION OF EMPLOYMENT

Unvested Performance Rights will generally remain on foot subject to the original performance hurdles and will be tested in the normal course.

Unvested Performance Rights will be forfeited if Mr Partridge's employment is terminated for cause.

CLAWBACK

The Board and the Remuneration Committee have discretion with regard to the remuneration outcomes including the LTI wherever and whenever this is considered appropriate. **This discretion also applies in the event of financial misstatement, reputational damage and/or evidence of misconduct.**

CHANGE OF CONTROL

If a change of control event occurs in relation to Brickworks Limited then any shares held by the employee share plan trust on behalf of a participant will vest immediately upon the announcement to ASX of a change of control event.

OTHER INFORMATION PROVIDED UNDER ASX LISTING RULE 10.15

If approval is given under ASX Listing Rule 10.14, approval will not be required under ASX Listing Rule 7.1. This means that the Performance Rights granted to Mr Partridge and any shares issued pursuant to this approval will not use up part of the Company's 15% placement capacity available (ie they will not be included within the limit of 15% of issued shares that can be issued by the Company without shareholder approval under ASX Listing Rule 7.1).

Mr Partridge is the only Director (or associate of a Director) entitled to participate in the Plan.

Any Performance Rights issued to Mr Partridge under the Plan with shareholder approval are issued at no cost to him as they form part of his remuneration.

No loans will be made by the Company in relation to the acquisition of securities under the Plan. It is intended that the Performance Rights will be granted to Mr Partridge shortly after shareholder approval is granted and no later than 12 months after the 2019 AGM.

VOTING EXCLUSION STATEMENT

The Company will disregard any votes cast on Resolution 2 by or on behalf of the Company's key management personnel (including the directors) ("**KMP**"), details of whose remuneration are included in the Remuneration Report or their closely related parties, whether as a shareholder or as a proxy.

The Company will disregard any votes cast in favour of Resolution 3 – by or on behalf of Mr Lindsay Partridge and any of his associates (regardless of the capacity in which the vote is cast) whether as a shareholder or a proxy.

However, the Company need not disregard a vote cast on Resolution 2 by a KMP or on Resolution 3 by Mr Partridge, or a closely related party of a KMP or Mr Partridge respectively, if the vote is not cast on behalf of any of those parties and either:

- (a) the vote is cast as a proxy appointed in writing that specified how the proxy is to vote on Resolution 2 or 3; or
- (b) the vote is cast as a proxy by the Chairman of the Meeting and the proxy form expressly authorises the Chairman to exercise the proxy even though Resolution 2 or 3 is connected directly or indirectly with the remuneration of a member of the Brickworks Group's KMP or the grant of the Performance Rights to Mr Partridge (as the case may be).

The Directors (with Mr L. Partridge abstaining in relation to Resolution 3) unanimously recommend that shareholders vote in favour of Resolution 2 and Resolution 3.

The Chairman of the meeting intends to vote all undirected proxies in favour of Resolution 2 and Resolution 3.

RESOLUTION 4A: RE-ELECTION OF MR M. MILLNER

Under the Constitution of Brickworks Ltd the term of a Director's appointment is three years, after which that Director must retire as a Director and may stand for re-election at the Annual General Meeting of the Company. Details of the skills and experience of Mr M. Millner, as outlined in the Annual Report of the Company, are as follows:

Michael J. Millner

MAICD

Deputy Chairman

Mr M. Millner is a non-executive Director who was appointed to the Board in 1998. He is Vice President of the Royal Agricultural Society of NSW, Chairman of the Royal Agricultural Society of NSW (RAS) Foundation, and has extensive experience in the investment industry. Mr Millner is the deputy chairman of the Board, and a member of the Remuneration Committee and the Nomination Committee.

Other directorships:

- ▶ Ruralco Holdings Ltd
Appointed 2007, Resigned 2019

The Directors (with Mr M. Millner abstaining) support the re-election and unanimously recommend that shareholders vote in favour of Resolution 4(a).

The Chairman of the meeting intends to vote all undirected proxies in favour of Resolution 4(a).

RESOLUTION 4B: RE-ELECTION OF THE HON R. WEBSTER

Under the Constitution of Brickworks Ltd the term of a Director's appointment is three years, after which that Director must retire as a Director and may stand for re-election at the Annual General Meeting of the Company. Details of the skills and experience of The Hon. R. Webster, as outlined in the Annual Report of the Company, are as follows:

The Hon. Robert J. Webster

MAICD

Director

Mr Webster was appointed to the Board in 2001 and is a non-executive Director. He is Senior Client Partner in Korn Ferry's Sydney office. He is the Lead Independent Director and Chair of the Independent Board Committee, Chair of the Nomination Committee, a member of the Remuneration Committee and the Audit and Risk Committee.

The Directors (with The Hon R. Webster abstaining) support the re-election and unanimously recommend that shareholders vote in favour of Resolution 4(b).

The Chairman of the meeting intends to vote all undirected proxies in favour of Resolution 4(b).

RESOLUTION 4C: RE-ELECTION OF MR M. BUNDEY

Under the Constitution of Brickworks Ltd a Director who has been appointed by the Directors must retire at the next Annual General Meeting and stand for re-election at the Annual General Meeting of the Company. Details of the skills and experience of Mr M. Bunday are as follows:

Malcolm P. Bunday BBus (Accounting), GAICD

Director

Mr M. Bunday is a non-executive Director who was appointed to the Board on 1 October 2019. Mr Bunday has valuable experience as a Chief Executive Officer (CEO) & Managing Director with expertise in complex manufacturing operations in Australia, the USA and many international jurisdictions, and a strong financial background. Mr Bunday was the CEO & Managing Director of Pact Group Holdings Ltd between December 2015 and March 2019. He was previously President & CEO at portfolio companies held by privately owned Rank Group (based in Australia and USA), operating various international packaging & manufacturing operations globally. He was also CFO at Goodman Fielder during Rank Group ownership from 2003 to 2006. Prior to this Mr Bunday was a partner at Deloitte. He is a member of the Nomination Committee, the Remuneration Committee, the Audit and Risk Committee and the Independent Board Committee.

The Directors (with Mr. M Bunday abstaining) support the election and unanimously recommend that shareholders vote in favour of Resolution 4(c).

The Chairman of the meeting intends to vote all undirected proxies in favour of Resolution 4(c).

RESOLUTION 5: CONDITIONAL RESOLUTION

GENERAL

Resolution 5 (**Spill Resolution**) is a conditional Resolution and will only be put to the Annual General Meeting and voted on if 25% or more of the votes cast on Resolution 2 are cast against the adoption of the Remuneration Report, which means the Company receives a "second strike". If less than 25% of votes cast are against the Remuneration Report at this Annual General Meeting, then there will be no "second strike" and Resolution 5 will not be put to the Annual General Meeting.

If put, the Spill Resolution will be considered as an ordinary resolution. If this Spill Resolution is passed and becomes effective, then it will be necessary for the Board to convene a further general meeting of Shareholders (Spill Meeting) within 90 days of this Annual General Meeting in order to consider the composition of the Board.

MECHANICS OF THE POTENTIAL SPILL MEETING

Shareholders should note the following if the Spill Resolution is approved and a Spill Meeting is required to be held by the Company.

- (a) All of the Directors who remain in office as Directors at the time of the Spill Meeting and who were in office when the Board resolution to approve the Directors' Remuneration Report was passed (but excluding the Managing Director), being each of:
- (i) Mr Robert Millner;
 - (ii) Mr Michael Miller; and
 - (iii) The Hon Robert Webster;
 - (iv) Mrs Deborah Page;
 - (v) Mr Brendan Crotty; and
 - (vi) Mr Malcolm Bunday,

(Relevant Directors) will automatically cease to hold office immediately before the end of the Spill Meeting however they may stand for re-election and be re-elected at the Spill Meeting. For the avoidance of doubt, this includes Mr Michael Millner, The Hon Robert Webster and Mr Malcolm Bunday, despite already being subject to election at this Annual General Meeting.

In accordance with the Corporations Act and ASX Listing Rules, the Managing Director Mr Lindsay Partridge would not be required to re-stand for election as a director, and would continue to hold office, at any Spill Meeting.

- (b) No voting exclusions will apply to any resolutions appointing Directors at a Spill Meeting. Accordingly, there is no barrier for any Shareholder exercising their voting rights to support the re-appointment of the existing Directors at the subsequent Spill Meeting. If the Spill Resolution is passed, each of the Relevant Directors intends to stand for re-election at the Spill Meeting and if such Spill Meeting is held, may vote its own Shares in support of its reappointment.
- (c) Shareholders will be able to put forward their own nominees for consideration and potential election at the Spill Meeting.

The Corporations Act requires the Company to have a minimum of three Directors (including at least two Directors who ordinarily reside in Australia). If, following the Spill Meeting, the Company has fewer than three Directors (including the Managing Director), then the persons with the highest percentage of votes in favour of their election at the Spill Meeting are taken to be appointed, even if less than half the votes cast on the Resolution were in favour of their appointment. If two or more persons have the same percentage of votes in favour of their appointment, the other Directors will choose one of those persons as the appointed Director.

The 4th edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations recommends that a listed entity should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively. The board also should be large enough to comprise a variety of perspectives and skills, and to represent the best interests of the Company as a whole. The skills and experience matrix of the current members of the Board may not be reflected in the Board elected as a result of the Spill Meeting.

CONSEQUENCES OF VOTING "FOR" THE SPILL RESOLUTION

The impact of the Spill Resolution on the composition of the Board should be considered carefully by Shareholders. If the Spill Resolution is put to the Annual General Meeting and passes:

- (a) the Company will need to incur expenses (including legal, printing, mail out and registry costs);
- (b) the Spill Meeting is likely to disrupt the Board and the Company's focus away from core business operations due to the necessary diversion of resources and time toward organising the Spill Meeting;
- (c) there will be uncertainty as to the composition and continuity of the Board until the Spill Meeting is held. Such uncertainty may create instability within the Company and may have a negative effect on the Company's share price, and potentially on its operations; and
- (d) it is possible that the Relevant Directors will be re-elected at the Spill Meeting.

Shareholders are urged not to vote "for" the Spill Resolution as a mere protest, with no intention of voting against the re-election of the Relevant Directors at the Spill Meeting, given the negative consequences of voting "for" the Spill Resolution set out above.

VOTING EXCLUSION STATEMENT

The Company will disregard any votes cast on Resolution 5 by or on behalf of the KMP, details of whose remuneration are included in the Remuneration Report or their closely related parties, whether as a shareholder or as a proxy.

However, the Company need not discard a vote cast on Resolution 5 by a KMP, or a closely related party of a KMP, if the vote is not cast on behalf of any of those parties and either:

- (a) the vote is cast as a proxy appointed in writing that specified how the proxy is to vote on Resolution 5; or
- (b) the vote is cast as a proxy by the Chairman of the Meeting and the proxy form expressly authorises the Chairman to exercise the proxy even though Resolution 5 is connected directly or indirectly with the remuneration of a member of the KMP.

If Resolution 5 is put to Shareholders and you support your current Directors and wish them to continue as Directors, you should vote against Resolution 5).

If it is required to be put to the Annual General Meeting, the Board unanimously recommends that Shareholders vote against Resolution 5.

BRICKWORKS

LIMITED

ABN 17 000 028 526

738–780 Wallgrove Road, Horsley Park NSW 2175
PO Box 6550, Wetherill Park NSW 1851

Telephone: (02) 9830 7800
Email: info@brickworks.com.au
www.brickworks.com.au



BKW

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Need assistance?

**Phone:**

1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)

**Online:**

www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by 12:00pm (AEDT) Sunday 24 November 2019.

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

ATTENDING THE MEETING

If you are attending in person, please bring this form with you to assist registration.

Corporate Representative

If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Appointment of Corporate Representative" prior to admission. A form may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Lodge your Proxy Form:

XX

Online:

Use your computer or smartphone to appoint your proxy and vote at www.investorvote.com.au or scan your personalised QR code below using your smartphone.

Your secure access information is

**Control Number: 999999****SRN/HIN: I999999999****PIN: 99999**

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

☐

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark ☒ to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Brickworks Limited hereby appoint

☐

the Chairman
of the Meeting

OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Brickworks Limited to be held in the Ballroom at The Establishment, Level 2, 252 George Street Sydney, NSW, 2000 on Tuesday 26 November 2019 at 12.00pm (AEDT) and at any adjournment or postponement of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 2, 3 and 5 (except where I/we have indicated a different voting intention in step 2) even though Items 2, 3 and 5 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 2, 3 and 5 by marking the appropriate box in step 2.

Step 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

Please Note: to fully inform shareholders in exercising their right to vote, please be aware that if the Chairman of the Meeting is appointed as your proxy (or becomes your proxy as default), the Chairman of the Meeting intends to vote available proxies in the manner set out beside each resolution. This reflects the recommendation of the Board.

	Board Recommendation	For	Against	Abstain
2. To adopt the remuneration report for the financial year ended 31 July 2019	FOR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Grant of Performance Rights to the Managing Director	FOR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4a. Re-election of Mr M. Millner	FOR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4b. Re-election of Mr R. Webster	FOR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4c. Re-election of Mr M. Bunday	FOR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CONTINGENT BUSINESS Note: Item 5 will only be considered at the meeting if the condition described in the Notice of Meeting is satisfied.				
5. Conditional Spill Resolution	AGAINST	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business **with the exception of Item 5 where the Chairman of the Meeting intends to vote against.** In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

/ /

Date

Update your communication details (Optional)

Mobile Number

Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

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Computershare



BRICKWORKS

LIMITED

ABN 17 000 028 526



HIGHLIGHTS

- ▶ **Statutory NPAT** including significant items, down 12% to \$155 million
- ▶ **Underlying NPAT from continuing operations** before significant items, up 4% to \$234 million
- ▶ **Underlying EBIT from continuing operations** before significant items, up 10% to \$310 million (EBITDA \$346 million)
 - ▶ **Building Products Australia EBIT** down 27% to \$57 million (EBITDA \$88 million)
 - ▶ **Building Products North America EBIT** \$6 million (EBITDA \$12 million)
 - ▶ **Property EBIT** up 68% to \$158 million
 - ▶ **Investments EBIT** down 16% to \$104 million
- ▶ **Operating cashflow** down 28% to \$123 million
- ▶ **Gearing** (net debt/equity) reduced to a conservative 12%, net debt \$253 million
- ▶ **Total shareholder's equity** up \$96 million since 31 July 2018, to \$2.167 billion
- ▶ **Final dividend** of 38 cents fully franked, up 2 cents or 6%
- ▶ **Total full year dividend** of 57 cents fully franked, up 3 cents or 6%

Review of RESULTS

Full year ended July 2019

Year ended 31 July 2019

RESULTS AT A GLANCE

\$919m

Group Revenue

↑17%

BKW 1 year total
shareholder return

11.2% p.a.

BKW 3 year total
shareholder return

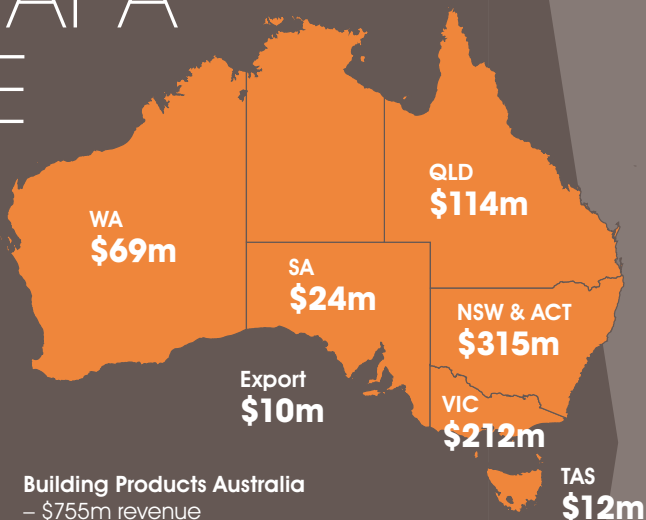
7.4% p.a.

9,848

Shareholders

\$2,142m

Market value of
WHSP shareholding



Revenue by State

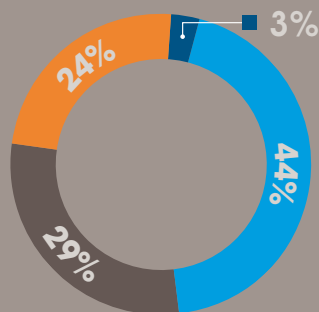
NSW	42%
QLD	15%
VIC	28%
WA	9%
SA	3%
TAS	2%
Export	1%

Commencements by State

NSW	33%
QLD	18%
VIC	33%
WA	8%
SA	6%
TAS	1%

Note All underlying profit and earnings measures exclude significant items and discontinued operations.

Overview of Underlying EBITDA



Total EBITDA
\$346m ↑12%

Total EBIT
\$310m ↑10%

Building Products Australia
\$88m ↓18%

Building Products North America
\$12m*

Property
\$158m ↑68%

Investments
\$104m ↓16%

\$234m

Underlying Profit

↑4%

\$155m

Statutory Profit

↓12%

\$253m

Net debt

Gearing

12%

\$633m

Property Trust
net asset value

156 cents

Underlying earnings
per share

↑4%

38 cents

Final ordinary dividend

↑6%

Record date 7 Nov 2019

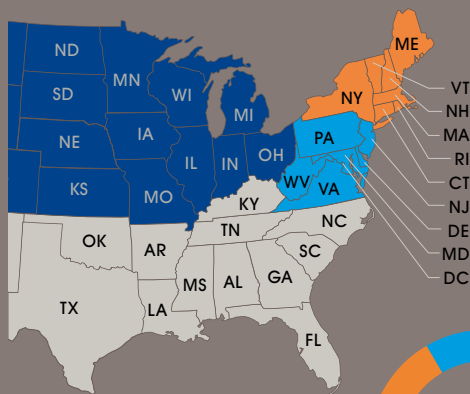
Payment date 27 Nov 2019

57 cents

Total full year dividend

↑6%

Building Products North America – \$121m revenue (~8 months)*



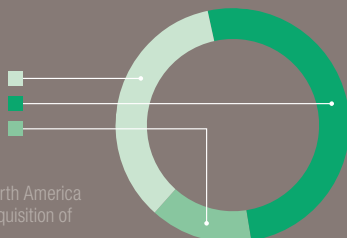
Revenue by Region

North East 30%
Mid Atlantic 32%
Mid West 32%
Other 6%



Revenue by End Market

Detached Houses 35%
Non Residential 51%
Multi Residential 14%



* Brickworks Building Products North America was established following the acquisition of Glen-Gery in November 2018

Five Year

SUMMARY

	2015 \$000	2016 \$000	2017 \$000	2018 \$000	2019 \$000	Growth %
Total revenue	679,045	707,646	803,397	785,238	918,695	17%
Earnings before interest and tax¹						
Building Products Australia	58,522	78,339	69,943	78,554	57,138	(27%)
Building Products North America	—	—	—	—	6,180	
Property	64,384	73,451	90,588	93,979	157,806	68%
Investments	54,854	59,559	103,097	123,498	103,725	(16%)
Head office and other expenses	(9,699)	(12,479)	(12,432)	(13,664)	(15,026)	(10%)
Total EBIT	168,061	198,870	251,196	282,367	309,823	10%
Total EBITDA	191,886	224,964	277,814	310,535	346,472	12%
Finance costs	(19,482)	(14,080)	(12,436)	(14,456)	(23,883)	(65%)
Income tax expense	(27,241)	(36,525)	(38,949)	(42,269)	(51,712)	(22%)
Underlying net profit after tax¹	121,338	148,265	199,811	225,642	234,228	4%
Significant items net of tax	(35,492)	(61,299)	(8,175)	(46,886)	(37,333)	
Discontinued operations net of tax (inc. sig items)	(7,756)	(8,776)	(5,426)	(3,314)	(42,253)	
Net profit after income tax (inc sig items & discontinued ops)	78,090	78,190	186,210	175,442	154,642	(12%)
Per share earnings and dividends						
Basic earnings per share (cents)	52.6	52.6	124.9	117.5	103.3	(12%)
Underlying earnings per share (cents) ¹	81.7	99.7	134.1	151.1	156.5	4%
Ordinary dividends per share (cents)	45.0	48.0	51.0	54.0	57.0	6%
Ratios						
Net tangible assets per share (\$)	10.59	10.96	11.77	12.42	13.28	7%
Statutory return on shareholders' equity	4.3%	4.3%	9.5%	8.5%	7.1%	(16%)
Underlying return on shareholders' equity ¹	6.7%	8.1%	10.2%	10.9%	10.8%	(1%)
Interest cover ratio (underlying)	9.8	14.6	17.1	18.1	17.9	(1%)
Gearing (net debt to equity)	16.6%	14.6%	14.9%	14.7%	11.7%	(20%)

Note: All revenue and earnings measures exclude significant items and discontinued operations unless otherwise stated.

1 This is an alternative measure of earnings that excludes significant items, which are separately disclosed in the consolidated financial statements.

Chairman's LETTER

On behalf of your Board of Directors, it gives me great pleasure to present Brickworks' Annual Report for the 2019 financial year. The Company has once again delivered a strong performance, demonstrating an ability to deliver earnings growth from a diversified and stable portfolio of attractive assets.

REVIEW OF 2019

Brickworks reported a record underlying Net Profit After Tax (NPAT) from continuing operations of \$234 million, up 4% on the prior year.

After including discontinued operations and the impact of significant items, Statutory NPAT was down 12% to \$155 million.

Underlying earnings before interest, tax and depreciation (EBITDA) from continuing operations was \$346 million, up 12% on the prior year, and after depreciation, EBIT was \$310 million, up 10%.

The strength of the Company's diversification strategy underpinned the record underlying earnings. A significant increase in Property earnings offset a decline in Investments and the impact of a cyclical downturn on Building Products Australia earnings.

A strong first contribution from Building Products North America, following the acquisition of Glen-Gery in November 2018, rounded out the Group result.

As I mentioned, the contribution from Property was a highlight in 2019, and this was driven by a significant increase in the value of our industrial property portfolio. 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 capitalisation rates compressing for prime industrial property assets such as ours.

The acquisition of Glen-Gery in the United States was the Company's first major overseas investment, and a significant milestone for the Group. Fittingly, this expansion is focussed on bricks, our heritage business.

Our Company has established a competitive advantage within the brick industry, with unrivalled technical expertise, strong relationships with key suppliers and partners, and a unique market strategy focussed on style and a premium product positioning.

In August we completed a bolt-on acquisition of Iowa based Sioux City Brick. Sioux City Brick has a leading market position in the Midwest region, and will further strengthen our United States business.

We are very pleased to welcome the team at Glen-Gery and Sioux City, and are excited by the growth opportunities available in the United States.

As well as delivering record underlying earnings, the Company continues to build considerable asset value for shareholders.

CHAIRMAN'S LETTER

During financial year 2019, the inferred net tangible asset backing of the Group increased by \$86 million, to more than \$3.3 billion. This comprises the net tangible assets held within Building Products Australia and North America (\$765 million), Brickworks share of net asset value within the Property Trust² (\$633 million), non-operational building products land (\$35 million), and the market value of Brickworks' stake in Washington H. Soul Pattinson (WHSP) (\$2.1 billion), offset by net debt.

Over the past decade, the inferred net tangible asset backing of the Group has more than doubled, increasing by \$1.8 billion.

DIVIDENDS AND CAPITAL MANAGEMENT

The Directors have declared a fully franked final dividend of 38 cents per share, up 6% on the prior year. This brings total dividends for the year to 57 cents per share, up 3 cents or 6%.

We recognise the importance of dividends to our shareholders and are proud of our strong and stable dividend history. Including this year's dividend increase, we have now maintained or increased dividends for the last 43 years.

In November and December 2018, Brickworks sold 7.9 million WHSP shares, at a weighted average gross price of \$26.37 per share (\$19.49 net of tax), delivering total cash proceeds of \$208 million. This was the first sale of WHSP shares by Brickworks since the initial investment in 1969, with the sale being made when the share price was at near record levels.

Including dividends received, this parcel of shares delivered a return of 13.7% compounded annually for 49 years, since the initial purchase in 1969³.

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.

At year end, our borrowing level remained conservative, with gearing of 12%, reflecting a prudent approach to

capital management. Net debt at the end of the year was \$253 million, down \$51 million from the prior year.

BOARD AND GOVERNANCE

Brickworks has a strong and stable Board that is committed to acting in the best interests of shareholders and ensuring that Brickworks is well positioned for future growth.

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

As was announced in August, following the retirement of David Gilham last year, I am pleased to welcome Malcolm Bunday to the Board, as an independent non-executive Director, effective 1 October 2019. Malcom has valuable experience as a managing director, with expertise in complex manufacturing operations in Australia and the United States, strategy, mergers and acquisitions and business portfolio management.

IN CONCLUSION

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

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



ROBERT MILLNER
Chairman

2 The Joint Venture Industrial Property Trust is a 50/50% partnership between Brickworks and Goodman Industrial Trust.

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

Managing Director's OVERVIEW

2019 has been another successful year for Brickworks. Not only has the Company delivered record underlying earnings, but we have also made significant progress on the implementation of a range of strategic initiatives to position the Company for long-term growth.

This was highlighted by our acquisition of Glen-Gery, an important milestone, that has transitioned Brickworks into a truly international Company

SAFETY

But I will start with safety, which will always be our number one priority. The Company continues to make steady progress in reducing the number of workplace injuries. In 2019, the workplace injury rate in our Australian operations reduced, and is considerably lower than five years ago.

We continue to roll out best practice safety standards across all our operations, and this will include a special focus on the newly acquired North American operations, where injury rates are significantly higher than Australia. We are also focussed on ensuring our core value of creating a "Sustainably Safe" workplace is embedded and reflected across all our operations.

We will not be satisfied until we have achieved our ultimate goal of zero harm across the business.

BUILDING PRODUCTS AUSTRALIA PERFORMANCE

Building Products Australia recorded an EBIT from continuing operations of \$57 million in 2019, down by 27% on the prior year. EBITDA of \$88 million was down 18%.

Despite the lower earnings, operational performance across most divisions was encouraging, given the headwinds associated with declining market activity and significantly higher energy costs.

Austral Bricks and Bristle Roofing earnings on the east coast proved resilient, particularly in Victoria, where performance was approximately in line with the prior year. This was achieved, despite gas price increases of between 29-45% across east coast states on 1 January 2019. In total, the impact of higher energy prices resulted in a \$12 million increase in costs within Austral Bricks compared to the prior year.

In Western Australia, market conditions remain extremely difficult. In response, brick production was reduced to control inventory levels, resulting in higher unit costs and lower earnings.

Austral Masonry earnings suffered due to this business having a much higher exposure to multi-residential construction, where declines in building activity have been the most severe.

Austral Precast delivered an improved result, with this business experiencing an increase in demand, despite the market decline. This follows a surge in interest, and a distinct shift towards accredited and trusted building products, supplied by reputable companies, following a number of well publicised wall cladding and structural failures during the year.

Our investment in product development and style continues to pay dividends. At the recent Horbury Hunt awards, which recognise excellence in the use of building products in architectural design, our products featured in four out of the six winning projects.

An example is the Arc by Crown building in Sydney, joint winner in the commercial category. This project, inspired by the heritage buildings in the area, incorporates 300,000 dry pressed bricks in Hereford Bronze, from our Bowral plant.

In the first half, we announced the re-classification of Auswest Timbers hardwood assets in Western Australia and Victoria as held for sale. Following a strategic review, we determined that further investment in these assets is not justified, given other capital priorities across the Group.

BUILDING PRODUCTS COMPLIANCE

As I mentioned, there has been a number of building failures across the country in recent times, caused by non-compliant materials and poor construction practices. Unfortunately, these recent events do not come as a surprise to us, with Brickworks having represented our concerns to state and federal government ministers.

Brickworks supports the growing calls from consumers and industry participants for tighter controls and increased compliance in relation to the use of building products in construction projects.

Shareholders can rest assured that all Brickworks products are fully compliant and accredited. Our product suite is made up of well-established and proven products that have stood the test of time.

BUILDING PRODUCTS NORTH AMERICA

Building Products North America was established following the acquisition of Glen-Gery in November 2018. As recently announced, this has been followed by the additional bolt-on acquisition of Sioux City Brick in August 2019.

These acquisitions followed a thorough strategic review, where the North American brick industry was identified as a highly attractive long-term growth opportunity for Brickworks.

Unlike Australia, the North American brick industry is highly fragmented, with significant over-capacity, and consists of numerous players operating at sub-optimal factory utilisation. As a result, targeted bolt-on acquisitions in North America will allow plant utilisation and production efficiency to increase significantly, as operations are integrated.

Our strategic focus on the architectural brick market in the north-eastern region of the US provides us with a differentiated position compared to other major players. We are now the leading player in this region, incorporating major cities such as New York, Washington DC, Boston, Philadelphia, Baltimore, Pittsburgh, Columbus, Chicago and Detroit, each with a long heritage of brick construction in commercial and residential buildings.

Our product mix reflects the traditional building styles of this region, with higher margin architectural products sold 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 home builders in southern regions, such as Texas, our focus is on higher margin architectural bricks, in the major north-eastern cities.

Integration activities continue to proceed well, and performance to date has exceeded our initial expectations. Most importantly, as I have travelled around our operations, I have been encouraged by the level of skill and motivation across the workforce.

The Building Products North America contribution for financial year 2019 incorporates around 8 months of operation and includes extended shutdown periods during the winter months. Sales revenue for this period was AU\$121 million, and EBIT was AU\$6 million. EBITDA for the period was just over AU\$12 million.

PROPERTY PERFORMANCE

The Property division produced a record result in 2019, delivering EBIT of \$158 million and recording a seventh consecutive year of earnings growth. Along with a significant revaluation profit within the Property Trust, earnings were driven by the completion of the sale of our Punchbowl property. This sale included a leaseback to Austral Bricks, allowing continued use of this brick site for up to 20 years.

The continued capitalisation rate compression of Property Trust assets reflects the strong demand for quality industrial properties in well located areas.

This was highlighted in January, when a pre-commitment for the highest value facility ever developed by the Property Trust was secured. 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.

Net trust income delivered by the Property Trust was \$26 million for 2019, up 17% on the prior year.

The key operational focus during 2019 was the continued development of Property Trust assets across the country. During the year, 3 new properties were completed at Oakdale South, in New South Wales, and 5 hectares of land was sold to provide additional funds for development activities.

The Property Trust has expanded significantly over the last 10 years and now has over \$1.7 billion worth of assets in Sydney and Brisbane. After a decade of methodical investment and development, we are very pleased with the progress that has been achieved.

Since its inception in 2008, Brickworks net asset value within the Property Trust has increased at 18% per annum, generating significant value for shareholders.

INVESTMENTS PERFORMANCE

Following the sale of WHSP shares during the year, Brickworks now holds a 39.4% stake in WHSP, down from 42.7% prior to the sale. This investment is a core asset of Brickworks that has brought diversity and reliable earnings to the Company for more than 40 years.

Our investment in WHSP provides a cash flow stream via dividends that allows long-term strategic decision making by sheltering the business during cyclical downturns. In total, cash dividends of \$56 million were received during the year.

EBIT from Investments was down 16% to \$104 million in 2019, with WHSP earnings adversely impacted by a significant decrease in the contribution from Round Oak Minerals.

In March 2019, WHSP was admitted into the ASX100, a significant achievement for the company.

GROUP OUTLOOK

The outlook varies across each of our divisions.

Within Building Products Australia, whilst orders and sales are currently steady in most divisions, a soft first half is anticipated. In the second half, we expect the market to strengthen, based on the current level of home builder sales.

In addition, our transition to the wholesale gas market on 1 January 2020 will reduce costs and finally provide some relief from rising energy costs.

Product development and innovation remains a key focus, with a number of initiatives well advanced and offering exciting growth opportunities.

In May 2019, the Company formed the 50/50 joint venture company Fastbrick Australia, with FBR Limited (FBR), to consider whether FBR's innovative robotic bricklaying technology can be commercialised in Australia. Since then, a building pilot program has been commenced with Archistruct Builders and Designers.

We also look forward to commissioning the Southern Cross Cement facility in the coming months. This project will provide a reliable, cost effective source of cement for our Austral Masonry and Bristle Roofing businesses in Brisbane, and is expected to deliver solid returns on invested capital.

As I have mentioned, growth prospects for Building Products North America are strong. The recent acquisition of Sioux City Brick strengthens our leadership position in the architecturally focussed Midwest and

MANAGING DIRECTOR'S OVERVIEW

Northeast regions of the United States and will provide significant cost synergies once fully integrated.

The ultimate transition to a highly efficient and fully utilised plant network, incorporating these bolt-on acquisitions and subsequent rationalisation of facilities, together with plant upgrades to enhance performance, is expected to take approximately three years to complete.

Turning to Property, activity within the Trust remains strong, with developments at Oakdale South expected to drive growth in rent and asset value over the next few years.

Pending final approvals, development of the Oakdale West Industrial Estate will provide further growth for up to a decade.

The sale of 10 hectares at Oakdale East into the Trust is the only sale anticipated for financial year 2020 and is expected to complete in the second half.

As always, Property earnings will depend on the timing of development activity and land sale transactions, and the extent of any revaluations.

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

OUR PEOPLE

Finally, I'd like to thank our people. Following our acquisitions in the United States, we now have more than 2,300 employees, and it is their energy and dedication that will continue to drive our success.

I am very proud that at Brickworks we have been able to maintain a stable and highly experienced workforce, and I believe this gives us a competitive edge.

I would also like to take this opportunity to thank the Board of Directors and the executive team. As you can see, we have achieved a lot during the past 12 months, and none of this would be possible without their support and commitment.



LINDSAY PARTRIDGE AM
Managing Director



Glen-Gery – thin bricks
in Aspen White,
The Brickyard
Playa Vista, California

FINANCIAL

Overview

HIGHLIGHTS

- ▶ **Statutory NPAT** including significant items, down 12% to \$155 million
- ▶ **Underlying NPAT from continuing operations** before significant items, up 4% to \$234 million
- ▶ **Underlying EBIT from continuing operations** before significant items, up 10% to \$310 million (EBITDA \$346 million)
 - ▶ **Building Products Australia EBIT** down 27% to \$57 million (EBITDA \$88 million)
 - ▶ **Building Products North America EBIT** \$6 million (EBITDA \$12 million)
 - ▶ **Property EBIT** up 68% to \$158 million
 - ▶ **Investments EBIT** down 16% to \$104 million
- ▶ **Operating cashflow** down 28% to \$123 million
- ▶ **Gearing** (net debt/equity) reduced to a conservative 12%, net debt \$253 million
- ▶ **Total shareholder's equity** up \$96 million since 31 July 2018, to \$2.167 billion
- ▶ **Final dividend** of 38 cents fully franked, up 2 cents or 6% (Record date 7 November 2019, payment date 27 November 2019)
- ▶ **Total full year dividend** of 57 cents fully franked, up 3 cents or 6%

EARNINGS

Brickworks posted a record underlying Net Profit After Tax (**NPAT**) from continuing operations of \$234 million, up 4% on the prior year.

After including discontinued operations and the impact of significant items, **Statutory NPAT** was down 12% to \$155 million. This includes \$19 million in costs related to WHSP significant items in the second half.

Underlying earnings before interest, tax and depreciation (**EBITDA**) from continuing operations was \$346 million, up 12% on the prior year. After depreciation, **EBIT** was \$310 million, up 10%.

On revenue of \$755 million, **Building Products Australia** EBIT was \$57 million, down 27% on the previous corresponding period. EBITDA was \$88 million,

down 18%. The decline in earnings was primarily due to the impact of increasing energy prices, and a downturn in construction activity across the country.

Building Products North America contributed an EBIT of \$6 million (EBITDA \$12 million) for the period since the acquisition of Glen-Gery on 23 November 2018. Business performance has exceeded expectations, with robust product demand and a range of improvement initiatives being progressively implemented. Revenue was \$121 million for the same period.

Property EBIT was a record \$158 million for the year, including a significant revaluation profit within the Joint Venture Industrial Property Trust (Property Trust), and the completion of the Punchbowl property sale.

FINANCIAL OVERVIEW

Significant Items	Gross \$m	Tax \$m	Net \$m
Gain on sale of WHSP Shares	110	(38)	71
Bristle Roofing and Austral Masonry goodwill impairment	(52)	—	(52)
Acquisition costs	(15)	1	(14)
Restructuring activities	(10)	3	(7)
Significant items relating to WHSP	(28)	—	(28)
Income tax arising from the carrying value of WHSP		(8)	(8)
Total (Continuing Ops)	5	(42)	(37)

Investments EBIT, including the contribution from Washington H. Soul Pattinson Limited (WHSP), was down 16% to \$104 million. This was due primarily to a decline in the contribution from Round Oak Minerals.

Total **borrowing costs** were up 65% to \$24 million, due primarily to non-cash movements in the mark-to-market valuation of interest rate swaps. Underlying **interest cover** remained steady at a conservative 18 times.

Underlying **income tax** from continuing operations increased 22% to \$52 million for the year, due to the higher earnings from the combined Building Products and Property Groups.

Significant items decreased NPAT from continuing operations by \$37 million for the year, and included the following:

- ▶ A \$71 million gain (net of tax) on the sale of 7.9 million WHSP shares, due to the weighted average selling price of \$26.37 per share, being significantly above the book value.
- ▶ A non-cash goodwill impairment of \$52 million in relation to Bristle Roofing and Austral Masonry, reflecting the cashflow forecasts of these businesses, in accordance with AASB 136.
- ▶ Transaction costs of \$14 million (net of tax) primarily in relation to the Glen-Gery, Sioux City Brick and Aussie Concrete Products acquisitions.

- ▶ Restructuring costs of \$7 million (net of tax), including redundancies and asset impairments, primarily associated with the mothballing of Horsley Park Plant 2 in New South Wales.
- ▶ Costs of \$28 million in relation to WHSP significant items.
- ▶ A \$8 million cost due to the income tax expense in respect of the equity accounted WHSP profit, less the franking credits associated with the dividends received during the period, and adjusted for the movements in the franking account and the circular dividend impact.

DISCONTINUED OPERATIONS

Auswest Timbers hardwood assets were reclassified as held for sale in the first half of financial year 2019 and are not reported in underlying continuing operations.

An after-tax impairment of \$34 million to Auswest Timbers hardwood assets was recorded during the year. This comprises an impairment of \$19 million to the carrying value of inventory and an impairment of \$15 million to buildings, plant and equipment.

The financial performance of the softwood operation in the ACT is now reported as part of Bristle Roofing, however it continues to operate under separate management, as a stand-alone business unit.

To ensure consistency, prior year financials have been restated on the same basis.

BALANCE SHEET

Gearing (net debt to equity) was 12% at 31 July 2019, down from 15% at 31 July 2018. Total interest-bearing debt was \$328 million at the end of the period.

After including cash on hand, net debt at the end of the period was \$253 million, a reduction of \$51 million during the year. This follows the sale of WHSP shares in December, delivering total cash proceeds of \$208 million. These proceeds more than offset the total Glen-Gery acquisition costs of \$141 million.

In May, the Group established an unsecured multi-currency facility consisting of a AU\$355 million tranche and a US\$200 million tranche. The new facility replaced the existing syndicated loan and the USD bridge facility that was established earlier in the year to fund the Glen-Gery acquisition. The new facility provides the Group with a strong platform to fund further growth in Australia and North America.

Net working capital (from continuing operations) was \$221 million at 31 July 2019, including finished goods inventory of \$189 million, up significantly due to the Glen-Gery acquisition (\$53 million impact). Excluding the impact of the acquisition, finished goods inventory in continuing operations was approximately in line with the prior year.

Net tangible assets per share was \$13.28 at 31 July 2019, up from \$12.42 at 31 July 2018 and total shareholders' equity was up \$96 million to \$2.167 billion.

Return on equity of underlying earnings from continuing operations was 11%. Over the longer term, Brickworks' diversified corporate structure has provided stability of earnings and enabled prudent investments that have steadily built net asset value.

CASH FLOW

Total **cash flow from operating activities** was \$123 million, down from \$171 million in the prior year, due primarily to the decreased earnings from Building Products Australia, lower Property Trust distributions (which included proceeds from the disposal of Oakdale South properties in the prior year), and higher income tax payments.

Capital expenditure was \$49 million for the year, with major project spend including preliminary works for the new Masonry plant in Sydney, a mill upgrade at the Golden Grove brick plant in South Australia, and the progressive replacement of kiln cars at Horsley Park Plant 3 in New South Wales.

DIVIDENDS

Directors declared a fully franked final **dividend** of 38 cents per share for the year ended 31 July 2019, up 6% from 36 cents. Together with the interim dividend of 19 cents per share, this brings the total dividends paid for the year to 57 cents per share, up 3 cents or 6% on the prior year.



Austral Bricks – San
Selmo Smoked in
Grey Cashmere,
Kambri Campus, The
Australian National
University, ACT

GROUP

Structure

Brickworks has a diversified corporate structure that has delivered stability of earnings over the long term. Following the acquisition of Glen-Gery in the United States, there are now four divisions within the Brickworks Group structure.

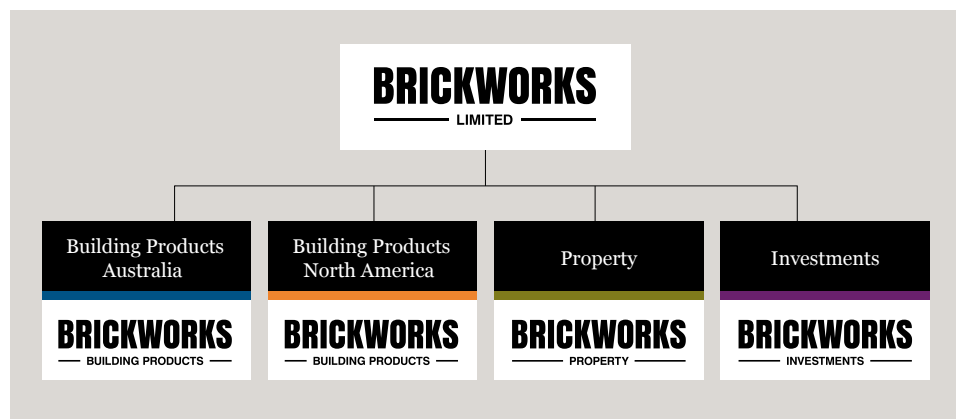
BUILDING PRODUCTS AUSTRALIA

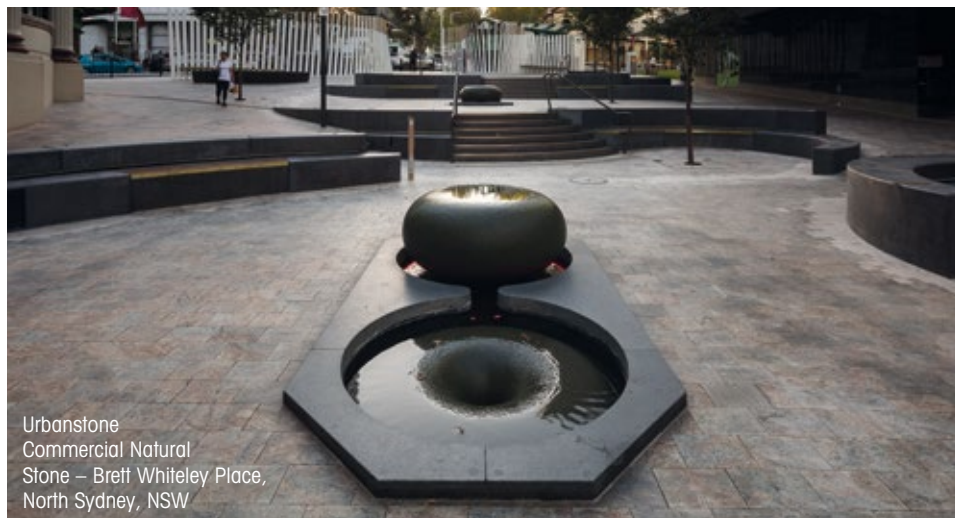
Building Products Australia is a leading manufacturer and distributor of building products across all Australian states. Since 2002, the Building Products Group has grown from a two-state brick manufacturer, in New South Wales and Queensland, to a diversified national building products business.

In total Building Products Australia comprises 30 manufacturing sites and more than 40 design centres and design studios across the country. This is complemented by an extensive reseller network that includes over 100 additional displays.

The portfolio includes:

- ▶ **Austral Bricks:** Australia's largest clay brick manufacturer with significant market positions in every state
- ▶ **Austral Masonry:** Australia's second largest masonry manufacturer with operations in all major states
- ▶ **Bristile Roofing:** A "full service" roofing supplier with a strong presence in all major states, offering supply and install tiles (concrete or terracotta), metal roofing and fascia and guttering
- ▶ **Austral Precast:** A national supplier of precast walling and flooring products, with plants in Sydney, Brisbane and Perth.





Urbanstone
Commercial Natural
Stone – Brett Whiteley Place,
North Sydney, NSW

BUILDING PRODUCTS NORTH AMERICA

Building Products North America was established upon the acquisition of Glen-Gery in November 2018. Following the end of the 2019 financial year, Brickworks announced the additional acquisition of Sioux City Brick.

Brickworks North America has a leading position in the Midwest, Northeast and Mid-Atlantic states, and has a strong focus on architectural and premium products.

Including the acquisition of Sioux City Brick, it has 11 brick plants and one manufactured stone plant, 15 company operated distribution outlets and a vast reseller network.

PROPERTY

The Property division was established to maximise the value of land that is surplus to the Building Products business. Operational land that becomes surplus to the business needs is transferred to the Property division where it is assessed for optimum land use. In some cases, land is rezoned to residential and sold. Alternatively, the land is rezoned industrial and transferred into the Property Trust and developed, creating a stable, growing annuity style income stream.

The Joint Venture Industrial Property Trust is a 50/50% partnership between Brickworks and Goodman Industrial Trust. Over the past decade it has grown significantly and now has a total asset value of over \$1.7 billion. After including debt, Brickworks 50% share of the Property Trust has an equity value of \$633 million.

In addition to the Property Trust, the Company holds around 3,750 hectares of operational land and 370 hectares of development land in Australia, and 2,400 hectares of operational land in the United States.

INVESTMENTS

Investments consists primarily of a 39.4% interest in Washington H. Soul Pattinson, an ASX listed Company with market capitalisation of \$5.437 billion as at 31 July 2019 (market value of Brickworks share \$2.142 billion). This investment provides a stable and diversified earnings stream and has provided Brickworks with superior returns and security to weather periods of weaker building products demand.

Building products

AUSTRALIA

MARKET CONDITIONS – SUMMARY OF HOUSING COMMENCEMENTS

Estimated Starts ⁴	Detached Houses			Other Residential			Total		
	Jun 18	Jun 19	Change	Jun 18	Jun 19	Change	Jun 18	Jun 19	Change
New South Wales ⁵	31,940	29,000	(9%)	44,360	40,610	(9%)	76,300	69,610	(9%)
Queensland	26,190	22,230	(15%)	16,020	13,960	(13%)	42,210	36,190	(14%)
Victoria	38,660	35,560	(8%)	37,620	23,690	(37%)	76,280	59,250	(22%)
Western Australia	13,550	12,080	(11%)	4,640	3,250	(30%)	18,190	15,330	(16%)
South Australia	8,210	7,580	(8%)	4,800	3,140	(35%)	13,010	10,720	(18%)
Tasmania	2,300	2,680	17%	520	400	(23%)	2,820	3,080	9%
Total Australia⁶	121,460	109,690	(10%)	108,270	85,140	(21%)	229,730	194,830	(15%)
New Zealand ⁷	21,176	21,438	1%	11,684	13,366	14%	32,860	34,804	6%

Total dwelling commencements for Australia were down 15% to 194,830 for the twelve months ended 30 June 2019.

The decline in activity was broad-based across building segments and states. In detached housing, where Brickworks' products have the greatest exposure, commencements were down 10%, after being at elevated levels for the previous four years.

The decline in activity was more severe in the other residential segment, down 21%, and follows a period of unprecedented growth in this segment that has seen record levels of high rise construction activity in recent years.

Commencements in **New South Wales** (including ACT) were down 9% across both detached houses and other residential segments.

Queensland experienced a 14% decline in commencements. The decline in the other residential segment has been particularly severe in recent times, having now fallen around 50% from the peak level just 3 years ago.

In **Victoria**, building activity declined by 22% compared to the prior year, due primarily to a sharp decline in other residential commencements, from the record level in the prior year.

4 Based on Housing Industry Association May 2019 Forecast.

5 Includes ACT, to align with Brickworks divisional regions.

6 Includes Northern Territory, not shown separately on table.

7 Building Consents data sourced from Statistics New Zealand – Building Consents.

OVERVIEW OF FY2019 RESULT

Year Ended July	2018 \$m	2019 \$m	Change %
Revenue	784	755	(4%)
EBITDA	107	88	(18%)
EBIT	79	57	(27%)
EBITDA margin	14%	12%	(15%)
EBIT margin	10%	8%	(24%)
Net Tangible Assets	667	626	(6%)
Return on Net Tangible Assets	12%	9%	(23%)
Full Time Equivalent Employees (#)	1,472	1,483	1%
TRIFR (Safety) ⁸	20.4	19.6	(4%)
LTIFR (Safety) ⁹	1.7	1.7	—

Weakness in **Western Australia** persisted during the year, with both detached houses and other residential activity continuing to decline. Building activity in this state is now down by over 50% in the past four years, and at the lowest level since 2001.

The value of approvals in the non-residential sector in Australia decreased by 7% to \$46.4 billion for the twelve months to 31 July 2019. Within the non-residential sector, Commercial building approvals decreased by 10% to \$15.7 billion for the period and Industrial building approvals increased 12% to \$7.4 billion. The Educational sub-sector, an important driver for bricks and masonry demand, was up 8% to \$7.4 billion.

Revenue from continuing operations for the year ended 31 July 2019 was down 4% to \$755 million, compared to \$784 million for the prior year. An increase in revenue in Austral Masonry and Austral Precast was offset by lower revenue in Austral Bricks and Bristle Roofing.

EBIT from continuing operations was \$57 million, down 27% on the prior year, and **EBITDA** was \$88 million, down 18%. Despite the lower earnings, operational performance across most divisions was encouraging, with the decrease primarily attributable to the impact of increasing energy prices, and a downturn in construction activity across the country.

Full time equivalent employees increased by 11 during the year, taking the total number to 1,483 at 31 July 2019. The addition of 25 employees following the acquisition of Aussie Concrete Products was partially offset by reductions across most divisions.

There were 5 Lost Time Injuries ('LTIs') during the year, in line with the prior year. This translated into a Lost Time Injury Frequency Rate ('LTIFR') of 1.7. The Total Reportable Injury Frequency Rate ('TRIFR') decreased to 19.6 from 20.4 in the prior financial year.

8 Total Reportable Injury Frequency Rate (TRIFR) measures the total number of reportable injuries per million hours worked.

9 Lost Time Injury Frequency Rate (LTIFR) measures the number of lost time injuries per million hours worked.

AUSTRAL BRICKS

Austral Bricks earnings declined 17% for the twelve months ended 31 July 2019, with sales revenue down 4% to \$428 million.

Despite the reduced level of activity, performance across the east coast was resilient. The decline in earnings across these states can broadly be attributed to higher energy costs that could not be fully absorbed by price increases, and plant maintenance activities in the first half. The higher energy prices across the east coast resulted in a \$12 million cost increase on the prior year. This includes the impact of gas price increases of between 29-45%, depending on the state, that took effect on 1 January 2019.

Performance in Victoria was particularly strong, with a result broadly in line with the prior year. Supply and demand from the Wollert plant is now approximately balanced, allowing the Victorian market to be serviced through local production. This has reduced costs compared to recent years, when Victoria was partially serviced by volume produced in other states.

Conditions remained very challenging in Western Australia, with sales volume and margins declining further on the prior year. Production in this state is progressively being reduced to control inventory levels, and manufacturing costs were adversely impacted as a result.

A sustained investment program to replace older inefficient kilns with modern plants is well underway.

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, with a development application for a new face brick plant at the current Horsley Park Plant 2 site submitted in the second half.

Also under consideration is the investment in a new facility at Brickworks' industrial estate at New Berrima to replace the Bowral facility, an energy intensive plant, with some parts having been in operation since the 1920's.

AUSTRAL MASONRY

Austral Masonry earnings were lower, despite a slight increase in sales revenue to \$119 million for the year.

The benefit of a full twelve-month contribution from Urbanstone (acquired in November 2017), was offset by a decline in earnings from grey block sales, due primarily to the slowdown in apartment construction along the east coast.

In May, Austral Masonry completed the acquisition of Aussie Concrete Products, a leading concrete sleeper retaining wall manufacturer, based in Brisbane. This acquisition provides an immediate market leadership position in a fast-growing product category, and the opportunity to expand sales through Austral Masonry's nationwide distribution network.

In New South Wales, earthworks are underway, ahead of the construction of a highly advanced masonry plant, to be located on Property Trust land at Oakdale East, pending DA approval. This plant is scheduled for commissioning in late 2020.

BRISTILE ROOFING

Bristile Roofing earnings, including the Fyshwick roof batten mill, were marginally lower for the year, with a 10% decrease in sales revenue to \$131 million.

Sales volume slowed in the second half, as the decline in detached house construction activity accelerated.

Despite the decline, sales revenue and earnings remained resilient in Victoria, with price increases in that state supporting improved margins. Margins in Queensland were adversely impacted by particularly strong competition in that state.



GB Smooth Half
Height blocks in
Nickel – Locura,
Byron Bay, NSW

In Western Australia sales revenue was down, however earnings improved due to lower costs, with this state now being serviced by high quality imported terracotta tiles from La Escandella in Spain, supplemented by bought-in concrete roof tiles.

Despite ongoing log supply concerns, the Fyshwick batten mill operated at capacity for the entire year, in response to strong customer demand.

AUSTRAL PRECAST

Austral Precast earnings were higher, supported by a 6% increase in revenue to \$77 million for the year.

The uplift in earnings was primarily due to improved performance in Queensland. In this state, sales increased 46%, underpinned by a major contract for the supply of panels to the Clarence Correctional Centre project.

In New South Wales, sales recovered strongly in the second half to end the year relatively steady, after the first half was impacted by extended delays in the commencement of several large projects.

To meet the strong demand in New South Wales, and improve the efficiency of the automated plant, a second production line at Wetherill Park has been installed. This new manual line will cater for architectural and specialised panels, complementing the highly automated carousel plant for industrial and standardised panels.

Austral Precast continues to focus on a range of product development initiatives. In August 2019, “Double Wall” was launched, a cost effective permanent structural framework that offers significant advantages over existing alternatives.

SOUTHERN CROSS CEMENT

Southern Cross Cement is a Joint Venture company owned by Brickworks (33% interest), the Neilsen Group and the Neumann Group.

Construction of the Southern Cross Cement terminal, in Brisbane, has progressed well during the year. The first shipment of cement and deliveries to shareholders, including Brickworks, is scheduled for October 2019.

Building products

NORTH AMERICA

Brickworks completed the acquisition of Glen-Gery on 23 November 2018, marking the Company's first significant overseas investment

Brickworks completed the acquisition of Glen-Gery on 23 November 2018, marking the company's first significant overseas investment.

Glen-Gery has a unique market position within the United States brick industry, holding a leading position in the Northeast and Midwest states. This region incorporates major cities with a long heritage of brick construction in commercial and residential buildings.

In many cases, building covenants are in place mandating the use of brick, in order to maintain the heritage of the region. In other cases, Glen-Gery bricks are specified in the construction of buildings such as schools, hospitals and retail outlets.

In New York, where Glen-Gery holds a significant market share, legislated five-yearly building façade inspection programs underpin a significant proportion of sales.

Glen-Gery's product mix reflects the traditional building styles of the region, with higher margin architectural products into the non-residential, multi-residential and paving segments making up 65% of total sales.

Glen-Gery has established a strong reputation within the industry for premium products and has a plant network that is well equipped to service this market. Across its nine brick plants, it is able to offer a range of specialty moulded, handmade and glazed bricks, in addition to a full range of the more common extruded bricks. It also operates a thin brick production line, a product category that is gaining traction in the US, and offered by Glen-Gery as part of the "Thin Tech" façade system.

MARKET CONDITIONS¹⁰

Total construction activity in the United States has been relatively stable over the past 12 months, with the value of construction put in place for the year ended 30 June 2019, US\$619 billion, down 1% on the prior year.

Construction spend in the non-residential segment, a key driver for Glen-Gery, was up 5% for the year ended 30 June 2019. This was offset by an 8% decline in residential construction spending.

The mild decline in residential activity across the United States was consistent with the trend in key Glen-Gery regions. In the Northeast region, total residential housing starts were down 5% to 107,000 for the 12 months to 30 June 2019, and in the Midwest, starts were down 7% to 166,000.

Financial performance since the acquisition has been ahead of expectations. Sales revenue for the period 23 November 2018 to 31 July 2019, was \$121 million, with sales volume and pricing outcomes strong across most products and regions.

EBITDA for the period was \$12 million, and EBIT was \$6 million.

Following the harsh winter conditions from December to February, when plants were shut down and EBIT was negative, earnings momentum was strong in the final five months of the period.

At 31 July 2019 there were a total of 617 Glen-Gery employees. During the period of ownership there were 6 lost time injuries, with injury rates significantly higher

10 Market data based on US Census Bureau reports.

OVERVIEW OF FY2019 RESULT

	\$US	\$AU
23 Nov 18 – 31 Jul 19	\$m	\$m
Revenue	80	121
EBITDA	8	12
EBIT	4	6
EBITDA margin		10%
EBIT margin		5%
Full Time Equivalent Employees (#)		617
TRIFR (Safety)		7.6
LTIFR (Safety)		29.1

than Australian operations. As such, a key focus in financial year 2020 will be the rollout of best practice workplace health and safety procedures.

INTEGRATION AND OPERATING HIGHLIGHTS

Following the acquisition, key integration activities are now largely completed, including the transition of critical IT infrastructure to Brickworks systems, the roll-out of financial reporting processes and the implementation of a range of branding and marketing initiatives.

Significant progress has also been made on key strategic initiatives, in support of Glen-Gery's focus on high margin architectural products.

In July, Brickworks North America executed an exclusive supply agreement with San Selmo (based in Italy), for the supply of premium imported products into the United States. This follows the success of the relationship already established in Australia. San Selmo products will complement other imported ranges introduced since the acquisition, including La Paloma and ultra-premium glass bricks.

A new design studio site has been secured in central Philadelphia, with a ten-year lease executed. A design has been completed and a builder appointed, with

opening expected before the end of calendar 2019. Renovations have also been completed at the existing New York showroom.

A range of operational improvements have been implemented across the plant network, including a review of plant scheduling and the commencement of a product rationalisation plan.

The Capitol plant at Manassas in Virginia was closed, with volume transferred to other facilities to improve plant utilisation across the network.

ACQUISITION OF SIOUX CITY BRICK

The acquisition of Glen-Gery set the platform for Brickworks to pursue further growth in North America. Unlike Australia, the North American brick industry is highly fragmented, with significant over-capacity, and consists of numerous players operating at sub-optimal factory utilisation. As a result, targeted bolt-on acquisitions in North America allow plant utilisation and production efficiency to increase significantly, as operations are integrated.

In line with this strategy, on Tuesday 27 August 2019, Brickworks North America completed the acquisition of Sioux City Brick.

Sioux City Brick has a leading market position in the Midwest region of the United States. It has three modern production lines with a total capacity of around 160 million bricks per year, located at two manufacturing plants, both in Iowa.

The acquisition will strengthen Brickworks' position in a key target market and will deliver significant efficiency benefits when operations are rationalised with existing Glen-Gery facilities.

Sioux City Brick offers a vast range of products, selling around 90 million bricks per year through direct sales to builders and resellers, and through five company-operated retail distribution outlets. It has broad end-market exposure, with a strong reputation for premium architectural products, servicing the non-residential and multi-residential segments.



PROPERTY

Property delivered an EBIT before significant items of \$158 million for the year ended 31 July 2019, a record contribution, and up 68% from the prior year.

OVERVIEW OF FY2019 RESULT

Year Ended July	2018 \$m	2019 \$m	Change %
Net Trust Income	22	26	17%
Revaluation of properties	24	70	195%
Development Profit	29	19	(33%)
Sale of assets	26	12	(53%)
Property Trust	101	127	26%
Land Sales	(3)	35	NA
Property Admin and Other	(4)	(4)	—
Total	94	158	68%

The improved result was due to higher earnings from the Property Trust, which generated an EBIT of \$127 million, up 26% from \$101 million. Property Trust earnings were primarily driven by the revaluation of leased properties, up 195% to \$70 million. This follows a 50-basis point compression in capitalisation rates across most properties over the year, reflecting the increasing demand for well-located industrial facilities.

Net property income distributed from the Trust was \$26 million, up 17% from \$22 million in financial year 2018. Development profit on the completion of three assets contributed an additional \$19 million earnings, and the sale of Lot 6 at Oakdale South provided a profit of \$12 million.

The record result was also supported by a \$35 million profit from land sales, primarily due to the sale of the Punchbowl site in the first half.

Property administration expenses totalled \$4 million, in line with the prior year. These expenses include holding costs such as rates and taxes on properties awaiting development.

PROPERTY TRUST ASSET VALUE

Year Ended July	2018 \$m	2019 \$m	Change %
Leased properties	1,167	1,411	21%
Land to be developed	360	345	(4%)
Total Property Trust assets	1,527	1,756	15%
Borrowings on leased assets	(451)	(490)	(9%)
Net Property Trust assets	1,076	1,266	18%
Brickworks 50% share	538	633	18%
Rental return leased assets ¹¹	6%	6%	(8%)
Reval. return leased assets ¹²	7%	15%	129%
Total return on leased assets	13%	21%	62%
Gearing on leased assets ¹³	39%	35%	(10%)

PROPERTY TRUST ASSET VALUE

The total value of assets held within the Property Trust at 31 July 2019 was \$1.756 billion. This includes a 21% increase in the value of leased assets, to \$1.411 billion. The Property Trust also holds a further \$345 million in land to be developed.

Borrowings of \$490 million are held within the Property Trust, giving a total net asset value of \$1.266 billion. Brickworks' 50% share of net asset value was \$633 million, up \$95 million from \$538 million at 31 July 2018.

The sale of Precinct 6, a five-hectare (net) parcel of land at Oakdale South, provided the Property Trust with \$30 million in cash in May. These proceeds will be used to fund construction of an access road to the Oakdale West Estate, allowing this land to be developed in late 2020 calendar year.

Gearing within the Property Trust decreased to 35% during the year, and the total return on leased assets was 21%, including rental return and revaluations.

PROPERTY TRUST – LEASED PROPERTIES

The entire Property Trust portfolio consists of "A-grade" facilities, each less than nine years old, with long lease terms and stable tenants. The annualised gross rent is \$78 million, and the average capitalisation rate is 5.4%. There are currently no vacancies within the portfolio.

PROPERTY TRUST – DEVELOPMENT PIPELINE

Development activity in financial year 2019 was focussed on Oakdale South. Assets completed during the period included a 20,000m² facility leased to Iron Mountain, a 15,000m² warehouse leased to Briggs and Stratton and a 11,000m² facility leased to B-Dynamic.

Development of a 33,000m² facility for DHL commenced during financial year 2019 and is due for completion in November 2019.

During the year a pre-commitment for a 15,700m² facility was secured with Linfox. This facility is being constructed alongside a separate 15,700m² speculative development, and is due for completion in February 2020.

11 Based on Net Trust Income, divided by Brickworks share of leased properties less associated borrowings.

12 As above, but using revaluation profit.

13 Borrowings on leased assets / total leased assets.

PROPERTY TRUST – LEASED PROPERTIES

Estate	Asset Value \$m	Gross Lettable Area '000m ²	Gross Rental \$m/year	WALE ¹⁴ years	Capitalisation Rate %
M7 Hub	149	64	8	2	5.6%
Interlink	412	192	24	4	5.6%
Oak Central	565	245	30	5	5.3%
Oak South	102	46	5	11	5.0%
Rochdale	183	96	10	12	5.8%
Total	1,411	643	78	6	5.4%

Following these developments, there remains up to 45,000m² of gross lettable area still available at Oakdale South, with strong interest being received by the Trust.

In January 2019, the Trust announced the pre-commitment of Coles to a 65,000m² high bay facility at the Oakdale West Estate. Subject to final development approval, infrastructure works will soon commence, including the construction of a two-lane dual carriageway regional road (the Western North-South Link Road) that will provide easy access to the nearby M7 and M4 motorways.

A development application has been lodged for 10 hectares of land next to Plant 3, at Eastern Creek (Oakdale East). This site will include a new plant leased to Austral Masonry and a further 25,000m² of industrial development area.

BRICKWORKS OPERATIONAL AND DEVELOPMENT LAND

Operational land is utilised in the day to day activities of Building Products Australia and North America. The total value of operational land in Australia remained stable during the period at around \$357 million. The newly acquired Glen-Gery operations comprise over 2,400 hectares of land, with a land value of almost \$25 million.

The largest site held for development is at Craigieburn in Victoria. Brickworks is currently collaborating with other local landowners to produce development concepts that may accelerate rezoning of this land to residential.



¹⁴ Weighted average lease expiry by income.

INVESTMENTS

The EBIT from total investments was down 16% to \$104 million in the year ended 31 July 2019.

WASHINGTON H. SOUL PATTINSON LIMITED ('WHSP')

ASX Code: SOL

Brickworks' investment in WHSP returned an underlying contribution of \$103 million for the year ended 31 July 2019, down 16% from \$122 million in the prior year. This was due primarily to a decreased contribution from Round Oak Minerals.

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.

Brickworks now holds 94.3 million shares; equivalent to a 39.4% interest in WHSP (down from 42.7%). This shareholding in WHSP is an important source of earnings and cashflow diversification for the Company and has been a key contributor to Brickworks' success for more than four decades.

The market value of Brickworks shareholding in WHSP was \$2.142 billion at 31 July 2019 (39.4%), down \$89 million from \$2.231 billion at 31 July 2018 (42.7%). This decrease is due to the lower shareholding held by Brickworks, with the WHSP share price increasing 4% over the year.

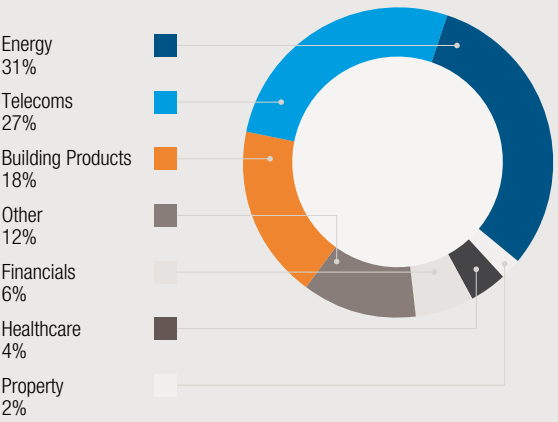
WHSP has delivered outstanding returns over the long term, with fifteen year returns of 11.6% per annum to 31 July 2019 being 2.6% ahead of the All Ordinaries Accumulation Index.

WHSP holds a significant investment portfolio in a number of listed companies including Brickworks, TPG Telecom, New Hope Corporation, Australian Pharmaceutical Industries, Apex Healthcare Berhad and TPI Enterprises.

This provides WHSP with a diversified end market exposure, as shown in the chart above. Over more than four decades, WHSP has delivered an uninterrupted dividend stream that reflects the earnings from WHSP's diversified investments. This dividend helps to balance the cyclical earnings from Brickworks' Building Products and Property divisions.

During the year cash dividends of \$56 million were received, up marginally on the prior year.

Investment Market Exposure



Health and **SAFETY**

There is no task that we undertake that is so important that we can't take the time to find a safe way to do it.

STRATEGY

Brickworks is committed to minimising risks to the health and safety of its employees, contractors and the general public and believes continual improvement in health and safety is a key requirement for a sustainable workplace. The Company's health and safety strategy sets the framework for the development and management of programs to improve safety performance year on year. It includes a focus on safety leadership and a proactive culture that integrates safety into all business processes.

PERFORMANCE

Essential to Brickworks improved safety performance is the effective communication of safety performance and goals throughout all levels of the Brickworks business. Performance is measured utilising both lead and lag performance indicators. Brickworks benchmarks its safety performance both internally and externally and this assists in driving improved safety performance.

Performance targets are set within the Workplace Health and Safety Management System, with a key target being a 10 percent reduction in injury rates each year.

In Australia, there were 5 lost time injuries (LTIs) recorded in financial year 2019, in line with the prior year. This translates to a lost time injury frequency rate (LTIFR) of 1.7, also in line with the prior year. There were 52 medical treatment injuries recorded for the year, down slightly from 55 in financial year 2018. The total recordable injury frequency rate (TRIFR) was 19.6, down 4%.

In the United States, there were 6 LTIs in the period from the acquisition of Glen-Gery (23 November 2018) until the end of financial year 2019. This translates to a LTIFR of 7.6, significantly higher than the Australian rate. In the same period, there were 17 medical treatment injuries, translating to a TRIFR of 29.1.

A key focus in financial year 2020 will be the rollout of best practice workplace health and safety programs in the acquired North American operations.

KEY INITIATIVES

Fundamental to Brickworks' work health and safety strategy are a number of key safety initiatives, supported by a robust safety culture. This is underpinned by a common work health and safety management system across all divisions of the Company, providing a consistent approach to managing health and safety within Brickworks.

Employee education continues to be a key safety initiative and a lead indicator that is measured at Brickworks. Online training is available 24/7 to all Brickworks employees, with courses assigned based on the employee's role in the business. Further, the national rollout of a behavioural safety leadership program for managers and supervisors has commenced.

Brickworks believes a drug and alcohol-free workplace is also essential for the welfare of employees, contractors and visitors and mandatory random testing continued to be implemented across the business nationally in 2019.

64% of our staff were randomly tested for drugs and alcohol throughout the year, exceeding our target of 25%.

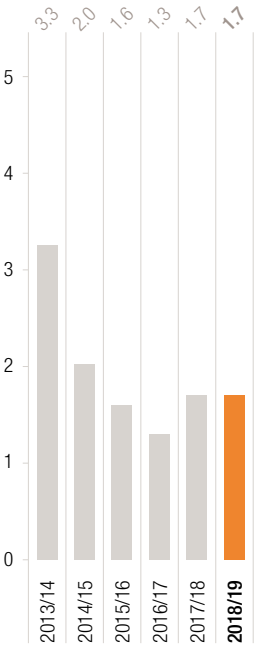
During the year, the Company completed a review of National Transport systems and an audit of the heavy vehicle fleet to evaluate the effectiveness of existing procedures, documentation, and ensure satisfactory compliance with regulations and internal policies. Following this review, a number of recommendations will be implemented in areas such as chain of responsibility, fatigue management and load restraint.

Another key initiative introduced during the year is medical testing and certification for heavy vehicle drivers.

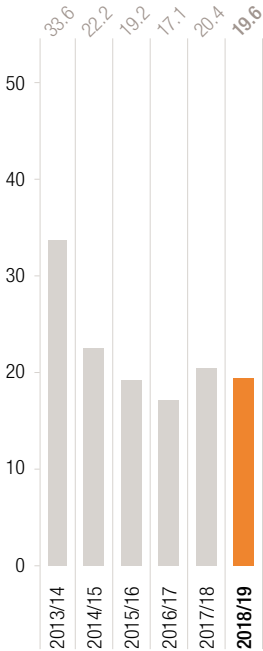
Safe environments and systems alone will not eliminate workplace injuries and having good general health is crucial in reducing injuries in the workplace. As such, employee health and wellbeing is another key focus area for the Company.

Brickworks' wellbeing program provides employees advice, education and professional assistance to improve their personal health. This includes on site physiotherapy sessions available at larger operational sites, undertaking workplace task assessments and treating employee ailments before they turn into injuries. In addition to this, diligent recruitment processes which include professional functional health assessments ensure that all new recruits are appropriately suited to the physical requirements of the position.

Lost Time Injury Frequency Rate
(LTI / million hrs worked)



Total Recordable Injury Frequency Rate
(TRI / million hrs worked)



Overview of SUSTAINABILITY

Brickworks is committed to social and environmental responsibility. As one of Australia's largest and most diverse building products manufacturers, we believe we have a responsibility to our shareholders, employees, industry, environment and the wider community.

SUSTAINABILITY REPORTING

At Brickworks, we are passionate about our sustainable vision for the built environment and the role our genuine building products play in creating beautiful, healthy and sustainable homes and environments. This year we are taking another step forward on our sustainability journey, with the launch of our Sustainable Business Framework, linking our purpose with the material issues of our Sustainability Strategy. These areas – Our People, Community, Environment and Responsible Business

– are issues important to both our stakeholders and Brickworks.

This year our first stand-alone Sustainability Report allows a chance to cover these issues in depth, informed by international standards such as the Global Reporting Initiative.

Our FY2019 Sustainability Report shares our sustainability journey with an overview of our sustainability strategy, and case studies of our progress along the way.



Build for a Cure House

We are committed to social responsibility and we aim to make a valuable contribution to our communities

- Partnerships
- Community Engagement and Support



COMMUNITY

We are committed to managing our operations in an environmentally sustainable manner

- Energy and Emissions
- Understanding Carbon Risks and Opportunities
- Resource Efficiency
- Waste Management
- Rehabilitation and Local Communities
- Environmental Performance and Compliance



ENVIRONMENT

*We create
BEAUTIFUL
PRODUCTS
that last
forever*



OUR PEOPLE

Sustaining a strong culture driven by diverse and talented people is critical to our long-term success

- Health, Safety and Wellbeing
- Training and Education
- Diversity and Inclusion



RESPONSIBLE
BUSINESS

We continue to lead the way through design, style, innovation, sustainability and collaboration

- Innovation and Sustainable Products
- Product Compliance
- Risk Management
- Responsible Procurement
- Governance

The FY2019 Sustainability Report can be found at www.brickworks.com.au.

COMMUNITY SUPPORT

Brickworks is committed to social responsibility in our communities and we aim to make a valued contribution to our communities.

Austral Bricks donated 160,000 premium face bricks for the new Ronald McDonald house, opened at Westmead in Sydney. The new facility provides a 60-room house with space to accommodate 1,360 families per year. Last year, 400 families were turned away because of space constraints, but with the new house, turning away families is a thing of the past.

The new facility, housing up to 371 people, is the largest of its kind in New South Wales, and will help provide even more families with a home away from home while their sick or injured child is undergoing treatment.

The Brickworks Sustainability Report contains additional case studies of Community Support initiatives during FY2019.

CHILDREN'S CANCER INSTITUTE

Brickworks is a long-standing partner of the Children's Cancer Institute (CCI), the only independent medical research institute in Australia dedicated to research into the causes, cure and prevention of childhood cancer. Their vision is to cure all children with cancer.

SUSTAINABILITY REPORT 2019 HIGHLIGHTS



\$919M

FY19 total Group revenue



\$1.6M

saved through improved waste management



100%

Community Engagement Plans at relevant sites



22

participants in our Mentoring Program



27%

female senior executives



5.99%

reduction in carbon emissions



100%

Gas Efficiency Plans at high gas using sites



\$3.5M

donated to Children's Cancer Institute



100%

Water Efficiency Plans at relevant sites



5.67%

reduction in energy use



1494

Australian employees



19.6

TRIFR



1.7

LTIFR



Brickworks became a partner of CCI in 2002. To date \$3.5 million dollars has been donated via staff involvement, contributions and participation in events.

This year Brickworks raised over \$683,000, to help children like Isla, who was diagnosed with Leukemia when she was only 4 years old. Thanks to a clinical trial, she started to improve and has since completed her treatment. Now 8 years old, a magical family trip to Disneyland in April 2019 was a dream come true.

Further details of our partnership with CCI are included in our Sustainability Report.

ENVIRONMENTAL AWARDS

In FY2019, Brickworks held its second year of Awards for Environmental Excellence, celebrating and promoting environmental excellence with our employees. The three categories of awards were Environmental Champion, Environmental Innovation and Environmental Collaboration.

Over 30 nominations were received demonstrating the passion and enthusiasm across the Brickworks business. Read more about the award winners' achievements in the Brickworks Sustainability Report.

PRODUCT SAFETY

All of Brickworks' products are tested to meet stringent quality standards. We undertake ongoing assessments of changes in building codes and legislation to ensure products are fit for purpose and compliant.

Our product approval process comprises testing programs to meet the requirements of the National Construction Code, Australian Standards and ensures products are fit for purpose. Testing programs are specifically designed to reflect product applications, and include testing such as mechanical, fire, structural, acoustic and installation.

Only through the passage of time do building products prove their long-term safety and durability. Bricks have been proven over centuries as a superior material choice as they are non-flammable, low maintenance, weatherproof, reusable, recyclable, inert, have excellent acoustic properties, are colourfast and durable with a 100-year warranty lifetime.

Brickworks is committed to customer health and safety through product quality systems and testing. All Brickworks clay and concrete products are non-combustible and pass AS 1530.1, combustibility test for building materials. Some competitors claim compliance through an exemption when their products cannot pass the non-combustibility test.

Brickworks supports the growing calls from consumers and industry participants for tighter controls and increased compliance in relation to the use of building products in construction projects.



SUSTAINABLE PRODUCTS

Brickworks' products create beautiful and sustainable environments and places. With our heritage as one of Australia's founding brick businesses many generations ago, we hold the values of family, community, sustainability, innovation and quality at our core.

We know our quality products last forever, which is why some of our products come with a 100-year guarantee. Our FY2019 Sustainability Report further explores sustainability performance research, carbon neutral products, our Net Zero home concept, environmental labels and product wellness.

Burwood Brickworks 6 Green Star

Brickworks is proud to have a range of its clay bricks specified on the latest 6 Star GreenStar development in Burbank Victoria. Fittingly the site was previously the head office, factory and quarry site of Nubrik – Austral Bricks Victoria.

Award winning solar roof tiles

FY2019 was a successful year for Bristile Roofing, winning the HIA Industry and Product Innovation Award for its solar tiles.

Our Brickworks Building Products Display Centre in Rochedale Queensland proudly displays a 6.75kW building integrated Bristile Roofing solar tile system. Congratulations to the installer (Leeson Solar) for winning the 2018 Clean Energy Council 'Under 30 kW grid connect PV power system' award for the installation.

OUR FY2020 Targets

OUR PEOPLE

- ▶ Launch values survey
- ▶ 30 staff to join mentoring program
- ▶ Develop targets for gender diversity
- ▶ 10% reduction in injury rates
- ▶ 10% staff trained in Mental Health First Aid
- ▶ 25% staff to undergo drug and alcohol testing
- ▶ 100% Heavy vehicle drivers to complete medical testing
- ▶ Implement the recommendations from the National Transport audit
- ▶ Increase female board membership to 28%



OUR PEOPLE

ENVIRONMENT

- ▶ Implement Gas Efficiency Plans
- ▶ Investigate carbon targets
- ▶ Finalise TCFD plan and implement
- ▶ Develop library of technical properties of clay
- ▶ Implement production waste and recycling plans at all manufacturing facilities
- ▶ Identify further opportunities to reduce mains water usage
- ▶ Commence rollout of online software to support Environmental Management System
- ▶ Zero environmental fines



ENVIRONMENT

COMMUNITY

- ▶ Implement Community Engagement Plans at relevant sites
- ▶ Continue ongoing support of the Children's Cancer Institute



COMMUNITY

RESPONSIBLE BUSINESS

- ▶ Explore opportunities to further support affordable housing developments
- ▶ Strategic review of additional product disclosures
- ▶ Prepare and present the Environmental Social Governance (ESG) risks and opportunities paper, and five-year Sustainability Strategy
- ▶ Form a Sustainable Supply Chain Working Group to better understand the risks within our procurement categories and countries of supply, and work towards a robust risk assessment process, a Modern Slavery roadmap and reporting statement.



RESPONSIBLE
BUSINESS

ENVIRONMENTAL

Sustainability

Brickworks is committed to managing our operations in an environmentally sustainable manner, while considering economic and social influences. Brickworks' aim is to reduce the environmental impact of our operations.

RESOURCE EFFICIENCY AND WASTE

Our products are engineered to reduce material requirements, while maintaining structural integrity. We achieve this through innovative product design, raw material substitution and process resource efficiency.

A key driver of resource efficiency is process optimisation and product innovation through a deep understanding of the technical properties of clay and shale raw materials. In FY2019, we reviewed our raw materials and initiated a project to build a comprehensive library of the technical properties of all clay and shale raw materials. During FY2020, this library will be completed to support further optimisation of materials usage and product innovation.

Brickworks continuously evaluates opportunities for closing the loop and driving the circular economy. The objective of a 'closed-loop' or 'circular economy' is to minimise waste and keep resources in use for as long as possible. We continue to drive closed loop initiatives across the business. We achieved up to 50% material replacement in some masonry products, substituting cement and aggregate with waste products such as fly ash, bottom ash and crushed concrete. We minimise our raw clay requirement by utilising clay sourced from infrastructure projects, which would otherwise be landfilled.

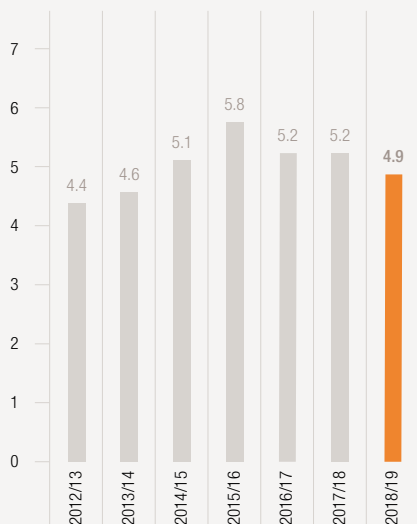
Our FY2019 Sustainability Report shares more on our product innovation achievements, such as high void bricks manufactured in Queensland, reducing raw material requirements by 11%. During FY2020, Brickworks will continue to focus on product design, waste re-use and material substitution initiatives.

Brickworks is committed to minimising the amount of waste sent to landfill from its manufacturing facilities. Opportunities for the reuse of waste are a key focus area for our brick and concrete businesses to decrease material costs, increase resource efficiency and drive the circular economy.

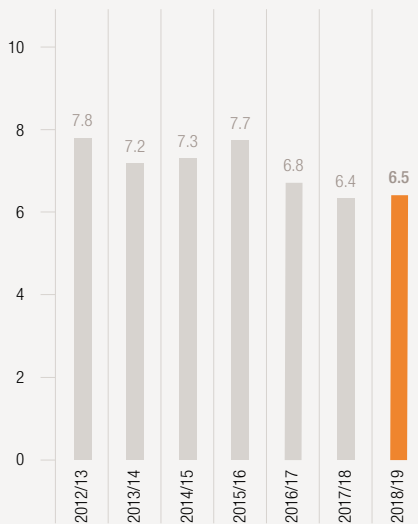
Over the last 12 months, a National Quality Initiative has been implemented across all divisions. This initiative examines waste data tracked across the last 3 years. Improved monitoring and management have led to continued improvement, reducing waste costs by a total of \$1.6 million over the last 24 months.

During FY2020, we will continue implementation of waste reduction and recycling plans at all manufacturing facilities.

Brickworks Ltd Energy Consumption (PJ)



Brickworks Ltd Energy Intensity (TJ/\$M Revenue)



WATER

Water is a limited resource across most of Australia and is critical to our production process and operations. Brickworks understands the importance of water efficiency.

Many of our manufacturing facilities use runoff or bore water as the major water supply. Mains water is used when ponds are dry, or ground water allocation has been met.

In FY2019 we identified water efficiency opportunities across relevant sites to minimise the use of mains water. Our environmental management system includes a focus on water management to protect local water bodies.

ENERGY

Brickworks continues our commitment to reducing energy use and carbon emissions. Our strategy for FY2020 is to drive energy efficiency opportunities and continue our use of renewable fuels as substitutes for natural gas.

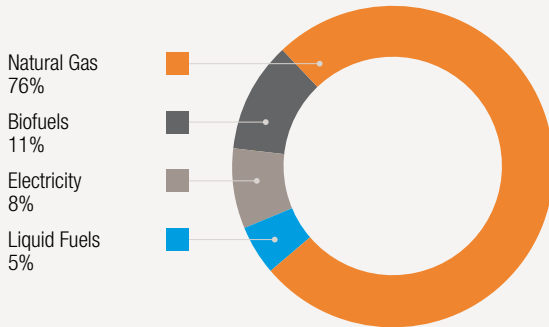
In FY2019, Brickworks total energy usage within Australian operations was 4.9PJ, a 5.7% reduction from 5.2PJ the previous year.

Energy intensity (energy consumption vs revenue) was 6.5 terajoules per million dollars of revenue (within Building Products Australia), approximately in line with the prior year.

Natural gas was our primary fuel source and made up 76% of our energy mix. Alternative biofuels made up 11% of our energy use, including landfill gas and sawdust. Austral Bricks Horsley Park Plant 1 and

ENVIRONMENTAL SUSTAINABILITY

2019 Energy Mix

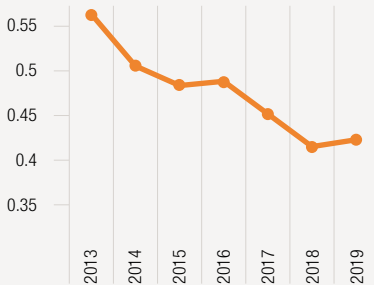


Plant 3 both continue to substitute natural gas with landfill gas, sourced from neighbouring landfills. Use of these fuels at Plant 3 was interrupted in FY2019, due to a required blower replacement at the landfill site.

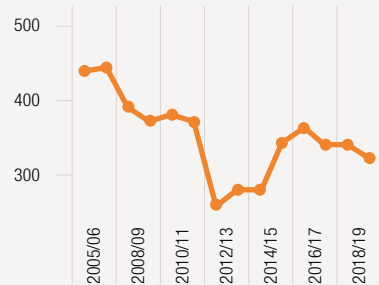
Austral Bricks' Longford's main kiln fuel is sawdust, acquired from various Tasmanian sawmills.

Energy efficiency is a focal point, using audits, regular maintenance and upgrades to ensure that energy efficiency is continuously managed.

Brickworks Ltd Carbon Intensity (ktCO₂-e/\$M Revenue)



Brickworks Ltd Carbon Emissions Since 2005 (ktCO₂-e)



Heat recovery systems are utilised in all brick manufacturing facilities. Over the last year, we prepared gas efficiency plans for all high gas-using sites. During FY2020 the focus will continue on implementation.

CARBON

Greenhouse gas emissions are reported and audited for the National Greenhouse and Energy Reporting Scheme (NGERS). In FY2019, emissions were 232,116 tCO₂-e (Scope 1) and 87,486 tCO₂-e (Scope 2). Carbon emissions continue to trend downwards, with a 6.0% decrease on the previous year.

Carbon intensity is 2.0% higher than the previous year, due primarily to the short-term interruptions to landfill gas supply.

Carbon emissions have followed a general downward trend, with a 27% decrease compared to the base year FY2006 (Scope 1 & 2). The decrease can be attributed to efficiencies gained from alternative fuels, manufacturing consolidation, equipment upgrades and operational improvements.

To advance strategies around carbon management, Brickworks will explore additional greenhouse gas metrics and targets.

Brickworks recognises the benefits of disclosure of, and action on, climate change-related risks. The Task Force on Climate-Related Financial Disclosures (TCFD) recommendations provide a disclosure framework supported by investors and regulators.

We have commenced preparing a plan to meet the recommendations of the TCFD, with a staged approach starting in FY2020. During FY2020 Brickwork will finalise this plan and begin implementation.

ENVIRONMENTAL COMPLIANCE

Brickworks monitors its environmental performance and compliance in accordance with its Environmental Management System, aligned with ISO14001:2004. Manufacturing and raw materials sites are audited regularly by internal and external auditors, with issues reported as either a hazard or an incident and rectified in a timely manner. During the year, fifteen external, and two internal site audits were undertaken.

Hazard and incident reporting is undertaken in accordance with our Risk Management Framework. The framework assesses the likelihood of an event occurring, the potential impact of such an event and the controls and processes in place to continually mitigate each risk. This information is reported to Divisional and Group management and any issues of material concern are reported monthly to the Board.

In FY2018, Austral Bricks received an Enforceable Undertaking for breaching the Mining Act 1992 at two clay pits in southern New South Wales. Details of the Enforceable Undertaking was determined in FY2019, which Austral Brick's implemented by April 2019, including:

- ▶ A donation of \$50,000 to Wingecarribee Shire Council for the restoration of the Bong Bong Common
- ▶ A minimum commitment of \$50,000 for training and auditing of Austral Bricks staff
- ▶ \$51,960 in royalties and administration levies
- ▶ Recovery of the Regulators investigation and monitoring costs of \$15,500.

Austral Bricks has continued to work closely with the Resource Regulator to ensure all aspects of the Enforceable Undertaking are addressed.

To prevent similar non-compliances from occurring, Brickworks undertook a mining due diligence program and reviewed compliance registers to identify all key requirements.

During FY2019, we received zero prosecutions and one uncontested infringement notice for \$250, relating to the offsite discharge of turbid stormwater at our Parns clay pit in WA. An immediate response was undertaken to comply with the issued notice, and an improved dewatering procedure implemented at the site. Our FY2020 target remains zero environmental fines.

During FY2019, the Austral Bricks Horsley Park Hydrogen Fluoride Emissions Reduction Program was closed out and a Scrubber installation program commenced. At Austral Precast Wetherill Park, a Preventative Action Notice was issued relating to site water management, and adequately addressed through the installation of a first flush water treatment system.

ENVIRONMENTAL SUSTAINABILITY

Brickworks made a range of improvements to core components of our environmental management system during FY2019, including the implementation of site level environmental plans and environmental awareness training. Continuous improvement to the system and training will continue during FY2020.

EMISSION CONTROLS

Our objective is to comply with environmental law and community standards as they evolve. We frequently review our operations, implement environmental improvement programs and invest in emission control technologies.

During FY2019, Brickworks developed investment plans for air emission control technology across our New South Wales brick business and will install limestone scrubbers at our Horsley Park brick manufacturing facilities through a staged rollout program, commencing in FY2020.

LOCAL COMMUNITIES

Brickworks recognises the importance of maintaining positive relationships with all stakeholders. We play an active role and are embedded in the local communities where we operate.

We continue to attend community forums, such as consultation for development applications and community group meetings. We maintain strong relationships with legislative and regulatory authorities. In addition, company representatives are involved with industry groups to promote issues, such as sustainable building products.

In FY2019, Brickworks developed stakeholder maps and community engagement plans for sites at risk of community concern. During FY2020, our target will be to implement Community Engagement Plans across these sites.

REHABILITATION

Rehabilitation and land-use planning is an essential aspect of managing our quarries and is crucial to meeting legislative requirements and community expectations. Within our Environmental Management System, we monitor progress of rehabilitation projects across the Group, to ensure the protection and enhancement of biodiversity.

Our FY2019 Sustainability Report shares more on our achievements, such as our successful hydroseeding trial within the progressive rehabilitation program at Rochedale in Queensland.

We undertook a Rehabilitation Planning Review to improve our future land-use planning. A range of rehabilitation projects were undertaken last financial year, with a total of 182,200m² of rehabilitation projects commenced.



Successful Hydroseeding
at Rochedale, Queensland

Our PEOPLE

WORKPLACE PROFILE

As at 31 July 2019, Brickworks employed 2,111 full time equivalent employees (permanent and part time employees, excluding casuals). This comprised:

- ▶ 1,483 within Building Products Australia;
- ▶ 617 within Building Products North America; and
- ▶ 11 across Property and Group functions.

The Sioux City Brick acquisition that was completed in August 2019 adds a further 200 employees in North America.

The average age of Brickworks employees is 43, with 32% aged 50 years and over. The average length of employee service at Brickworks is 9 years, and 20% of the total workforce are female.

Operators, Trades, Drivers and Labourers account for 55% of the workforce. Professionals, Sales, and Administrative account for 36% of the workforce, and Management makes up 9% of the workforce.



DIVERSITY AND INCLUSION

Brickworks is committed to an inclusive culture where all employees are treated with dignity and respect, and valued for their contributions and diverse backgrounds, experience and perspectives.

Led by the Managing Director, the Brickworks Diversity Council meets quarterly and drives the Diversity and Inclusion Strategy. During financial year 2019, the key focus has been delivering a range of initiatives to increase the gender diversity across the leadership of the Company, predominately focusing on attracting and retaining female executive leaders. Over the past four years female representation in executive leadership roles has increased from 7% (2015) to 27% (2019).

CULTURE AND ENGAGEMENT

Brickworks recognises that sustaining a strong culture driven by the diversity of our people is critical to our long-term success. In financial year 2019, Brickworks continued its focus on building and sustaining a strong culture with the continued integration of the 'WE ARE BRICKWORKS' values and behaviours. These values and behaviours drive unity and focus across the organisation by providing a simple way for employees to understand what the Company stands for and how success is achieved at Brickworks.

2020 will see the implementation of the Company's first Values Survey which will identify opportunities for further embedding values and behaviours, and measure employee engagement to identify areas of focus.

Employee engagement is supported by the multiple benefits offered to permanent employees; including paid parental leave, support for further education and Employee Share Schemes. A range of social and celebratory events for employees, including Company Update Evenings provide an informative and relaxed networking opportunity for staff.

TALENT AND DEVELOPMENT

Attracting and retaining the right people with the right skills is a strategic imperative to allow the Company to continue to grow and innovate. During financial year 2019, Brickworks continued to develop attraction and retention strategies to ensure the organisational talent pipeline continues to grow.

Brickworks aim to provide opportunities that aid employee growth and development. The Company is committed to the development of an internal pipeline of talent, by investing in formalised graduate, apprentice, mentoring and succession planning programs.

All employees are encouraged to further their professional development with a minimum of 2 hours per week dedicated to development activities and training.

In financial year 2019, the focus on internal development and progression resulted in 71 internal promotions occurring across Brickworks.

During financial year 2019, Brickworks rolled out two significant learning and development initiatives; the Graduate Program and the Mentoring Programs.

GRADUATE PROGRAM

The Brickworks 24-month Graduate Program is a structured program offered by all divisions. Graduates attend an induction process to gain business understanding and build valuable networks. They are provided technical and professional skills training as they undergo structured business rotations across critical business functions. In their second year, they choose a specialist rotation to deepen their experience and skills in the nominated area.

Graduates are assigned specific business projects throughout the program, challenging them to create a tangible business impact. They also participate in an external project-based development program. This program brings together individuals from a cross section of industry to co-create solutions to complex local problems. Graduates have the opportunity to work collaboratively in teams and to pitch their proposals to industry leaders.



During the program, graduates have access to a support network, a career coach and a structured mentoring program. Networking opportunities are provided for graduates to connect with the cohort, share experiences and also elevate their profile with senior leaders within the Company.

MENTORING PROGRAM

In April 2018, Brickworks launched a Mentoring program to provide development opportunities across a wide spectrum of employees. The nine-month program first matches “mentors” with “mentees” with a structured criteria and review process including candidate meetings with senior management.

Once the program commences, and throughout the 9 months, participants attend an information briefing session and undertake a mentor and mentee training session to connect, build rapport, learn coaching tools and set goals.

Following the success of the 2018 pilot program, the 2019 program is well underway, with 30 participants from across the business.

INDUSTRIAL RELATIONS

Brickworks operations include fifteen non-union enterprise agreements and five union enterprise agreements. In addition, some sites that have individual agreements and a number of sites are covered by the respective Modern Awards.

During financial year 2019, four site-based enterprise agreements were successfully negotiated and executed, reflecting the strong working relationship that exists between manufacturing staff and local management teams across the organisation.

Of the site agreements negotiated during the year, there was a trend towards direct negotiation with employees.

Review of RESULTS

CONSOLIDATED INCOME STATEMENT

	2019 \$000	2018 ¹⁵ \$000
Continuing operations		
Revenue	918,695	785,238
Cost of sales	(624,143)	(533,899)
Gross profit	294,552	251,339
Other income	111,736	2,063
Distribution expenses	(72,189)	(69,877)
Administration expenses	(40,329)	(31,470)
Selling expenses	(89,591)	(81,523)
Impairment of non-current assets	(55,558)	(124)
Business acquisition costs	(15,072)	(912)
Other expenses	(20,374)	(21,232)
Share of net profits of associates and joint ventures	201,300	200,798
Profit from continuing operations before finance cost and income tax	314,475	249,062
Finance costs	(23,883)	(14,456)
Profit from continuing operations before income tax	290,592	234,606
Income tax expense	(93,697)	(55,850)
Profit from continuing operations after tax	196,895	178,756
Discontinued operations		
Loss from discontinued operations, net of income tax benefit	(42,253)	(3,314)
Profit after tax	154,642	175,442
Profit after tax attributable to:		
Shareholders of Brickworks Limited	154,642	175,442
	Cents	Cents
Earnings per share attributable to the shareholders of Brickworks		
Basic (cents per share)	103.3	117.5
Diluted (cents per share)	103.3	117.5
Basic (cents per share) from continuing operations	131.6	119.7
Diluted (cents per share) from continuing operations	131.6	119.7

15 The comparative numbers of the Group have been restated to present the discontinued operations separately from the continuing operations.

CONSOLIDATED BALANCE SHEET

	2019 \$000	2018 \$000
Cash and cash equivalents	74,881	21,167
Receivables	133,319	122,216
Inventories	247,106	207,104
Land held for resale	—	7,383
Derivative financial assets	—	376
Prepayments	10,588	10,227
Contract assets	12,781	—
Current income tax asset	991	—
Assets held for sale	15,358	—
Total current assets	495,024	368,473
Inventories	7,248	7,356
Financial assets at fair value through other comprehensive income	1,462	1,181
Investments accounted for using the equity method	1,813,027	1,771,504
Property, plant and equipment	597,571	510,493
Intangible assets	178,652	216,130
Total non-current assets	2,597,960	2,506,664
TOTAL ASSETS	3,092,984	2,875,137
Payables	128,276	107,909
Derivative financial liabilities	644	501
Current income tax liability	68,335	19,577
Post-employment liabilities	679	—
Contract liabilities	7,067	—
Liabilities held for sale	3,302	—
Provisions	53,495	49,668
Total current liabilities	261,798	177,655
Borrowings	324,241	324,105
Derivative financial liabilities	8,198	1,922
Post-employment liabilities	19,277	—
Provisions	12,153	10,494
Deferred income tax liability	299,959	289,883
Total non-current liability	663,828	626,404
TOTAL LIABILITIES	925,626	804,059
NET ASSETS	2,167,358	2,071,078
Issued capital	351,229	345,873
Reserves	283,357	309,094
Retained profits	1,532,772	1,416,111
TOTAL EQUITY	2,167,358	2,071,078

REVIEW OF RESULTS

CONSOLIDATED STATEMENT OF CASH FLOWS

	2019 \$000	2018 \$000
Cash flows from operating activities		
Receipts from customers	944,999	909,162
Payments to suppliers and employees	(901,838)	(829,130)
Proceeds from land held for resale	41,000	—
Interest received	1,023	303
Interest and other finance costs paid	(20,050)	(14,046)
Dividends and distributions received	81,824	116,152
Income tax paid	(23,878)	(11,493)
Net cash from operating activities	123,080	170,948
Cash flows from investing activities		
Purchases of property, plant and equipment	(49,099)	(43,467)
Proceeds from sale of property, plant and equipment	3,055	1,260
Purchase of investments in joint ventures	(17,055)	(81,465)
Proceeds from sale or return of investments	223,014	33,250
Purchase of controlled entities, net of cash acquired	(142,804)	(13,308)
Net cash from / (used in) investing activities	17,111	(103,730)
Cash flows from financing activities		
Proceeds from borrowings	543,642	280,000
Repayments of borrowings	(550,371)	(268,000)
Dividends paid	(82,374)	(77,692)
Net cash used in financing activities	(89,103)	(65,692)
Net increase in cash held	51,088	1,526
Effects of exchange rate changes on cash	2,626	—
Cash at the beginning of the financial year	21,167	19,641
Cash at the end of the financial year	74,881	21,167

CORPORATE *information*

REGISTERED OFFICE

738–780 Wallgrove Road
Horsley Park NSW 2175
Telephone: (02) 9830 7800
Website: www.brickworks.com.au
Email: info@brickworks.com.au

AUDITORS

EY

BANKERS

National Australia Bank

SHARE REGISTER

Computershare Investor Services Pty Limited

GPO Box 2975
Melbourne Victoria 3001
Telephone: 1300 855 080 (within Australia)
+61 3 9415 4000 (International)

PRINCIPAL ADMINISTRATIVE OFFICE

738–780 Wallgrove Road
Horsley Park NSW 2175
Telephone: (02) 9830 7800
Email: info@brickworks.com.au

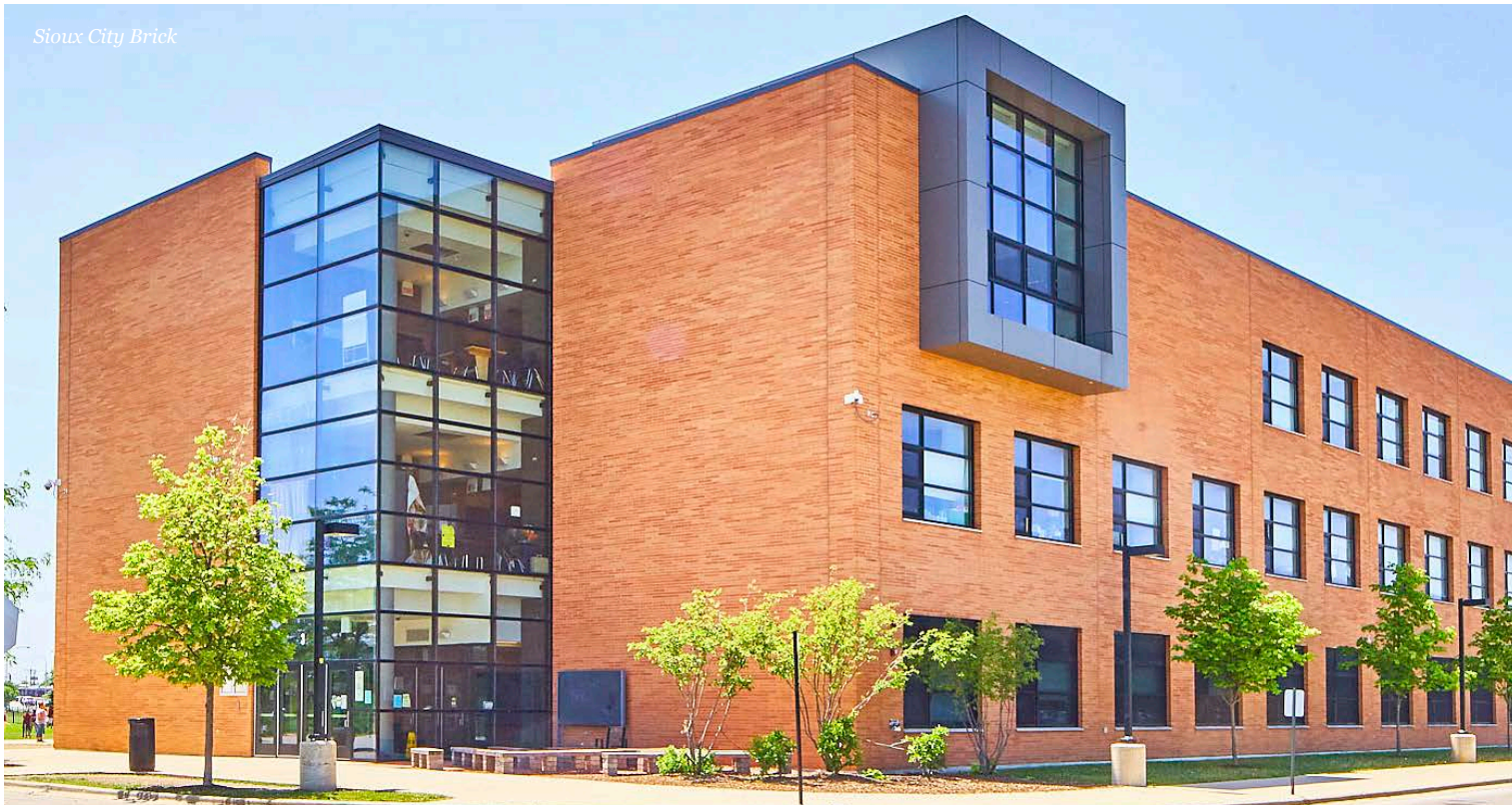
IMPORTANT DATES

2019 annual result released	19 September 2019
Record date for final ordinary dividend	7 November 2019
Annual General Meeting	26 November 2019
Payment date for final ordinary dividend	27 November 2019
2020 half-year end	31 January 2020
2020 half-year result announced	26 March 2020
Record date for interim ordinary dividend	14 April 2020
Payment date for interim ordinary dividend	5 May 2020
2020 financial year end	31 July 2020
2020 annual result released	24 September 2020

The above dates are indicative only and are subject to change.

BRICKWORKS
— LIMITED —

Sioux City Brick



NEW ACQUISITION – SIOUX CITY BRICK (USA)

With contract formalities signed and the acquisition now complete, Brickworks shareholders will be interested to hear of our recent purchase of Sioux City Brick in the US state of Iowa. This company has been family owned and operated since 1913 and with leadership spanning four generations it has an outstanding family tradition of superior brick making. In fact, Sioux City Brick post-dates by just a few years the establishment in 1908 of our own flagship company, Austral Bricks. Similarities in our heritage, history, reputation and innovation are striking and we will be pressing this advantage home in what is a highly fragmented US market, and one that offers new and exciting opportunities.

Brickworks latest purchase through the Brickworks North America Corporation (Brickworks N.A.), consolidates our position in the Midwest and Northeast of the country. Readers might also know that Brickworks North America is the parent company of the Glen-Gery Corporation which was purchased in late 2018. Brickworks' very own Mark Ellenor and his family relocated to the US during 2018 to take charge of the Glen-Gery purchase as well as identify further opportunities for expansion including Sioux City Brick which will become a premium product brand of Glen-Gery. Also recently relocated from Brickworks' Australian operations is Grant Douglas who takes up the position of Executive Vice President Finance. Thank you to both of them for their leadership of this exciting endeavour.

Over the course of the last 100 years, Sioux City Brick has expanded from a home-grown Iowa business to a manufacturing company with a national reputation. Customers are attracted to its history of innovative colour development, continuous product improvement, and reliable modern manufacturing and distribution. Mark Ellenor, President, Brickworks North America says "Products that meet the high-end style needs of the architectural and design community are a strong focus for Brickworks in the U.S. Sioux City Brick is an innovator and manufacturer of unique architectural products. The Sioux City product line is a perfect fit and the ideal 'bolt-on' opportunity to our 2018 acquisition of Glen-Gery

Continued Overleaf

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- 1 New Acquisition - Sioux City Brick (USA)
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- 7 Double Wall a Double Win for Austral Precast
- 8 A New ERP System for Brickworks

– a company that offers the most diverse portfolio of brick colours, sizes and textures for commercial and residential applications in the U.S.” Mark also noted that Sioux City’s strong Midwest geographic presence, its modern manufacturing plants, and proud employee culture made the company an attractive candidate for inclusion in the Brickworks family.

Meanwhile, Mark Mahoney, CEO of Sioux City Brick, is equally delighted. Says Mark, “we are pleased the company will be associated with two quality manufacturers that share our heritage. It makes us proud that the Sioux City Brick name will continue as a premium brand and represent the hard work of our employees.”

Brickworks North America continues to drive the Australian parent’s vision of bringing unique and exciting brick design possibilities to architects, interior designers and design professionals. “Brick is

not a commodity product,” notes Ellenor, “but a material that’s increasingly the material of choice for us to create beauty, drama, elegance, contemporary flair or old-world charm on both exterior and interior applications. The possibilities in material, colour, texture, size and shape are broader than ever.” Through Glen-Gery and the new Sioux City Brick acquisition, Brickworks is expanding the creative potential for brick, and putting it within reach of design-driven building professionals.

For Brickworks Managing Director, Lindsay Partridge, the company will build on the strong position Sioux City holds in the local market, reaping synergy savings with its other operations. “Its manufacturing facilities are among the best we have seen in the US, reflecting on the company’s focus on production efficiency and their reputation for product quality.”

2019 THINK BRICK AWARDS

At a gala dinner hosted at the Crown Palladium in Melbourne this August, architects and industry came together for the 2019 Think Brick Awards which celebrates excellence in the use of clay brick, concrete masonry and roof tiles by architects and designers.

CEO of Think Brick Australia, Elizabeth McIntyre remarked, “The winners displayed some of the boldest and bravest designs ever submitted to the Think Brick Awards. The architects’ use of brick, masonry and roof tiles in their designs highlights how these materials are front of mind in contemporary Australian design.”

Lara Robertson, Brickworks National Design & Specifications Manager who was present at the event, “the breadth and quality of projects simply gets better every year, and is a genuine showcase for Australian design, Australian brick and block products, and the highly regarded Australian architecture community.”

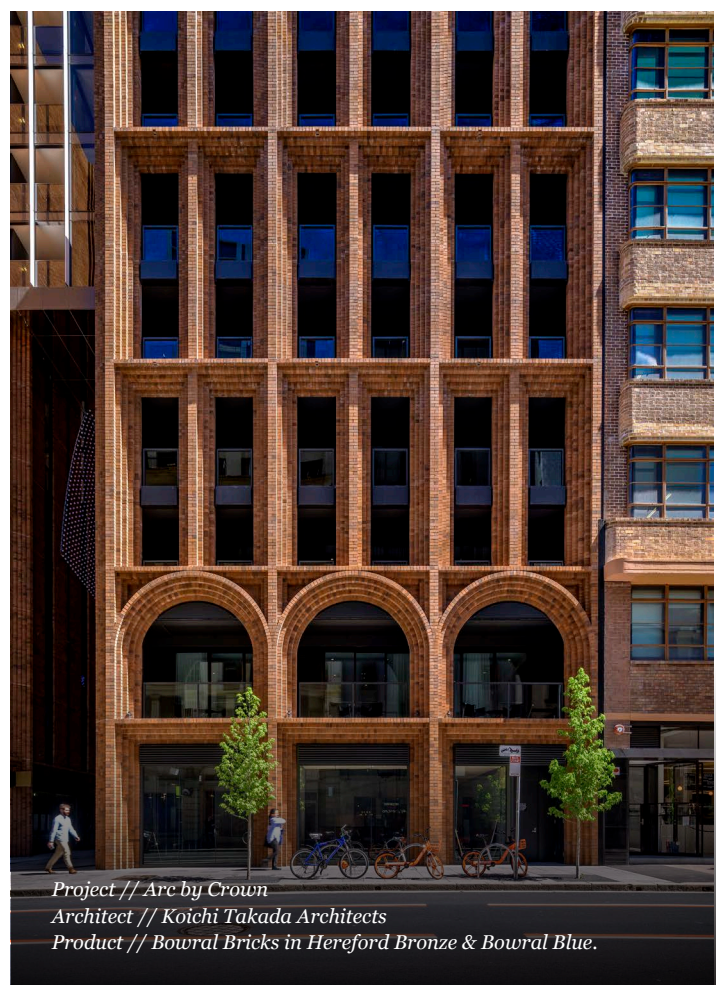
Brickworks Building Products is proud to be associated with Think Brick Australia and its advocacy for the industry and the architect and design community. Congratulations must also go to all of those in our organisation who work so hard to promote our beautiful products.

Brickworks won 4 of the 6 award categories, showcasing our strong market position and developed relationships amongst architects.

Horbury Hunt Commercial Award

This year’s joint winners were two Sydney landmark buildings, The Arc by Koichi Takada Architects featuring Bowral Bricks in Hereford Bronze & Bowral Blue, and the Rail Operations Centre by Smart Design Studio and Jacobs featuring Bowral Bricks in Capitol Red & Hamlet Blue pavers.

High commendations were received for The Calile Hotel, by Richards and Spence Architects featuring Austral Bricks La Paloma in Miro, Arlington Grove, by Smart Design Studio featuring Bowral Bricks in Capitol Red & Brahman Granite. And lastly Iglu Franklin Street by Bates Smart featuring Bowral Bricks in Simmental Silver 300, London Silver Sand Pavers and 4 x special shapes.



Project // Arc by Crown
Architect // Koichi Takada Architects
Product // Bowral Bricks in Hereford Bronze & Bowral Blue.

Project // The Rail Operations Centre
 Architect // Smart Design Studio in collaboration with Jacobs
 Product // Bowral Bricks in Capitol Red



Project // Doubleground
 Architect // Muir Architecture + Openwork
 Product // Bowral Bricks in Capitol Red

Horbury Hunt Residential Award

High commendation went to Balmoral House by Chrofi featuring Austral Bricks San Selmo Corso.

Kevin Borland Masonry Award

Ritz and Ghougassian received high commendation for Edsall Street featuring GB Masonry Smooth in Porcelain, and 1+2 House by the firm, Curious Practice also featuring GB Masonry Smooth Porcelain.

Robin Dods Roof Tile Excellence Award

High commendations went to Harrington Grove by Trademark Designs featuring Bristle Roofings' La Escandella Curvado in Roja and Montgomery House by Montague Grant Architects featuring Bristle Roofings' Swan Valley Collection and Marseille Range in Burnt Ochre.

Bruce Mackenzie Landscape Award

Winner of this award was Muir Architecture and Openwork featuring Bowral Bricks in Capitol Red for Double Ground (pictured opposite).

High commendation went to Wowowa for their UHS Northern Terrace featuring Nubrik Chapel Red & Austral Bricks Camilla in Flame.

New Entrant Award

Winner in this category was 1 + 2 House by Curious Practice featuring GB Masonry Smooth in Porcelain, which also received high commendation in the Kevin Borland Masonry Award.

High Commendations went to The Ian Potter Centre for the Performing Arts by Peter Elliott Architecture and Urban Design featuring Austral Bricks La Paloma Grande in Miro, and Doubleground by Muir Architecture and Openwork featuring Bowral Bricks in Capitol Red.

Project // 1+2 House
 Architect // Curious Practice
 Product // GB Masonry Smooth Porcelain



ACQUISITION OF AUSSIE CONCRETE PRODUCTS EXPANDS OUR RETAINING WALL RANGE

Austral Masonry now offer an extended retaining wall selection with the recent purchase of family-owned Brisbane firm, Aussie Concrete Products, and introduction of the Ridgi and Pioneer concrete sleeper retaining wall ranges.

Austral Masonry has developed a strong position in the retaining wall segment, with DIY retaining wall blocks, and commercial retaining wall block systems including the patented Keystone and MagnumStone. This latest acquisition positions Austral Masonry to better service both markets, by offering Ridgi DIY concrete sleepers through the Bunnings Warehouse network, and offering the Pioneer concrete sleeper range to complement commercial retaining solutions currently sold through the Austral Masonry network.

Daniel Blaser, General Manager for Austral Masonry QLD said “concrete sleeper retaining walls complement our existing range, offering more solutions to our existing customers, and putting us one step further to Austral Masonry becoming a ‘one stop shop’ for all masonry retaining solutions. Concrete sleeper retaining walls are a rapidly growing segment of the market which offer longevity, durability and outstanding design life compared to many competing products.”

Aussie Concrete Products is a trusted company with a strong track record as the leading manufacturer and supplier of concrete sleeper and galvanised steel retaining wall accessories for civil and residential applications. Having achieved a national footprint through distribution via Bunnings warehouse for the Ridgi range, and distribution to the east coast for the Pioneer range, the business has serviced a large customer base from their Hemmant, Queensland factory. The range includes engineer-designed, high quality precast concrete sleepers available in a range of finishes to suit a range of styles. Investment in

research, product development, innovation, and the highest quality control standards, result in products that exceed Australian engineering standards for lifespan and load-bearing.

Two brand lines are manufactured, the Pioneer brand of commercial sleepers, and Ridgi, sold exclusively through Bunnings which supplies nationally to the DIY market which continues to experience phenomenal growth.

Daniel says, “we’re delighted with this acquisition because it strengthens our leadership in a highly fragmented market. The plant’s capacity of 4,000 sleepers per day, and our resolve to be the best, will ensure that we stay ahead of the competition.”

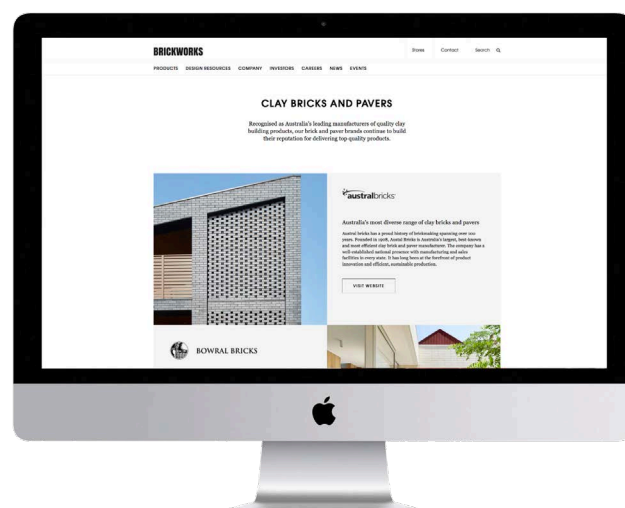


NEW WEBSITE FOR BRICKWORKS

We continually strive for excellence across our digital platforms. Currently our whole group of companies are undergoing a major digital upgrade, which focuses on a better online experience and fully integrated ecommerce store. Brickworks will be the first brand to go live with the launch of a brand-new website in mid-October.

Whether you're a shareholder and like to keep up with the latest corporate and ASX news and developments, or an architect, builder or homeowner who needs to make a material selection for building products, this stylish and slick hybrid of Brickworks Limited and Brickworks Building Products makes for the perfect entry point into our growing group of companies.

Milly Picken, our Group Brand and Communications Manager says “This is a much-needed upgrade to the public face of our parent organisation and the new website really acknowledges where we are at as a brand. What’s more it demystifies the various elements of our organisation so that users can move seamlessly between our different brands and their online shopping account with Brickworks.”



NEW PRODUCT DEVELOPMENT FOR BREEZE BLOCKS

In addition to launching an exciting book on the international designs of Breeze Blocks, Brickworks has launched three new sizes and formats to meet the growing demand for this nostalgic product. The resurgence of the Breeze Block however is more than a nostalgic yearning for the golden years of modernism, but reflects a true movement towards appreciating the design potential of the humble concrete block.

Chic, fashionable, beautiful to the touch and pleasing on the eye, breeze block is made from cured concrete, unlike bricks and pavers which are fired in a high temperature kiln. The three recent additions to our range are available in Arc Breeze, Circle Breeze and Linear Breeze.



Arc Breeze



Circle Breeze



Linear Breeze

The new block sizes and formats offer far greater possibilities for our customers who want something markedly different from more traditional breeze block products, and which open greater design possibilities for both indoor and outdoor settings.

Brett Ward, Brickworks General Manager of International Marketing says, “Breeze blocks have a rich history in Australia. Many of our customers are asking for new and unusual designs that are both practical, yet have great aesthetic appeal.”

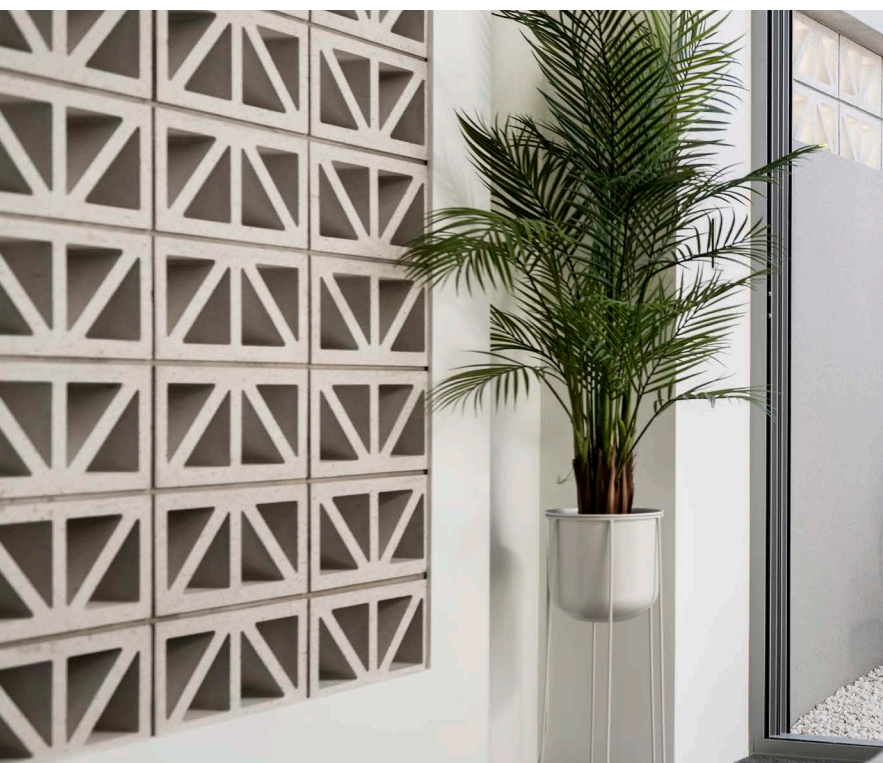
Brett Ward emphasizes that Breeze blocks offer opportunities to explore pattern and geometry, ventilation and the filtering of natural light. All of these aspects equate to a building block which offer strength, unlimited pattern possibilities and enduring style – which is why the breeze block is again taking pride of place in the Brickworks product portfolio.

Complimenting the introduction of our new selection was the recent launch of an illustrated book curated by Sydney architect, Sam Marshall. Sam gave editorial direction for the book, conceiving it as both a survey and commemoration of contemporary architecture using breeze block, and featuring worldwide projects from the likes of Swiss firm Herzog & de Meuron, Japanese designer Shigeru Ban, and Mexican architect Frida Escobedo.

With its ability to transform and transcend over time and its recent resurgence there is growing appreciation for the endurance and diversity of the concrete block. Sam Marshall: “Simple, industrial, abstract, trendy– ultimately, they are a material for the expression of human creativity and cultural complexity.”

We’re not surprised, considering today’s concerns about the environmental impact of air-conditioning and heating systems. What we’re seeing is the return of architects toward simpler design solutions in creating ‘buildings that breathe’. Assisted by 21st century digital and robotic design tools, complex new iterations of breeze block serve to regulate temperature as well as emphasize aesthetics. Brickworks is excited to be at the forefront of this renewed uptake of the breeze block.

For a free copy please email marketing@brickworks.com.au





BRISTILE ROOFING'S NEW GHOST WHITE SELECTION

Ross Baxter - General Manager, Bristile Roofing, is talking about the company's recently released range of terracotta roofing tiles, the Ghost White selection from La Escandella. "It's clearly a hit with our customers, and adds significantly to our existing, and extensive, range of roof tiles."

For the record, the Spanish company, La Escandella, is a leading European manufacturer of premium kiln-fired ceramic roofing tiles that are widely popular across Europe and overseas. For many years Bristile Roofing has enjoyed a close relationship with this company which is responsive to our needs and requirements – and, of course, our end customers. Close to market trends, La Escandella is innovative and remains ahead of the curve. Their high temperature-fired terracotta roof tiles lock in colour for the life of the tile, and have a reputation for the highest quality colours and finishes of any ceramic tile in the Australian market.

Naturally strong and quietly stylish, Bristile Roofing's La Escandella Ghost White are bright, beautiful and enduring – echoing Australian style, character and integrity. Ghost White adds to our existing range of La Escandella terracotta roof tiles, which are considered to be the pinnacle in Australian roofing. It's about being able to offer our customers refined finishes, enduring beauty and giving architects and builders greater flexibility in roof design.

Ghost White comes in two distinct formats, Planum Ghost White and Innova Ghost White. The Planum flat profile roof tile has a sleek, minimalist look that makes it thoroughly contemporary. Due to its innovative highly weatherproof design, it can be applied to a roof with a pitch as low as 15 degrees, making it easier and faster to install.

"The Innova Ghost White tile combines the sharp clean profile lines with a modern colour resulting in a roof tile with a timeless look and unmistakeable style. Offering the colour longevity, strength, and durability of ceramics, the La Escandella Innova Ghost White will suit a range of house designs" Says Ross.



DOUBLE WALL A DOUBLE WIN FOR AUSTRAL PRECAST

Brickworks is an organisation made up of many parts, all of them distinctive divisions of the group in terms of what they manufacture and sell. One of these is Austral Precast which celebrated the official launch of a new product, Double Wall, to engineers, architects, builders and installers in Sydney and Brisbane at our Design Studios. Austral Precast manufactures a range of precast concrete building products and has a strong and growing presence in the Australian market.

Double Wall is a relatively new and innovative product that's revolutionised the building industry in Europe and is now exclusively offered by Austral Precast throughout Australia.

Time and again, Austral Precast has shown the many benefits of the Double Wall building system which – notably – is being used in the construction of Sydney's M5 tunnel and the Equinix Data Centre. Clients for both projects are now firm advocates for the Double Wall product.

Put simply, Double Wall consists of a pair of precast reinforced concrete shells connected by a lattice girder (trusses) fabricated from a reinforcement bar, forming a cavity. This assembly delivers a finished surface quality only possible through precast manufacture together with the benefits of monolithic in-situ construction, achieved through the core filling that is completed on site.

Its reduced weight offers greater savings in installation costs and time, while adding design advantages that suit large-scale structures. What's more, it has many installation advantages, such as shorter on-site superstructure construction times and cost savings because the entire structure (walls, floors and shafts) can be cast simultaneously. The entire process of installation is speedy and efficient and achieved because panels are relatively large, light weight, and can be joined without the need for traditional grouting, welding or formwork.

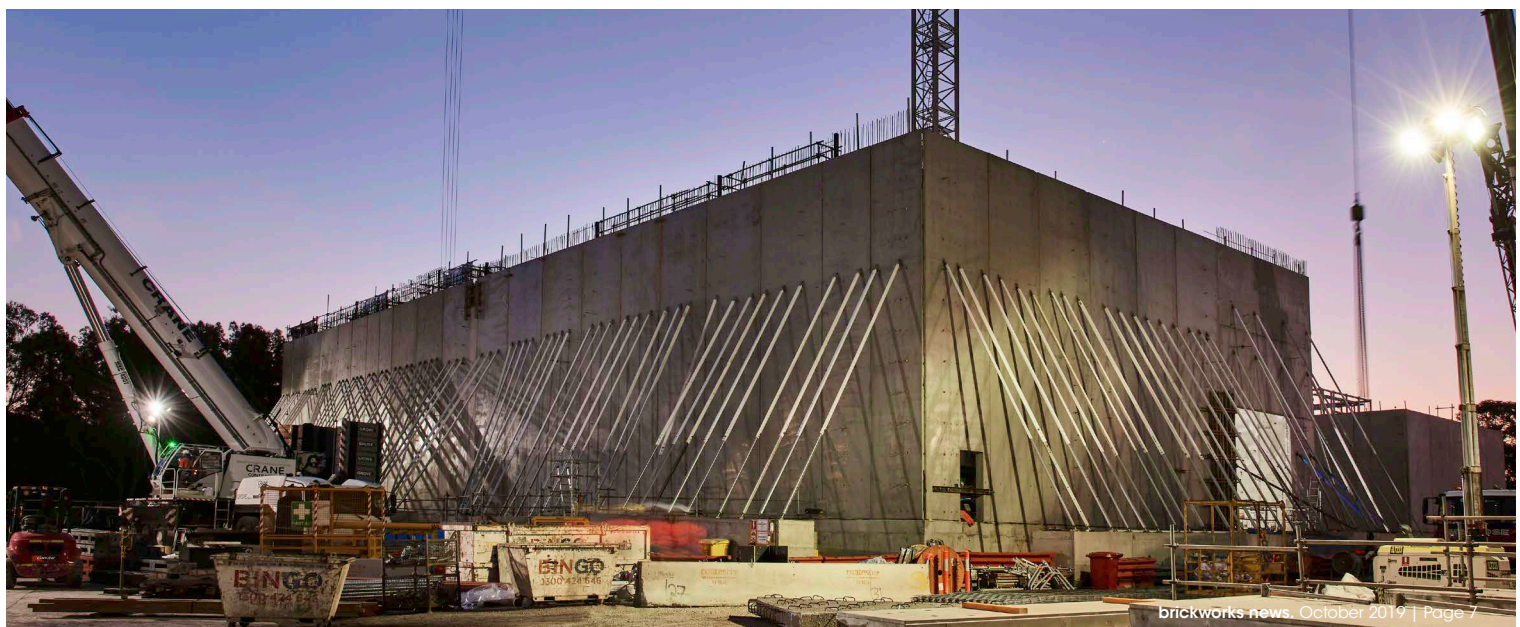
Daniel Coutts, General Manager of Austral Precast:
"After successfully completing more than half a dozen major Double Wall projects in the past 12 months across Sydney and Brisbane, we are very proud to have now formally launched the product to the market. Innovation is one of Brickworks' core values, which is based on continually investing in technology and discovery to identify better products that anticipate the needs of our industry as it evolves.



We firmly believe Double Wall is the future and enables Austral Precast to offer quality, performance and efficiency advantages to the Australian construction industry that are unmatched in other products on the market."

Double Wall offers unique construction solutions in: multi level residential and commercial complexes, schools, universities and libraries, industrial warehouses, hotels, health, aged care and correctional facilities, recreation centres (cinemas, theatres, clubs, etc), transport projects (railway stations and airports), or as noise barriers.

Double Wall is a product that's being highly recommended by our major clients, and a product that's taking the construction sector by storm.



A NEW ERP SYSTEM FOR BRICKWORKS

Brickworks is in the process of replacing our technologically outdated Enterprise Resource Planning (ERP) system, that has been in use for more than 25 years, with a modern platform designed to enable our information needs into the future.

In the current digital age, up-to-date, accurate and timely information flows can be a strategic imperative, so as one of our investors we think you'd be interested to hear about what we're doing.

We are transforming our information platform so that:

- We improve agility not only in the way we operate today, but in the way we are able to react to a rapidly changing environment into the future.
- We develop sophisticated analytic capabilities that will provide better product and customer service outcomes.
- We build a digital platform that allows us to integrate information flows from multiple difference sources.
- We implement a modern technical environment in place that is secure against cyber threats.

Jeremy Fox , Brickworks Global CIO says:

"The ERP system we're currently implementing is designed to allow everybody to be more effective in their day to day activities. It enables everything from our interactions with our customers, the management of our supply chains and in ensuring the integrity of our financial information. The transactional detail captured within the ERP is then translated into the information we use to make decisions".

Understandably, the program is complex and will take time to implement and roll-out, as it's replacing a patchwork of software and hardware dating back more than 25 years.



To mitigate risk of the implementation, the project has been split into multiple phases. Phase 1 commenced in May 2019, with 'build and test' stages of the project scheduled for completion early 2020. Although the rollout schedule is still to be decided, we can expect deployment over a period of about 12 months.

Jeremy and his team have their hands full. "Staff across the organisation will interact with the system on a day-to-day basis and we've been training staff on new functionality, although most people will find that they keep doing their job but in a slightly different way. Our employees will still be making sales entries, paying invoices and producing financial reports, but within a system that allows us to better understand what we do, how we work, what we produce and sell and generally assist the Board and management in making high-level strategic decisions."

Design Studios

SYDNEY

2 Barrack Street,
Sydney,
NSW 2000

BRISBANE

27 James Street,
Fortitude Valley,
QLD 4006

ADELAIDE

Ground Floor,
70 Hindmarsh
Square,
Adelaide SA 5000

PERTH

67 King Street,
Perth,
WA 6000

MELBOURNE

Ground Floor
367 Collins Street,
Melbourne,
VIC 3000

HOBART

9 Franklin Wharf,
Hobart,
TAS 7000

BRICKWORKS
— BUILDING PRODUCTS —

 australbricks



 nubrik



BOWRAL BRICKS

 bristiler roofing

 australprecast

 terracade

 Pronto Panel

 auswesttimbers

 australmasonry

 URBANSTONE

 GB Masonry

 southern cross cement

 Glen-Gery

Brickworks Ltd ABN 17 000 028 526

Tel (02) 9830 7800

www.brickworks.com.au

info@brickworks.com.au

Proud supporters

