

# BRICKWORKS

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LIMITED

27 March 2008

Australian Stock Exchange (Sydney) Limited  
Attention: **Companies Department**

**BY ELECTRONIC LODGEMENT**

Dear Sir/Madam,

Please find attached a presentation to be made to analysts today regarding Brickworks' financial results for the half year ended 31 January 2008, for immediate release to the market.

Yours faithfully,  
BRICKWORKS LIMITED



IAIN THOMPSON  
COMPANY SECRETARY

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**BRICKWORKS LIMITED**

ABN 17 000 028 526

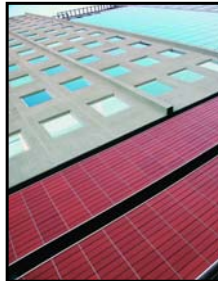
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# BRICKWORKS LIMITED

## RESULTS FOR THE HALF YEAR ENDED 31 JANUARY 2008



Robert Millner, Chairman  
Lindsay Partridge, Managing Director

27 March 2008

# BRICKWORKS LIMITED



## Chairman's Review Mr Robert Millner

Half Year Ending January 2008

## Presentation Outline

**BRICKWORKS**  
LIMITED

Chairman

■ Overview of Performance

Managing Director

■ Review of Results

Questions

■ Questions

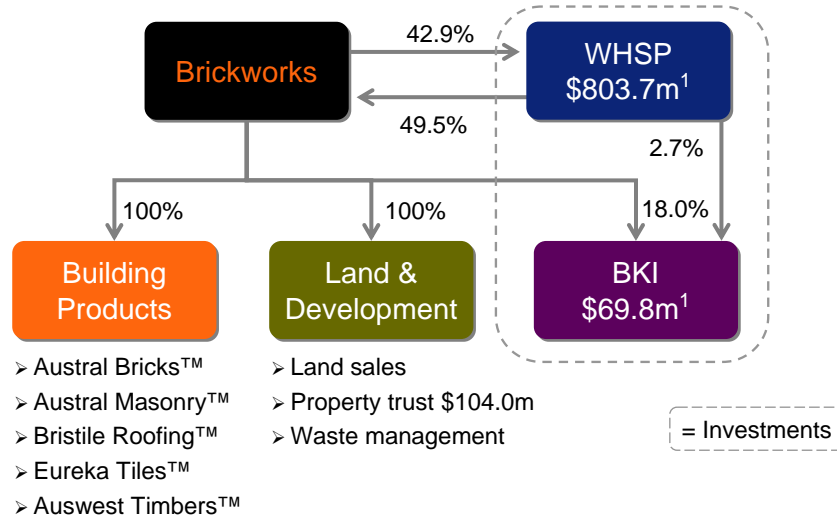


Half Year Ending January 2008

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## Group Structure

**BRICKWORKS**  
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1. Dollar values represent BKW stake as at 31 January 2007

Half Year Ending January 2008

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## Strategy remains solid

**BRICKWORKS**  
UNITED KINGDOM

### BUILDING PRODUCTS

Profitable building products businesses also establish land bank. Bolt on acquisitions where appropriate.

### LAND AND DEVELOPMENT

Residential land to be sold outright and industrial land to be sold into property trust

### INVESTMENTS

High growth investments create stable environment and long term view.



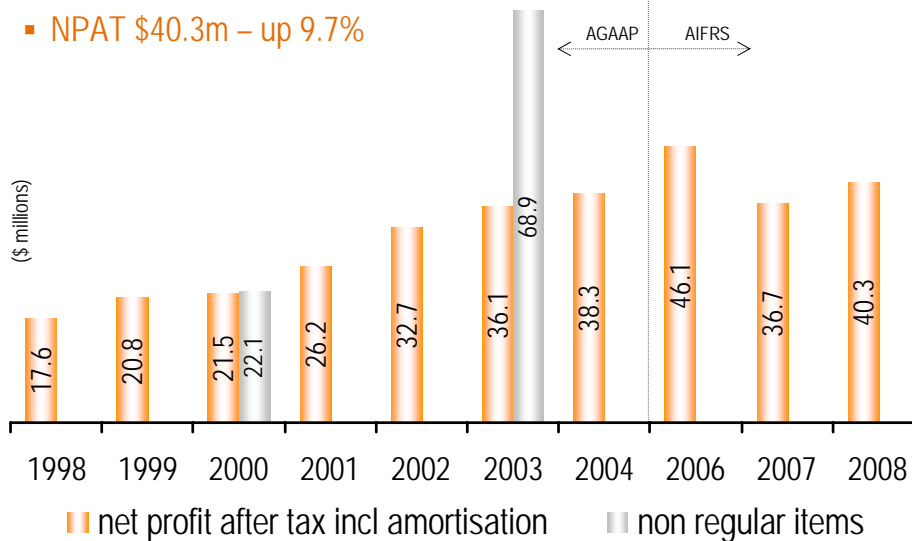
Half Year Ending January 2008

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## Net Profit After Tax

**BRICKWORKS**  
UNITED KINGDOM

■ NPAT \$40.3m – up 9.7%



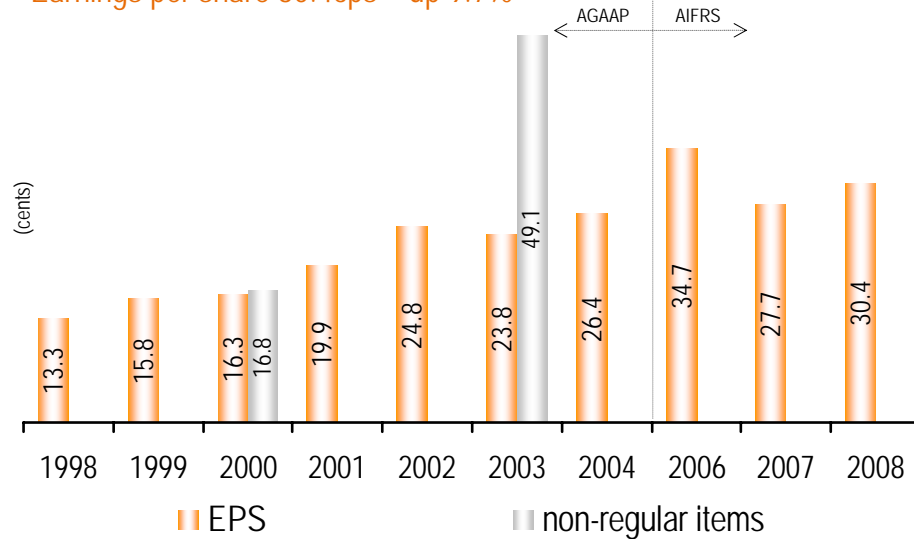
Half Year Ending January 2008

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## Earnings Per Share

**BRICKWORKS**  
LTD

- Earnings per share 30.4cps – up 9.7%



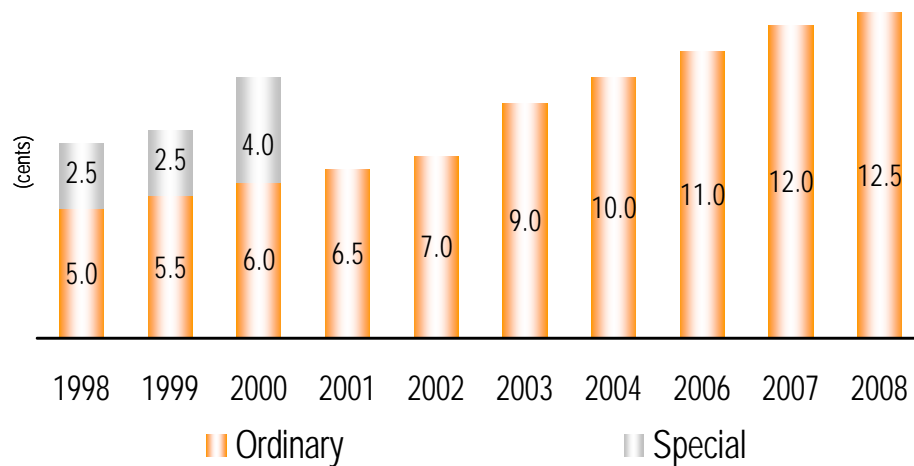
Half Year Ending January 2008

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## Interim Fully Franked Dividend

**BRICKWORKS**  
LTD

- Interim Dividend up 4.2% to 12.5 cents per share



Half Year Ending January 2008

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## Divisional Results



### Building Products

- EBIT down 23.8% to \$25.3m

### Land & Development

- EBIT up 102.3% to a record \$26.3m

### Associates & Investments

- EBIT up 21.3% to \$17.1m

Half Year Ending January 2008

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## Washington H. Soul Pattinson (SOL)



### Performance



- BKW owns a 42.85% stake in investment house Washington H. Soul Pattinson
- Investments include; coal, pharmaceuticals, telecoms and food
- Equity Accounted contribution \$14.2m, up 15.4%
- Fully franked Dividends received \$17.4m
- Value of the BKW stake decreased 19.8% to \$803.7m during the half year to January 2008

Half Year Ending January 2008

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## Brickworks Investment Company (BKI)



### Performance



- BKW owns an 18.0% stake in Brickworks Investment Company Limited
- Listed investments company with portfolio value of \$467.7m
- Market Value decreased 10.6% to \$69.8m
- NTA decreased from \$1.65 to \$1.48 per share (pre tax)
- Equity accounted contribution \$2.5m, up 92.3%
- Fully franked Dividends of \$1.4m received

Half Year Ending January 2008

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## BRICKWORKS LIMITED



### Managing Director's Review Mr Lindsay Partridge

Half Year Ending January 2008

## Financial snapshot

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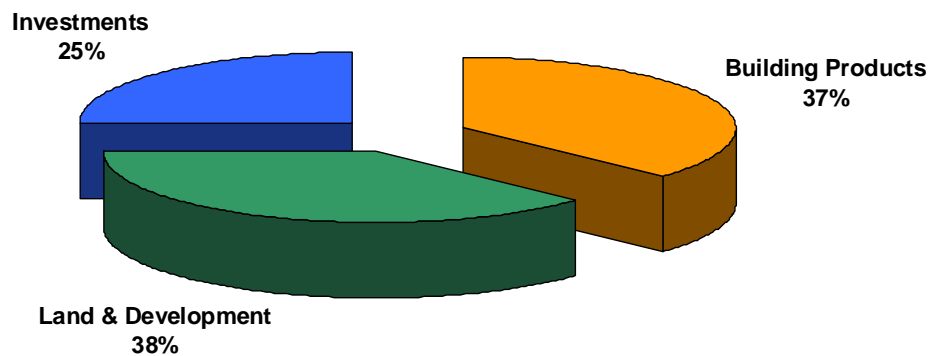
Half year ended 31 January	HY 2007	HY 2008	Change
Total Revenue	\$263.9m	\$281.9m	6.8%
• Building products EBIT	\$33.2m	\$25.3m	(23.8%)
• Land and Development EBIT	\$13.0m	\$26.3m	102.3%
• Investments EBIT	\$14.1m	\$17.1m	23.1%
Other costs	(\$3.0m)	(\$4.3m)	43.3%
Total EBIT	\$57.3m	\$64.4m	12.4%
Borrowing cost	(\$12.9m)	(\$17.2m)	33.3%
Income tax	(\$7.7m)	(\$6.9m)	(10.4%)
Net Profit After Tax	\$36.7m	\$40.3m	9.7%

Half Year Ending January 2008

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## Diversification of Earnings

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Half Year Ending January 2008

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## Continued capital investment



Half Year ended 31 January	HY 2007	HY 2008
S.I.B. Plant & Equipment	\$7.0m	\$7.9m
Major Capital Items	\$14.0m	\$6.5m
Land & Development	\$4.7m	\$1.5m
Total Capital Expenditure	\$25.7m	\$15.9m
Total Acquisitions	\$30.5m	\$6.0m
Depreciation & amortisation	\$12.8m	\$14.9m
Safety – LTIFR	5.9	6.0

Half Year Ending January 2008

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## Key Financial Indicators



	FYJuly07	HYJan08
Net Tangible Assets (NTA)	\$804m	\$786m
Shareholder's equity	\$1,073m	\$1,056m
Return on equity (normalised / annualised)	9.5%	10.0%
Free cash flow (six months)	\$42.6m	\$51.8m
Total interest bearing liabilities	\$520m	\$519m
Net debt/Capital employed	32.0%	32.6%
Total Gearing	48.5%	49.2%
Total Gearing (including Property Trust)	48.5%	54.8%
Interest cover (normalised earnings)	5.3x	3.5x

Half Year Ending January 2008

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## Building Products

Half Year Ending January 2008

### Revenue for division

Half year ended 31 January	HY 2007	HY 2008	Change
Sales revenue	\$249.1m	\$251.5m	1.0%
Building products EBITDA	\$46.0m	\$40.2m	(12.6%)
Consisting of:			
• Depreciation	\$12.8m	\$14.9m	16.4%
• EBIT	\$33.2m	\$25.3m	(23.8%)
Building products margin			
• EBITDA to sales	18.5%	16.0%	
• EBIT to sales	13.3%	10.1%	

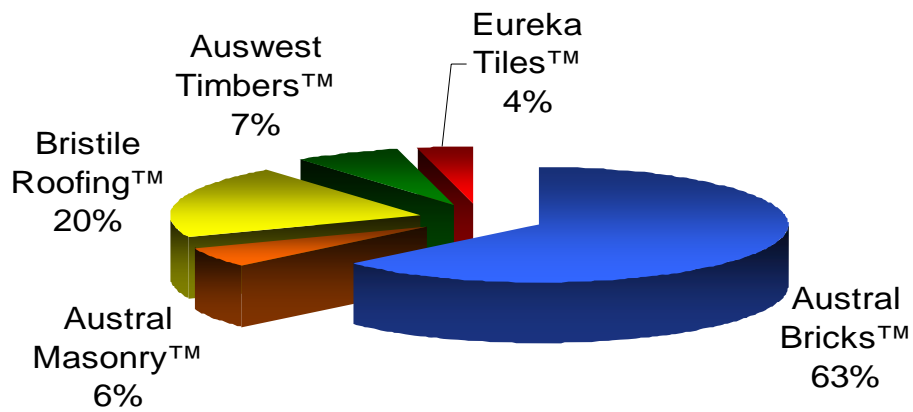
Half Year Ending January 2008

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## Sales by Product

**BRICKWORKS**  
Australia

Building Product  
**Revenue by Business**  
HY January 08



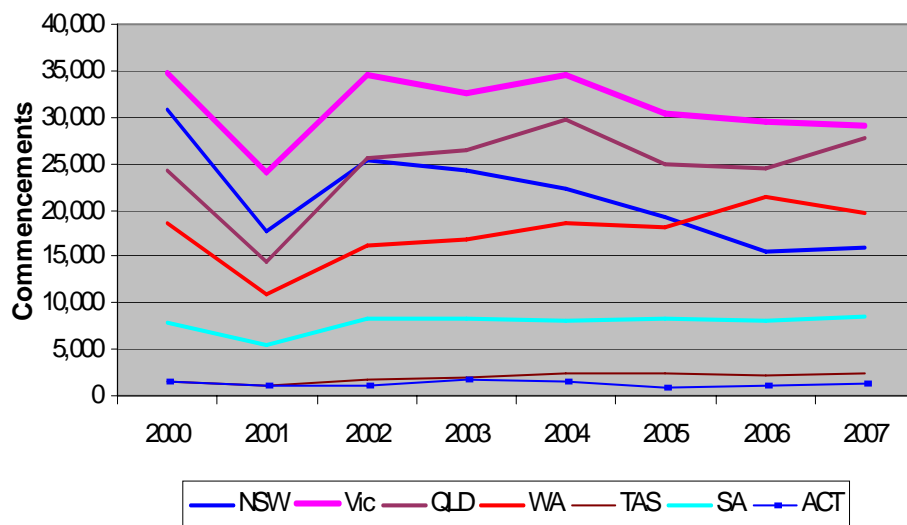
Six months to January 2008

Half Year Ending January 2008

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## Commencements – Housing Only

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Australia

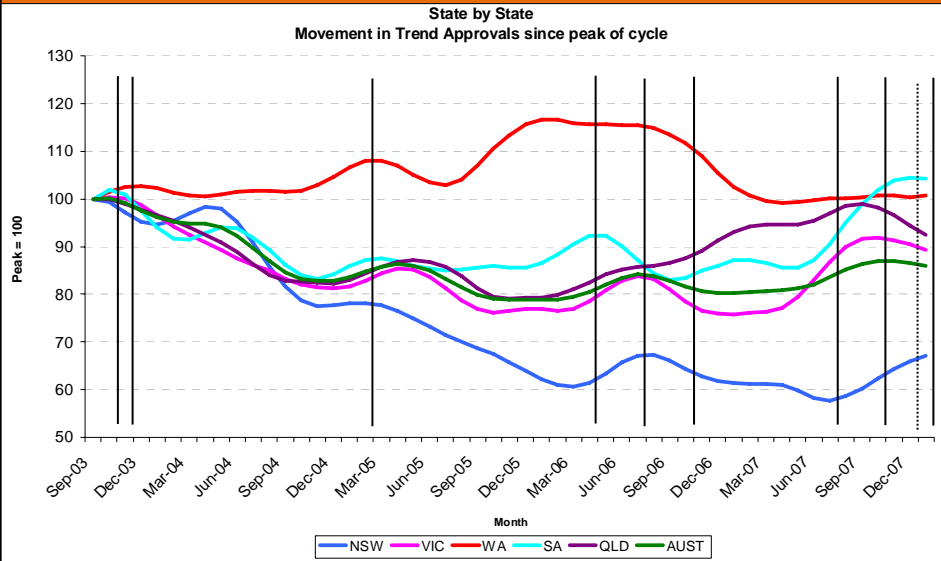


Half Year Ending January 2008

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## Dwelling Approvals

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Half Year Ending January 2008

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## Austral Bricks™ Clay Bricks & Pavers

**BRICKWORKS**  
Australia



### Sales

- Volumes down 8.1%, prices up 2.5%
- Lower performance in WA & NSW
- Rest of Australia was steady

### Production

- Unit cost up on lower volume
- Production below capacity to control stock
- Extended shutdowns during Christmas & New Year in most states
- 2 kilns taken off line in NSW during February 2008

Half Year Ending January 2008

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## Austral Bricks™ Capital Expenditure



### WOLLERT, VICTORIA

- Practical completion achieved during January 2008
- Trial capacity exceeded design capacity of 85 million standard brick equivalents
- Reduced environmental impact – 39% less fuel usage than the Scoresby factory it has replaced
- Plant is water self-sufficient
- Labour reduced from 44 to 19



- **ROCHEDALE, QLD**– Clay Preparation commissioning
- **BOWRAL, NSW**– Unloading Plant commissioning
- **LONGFORD, TAS**– Unloading Plant commissioning

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## Austral Masonry™



### New Acquisitions

- Acquired Bundaberg Clean Sands on 10 November 2007
- Long term, high quality sand supply
- Acquired NQ Blox in Silkwood on 11 January 2008
- Increased exposure to FNQ and Cairns market
- New displays to be opened in Cairns & Townsville

### Existing operations

- Existing business continue to perform ahead of expectations
- Volume increase 79%, profit up 41%

Half Year Ending January 2008

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## Bristile Roofing™ Clay and Concrete Roof Tiles



### Sales

- Volumes steady, prices up
- Solid performance ahead of budget
- Low exposure to NSW market
- Focus on product quality driving sales

### Production

- Cost of manufacture higher due to WA planned shutdown
- Stock run-off during half

Half Year Ending January 2008

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## Eureka Tiles™ Ceramic Floor Tiles



### Sales

- Volumes down 9.8%, selling prices up 16.3%
- Imported product driving margin growth
- Profit increase of 238%

### Business mix

- Tile imports business performed strongly
- Shift from domestically produced to imported tiles now advanced enabling better exploitation of distribution channel

Half Year Ending January 2008

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**Auswest Timbers**

### Sales

- Volumes up, prices up
- Increased focus on value added product increasing ASP's
- Export sales remain steady despite strong \$AUD

### Operations

- Industry continuing shift toward high value added products
- Markets still being established for some of these products
- Issues with log size and quality continue to hold back production efficiencies
- Strong performance ACT mill, despite NSW market

## Outlook – Building Products

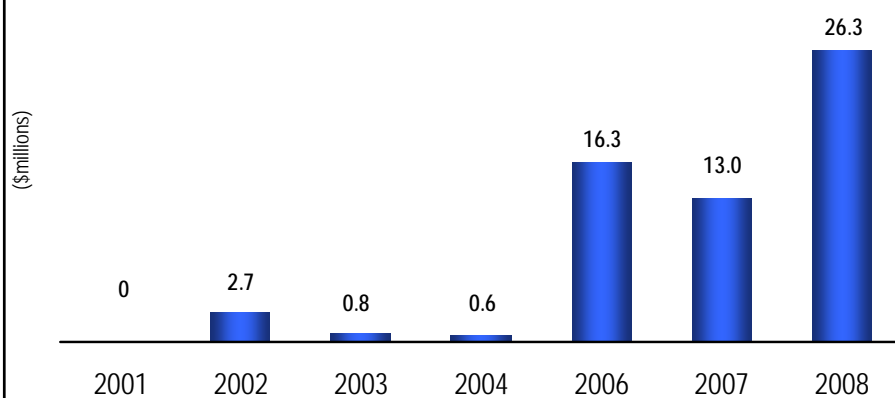
- Increasing interest rates continue to impact housing market
- SA, Victoria and Queensland expected to remain solid
- NSW stabilised, WA expected to soften
- Building Products business will lift prices to recover cost increases
- Stock levels will be maintained or reduced
- Unit cost of production improvement expected
  - Transfer of product sales to Wollert to be completed
  - Remaining NSW plants running at capacity
  - Capital spent at Golden Grove, Rochedale, Bowral and Tasmania beginning to deliver improved results

## Land & Development

Half Year Ending January 2008

### Land & Development Normalised EBIT

- Record EBIT increased 102.3% to \$26.3m



Half Year Ending January 2008

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## Land Sales – Residential Zoned Land



PROJECT	GROSS AREA (ha)	DEVELOPABLE AREA (ha)	STAGE AND TIMING	SALE VALUE
<u>Under Contract:</u> Eastwood, NSW	15ha	13ha 256 dwellings	Contract for sale of entire site signed with AV Jennings in September 2007. Completion in three stages. Stage 1 sale completed. Stage 2 & 3 subject to fill works and due for completion in Sept 2008 and Feb 2009.	<b>\$70m</b> (incl GST)
Scoresby, VIC	56ha	40ha 800 dwellings +	Contract for sale signed with Mirvac in February 2008. Completion in three stages subject to demolition and fill works. Forecasted timing: Stage 1 – May 08, Stage 2 – July 08, Stage 3 – Dec 08	<b>\$102.55m</b> (excl GST)
<u>Future sales:</u> Cardup, WA	90ha (urban)	40ha (700 lots)	Investigations underway. Rezoning to commence in late 2008.	
	210ha (rural)		Operational for next 5 years.	
Oxley, QLD	15.5ha	6ha (subject to fill)	Rehabilitation underway and due for completion in late 2008. Rezoning commenced.	

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## Property Trust in Detail



### Performance

- Current Value \$104.0m - \$28.2m unreported profit
- Total profit for the six months of \$13.5m
- \$0.6m rental distribution for 6 month period (Toll and 1 month of CDC)

### Major Activities

- Completion of Coles Cold Store in December 2007 – resulting in development profit and commencement of rental payment
- Revaluation of Coles Cold Store and Toll facility
- Commencement of construction of ITT Flygt on M7 Hub
- Pre-commitments from Linfox and Ubecco for Interlink Distribution

### Next six months

- Completion of Kimberly Clark and Woolworths
- Commence construction of Linfox and Ubecco
- Commence construction of Southridge Estate on M7 Hub
- Investigations of Wacol and Rochedale in QLD for development opportunities

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## Property Trust

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ASX: BKT

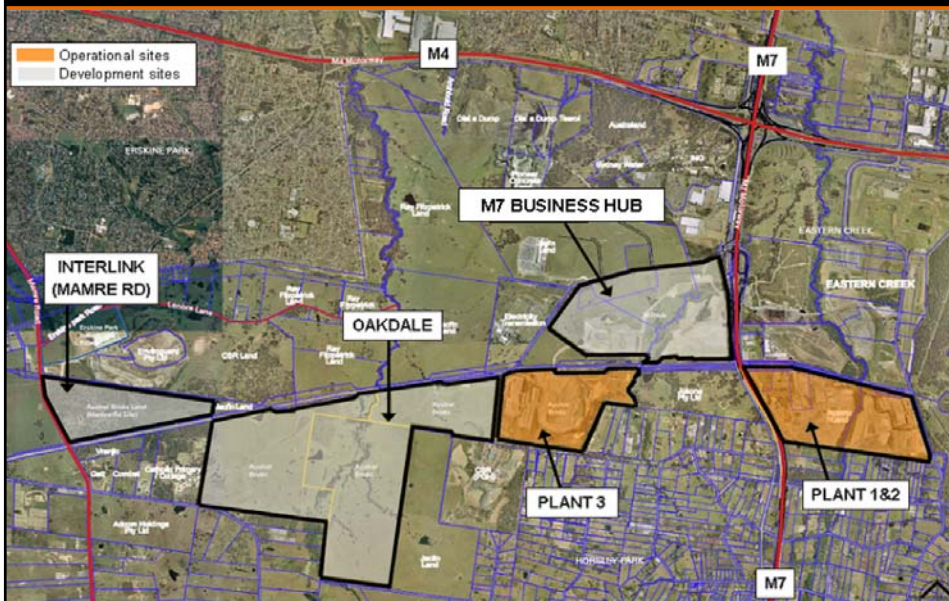
Site	Tenant	Size (m2)	Lease Term (years)	50% Market Val (\$M)	BKW Equity (\$M)	Forecast Profit (\$M)	Forecast Distribution (\$M)
<b>Completed Projects</b>							
M7 Business Hub	Coles Cold Store	40,889	15	\$ 77.6	\$ 27.7	\$ 3.1	\$ 1.2
M7 Business Hub	Toll Holdings	16,400	10	\$ 20.0	\$ 10.3	\$ 1.1	\$ 0.6
<b>SUB-TOTAL</b>		<b>57,289</b>		<b>\$ 97.6</b>	<b>\$ 38.0</b>	<b>\$ 4.2</b>	<b>\$ 1.9</b>
<b>Trust Projects in Progress - to be completed during Calendar 2008 (estimated values)</b>							
M7 Business Hub	Heritage	23,970	5	\$ 18.6	\$ 12.3	\$ 0.8	\$ 0.4
M7 Business Hub	Capricure	16,650	5	\$ 13.0	\$ 4.1	\$ 0.7	\$ 0.3
Interlink Distribution	Woolworths	52,930	15	\$ 35.2	\$ 17.1	\$ 2.0	\$ 0.9
Interlink Distribution	Kimberly Clark	45,210	15	\$ 31.2	\$ 15.2	\$ 1.8	\$ 0.8
Interlink Distribution	Linfox	36,299	10	\$ 26.8	\$ 13.1	\$ 1.2	\$ 0.5
Interlink Distribution	Ubecco	10,800	10	\$ 8.8	\$ 4.3	\$ 0.5	\$ 0.2
<b>SUB-TOTAL</b>		<b>185,859</b>		<b>\$ 133.5</b>	<b>\$ 66.1</b>	<b>\$ 7.0</b>	<b>\$ 3.0</b>
<b>GRAND TOTAL</b>		<b>243,148</b>		<b>\$ 231.0</b>	<b>\$ 104.0</b>	<b>\$ 11.2</b>	<b>\$ 4.9</b>

Half Year Ending January 2008

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## Property Trust Land – NSW Properties

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ASX: BKT



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## Oakdale



### Site Details and Development Strategy

- Total site area - 333ha
- Net developable (saleable) – 180ha
- Heads of Agreement signed for site to be developed in three stages and progressively sold into JV Property Trust

### Major Activities

- Part 3a Application (State Significant Development) lodged with Department of Planning for first stage. This will secure rezoning to industrial, DA approval for two facilities and site sub-division
- Heads of Agreement for Lease signed for one facility with DHL for a "campus" style development
- Further interest expected as large sections of land become more difficult to secure

Half Year Ending January 2008

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## Outlook – Property and Investments



### Land & Development

- Solid contribution to profit expected in second half generating record full year result for this division
- Settlement on Scoresby and Eastwood sites provide strong positive cash flow
- Continued growth of Property Trust
- Growth of annuity (rental) income stream
- Expect future contributions to continue at current levels
- All property transactions subject to approvals and weather

### Investments

- Continue to provide diversity to earnings
- SOL & BKI currently significantly undervalued by SOTP valuations

Half Year Ending January 2008

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## Summary

Half Year Ending January 2008

## Summary

- Increased diversification of earnings to maintain growth
- Dividend increased for tenth consecutive year
- Building Products well positioned for market recovery
- Land and Developments pipeline in place to deliver record full year results for this division
- Investments continue to provide diversity to earnings

Half Year Ending January 2008

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## Questions



Half Year Ending January 2008