

15 June 2020

Australian Securities Exchange
Attention: **Companies Department**

BY ELECTRONIC LODGEMENT

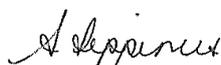
Dear Sir / Madam

Please find attached company presentation and additional comments to be given by the Managing Director at the Macquarie Emerging Leaders Forum on 15 June 2020, for immediate release to the market.

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

Yours faithfully

BRICKWORKS LIMITED



Susan Leppinus

Company Secretary

Macquarie Emerging Leaders Forum

15 June 2020

Mr. Lindsay Partridge Managing Director



- Good morning.
- My name is Lindsay Partridge, Managing Director of Brickworks Limited.
- It is a pleasure to present to you today, and I thank you for attending and taking an interest in Brickworks Limited.
- Next slide please.



- Brickworks can trace its history back to 1908 when Austral Bricks was incorporated at St Peters in Sydney.
- Today, Brickworks is much more than Australia's largest and most trusted brick manufacturer. It offers shareholders:
 - A diversified portfolio of attractive businesses, each underpinned by significant asset value;
 - Stable and conservative management, with a low gearing level and a prudent approach to capital management; and
 - Attractive long term growth prospects.
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Corporate Snapshot

Capital Structure

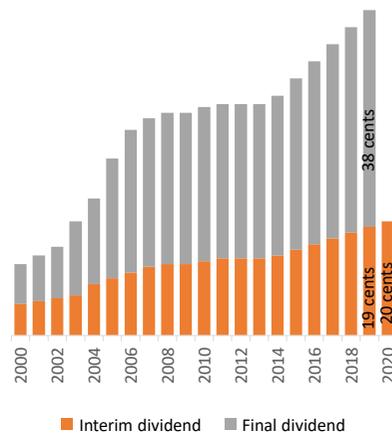
Share price (12 June 2020)	15.00
Fully paid ordinary shares (ASX: BKW)	149.9m
Market capitalisation	\$2,249m
Net debt (31 Jan 2020)	\$461m
Enterprise value	\$2,710m
Inferred Asset Backing (split below)	\$3,521m



Major Shareholder

Washington H Soul Pattinson	44.1%
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Dividend History



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- Brickworks comprises four divisions, with combined asset backing of around \$3.5 billion.
- This includes Building Products operations in Australia and North America.
- Brickworks also has extensive industry property assets. These facilities help our customers to meet the supply chain needs of the growing digital economy.
- Brickworks also has a long-standing investment in Washington H. Soul Pattinson, a diversified investment house and ASX100 company.
- Brickworks is one of only 8 companies to maintain or increase dividends every year since the turn of the century.
- Our record of maintaining or increasing dividends, dates back 44 years to 1976.
- Our Board recently declared an increased interim dividend of 20 cents per share.
- Brickworks dividend is underpinned by the increasing rental income from the Property Trust and the reliable dividends from WHSP.
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Investments -WHSP

Long history of strong returns

- WHSP is a diversified investment house with an attractive portfolio of assets
- Key sector exposures include Telecoms, Energy, Building Products, Financials, Health / Pharmaceuticals and Property
- BKW holds 39.4% share, with total market value of \$1.8 billion (as at 12 June)
- \$56 million in dividends received in FY2019
- Long history of strong returns

WHSP Total Shareholder Return 20 years, cumulative

- 12.1% p.a. over 20 yrs (+4.4% p.a. vs index) – to 31 May 2020



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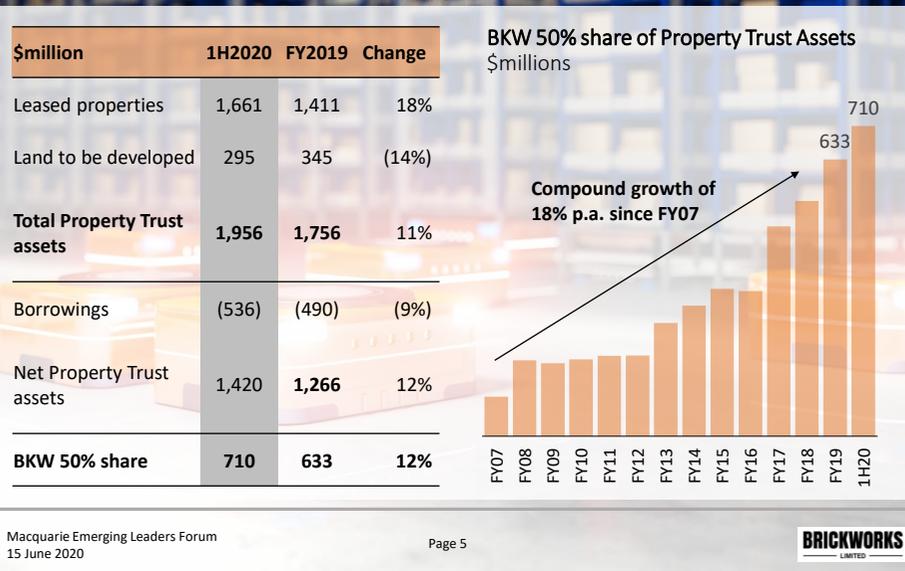
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- WHSP is a diversified investment house with an attractive portfolio of assets
- As well as a 44% stake in Brickworks, these investments include significant interests in TPG Telecom, New Hope Coal, a diversified financial services portfolio and healthcare and pharmaceuticals.
- Investments delivered \$39 million EBITDA in 1H2020 and \$104 million in FY2019.
- Like Brickworks, WHSP has a long history of consistent and growing dividends.
- Cash dividends of \$56 million were received by Brickworks in FY2019.
- The current market value of Brickworks shareholding in WHSP is \$1.8 billion.
- WHSP has delivered annualised total returns of 12.1% per annum for the past 20 years, to the end of May 2020. This represents outperformance of 4.4% per annum versus the ASX All Ordinaries Accumulation Index.
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Property

Total JV Trust assets now almost \$2 billion, with growth supported by long term industry trends



- Brickworks generates property earnings through sales of surplus building products land, and by retaining and developing industrial land, through a 50% share in a JV property trust with the Goodman Group.
- Property generated EBITDA of \$89 million in the first half of 2020 and \$158 million in financial year 2019.
- At the end of January, the total value of assets held within the Property Trust was almost \$2 billion. After including borrowings, Brickworks' 50% share of net asset value was \$710 million at 31 January 2020.
- Since the Trusts' 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 first half was 17%, comprising a rental return of 6% and revaluation return of 11%.
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Oakdale West Development

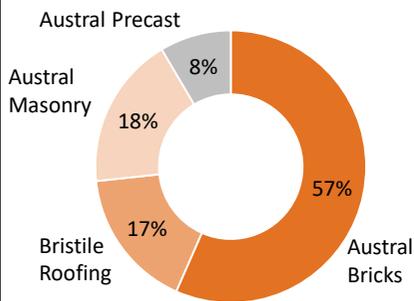


- The strong demand for our industrial land reflects structural changes across the industry, as a result of the acceleration in trends towards online shopping.
- To cater for this increasing demand and provide a pipeline of further development for over 5 years, significant civil works are now underway at Oakdale West.
- Current progress is shown on screen.
- In recent months we have received development approvals for the construction of two landmark facilities at this estate.

Building Products Australia

A leading supplier of bricks, masonry, roof tiles and precast concrete

Building Products Australia Revenue 1H20
\$338 million



- 26 manufacturing sites and more than 40 design centres and design studios across the country
- 1,300 employees
- Austral Bricks is Australia's largest clay brick manufacturer with significant positions in every state
- Austral Masonry is Australia's second largest masonry manufacturer with operations in the major states
- Bristile Roofing is a leading roofing supplier with a strong presence in all major states
- Austral Precast is a supplier of precast walling and flooring products, with a state of the art factory in Sydney

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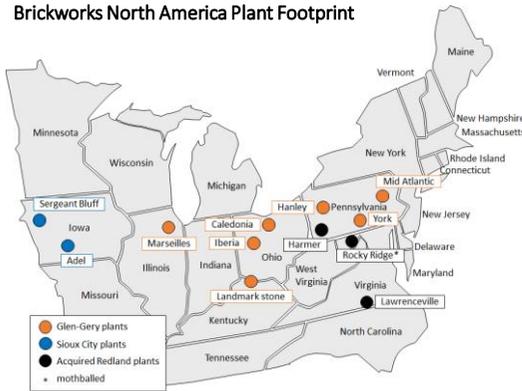
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- Building Products Australia has around 1,300 employees and is a leading manufacturer and distributor of building products across all states.
- Since 2000, it has grown from a two state brick manufacturer, in New South Wales and Queensland, to a diversified national building products business.
- It now comprises 26 manufacturing sites and more than 40 design centres and design studios across the country.
- The portfolio includes:
 - Austral Bricks, Australia's largest clay brick manufacturer with significant market positions in every state.
 - Austral Masonry, Australia's second largest masonry manufacturer.
 - Bristile Roofing, a leading roofing supplier with a strong presence in all major states; and
 - Austral Precast, a supplier of precast walling and flooring products.
- We have recently completed the construction of the Southern Cross Cement import terminal in Brisbane, a joint venture of which Brickworks own 33%.
- Building Products Australia generated revenue of \$338 million and EBITDA of \$39 million in the first half of 2020. EBITDA in FY2019 was \$88 million.
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Building Products North America

A business of significant scale has been established, with a market leading position in the Northeast, Midwest and Mid-Atlantic regions

Brickworks North America Plant Footprint



- Combination of three strong businesses
- Market share leadership across Northeast, Midwest and Mid-Atlantic
- Portfolio of well recognised, premium brands
- Circa 770 employees
- 10 operating brick plants and one manufactured stone plant
- Circa 400 million brick sales per annum
- Circa AU\$290 million revenue per annum
- Extensive reseller network and company operated retail outlets

Glen-Gery

Sioux City Brick
Since 1913

Cushwa
BRICK

Lawrenceville
BRICK

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- Having now completed 3 acquisitions in the past 18 months, we have quickly established a business of significant scale in North America
- The EBITDA contribution in the first half was \$13 million, and this excludes the latest bolt on acquisition of Redland Brick which was completed after the end of the period.
- These acquisitions followed a thorough strategic review, which identified the North American brick industry as a highly attractive long-term growth opportunity for Brickworks.
- Building Products North America now has:
 - Leadership in key states across the Northeast, Midwest and Mid-Atlantic regions;
 - A portfolio of well recognised, premium brands;
 - 770 employees, following plant consolidation activities;
 - 10 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.
- Next slide please.

COVID-19: Actions & Expectations

Brickworks has taken significant action in response to the impact of COVID-19

- Reduced production to control stock levels across all Building Products operations
- Acceleration of plant rationalisation plans in the United States
 - Bigler plant closed, York plant converted to one kiln (handmade only)
- Over 200 staff redundancies since the start of the year (includes plant rationalisation activities in the US)
 - Circa 10% of workforce, annualised cost savings of around \$20 million
- All non-critical capital expenditure has been deferred indefinitely
- Acceleration of various initiatives across the Group:
 - Digital sales and marketing
 - New product development and revamp of product lines
 - Online training and development programs
- Medium term outlook for building activity remains unclear, but governments in Australia and the United States have indicated that construction is integral to the post COVID-19 economic recovery
- An acceleration of industry trends to online shopping is expected to increase Property Trust demand
- Whilst the situation remains dynamic and the outlook is uncertain, Brickworks is in a strong position

- I would like to outline some of the significant actions we have taken in response to the impact of the Coronavirus pandemic.
- We have reduced production to control stock levels.
- In the United States we have used this opportunity to accelerate plant rationalisation activities that were already planned.
- Since the start of the year, we have let go over 200 employees. These redundancies represent around 10% of our workforce, and an annualised reduction in our cost base of around \$20 million.
- We have delayed all non-contracted capital spend indefinitely.
- During the past two months we have accelerated various initiatives across the Group, including digital sales and marketing efforts, new product development and online training and development programs.
- We are re-assured by the response of Governments in Australia and the United States – both have indicated that construction is integral to the post COVID-19 recovery.
- We believe that the construction and housing sectors will emerge as one of the stronger and more resilient sectors within the economy.
- We anticipate an acceleration of industry trends to online shopping, and an increase in demand for our industrial Property Trust assets.
- Brickworks diversified portfolio and our robust balance sheet puts us in a strong position to effectively confront the challenges ahead.

Trading Update¹

The COVID-19 pandemic has impacted each division to a varying degree

BP Australia

- Sales revenue resilient for 4 months to end of May, down 10% vs prior corresponding period
- Plant closures have positively impacted cash generation but adversely impacted earnings
- Positive earnings contribution for the 4 month period to end of May
- Development approval received for new \$125m brick plant at Horsley Park, NSW

BP North America

- Total sales revenue up 26% (4 months to May) due to acquisitions. Estimated like-for like sales volume down 30%+ in April and May due to lock-downs in many states
- Overall positive contribution for the financial year to date, despite COVID-19 related impact causing negative earnings in recent months
- Riots in Philadelphia in close proximity to new design studio under construction. No property damage at this stage.

Property

- COVID-19 has had no material impact on Property Trust rental income
- Development activity has continued at Oakdale East and West, uninterrupted
- Significant development applications approved during the quarter

1. All revenue and earnings figures are preliminary and unaudited

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- In Australia, trading activity has remained relatively resilient, with sales revenue down by 10% for the 4 months to May 2020, compared to the prior corresponding period.
- The plant closures have benefitted our cash generation, but have had an adverse impact on earnings.
- Building Products Australia has generated a positive EBIT result for the period.
- Last month we received development approval for a new \$125 million face brick plant at Horsley Park in NSW.
- In the United States overall sales revenue is up 26% compared to the same period last year. This is driven by the acquisitions we have completed over the past 12 months.
- Sales activity in April and May was down over 30% compared to pre Covid-19 levels.
- Whilst the overall contribution from Building Products North America is positive for the financial year to date, the Coronavirus impact has resulted in negative earnings in recent months.
- The ongoing riots across the US have now emerged as another potential disruption.
- In Philadelphia our new design studio currently under construction is in close proximity to the riots. There has been no property damage at this stage.
- We don't expect trading conditions to normalise in the United States until civil order is re-established and all pandemic related restrictions are eased.
- The COVID-19 pandemic has had no material impact on Property Trust rental income.
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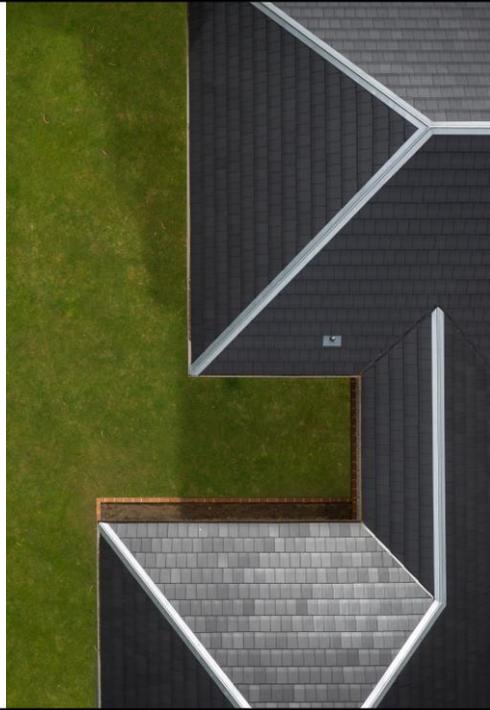
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Shareholders and investors are invited to contact Brickworks if they have further questions

By email: info@brickworks.com.au
By phone: +612 9611 4216

La Escadella Planum



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Disclaimer

The Board of Directors have authorised the release of this announcement to the market.

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