BRICKWORKS
LIMITED

26 March 2020

Australian Securities Exchange

Attention: **Companies Department**

BY ELECTRONIC LODGEMENT

Dear Sir / Madam

Please find attached a presentation and additional comments to be presented to analysts today regarding Brickworks Limited's financial results for the half year ended 31 January 2020, for immediate release to the market.

This announcement has been authorised for release by the Brickworks Board of Directors.

Yours faithfully

BRICKWORKS LIMITED

Susan Leppinus

Company Secretary

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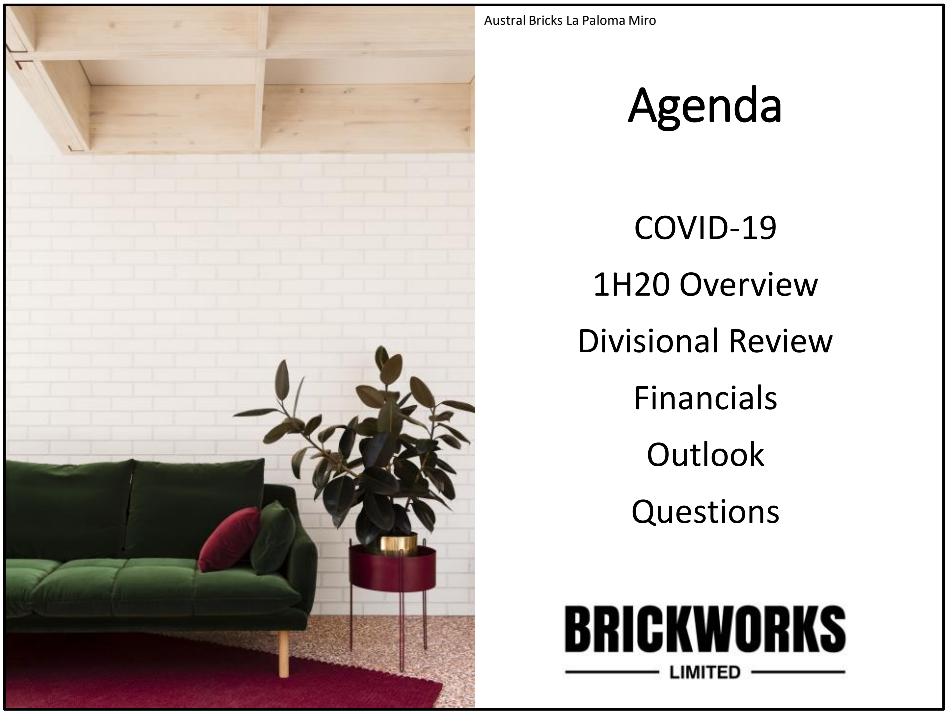
Financial results

Half year ended 31 January 2020

Mr. Lindsay Partridge Managing Director
Mr. Robert Bakewell Chief Financial Officer



Good Afternoon Ladies and Gentlemen and welcome to the Brickworks analyst briefing for the half year ended 31 January 2020.

As you know, we are currently facing an unprecedented global health crisis in the form of the Coronavirus pandemic and I will provide an update on how this is impacting Brickworks in a moment.

Then I will move on to our results for the first half, including a review of divisional performance, and then discuss the outlook for Brickworks.

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

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

COVID-19 (Coronavirus)

Brickworks has been pro-active in response to the Coronavirus pandemic

- The COVID-19 pandemic continues to evolve and has created significant uncertainty
- Brickworks primary focus is on ensuring the safety and well-being of all employees and customers
  - Self isolation of staff at risk
  - Daily temperature testing of all employees and any visitors to site
  - Limited travel to essential domestic travel
  - Meetings held remotely via videoconference
  - Segregating work teams
  - Social distancing protocols at all workplaces
  - Working from home where it is possible to do so
- Brickworks has been well prepared and has infrastructure in place to effectively manage operations

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The emergence and rapid escalation of the Coronavirus pandemic has resulted in significant uncertainty for Brickworks and the broader economy. This public health crisis continues to evolve, with far reaching consequences that are difficult to predict.

Brickworks continues to monitor the situation closely, and our primary focus is on ensuring the safety and well-being of all employees and customers. We have put in place a range of procedures to protect employees, including:

- Self isolation of at-risk employees who may have travelled to, or been in close contact with others from high risk countries;
- Daily temperature checks for all employees and visitors before entering work sites;
- Working from home in cases where it is practical to do so;
- Cancelation of all international travel and all non-essential domestic travel;
- Social distancing protocols at all workplaces; and
- Segregation of work teams, including production workers at shift change-overs.

Brickworks has acted swiftly in response to the emergence of Coronavirus and has been well prepared to safely and effectively manage our operations in these unique and challenging times.

As part of our risk management program, most sites were already equipped with biomedical kits and medical supplies, enabling us to quickly put in place procedures to protect our staff.

We also have advanced video-conferencing infrastructure and systems set up at virtually all sites across Australia and the United States and on all laptops, and this is proving invaluable for effective communication amongst the executive team while at home, as we respond to this evolving situation on a daily basis.

COVID-19: Impact To Date

Brickworks North American operations have been significantly impacted

- No cases of COVID-19 reported amongst Brickworks staff
- The Governor of Pennsylvania ordered closure of non life-sustaining businesses on 19 March - all 5 manufacturing plants in Pennsylvania are now closed
  - On 25 March, the Governor granted an exemption approval for Brickworks to operate yards and sales offices in Pennsylvania, thus allowing sales to re-commence
- On the 23rd March an order was made by the Governor of Michigan, resulting in the closure of our distribution outlet in that state
- Brick manufacturing in Illinois and Ohio has been classified as an essential operation
- Aside from these impacts, trading within Building Products has been strong in early March across Australia and the United States
- Some of our European suppliers of premium imported products have indicated that operations have already been, or will soon be suspended
- No other major supply chain issues have impacted production or supply
  - Brickworks products are generally made from locally sourced materials, including owned clay reserves
  - Brickworks has multiple sites across the country providing production flexibility
- Development activity within the Property Trust is currently unaffected

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In terms of direct impacts on Brickworks to date, the first point I should make is that thankfully we do not have any confirmed cases of Coronavirus amongst our staff at this stage.

Building Products North America has been significantly impacted. As previously announced, on the 19th March the Governor of Pennsylvania, Tom Wolf, ordered the closure of all non life-sustaining businesses, and as a result our 5 Pennsylvania brick plants, including despatch, were closed and all sales activity ceased in that State. Subsequently, on the 25th March, the Governor granted an exemption approval for Brickworks to operate yards at those plants, and for our sales offices to reopen, thus allowing product distribution and sales to re-commence. Inventory within these yards is expected to provide adequate supply for at least 2-3 months. On the 23rd March an order was made in Michigan, resulting in the closure of our distribution outlet in that state.

Operations continue in other US states, with brick manufacturing in Illinois and Ohio considered an essential operation.

Elsewhere, some of our European suppliers of premium imported products have indicated that operations have already been or will soon be suspended. Whilst the impact of this will not be significant, it may result in an inability to supply any major new projects.

Aside from these impacts, trading within Building Products Australia and North America has been largely unaffected and there have been no other significant supply chain issues at this stage. We are fortunate that our products are generally made from locally sourced materials. In the case of bricks, clay is our key raw material and this is sourced from company owned quarries often located on the same site as the manufacturing plant.

Another important advantage Brickworks has is a vast network of production sites across the country, and this provides production flexibility in the event of isolated production shut-downs.

Finally, I should also note that the Property Trust has not experienced any material impact at this stage, with all development activity at Oakdale and Rochedale continuing as planned.

COVID-19: Expectations and BKW Response

A significant downturn is expected, but Brickworks is taking action and is in a strong position

- A significant reduction in activity and softening of demand is expected for the remainder of the financial year
  - Builders reporting reduced activity at display homes
  - Restrictions of trades on-site
  - Partially offset by increase in DIY sales
- Other related risks are emerging
  - Customer credit risks increasing
  - Medium term supply chain risks relate to critical spare parts for factories and specialty brick glazes and stains
  - Closure of manufacturing facilities to protect employee health and safety: Brickworks decision or government-imposed lock-down
- Brickworks is taking significant steps to prepare for a downturn and preserve cash
  - Business planning and scenario modelling tools to support decision making
  - All non-contracted capital expenditure non-essential expenditure delayed / suspended
  - Employees to utilise accrued leave where possible
- Brickworks withdraws any previous outlook statements and is unable to provide any earnings guidance at this stage
- Brickworks is in a strong position, with a diversified portfolio of attractive assets and a robust balance sheet

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We recognize that further significant disruption is almost inevitable over the coming months.

It is clear that we are heading for a downturn that will result in reduced demand for at least the remainder of the current financial year. Builders are reporting reduced activity at display homes and are imposing restrictions on the number of trades on site in order to protect health and safety.

Other related risks are also emerging, including:

- The supply of critical spare parts and specialty brick glazes and stains sourced from overseas for our manufacturing operations;
- The potential for further plant closures either imposed by governments or decision made by us at Brickworks, to protect the health and safety of our employees; and
- Customer credit risk, with debtor days increasing and potential for bad debts to emerge.

We are taking significant steps to prepare for the expected downturn. We have developed business planning and scenario modelling tools to support our decision making over the coming months. To preserve cash, we have delayed all non-contracted capital spend and non-essential expenditure, and employees who need to take time off work, will utilise accrued leave where possible.

In the United States, where our business has been most disrupted, management is focused on workforce management, minimising costs, and putting in place plans so that operations can quickly ramp up when conditions allow

Given the level of uncertainty as to the extent and duration of the Coronavirus pandemic, Brickworks is withdrawing any previous outlook statements and is unable to provide any earnings guidance at this stage.

Whilst these are uncertain times, Brickworks diversified portfolio of attractive assets and our robust balance sheet, puts us in a strong position to effectively confront and emerge from the challenging conditions ahead.

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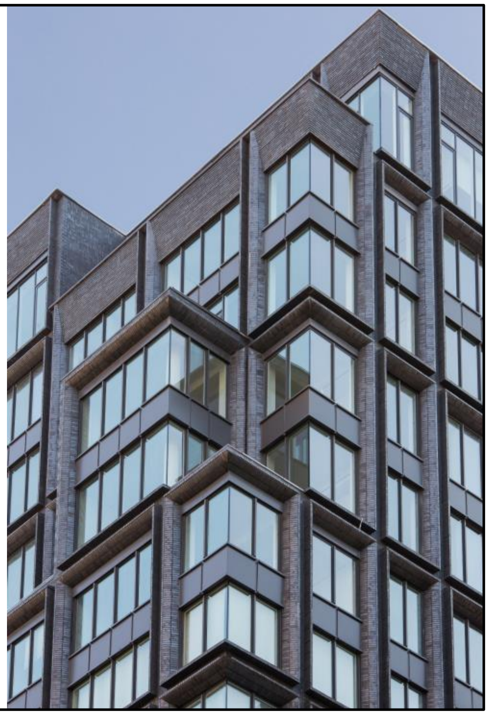
1H20 Overview



371 Broadway New York, NY
Ebonite Smooth

I will now move to performance for the first half.

1H20 overview

Significant achievements across the Group in 1H20

- Continued US brick expansion, with performance exceeding expectations
  - Acquisition of Sioux City Brick completed in August 2019
  - Additional bolt-on acquisition of Redland Brick assets announced in 1H20 and completed in February 2020
- Industrial property portfolio value increasing due to long term structural trends
  - $77 million increase in net value to Brickworks
- Australian Building Products moving through low point in cycle
  - Plant upgrades and maintenance completed
- Record low injury rates across Australian operations during first half

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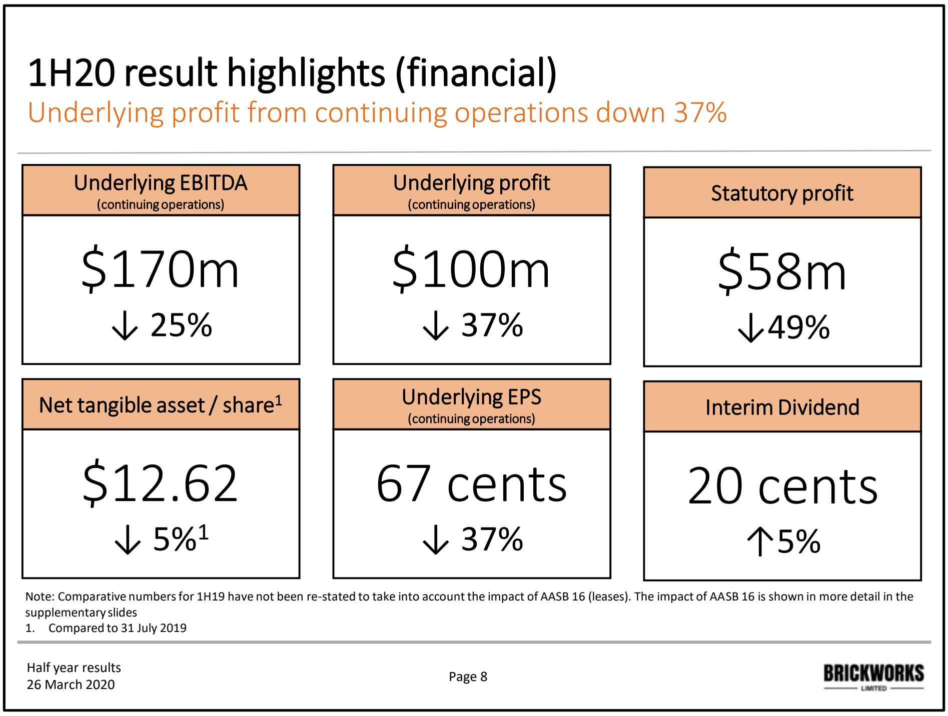
Whilst earnings in the first half were down on the record results achieved in the previous period, the Company has continued to make steady progress on the implementation of a range of strategic initiatives.

This is highlighted by the strong performance and continued expansion in the United States, including the completion of the Sioux City Brick acquisition in August and the Redland Brick acquisition in February, just after the end of the period. I am pleased to report that our expansion in the United States remains on track and financial performance is encouraging. I will discuss this in more detail later.

Property has also delivered yet another great result, with our prime industrial land assets continuing to increase in value, underpinned by long term structural trends in the economy. During the half, the net asset value of our share of Property Trust assets increased by $77 million.

However, we have faced some challenges in our Australian Building Products business, as residential construction activity moves through a low point in the cycle. As I will discuss later, during this period we have taken this opportunity to complete maintenance and upgrade works on our plants to ensure we are in the best possible shape to take advantage of improved demand going forward.

Pleasingly, within our Australian operations we have achieved record low injury rates during the first half.



Turning to the financial results for the period.

The company delivered EBITDA from continuing operations of $170 million, down 25% compared to the prior corresponding period.

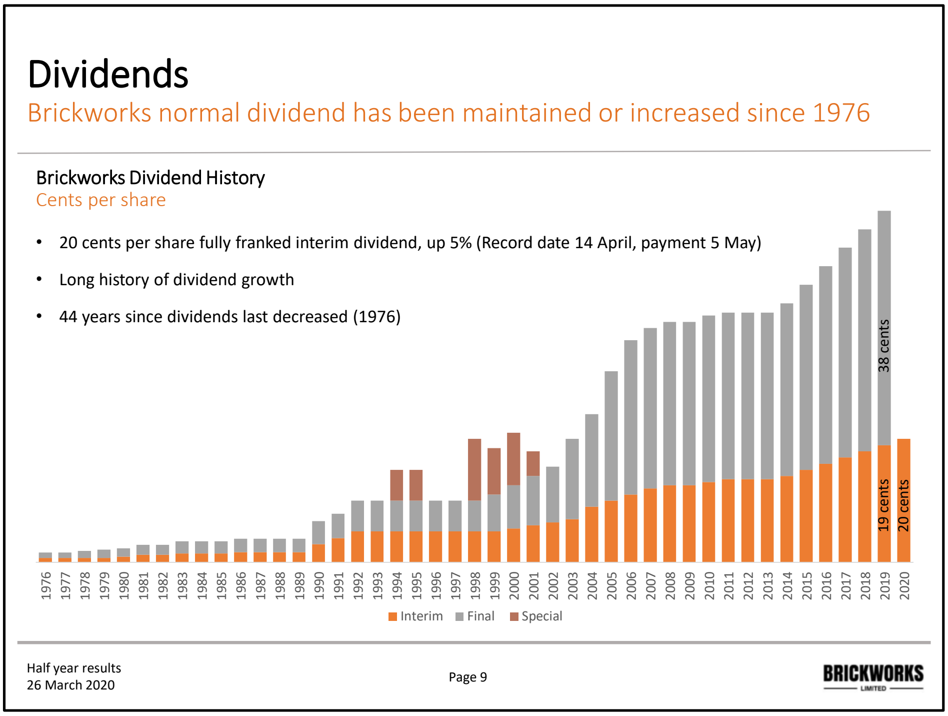
Increased earnings from North American operations were offset by declines across other divisions.

Underlying net profit after tax from continuing operations was down 37% to $100 million.

This translates to underlying earnings per share of 67 cents.

After including the impact of significant items and discontinued operations, statutory NPAT for the period was $58 million.

Net tangible assets per share was $12.62. Although this was 5% down over the period on a statutory basis, on a like for like basis, excluding the impact of the new accounting standard for leasing, net tangible assets per share was steady over the period.



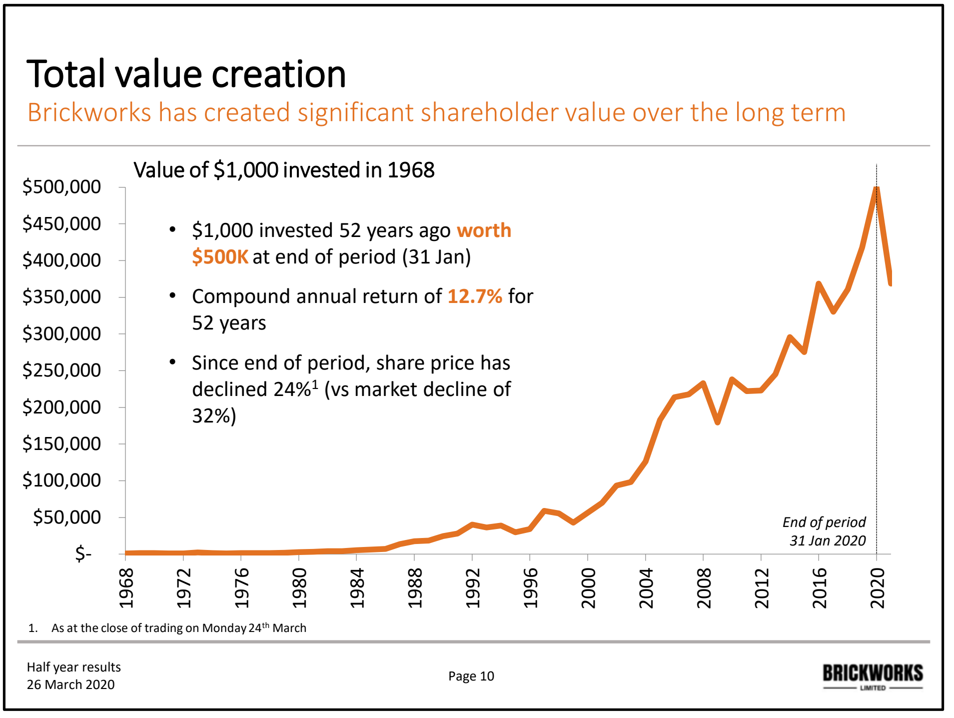
As I have mentioned, our diversified portfolio and robust balance sheet provides us with the resilience to overcome the anticipated downturn in the months ahead.

Furthermore, the increasing rental income from the Property Trust and the reliable dividends from WHSP, gives Directors the confidence to increase dividends and support our shareholders, many of who rely on this income stream, particularly during these difficult times.

As such, we are happy to announce an increased interim dividend of 20 cents per share, fully franked. This is an increase of 1 cent, or 5%, compared to the previous interim dividend.

The record date for the interim dividend is 14 April, with payment on 5 May.

We are proud of our long history of dividend growth, and the stability this provides to our shareholders. As shown on screen, we have now maintained or increased dividends for the last 44 years.

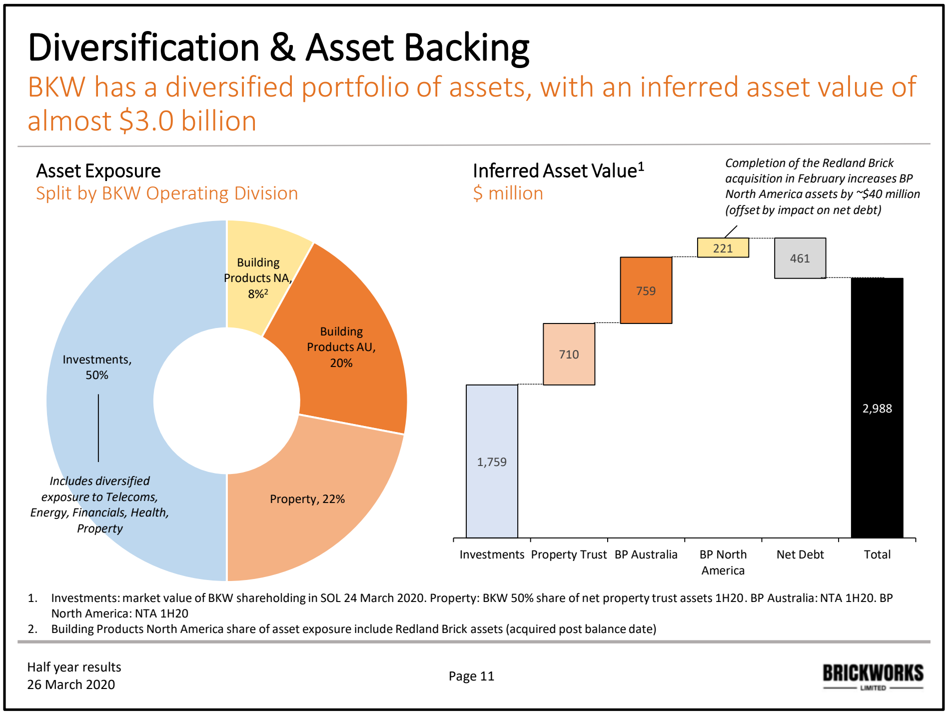


In addition to dividend growth, Brickworks also has a strong history of total value creation.

Based on the share price at the end of the half, the Company has delivered shareholder returns of almost 13% per annum over 52 years, incorporating dividends and share price appreciation.

This means that $1,000 invested in Brickworks in 1968 would have been worth around $500,000 at the end of the period.

Of course, Brickworks is not immune to the impact of market volatility and broader economic conditions, as illustrated by the events of the recent weeks. However, as I mentioned previously, in times like these our diversification and strong financial position is particularly important. Since the end of the reporting period the Brickworks share price is down 24% vs a market decline of 32%.



Our diversification is highlighted by the chart on the left of screen, showing our broad asset exposure across multiple businesses, consisting of:

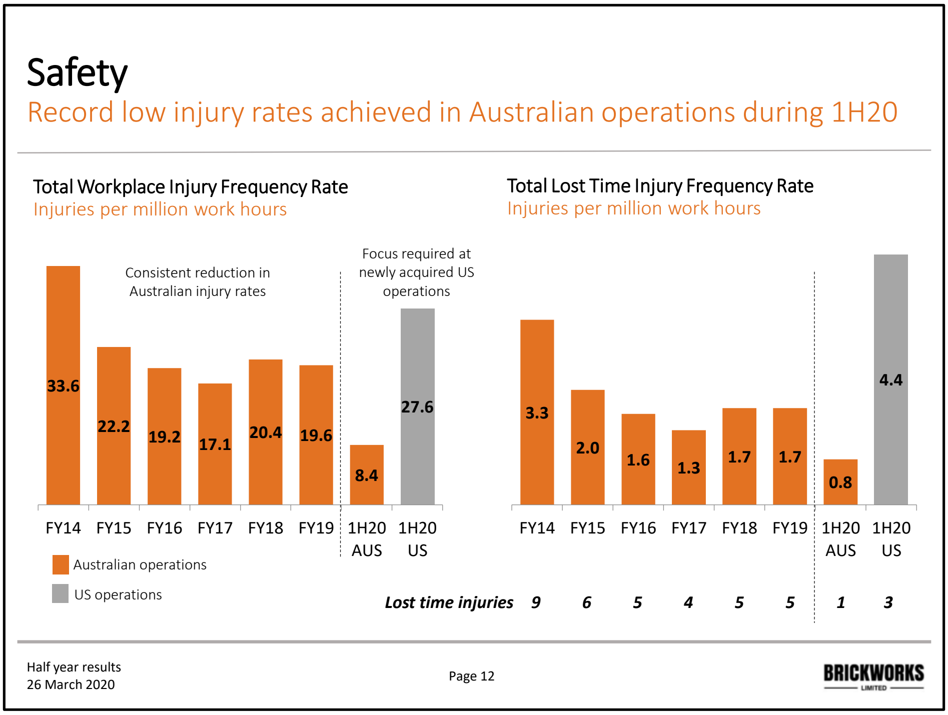
- Building Products in Australia;
- Building Products in North America;
- Industrial Property; and
- Our investment in WHSP

Each of these businesses is underpinned by considerable asset value, which has consistently increased over time and through cycles.

Currently, the total inferred asset backing is $3.0 billion.

This value comprises the market value of Brickworks' stake in WHSP ($1.8 billion), Brickworks share of net asset value within the Property Trust ($710 million), the net tangible assets held within Building Products Australia ($759 million) and North America ($221 million), offset by net debt.

It is worth noting that the Building Products asset value includes some parcels of surplus land, currently held at book value, but with a significantly higher market value.



Looking now at safety, our number one priority.

I am pleased to report that in Australia we have achieved record low injury rates for the half. In our Australian operations there was one Lost Time Injury during the period. This translated into a Lost Time Injury Frequency Rate of 0.8 compared to 1.7 for the 2019 financial year.

The sustained decrease in injuries across Australian operations over the past decade has been achieved through disciplined implementation of safety management systems and procedures, together with behavioural leadership and safety training programs.

These initiatives will be rolled out across our recently acquired operations in North America where injury rates are significantly higher than Australia.

Sustainability

Continued focus on a broad range of sustainability initiatives

Category	Initiatives and Achievements
Governance & Reporting	• Sustainability formally incorporated into the charter of the Board Audit & Risk Committee during 2019 • Published inaugural Sustainability Report during 1H2020 • Formal 2025 sustainability targets to be launched in 2020
Environmental	• FY2019 Carbon emissions (kt$CO_{2\text{-}e}$) down 27% vs FY2006 (base year) • Landfill gas utilized at Horsley Park (NSW) and sawdust at Longford (Tasmania) • Improvements in production waste management and recycling
Community	• Long-term partnership with Children's Cancer Institute (since 2002). In excess of $3.5 million in direct and indirect support to date. • Launched bushfire support package for impacted homeowners in January 2020
Diversity	• Diversity council established • Women in senior leadership roles increased from 7% in 2015 to 27% currently • Additional female Director, Robyn Stubbs, appointed to the Board on 1 Jan 2020

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In the first half we released our inaugural Sustainability Report to coincide with the release of our 2019 Annual Report. This report details a broad range of sustainability initiatives across the Group.

From an environmental perspective, we have consistently reduced carbon emissions over many years, through a range of initiatives including investment in fuel efficient kilns, product redesign and utilisation of alternative fuels such as landfill gas.

Brickworks is active in the community and has a long-standing partnership with the Children’s Cancer Institute, having made direct and indirect contributions of over $3.5 million since 2002.

In January, Brickworks announced a bushfire support package, for homeowners impacted by the devastating fires that swept across the east coast of the country in December and January.

We also continue our focus on inclusion and diversity. Having established a Diversity Council in 2018, we are pleased to report that the percentage of women in senior executive roles has increased to 27%, up from 7% in 2015.

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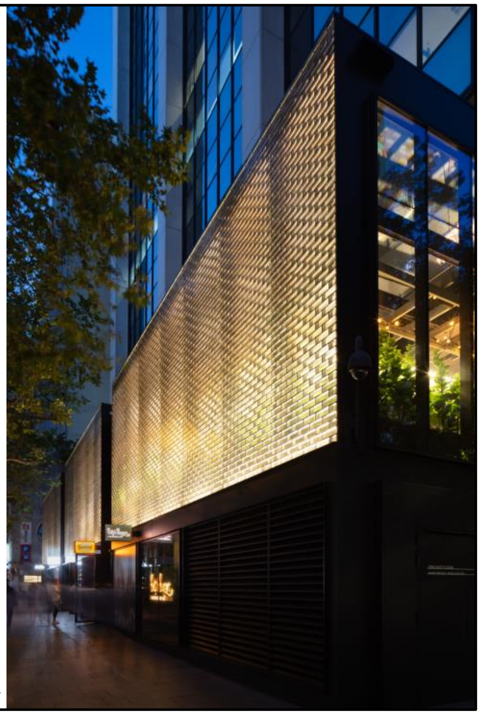
Divisional Review



Poesia Glass Bricks, Market St, Sydney

Taking a look now at each of our divisions.

Overview of Operating Divisions

An attractive portfolio of diversified businesses

Investments *50% of Group assets*	• Diversified investment house with proven investment approach that has delivered outstanding returns
Property *22% of Group assets*	• 50% interest in Industrial Property Trust JV with Goodman Group – total assets \$2.0bn • Leveraged to new economy • Additional surplus Building Products land
BP Australia *20% of Group assets*	• Australia's leading brickmaker • Leading positions in other trusted and established building products
BP North America *8% of Group assets*	• Leading brickmaker in the Northeast of USA • Focussed on premium architectural products for the non-residential and multi-residential sectors • Significant growth opportunities

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As I have mentioned, we have a strong portfolio of businesses.

WHSP has a diversified portfolio of assets and has a proven investment approach that has delivered outstanding returns over the long term.

Our Property business consists primarily of an industrial property portfolio, held within a 50/50 joint venture property trust with the Goodman Group. These industrial property assets are located in prime locations, and leveraged to the growth of the new economy.

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

Within our North American brick business, we have quickly established a leadership position in the Northeast region of the country. Our brick business is differentiated from other major players, with a focus on architectural products for the non-residential and multi-residential sectors.

Investments -WHSP

Long history of strong returns

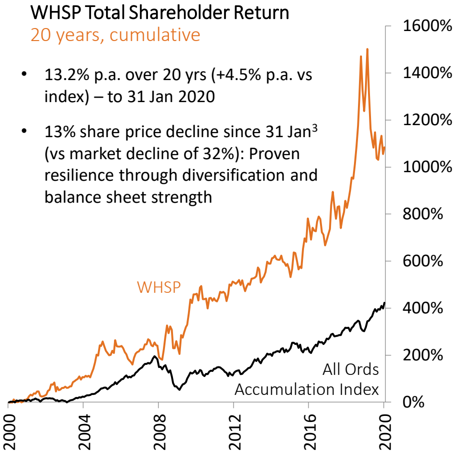
$million	1H2020	1H2019	Change
Underlying earnings[1]	**39**	61	(36%)
Dividends from WHSP	**32**	33	(3%)
WHSP Share price ($) (vs 31 Jul 19)	**21.55**	22.71	(5%)
BKW Market Value (vs 31 Jul 19)	**2,032**	2,141	(5%)

- Underlying earnings of $39 million, down 36%, primarily due reduced earnings from New Hope Corporation
- $32 million in dividends received, with increase in dividend /share offset by lower shareholding[2]
- $109 million decrease in market value during the half
- Long history of strong returns

1. Includes interest income in addition to WHSP contribution
2. 7.9 million shares sold in November and December 2018
3. As at close of trading on 24th March

WHSP Total Shareholder Return
20 years, cumulative

- 13.2% p.a. over 20 yrs (+4.5% p.a. vs index) – to 31 Jan 2020
- 13% share price decline since 31 Jan[3] (vs market decline of 32%): Proven resilience through diversification and balance sheet strength



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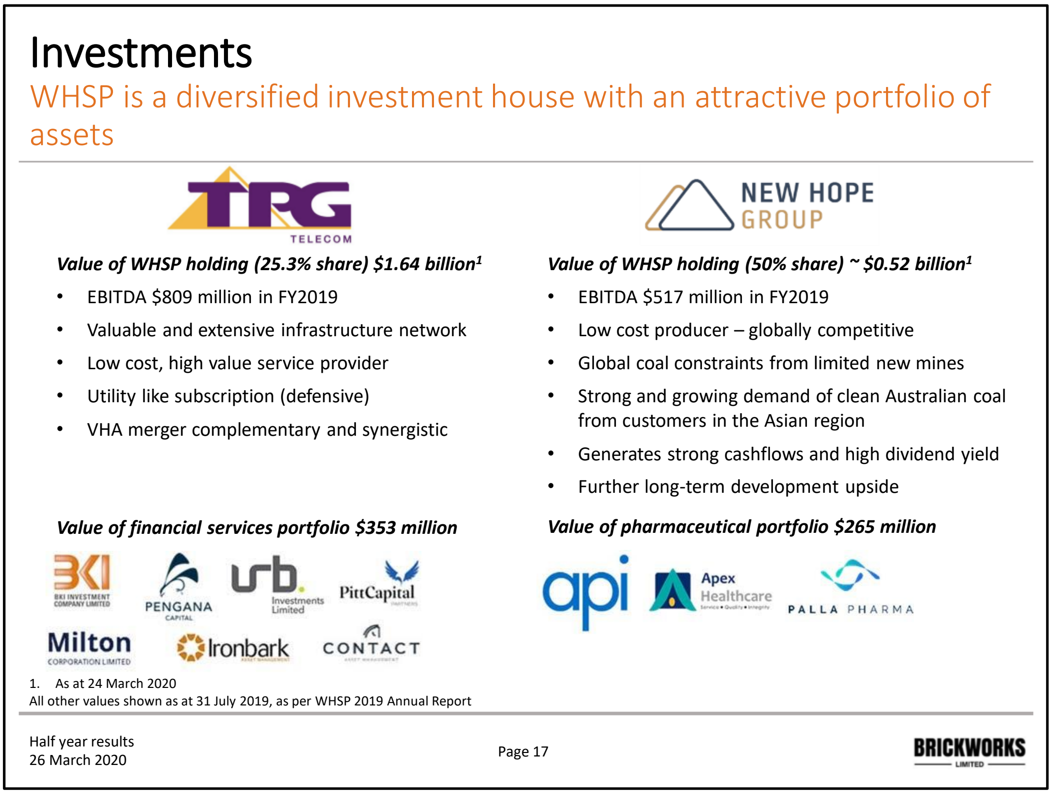
Investments delivered an underlying contribution of $39 million for the half year, down 36% on the previous corresponding period. Within WHSP, the main driver of the decline was the lower earnings from New Hope Corporation as a result of significantly weaker coal prices.

During the period cash dividends of $32 million were received, down 3% on the prior period. An increase in the dividend per share was more than offset by the decline in shares held following the sale of 7.9 million shares in November and December 2018.

The market value of Brickworks shareholding in WHSP was just over $2 billion at 31 January 2020, down by $109 million over the period.

Over the long term WHSP has delivered outstanding returns, with annualised total returns of 13.2% per annum for the past 20 years. This represents outperformance of 4.5% per annum versus the ASX All Ordinaries Accumulation Index.



Looking more closely at WHSP's key holdings.

At the end of financial year 2019, it had $1.64 billion invested in a 25.3% stake in TPG Telecom. This business is a low cost and high value service provider, with a utility like subscription customer base. It has announced a merger of equals with Vodafone that has the ability to deliver significant cost reduction synergies. In February the Federal Court ruled that the merger would not substantially lessen competition, clearing the way for final regulatory approvals in the coming months.

WHSP also has a significant investment in New Hope Group. New Hope is a low cost coal producer, meeting the increasing demand for clean Australian coal from customers in Asia.

In addition to these two major investments, as at 31 July 2019, it had $353 million invested across a diversified financial services portfolio, and $265 million invested in healthcare and pharmaceuticals.

WHSP is a stable and trusted business partner to Brickworks, and we are confident that it will continue to add value and deliver a growing stream of earnings and dividends over the long term.

Property – 1H20 result

Continued strong revaluations driven by favourable industry trends

$million	1H2020	1H2019	Change
Net Trust Income	15	12	25%
Revaluations	52	67	(22%)
Development Profit	24	19	26%
Property Trust	**90**	**99**	**(9%)**
Land Sales	0	35	-
Property Admin[1]	(2)	(2)	-
Total	**89**	**132**	**(33%)**

- Net trust income higher, on rent reviews and addition of new developments
- Revaluation profit driven by 25 to 50 basis point reduction in cap rates in NSW
- 2 developments completed at Oakdale South
- No land sales during the period

1. Property administration includes the holding costs of surplus land

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Property delivered an EBIT of $89 million for the period, down by 33% on the prior corresponding period. The decrease in earnings is primarily due to there being no land sales, compared to a $35 million profit from the sale and leaseback of the Punchbowl brick plant in the prior period.

The Property Trust delivered an EBIT contribution of $90 million.

Net trust income was up 25% to $15 million for the half, due to the additional rental contribution from three new facilities at Oakdale South and rent increases across the balance of the portfolio.

All Property Trust assets were revalued during the period and this resulted in another strong revaluation profit of $52 million. This reflects an average 25 to 50 basis point compression across the portfolio, and follows the 50 basis points tightening that occurred in financial year 2019.

Development activity at Oakdale South continued during the period, with the completion of two new facilities resulting in development profits of $24 million.

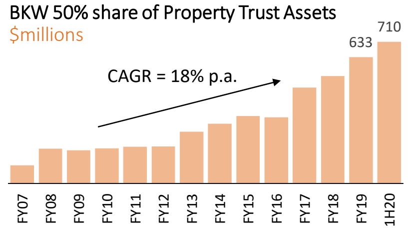
Property – JV Trust Asset Value

Total JV Trust assets now almost $2 billion

$million	1H2020	FY2019	Change
Leased properties	1,661	1,411	18%
Land to be developed	295	345	(14%)
Total Property Trust assets	**1,956**	**1,756**	11%
Borrowings	(536)	(490)	(9%)
Net Property Trust assets	1,420	**1,266**	12%
BKW 50% share	**710**	**633**	**12%**

- Total leased properties $1.7 billion
  - 5 year weighted average lease expiry
  - “Blue chip” tenants
- Total return on leased assets 17%
  - Rental return on leased assets 6%[1]
  - Revaluation return 11% during 1st half[2]
- Gearing on leased assets 32%

BKW 50% share of Property Trust Assets
$millions



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

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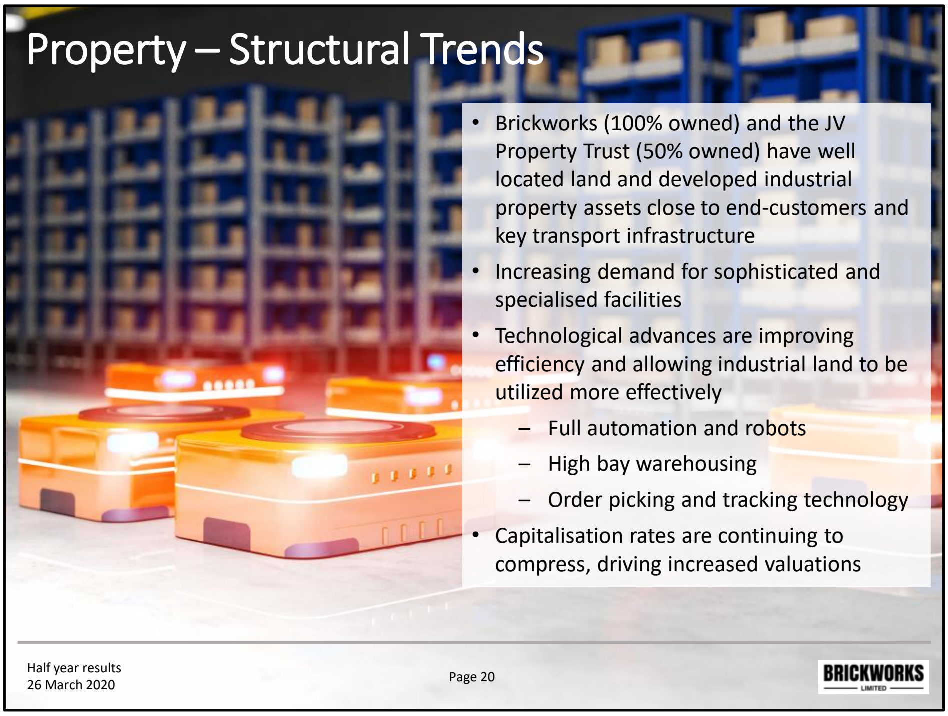
The total value of leased assets held within the Property Trust was $1.7 billion at the end of the half. Including $295 million worth of land to be developed, the total value of assets held within the Property Trust was almost $2 billion. Borrowings of $536 million are held within the Property Trust, giving a total net asset value of over $1.4 billion. Brickworks’ 50% share of net asset value was $710 million as at 31 January 2020, up by 12%, or $77 million during the period.

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

The total return on the leased property assets for the period was 17%, comprising a revaluation return of 11% and rental return of 6%.

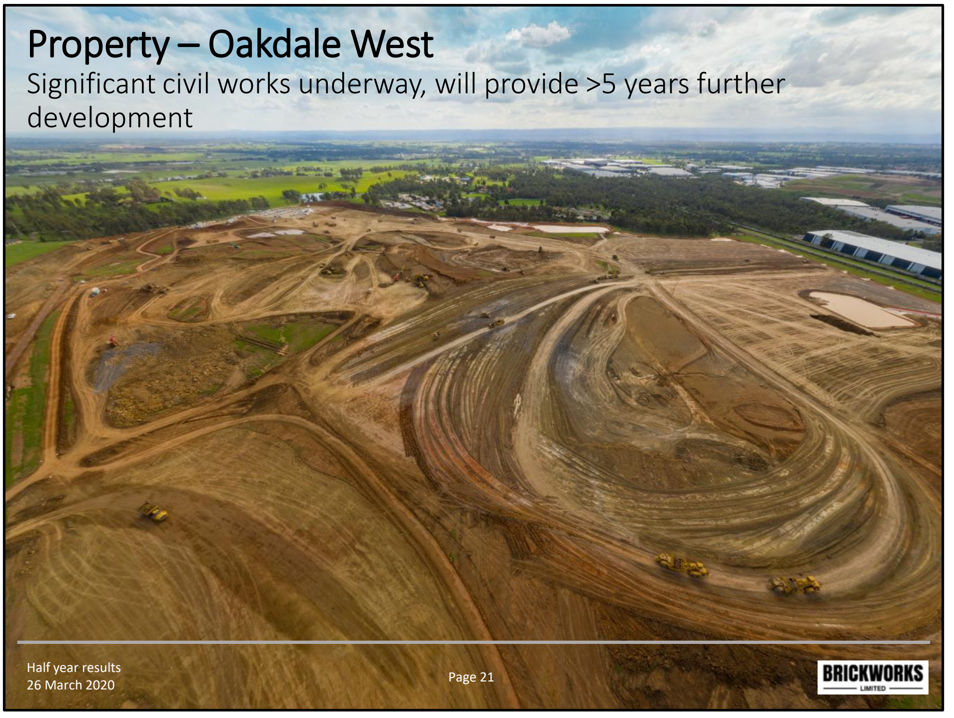
As a result of the increased valuation, gearing on leased assets decreased to a conservative 32% at the end of the period.



The strong demand for our industrial land reflects structural changes across the industry, as companies modernise their supply chains in response to consumer preferences, such as on-line shopping.

These trends are driving an evolution towards more sophisticated and specialised facilities, incorporating features such as robotics, automation, temperature controlled and multi-storey warehousing, with these advanced facilities providing companies with a critical competitive advantage in the new economy.

Well-located prime industrial land is becoming even more valuable, with the lack of alternative investment options and low interest rates driving down capitalisation rates.



To cater for this increasing demand and provide a pipeline of further development for over 5 years, significant civil works are now underway at Oakdale West.

Current progress is shown on screen.

Over $80 million of infrastructure work has already been committed at this site, including a new four lane road to service the Estate.

At this site, the pad area for the 66,000m^2 Coles Group facility will be ready toward the end of 2020, allowing construction to commence in 2021.

Enquiry for other developments on the Estate has been strong and is expected to increase further now that civil works are underway.

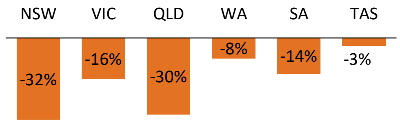
Building Products Australia – 1H20 result

Earnings adversely impacted by difficult conditions

$million *(Continuing operations)*	**1H2020**	**1H2019**	**Change**
Revenue	338	375	(10%)
EBITDA	39	41	(5%)
EBIT	**10**	**26**	**(62%)**
EBITDA margin	11%	11%	-
EBIT margin	3%	7%	(57%)

Comparative numbers for 1H19 have not been re-stated to take into account the impact of AASB 16 (Leases). Excluding the impact of AASB 16, the comparable 1H2020 EBIT is $8 million and EBITDA is $23 million.

Residential Housing Starts[1]
1H20 vs 1H19



Earnings decline due primarily to:

- A sharp slowdown in building activity across the country
- Continued intense competition in Western Australia
- Numerous brick plant shutdowns on the east coast to complete significant maintenance and upgrades
- A net $4 million increase in gas costs during the period

1. For 6 months to September 2019 (vs Sep 2018). Source: ABS

Turning to Building Products Australia.

Revenue from continuing operations for the period was $338 million, down 10% on the prior corresponding period.

Demand was relatively resilient considering the average 24% decline in residential building activity.

EBIT was $10 million, down 62%, and EBITDA was $39 million.

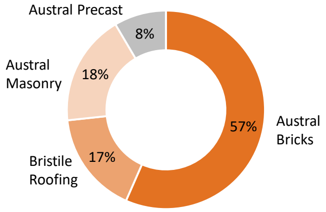
Earnings for the period were impacted by:

- The sharp slowdown in building activity across the country, particularly multi-residential construction in New South Wales and Queensland, and this had a significant impact on Austral Precast and Austral Masonry, both with a high exposure to these markets;
- Continued intense competition in Western Australia;
- Numerous brick plant shutdowns on the east coast to complete significant maintenance and upgrades, resulting in an adverse profit impact of around $5 million; and
- A net $4 million increase in gas costs during the period.

Building Products Australia - Business Unit Performance

Mixed performance across Building Products business units

Building Products Australia Revenue 1H20
$338 million



1H20 vs 1H19	Revenue	EBIT
Austral Bricks	↓	↓
Bristile Roofing	↓	↓
Austral Masonry	↑	↓
Austral Precast	↓	↓

- Austral Bricks performance on the east coast was resilient
  - Decline in sales volume less than the market
  - Earnings were approximately in line with the prior period, after excluding impact of gas costs and plant shutdowns for kiln maintenance and upgrades
- Transition to wholesale gas commenced 1 Jan 2020 has now reduced gas costs
- The Western Australian building industry remains in a state of flux amidst excess capacity and widespread corporate restructuring activity
- Bristile Roofing (inc. Capital Battens operations at Fyshwick) earnings lower with strong competition
- Austral Masonry and Austral Precast significantly impacted by sharp slowdown in multi-res activity
- Newly acquired Aussie Concrete Products performing well
- Commissioning of Southern Cross Cement Terminal almost complete

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The performance of Austral Bricks on the east coast was resilient, with earnings approximately in line with the prior period, after excluding the impact of the higher gas costs and plant shutdowns.

Our decision to stop production across most of our brick kilns to complete significant upgrades and maintenance work was a deliberate strategy. Whilst these plant shutdowns had a significant negative impact on earnings in the first half, they will provide improved production reliability over the medium and longer term.

Production reliability on the east coast is particularly important for us over the medium term, with our traditional back up facility at Horsley Park unavailable as we upgrade this facility with a new state of the art plant on this site.

Across the other business units:

- Bristile Roofing earnings were lower, impacted by the decrease in detached house activity and strong competition, particularly in Queensland.
- Austral Masonry earnings were lower, despite an increase in revenue due to the acquisition of Aussie Concrete Products in May 2019. This business has performed well since the acquisition and has provided immediate market leadership in concrete sleeper retaining walls, a fast-growing product category; and
- Austral Precast earnings were relatively down, with demand decreasing significantly in Queensland and Western Australia.

Construction of the Southern Cross Cement terminal was completed during the period, and commissioning is progressing well, with 3 shipments of cement having been received.

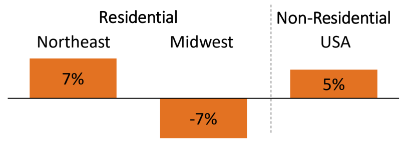
Building Products North America - Performance

Performance ahead of expectation, integration proceeding well

$million	1H2020	1H2019 2 mths
Revenue ($US)	75	18
EBITDA ($US)	8	0
EBIT ($US)	**4**	**(1)**
Revenue ($AU)	110	26
EBITDA ($AU)	13	0
EBIT ($AU)	**6**	**(1)**

Building Activity[1]

1H20 vs 1H19



- Performance includes 5 months operation of the acquired Sioux City Brick plants
  - Integration of these operations complete, with consolidation of both manufacturing operations and retail outlets
- Demand is strong in the northeast region, underpinned by commercial and residential projects in New York City and surrounding areas
- Redland Brick acquisition completed 10 February, post the end of the half

1. Residential data: US Census Bureau commencements for the 6 months to September 2019 (vs Sep 2018). Non residential data: US Census Bureau total value of construction put in place for the 6 months to January 2020 (vs Jan 2019)
2. An average exchange rate of 1AUD=0.68 USD has been used to convert earnings

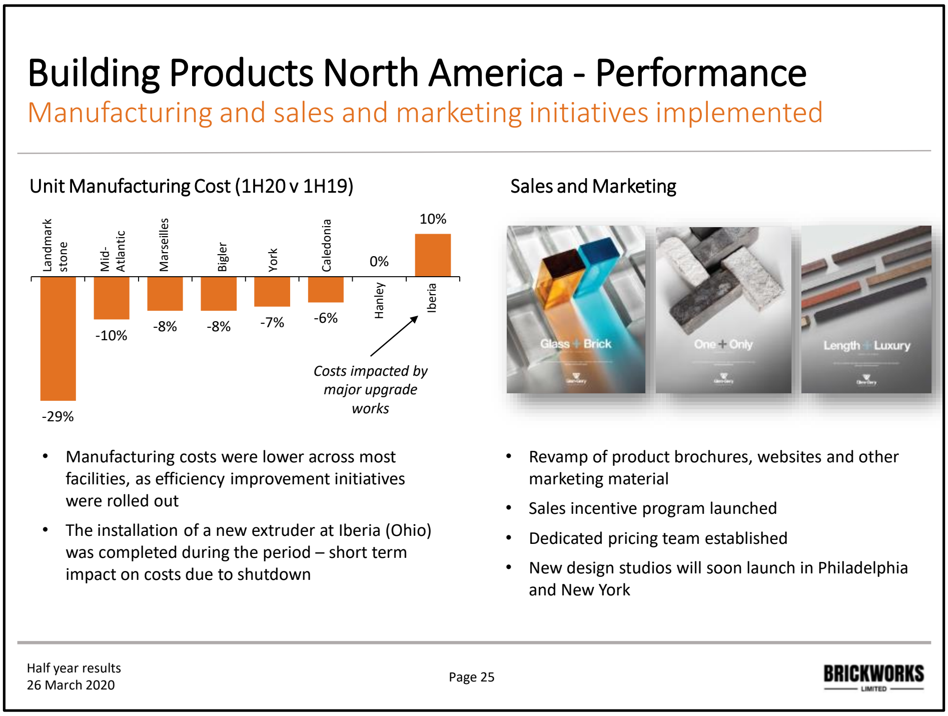
Turning to our performance in Building Products North America.

As I mentioned earlier, we are very pleased with progress so far. Sales revenue for the first half was AU$110 million, including 5 months contribution from the acquired Sioux City Brick plants, with this acquisition completed in late August.

Demand has been particularly strong in the northeast region, underpinned by commercial and residential projects in New York City and surrounding areas such as Philadelphia, Cleveland, Baltimore and Washington.

EBITDA for the period was AU$13 million, and EBIT was AU$6 million.

North American earnings are highly seasonal, with the cold winter months of December and January characterised by reduced sales volume and plant shutdowns. Unlike the prior corresponding period, production rationalisation initiatives enabled some plants such as Mid Atlantic, Hanley and York to continue operating during this period, and the relatively mild weather allowed most customer deliveries to be maintained. Nevertheless, EBITDA was approximately break-even during this period.



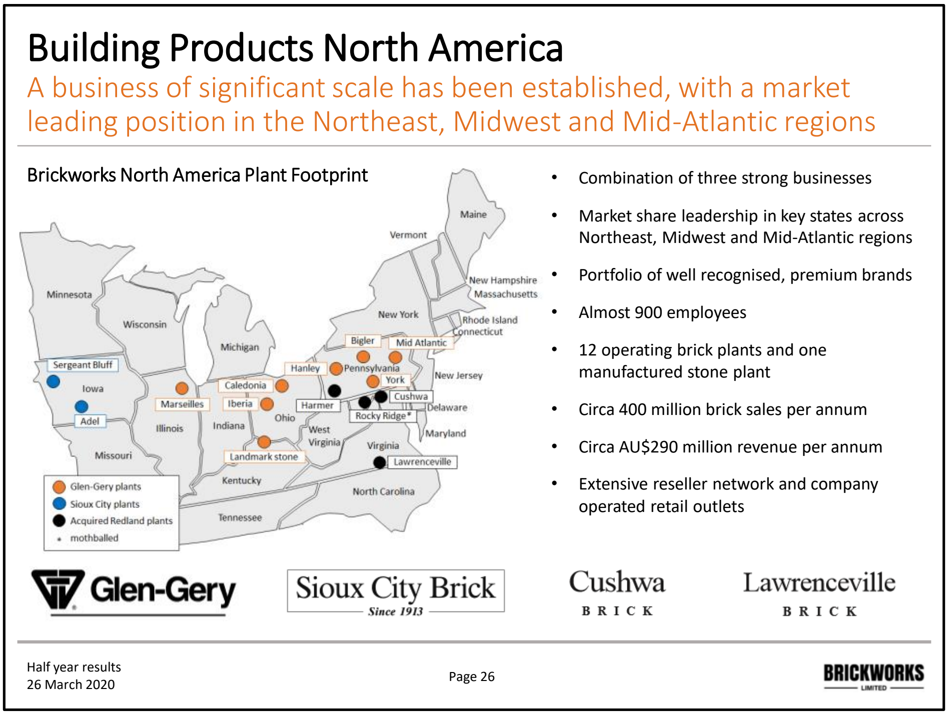
Manufacturing costs were lower across most facilities, as efficiency improvement initiatives were rolled out across the plant network. A particularly strong operational performance was achieved at the Landmark manufactured stone plant in Kentucky, with unit costs at this facility reducing by almost 30%.

The installation of a new extruder at the Iberia plant in Ohio was completed during the period. Whilst this adversely impacted unit costs during the period, it will support increased efficiency and an expanded product range going forward.

Significant progress has also been made on sales and marketing initiatives.

Exclusive North American supply agreements are now in place with European suppliers of premium imported products, new design studios will soon be opened in central Philadelphia and New York, and new marketing and promotional material has been developed.

In addition, a dedicated pricing team has been established to drive new revenue opportunities and roll-out new pricing policies and procedures. A successful price rise on new orders was implemented towards the end of the period.



The acquisition of assets of Redland Brick was completed on 10 February 2020, post the end of the half.

Having now completed 3 acquisitions in the past 15 months, we have quickly established a business of significant scale in North America, able to make a meaningful contribution to Group earnings, and a platform for growth.

Building Products North America now has:

- Market leadership in key states across the Northeast, Midwest and Mid-Atlantic regions;
- A portfolio of well recognised, premium brands;
- Almost 900 employees;
- 12 operating brick plants and one manufactured stone plant;
- Annualised sales of approximately 400 million bricks and AU$290 million revenue; and
- An extensive reseller network and company operated retail outlets.

Most importantly, as I have travelled around our operations, I have been encouraged by the level of skill and motivation across the workforce.

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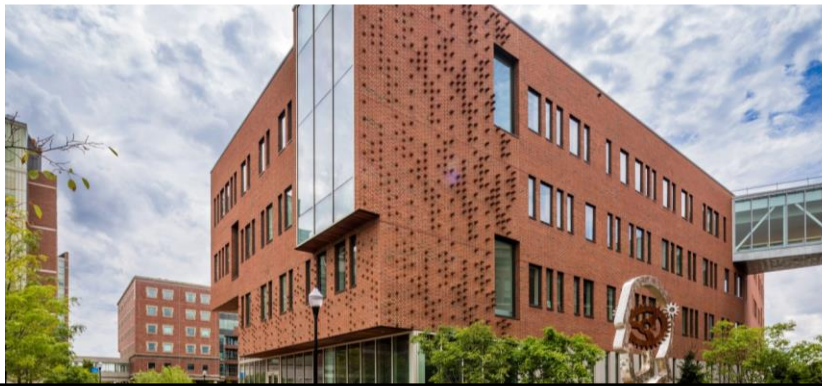
Financials

University of Rochester, Wegmans Hall
53-DD Molded Brick



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

Financials – 1H20 Overview

37% decrease in underlying NPAT from continuing operations

$million	1H2020	1H2019	Change
Total EBITDA	170	228	(25%)
Depreciation[1]	35	16	126%
Total EBIT	**135**	**211**	**(36%)**
Borrowing costs	(12)	(11)	(17%)
Underlying income tax	(22)	(41)	46%
Underlying NPAT (From continuing operations)	**100**	**160**	**(37%)**
Significant items	(35)	(12)	
NPAT (From continuing operations)	**65**	**148**	**(56%)**
Discontinued operations	(7)	(34)	
Statutory NPAT	**58**	**115**	**(49%)**

- For 1H20, AASB 16 (Leasing) resulted in:
  - +$16 million EBITDA impact
  - +$2 million EBIT impact
- Increase in Building Products North America earnings offset by decreases across other divisions
- Underlying tax decreased due to lower earnings
- Significant items contributed net -$35 million to NPAT from continuing operations
- Auswest hardwood operations at Greenbushes (WA) and East Gippsland (Victoria) classified as discontinued operations during the half. These assets were sold in October 2019.

1. Includes $14 million related to leased assets in accordance with AASB 16 (Leasing)

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Thankyou Lindsay.

As Lindsay mentioned, total underlying Group EBITDA for the half was $170 million, down 25%. Including depreciation, the underlying Group EBIT was down 36% to $135 million.

The new AASB 16 accounting standard for leases now incorporates amortisation costs associated with leased assets. Re-stating earnings on a like-for like basis, EBITDA was $154 million, down 32% and EBIT was $133 million, down 37%.

Total borrowing costs were $12 million, including $2 million of interest on lease liabilities in accordance with AASB 16, and tax was $22 million. This resulted in the underlying net profit after tax from continuing operations of $100 million, down 37%.

Significant items reduced NPAT by $35 million, and I will discuss these in a moment.

As a result, net profit after tax from continuing operations was $65 million, down 56% on the prior period.

Auswest Timbers hardwood assets were classified as discontinued operations, and were sold in October, contributing a $7 million loss.

Including these operations, statutory NPAT was $58 million, down 49% for the half.

Financials – Significant items

Net impact of significant items -$35 million

$million	Gross	Tax	Net
Acquisition costs, net of “bargain purchase”	(4)	-	(4)
Restructuring activities	(7)	2	(5)
Significant items relating to WHSP	(33)	-	(33)
Income tax arising from the carrying value of WHSP	-	6	6
Total (Continuing Operations)	**(44)**	**8**	**(35)**

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

- After tax transaction costs of $8 million, in relation to the acquisitions of Sioux City Brick and Redland Brick assets. This was offset by a $4 million gain on a “bargain purchase”, which was recognised upon the Sioux City Brick acquisition and represents the excess fair value of net assets compared to the purchase price;
- After tax restructuring costs of $5 million, primarily associated with a plant closure at Redfield in Ohio, the mothballing of Cardup in Western Australia, significant redundancy costs in Australian Building Products in response to decreased activity, and payments in relation to a take-or-pay gas contract in Western Australia;
- Significant items relating to WHSP of -$33 million; and
- A $6 million benefit related to deferred taxes on the WHSP holding.

Financials – Cash flow reconciliation

Operating cash flow down, on lower AUS Building Products earnings

$million	1H2020	1H2019
Statutory net profit after tax	**58**	**115**
Depreciation, amortisation	35	17
Non cash revaluations within Property Trust	(76)	(87)
Share of profits of associates not received as dividend	26	(16)
Non cash impairments	1	85
Gain on sale of WHSP shares (investing activity)	-	(110)
Changes in tax provisions	(59)	61
Other items	(3)	(1)
Operating cash flow	**(18)**	**65**
Proceeds received from WHSP share sale	-	208
Acquisitions (net of cash)	(63)	(141)
Capital Expenditure	(57)	(18)
Dividends paid	(57)	(54)

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Turning to cashflow.

The total operating cash flow for the half was -$18 million. The decrease on the prior period was mainly a result of lower earnings from Building Products Australia and the payment of $54 million in tax on the December 2018 sale of 7.9 million WHSP shares (which delivered proceeds of $208 million in the prior period).

Spending on acquisitions totalled $63 million during the period, representing the Sioux City Brick completion payment and a deposit on the Redland Brick assets.

Capital expenditure of $57 million was incurred, with significant project spend including the deployment of a new enterprise resource planning system across Australia and the United States, the commencement of a new masonry plant at Oakdale East in New South Wales, and major upgrades to brick plants at Golden Grove in South Australia and Iberia in Ohio.

Dividends of $57 million were paid during the period.

Financials – Key Indicators

Net debt and gearing have increased following the US brick acquisitions

	1H2020	FY2019	Change
NTA per share	$12.62	$13.28	(5%)
Shareholder's equity	$2,184m	$2,167m	1%
Shareholder's equity per share	$14.57	$14.48	1%
Return on shareholders equity[1]	9%	11%	(16%)
Operating cash flow (vs 1H19)	(18)	65	NA
Net debt[2]	$461m	$253m	82%
Gearing (net debt / equity)[2]	21%	12%	81%
Interest cover[2]	13x	18x	(39%)

- Total shareholder's equity increased by $17 million during the period, or 26 cents per share
- Decrease in operating cash flow, primarily due to:
  - $54 million in tax paid in January 2020, following the sale of WHSP shares in December 2018
  - Lower Building Products Australia earnings
- Net debt increased, primarily due to:
  - The settlement payment for the Sioux City Brick acquisition ($47 million)
  - The up front payment on the Redland Brick acquisition ($15 million)
  - Lower operating cashflow, including the tax payment on the WHSP share sale
- Gearing increased to 21%

Note: Comparative numbers for 1H19 have not been re-stated to take into account the impact of AASB 16 (Leases). Comparable numbers with 1H19, excluding the impact of AASB 16, are outlined in the supplementary slides

1. Underlying return, based on 2x1H2020 Underlying NPAT from continuous operations
2. Net debt, gearing and interest cover excludes the impact of AASB 16 (leases), in line with banking covenant calculations

Looking now at a range of key financial indicators.

As Lindsay mentioned, net tangible assets per share was down 5% over the period, to $12.62. On a like for like basis, excluding the impact of AASB 16, net tangible assets per share was unchanged at $13.28.

Shareholders equity increased by $17 million to almost $2.2 billion, which represents $14.57 per share.

Underlying return on shareholders equity was 9%, down from 11% in financial year 2019.

As I mentioned, operating cash flow was -$18 million for the period.

Net debt increased to $461 million, due primarily to the US brick acquisitions and the lower operating cashflow.

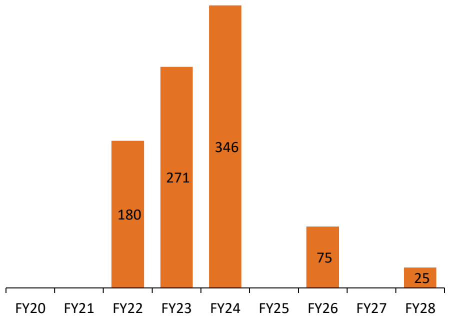
This resulted in an increase in gearing to 21%. Despite the higher gearing, interest cover remains at a relatively conservative 13 times.

Debt Maturity and Metrics

Brickworks has significant headroom within existing debt facilities

Debt Maturity Profile

Total $897million facilities



- Circa $897 million in debt facilities available
  - Syndicated multi-currency facility ~$697 million
  - Bilateral cash advance facility $100 million
  - Institutional term loan facility $100 million
- Syndicated multi-currency facility established in May 2019, with varying tenor
- Next maturity in FY2022
- Net debt of $461 million[1] at 31 Jan 2020:
  - Total drawn debt $500 million
  - Offset by cash of $39 million
- Brickworks has in excess of $290 million in funding headroom
- Significant headroom within existing covenants:
  - Gearing 17%[2] (vs covenant <40%)
  - Interest cover 5.8x[2] (vs covenant of >3.5x[3])
  - Leverage ratio 3.1x[2] (vs covenant of <3.5x[3])
- Additional lease liabilities of $104 million

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

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Looking now at our debt maturity profile.

Brickworks currently has a total of around $897 million in debt facilities available. This includes:

- A Syndicated multi-currency facility of around $697 million;
- A bilateral cash advance facility of $100 million; and
- An institutional term loan facility of $100 million

The syndicated multi-currency facility was secured in May 2019 and is a revolving facility on an unsecured basis consisting of a $355 million Australian dollar tranche and a $200 million US dollar tranche.

Each tranche has varying tenor, with the next maturity not due until financial year 2022.

As I mentioned a moment ago, net debt was $461 million at 31 Jan 2020.

We currently have in excess of $290 million in funding headroom, based on committed debt facilities and cash on hand, with gearing well below the banking covenant of 40%.

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

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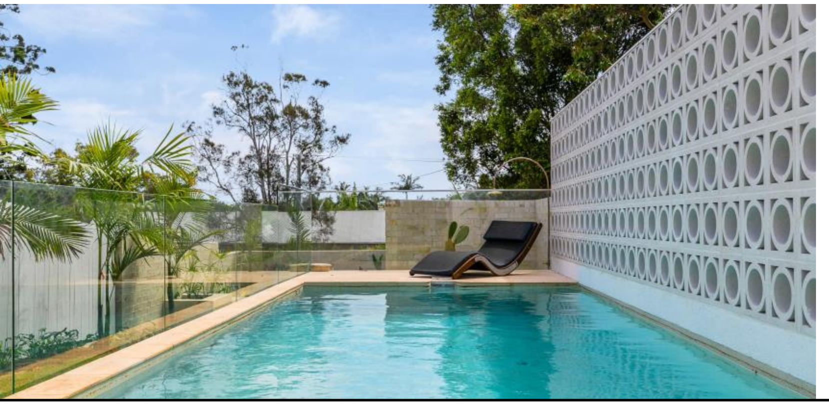
Outlook

GB Masonry, Circle Breeze Blocks



Thankyou Robert.

Outlook

The outlook is clouded by the COVID-19 pandemic, but Brickworks is well placed

Investments *50% of Group assets*	• Strong history of outperformance over the long term and across business cycles
Property *22% of Group assets*	• Trend towards online shopping, and more sophisticated and specialised industrial facilities to drive medium and longer term growth • Planning for the sale of 10 hectares at Oakdale East into the Trust in 2H2020
Building Products Australia *20% of Group assets*	• Trading has been strong, particularly in March, with increasing sales and orders • Now preparing for a downturn in activity, including likely disruptions to operations • Impossible to determine the extent and timing of the downturn
Building Products North America *8% of Group assets*	• Redland Brick acquisition completed, and operations integrated in February • Record sales levels being achieved in early March prior to the shutdown in Pennsylvania • Trading is now severely disrupted due to government imposed shutdowns • Current focus is on workforce management, minimising costs, and putting in place plans so that operations can quickly ramp up when conditions allow.
Group	• Diversified portfolio of assets and robust balance sheet provides stability in uncertain times

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As I mentioned at the start of this presentation, due to the uncertainties surrounding the Coronavirus pandemic, Brickworks withdraws any previous outlook statements and is unable to provide any earnings guidance at this stage.

However I will make some comments about the current performance of each business and how each is placed to confront the challenges that lay ahead.

- I have already mentioned that in WHSP we have an investment that has a proven history of outperformance over the long term and across business cycles. It has a diversified portfolio of businesses and a strong balance sheet.
- Within Property, we expect the trend towards more sophisticated and higher value facilities will support ongoing growth in asset values within the Property Trust. In fact, over the long term we believe current events are likely to further accelerate trends towards online business and increase demand for industrial warehouse space. More specifically, in the second half of the current financial year we are planning the sale of 10 hectares at Oakdale East into the Trust.
- Within Building Products Australia, trading in March has strengthened throughout the month in both sales and order intake. This appears to be partly driven by customers wishing to ensure they have access to stock, and also a surge in DIY demand. However, we are now preparing for a downturn in activity for the remainder of the financial year, including plant shutdowns to avoid excessive stock build and to preserve cash.

- The experience in North America has been similar. Prior to the impact of Coronavirus, sales volume was at record levels, with strong demand being boosted by the integration of Redland Brick operations. However, with many plants now closed and trading severely disrupted, our focus for the short term is on ensuring the health and safety of the workforce, minimising costs, and putting in place plans so that operations can quickly ramp up when conditions allow.

More broadly, as I have mentioned, Brickworks has a diversified portfolio of attractive assets and a robust balance sheet and this is particularly important as we face the current uncertain times.

Finally, in this challenging period, I would like to acknowledge all staff at Brickworks, who have remained steadfastly positive and committed over the past few weeks. I have never felt more proud to work amongst such outstanding people.

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Questions

La Escadella Planum

I will now take any questions.

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Supplementary Slides

Financials – AASB 16 (Leases)

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

Balance Sheet	Income Statement	Cashflow
Assets + $99 million	EBITDA + $16 million	Operating cashflow +$14 million
Liabilities + $104 million	EBIT + $2 million	Investing cashflow No change
	NPAT No change	Financing cashflow -$14 million
	Depreciation + $14 million	
	Interest +$2 million	

Financials – AASB 16 (Leases)

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

$million	1H2020 (inc AASB 16)	Change (inc AASB 16)	1H2020 (ex AASB 16)	Change (ex AASB 16)	1H2019
Total EBITDA	170	(25%)	154	(32%)	228
Depreciation	35	126%	21	31%	16
Total EBIT	135	(36%)	133	(37%)	211
Underlying NPAT (From continuing operations)	100	(37%)	100	(37%)	160
Cashflow from operations	(18)	NA	(32)	NA	65
NTA / share (vs 31 July 19)	12.62	(5%)	13.28	-	13.28

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

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