

BRICKWORKS

LIMITED

26 September 2024

Australian Securities Exchange
Attention: **Companies Department**

BY ELECTRONIC LODGEMENT

Dear Sir / Madam

Please find attached a presentation to be presented to analysts today regarding Brickworks Limited's financial results for the year ended 31 July 2024, 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

Brickworks Limited

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Financial Results

Year ended 31 July 2024

PRESENTED BY



Mark Ellenor
Chief Executive Officer



Grant Douglas
Chief Financial Officer



Megan Kublins
Executive General Manager
Property & Development

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Agenda

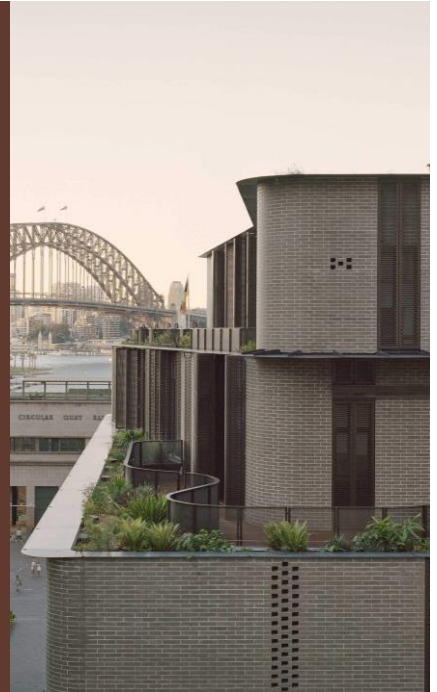
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Overview & FY24 Highlights



Mark Ellenor



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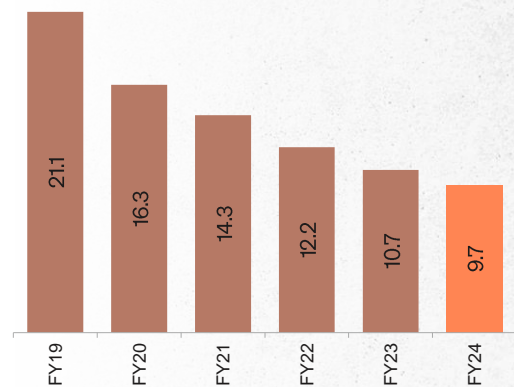
Safety

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A sustained decrease in workplace injuries has been achieved

- The reportable injury rate decreased to 9.7 in FY24
- There has been a sustained downward trend in injury rates across Australia and North America
- Six lost time injuries occurred during FY24:
 - One in Australia (vs one in FY23)
 - Five in North America (vs ten in FY23)
- Continued implementation of safety management systems and procedures, together with behavioural leadership and safety training programs

Total Reportable Injury Frequency Rate¹
Injuries per million work hours



1. The FY23 TRIFR has been restated to reflect the date of injuries being incurred (rather than the treatment date).

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Sustainability Achievements



Brickworks is moving forward

Commitment to achieve a 15% reduction in Scope 1 and Scope 2 greenhouse gas emissions by 2030, from a 2022 baseline, across our combined Australian and North American operations.

56%

reduction in carbon emissions (scope 1 and scope 2) in Australia since FY06

19%

energy efficiency improvement in North American operations since the initial acquisition in 2019

11%

percentage of biofuels in energy mix in FY24 (in Australia)

11 yrs

of our Longford Operation being carbon neutral

100 yrs

colourfast and durability warranty on our bricks

507MWh

of on site generated solar electricity used in FY24, a 12% increase on FY23

161,000

square metres of land rehabilitated in FY24

\$470,000

funds raised in calendar 2023 for Children's Cancer Institute (with over \$5.3 million contributions since 2002)



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FY24 Overview

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Although a property devaluation and non-cash impairment resulted in a statutory loss, EBITDA in Building Products increased

(\$119m)

Statutory NPAT ↓ 130%

Includes non-cash property devaluation and Building Products impairment

\$61m

NPAT ↓ 88%
Underlying

\$157m

EBITDA ↓ 80%
Underlying

Continuing operations

Increase in Building Products EBITDA

In both Australia and North America

20% gearing

\$682m net debt

43 cents

Final Dividend ↑ 2%

Fully franked

14.1%

1-year total shareholder return

+0.7% vs All Ordinaries Accumulation Index

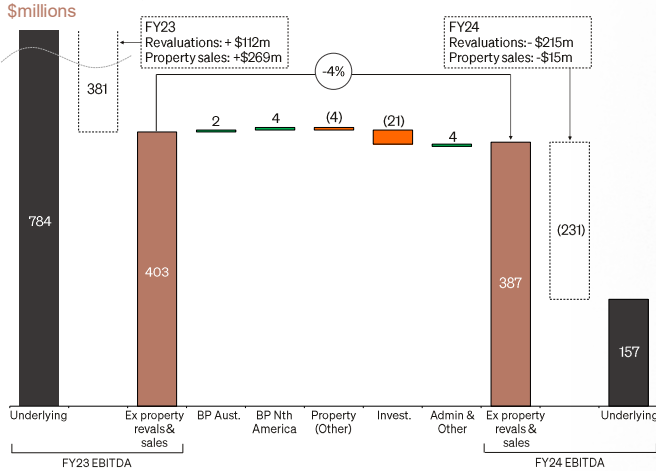
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Earnings Analysis – FY24 Underlying EBITDA Bridge

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Excluding the impact of property revaluations and sales, underlying EBITDA was down by 4% in FY24

EBITDA Bridge – FY24 v FY23



UNDERLYING EBITDA (\$M)	FY23	FY24	CHANGE
BP Australia	100	102	2%
BP Nth America	40	43	9%
Property ex revals / sales	124	121	(3%)
Investments	159	137	(13%)
HO / Other Expenses	(20)	(17)	18%
EBITDA ex property revals / sales	403	387	(4%)
Property revaluations	112	(215)	(292%)
Property sales	269	(15)	(106%)
Underlying EBITDA	784	157	(80%)

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Dividends

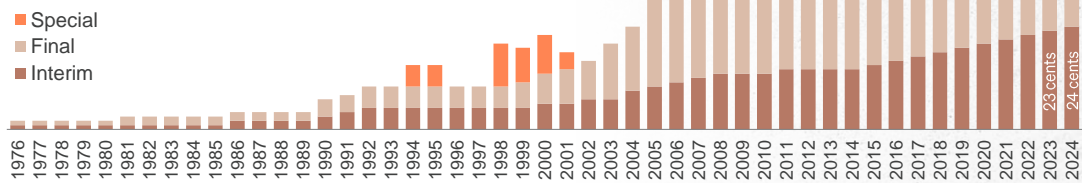
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Brickworks' final dividend has now increased eleven years in a row

Brickworks Dividend History

Cents per share

- The Board has declared a 43 cents per share fully franked final dividend, up 2%
- Record date 5 Nov, payment 27 Nov
- 11th year in a row of increased dividends
- 48 years since normal dividends last decreased (1976)



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Total Shareholder Returns

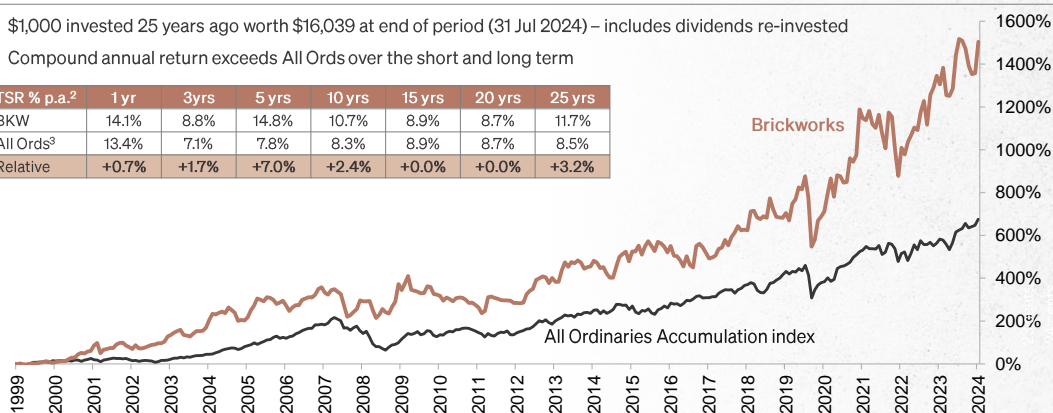
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Brickworks has created significant shareholder value over the long term

Total Shareholder Return (25 Years)¹

- \$1,000 invested 25 years ago worth \$16,039 at end of period (31 Jul 2024) – includes dividends re-invested
- Compound annual return exceeds All Ords over the short and long term

TSR % p.a. ²	1 yr	3yrs	5 yrs	10 yrs	15 yrs	20 yrs	25 yrs
BKW	14.1%	8.8%	14.8%	10.7%	8.9%	8.7%	11.7%
All Ords ³	13.4%	7.1%	7.8%	8.3%	8.9%	8.7%	8.5%
Relative	+0.7%	+1.7%	+7.0%	+2.4%	+0.0%	+0.0%	+3.2%



1. Investment period shown is 31 Jul 1999 – 31 Jul 2024. Includes dividends re-invested.
2. Total shareholder return to 31 Jul 2024, assuming dividends re-invested.
3. All Ordinaries Accumulation Index

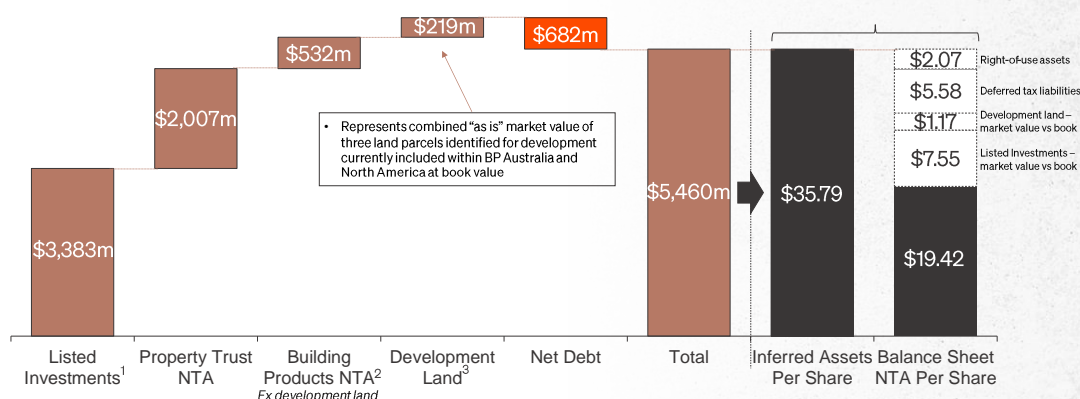
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Asset Backing

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Brickworks current inferred gross asset backing is almost \$36 per share

Inferred Asset Value (31 Jul 24)



1. Includes SOL and FBR shareholding at market price 31 Jul 24
2. Building Products NTA represents book value and includes AASB 16 (Leases) right-of-use assets and is reduced by lease liabilities
3. "Development Land" comprises three sites identified for development (Craigieburn, Mid-Atlantic and Cardup), currently held at book value within Building Products. Based on independent market valuations, these sites have a combined "as-is" value of \$219 million.

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Divisional Review



Mark Ellenor



Megan Kublins (Property)



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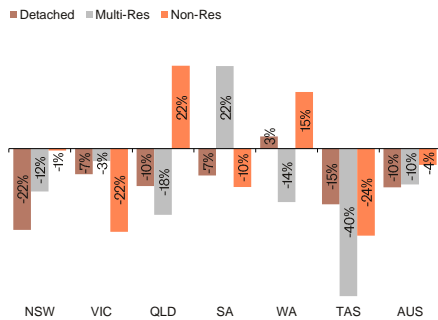
Building Products Australia – Market Conditions

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There was a broad-based decline in building activity across Australia in FY24

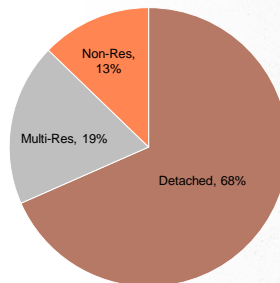
Building Activity by State¹

12 months to June 24 (vs 12 months to June 23)



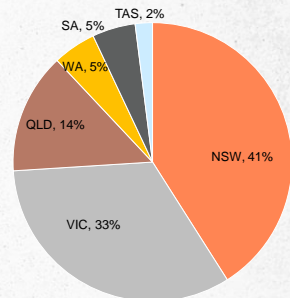
Segment Exposure

Sales revenue by end market



Regional Exposure

Sales revenue by state



¹ Detached House and Multi-Residential Commencements. Non-Residential value of work done. Source: BIS Oxford Economics June 2024 forecast. Data shown for NSW also includes ACT, to align with Brickworks' sales regions.

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Building Products Australia FY24 Result

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Building products Australia EBITDA margins improved in FY24, despite lower volume

- Sales volume impacted by lower building activity in key markets
 - Austral Masonry significantly impacted in 2H24
 - Production scaled-back to control inventory
- Margins improved across most businesses
- Headcount reduction of 139 staff in FY24
- Commissioning of new brick plant (Plant 2) at Horsley Park substantially completed during second half
- Advanced Cladding Systems established to commercialise thin brick
- Plant 1 (Horsley Park) mothballed in July 24

\$MILLION	FY23	FY24	CHANGE
Revenue	734	646	(12%)
EBITDA	100	102	2%
EBIT	53	41	(22%)
EBITDA margin	13.7%	15.9%	16%

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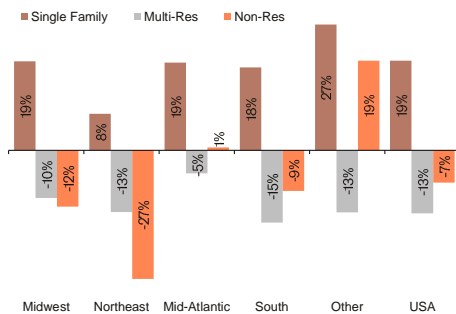
Building Products North America – Market Conditions

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Building activity has been mixed in North America, with a recovery in the detached houses segment offset by declines in multi-residential and non-residential building

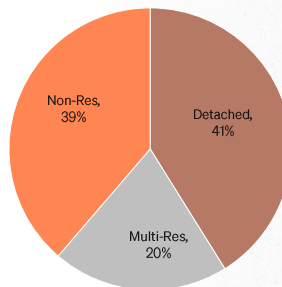
Building Activity by Region¹

12 months to June 24 (vs 12 months to June 23)



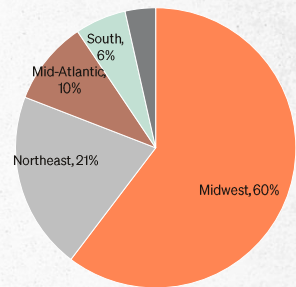
Segment Exposure

Sales revenue by end market



Regional Exposure

Sales revenue by region



1. Single Family and Multi-Residential Commencements. Non-Residential value of work done. Source: Dodge Data & Analytics

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Building Products North America FY24 Result

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Building Products North America EBITDA increased due to margin improvement

- Brick sales volume lower, primarily due to reduced demand from over-supplied southern region
- Revenue held relatively steady, with lower sales volume offset by price increases and mix shift towards higher value products
- Margins improved, supported by increased plant utilisation
- Landmark Stone plant closed
- Multi-year plant rationalisation program complete
- Rocky Ridge plant in Maryland is now in the final stages of commissioning
- Headcount reduction of 36 staff in FY24

AU \$MILLION ¹	FY23	FY24	CHANGE
Revenue	447	442	(1%)
EBITDA	40	43	9%
EBIT	13	13	-
EBITDA (Ex Land Sales) ²	33	42	29%
EBIT (Ex Land Sales)	6	13	113%
EBITDA margin (Ex Land Sales)	7.5%	9.8%	31%

1. An average exchange rate for each half year period is used to convert from US\$ to AU\$. The conversion rates used are: 1H24 US\$0.65; 2H24 US\$0.66; 1H23 US\$0.67; 2H23 US\$0.67.
2. FY23 includes a \$7 million profit from the sale and leaseback of a retail outlet. FY24 includes a \$0.3 million profit on the sale of a surplus quarry

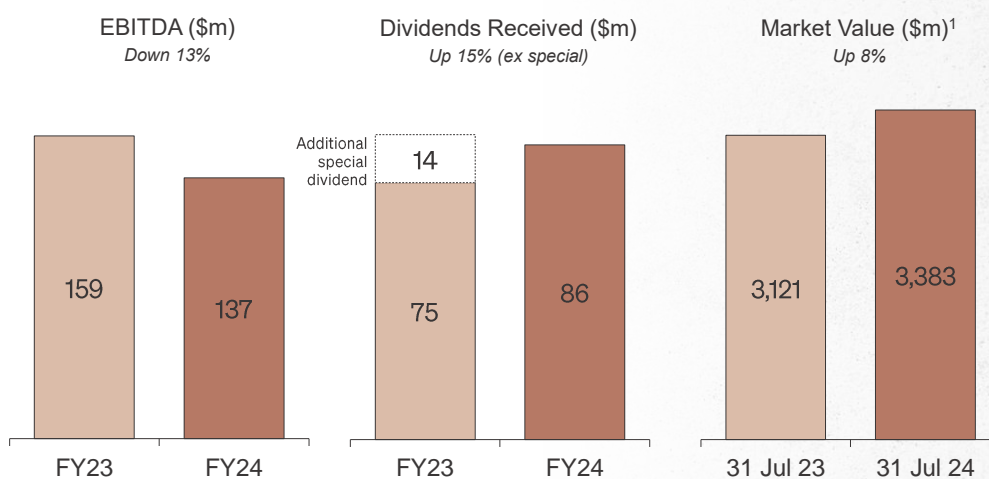
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Investments – FY24 Result

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Investments delivered higher normal dividends in FY24, and an increase in market value



1. Includes market value of Soul Patts and FBR holdings

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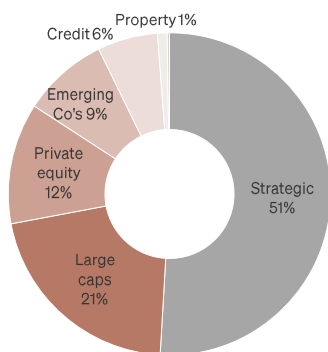
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Major Shareholder in Soul Patts (ASX: SOL)

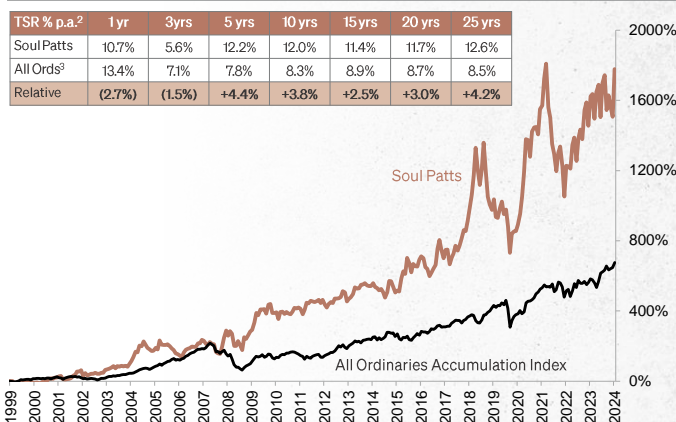
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Brickworks is the largest shareholder in Australia's leading publicly listed investment house

Soul Patts Asset Exposure¹



Soul Patts Total Shareholder Returns



1. As at 31 January 2024
 2. Investment period shown is to 31 Jul 1999 – 31 Jul 2024. Includes dividends re-invested
 3. All Ordinaries Accumulation Index

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Property – FY24 Earnings Analysis

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The Property result was adversely impacted by non-cash devaluation due to capitalisation rate expansion

- Increase in rent of 9%, driven by contracted increases and new developments, offset by M7 sale
- Net trust income down 1%, impacted by higher borrowing costs
- Oakdale West Estate substantially complete
 - Development profit of \$75 million during FY24
- Cap rate expansion resulted in devaluation
 - Portfolio average cap rate 5.2% (up from 4.1% at July 2023)
 - Conditions stabilised in 2nd half (positive revaluation of \$18 million in 2H24)
- Sale of 50% interest in M7 Hub Estate delivered \$117 million in cash proceeds
 - 154% increase in value since completed in 2012

\$MILLION	FY23	FY24	CHANGE
Rental Income (100%)	149	163	9%
Borrowing & Other Costs	(50)	(65)	(30%)
Net Trust Income (100%)	100	98	(1%)
Net Trust Income (BKW 50%)	50	49	(1%)
Development Profit	78	75	(5%)
Admin and Other	(4)	(3)	20%
EBITDA Ex Revals & Sales	124	121	(3%)
Property Trust Revaluations	112	(215)	(292%)
Property Trust Sales	-	(16) M7 Hub	NA
Brickworks Land Sales	263 Oakdale East 2	1	NA
Total Property EBITDA	506	(110)	(122%)

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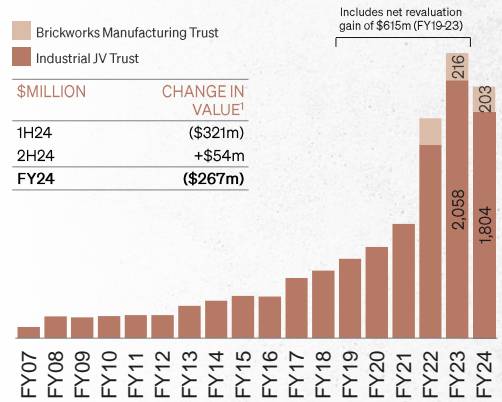
Property Trust Asset Value

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The net value of Brickworks' share of Property Trust assets decreased by \$267 million during the year, with development profits more than offset by the sale of the M7 Hub estate and the devaluation

YEAR ENDED JUL (\$M)	FY23	FY24	CHANGE
Leased properties	4,907	4,525	(8%)
Land under development	878	872	(1%)
Total Property Trust assets	5,786	5,397	(7%)
Borrowings	(1,239)	(1,383)	(12%)
Net Property Trust assets	4,547	4,013	(12%)
BKW 50% share	2,274	2,007	(12%)
Gearing	21%	26%	24%

BKW share of Net Property Trust Assets



1. Change in Brickworks share of Net Property Trust Assets, including the impact of revaluations, development profits, property sales, debt level etc.

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Oakdale East Stage 2 (Amazon Facility)

August 2024



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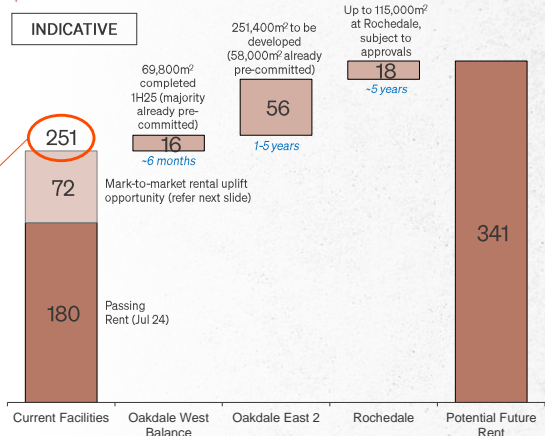
Property Trust – Future Growth¹ (Existing Trust Assets)

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There is a considerable opportunity to increase rental income from the Property Trusts over the coming years

	GLA 000m ²	Current Passing Rent \$/m ²	Current Market Rent \$/m ²	Current Market Rent \$m
CURRENT FACILITIES				
Western Sydney Estates	957	\$152	\$223	\$213m
Rochedale Estate (Brisbane)	126	\$126	\$160	\$20m
BKW Manufacturing Trust	NA	\$18m	\$18m	\$18m
Subtotal-Current Facilities	1,083			\$180m
DEVELOPMENTS				
Oakdale West (Western Syd)	70		\$223	\$16m
Oakdale East 2 (Western Syd)	251		\$223	\$56m
Rochedale (Brisbane)	115		\$160	\$18m
Subtotal-New Developments	436			\$90m
Total	1,519			\$341m

Potential Growth of Property Trust Net Rent (100%)¹



1. Forecasts assume market rent of \$223/m² in western Sydney and \$160/m² in Brisbane (Rochedale), representing management's estimate of current average market rent for Trust facilities in those locations

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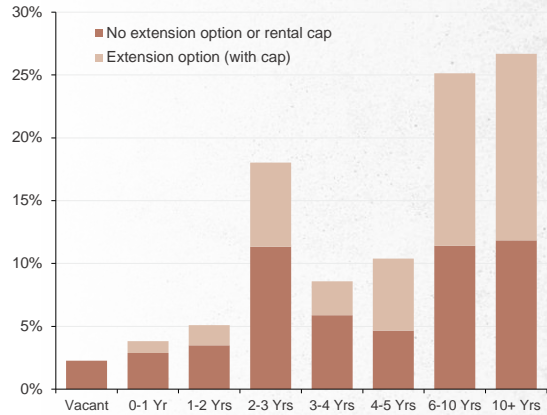
Realisation of Mark-to-Market Rental

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The mark-to-market rental uplift within the Industrial JV Trust will be realised progressively over time, based on the lease profile

- Industrial JV Trust weighted average lease expiry (WALE) is 7.5 years
- Mark-to-market increase on existing facilities (+\$72 million) will be progressively realised
- At least 30% of uplift to be achieved within next five years
 - Represents lease expiries within that timeframe with no extension option or rental cap
- An additional 18% of leases (by rent) expire within the next five years, but have an extension option with a rental cap (rental cap typically 5% or 10%)
 - Uplift on these leases will depend on whether the tenant exercises the extension option

Lease Expiry Profile (Industrial JV Trust)
% of rent



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Section 03

Financials



Grant Douglas



Financials – P&L

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- Increase in Building Products EBITDA more than offset by declines in Property and Investments
- Borrowing costs increased due to a higher average interest rate on debt and additional leases
- Income tax benefit of \$74 million due to deferred tax associated with property revaluations and utilisation of unrecognised capital tax losses
- Significant items and discontinued operations decreased statutory NPAT by \$180 million

\$MILLION	FY23	FY24	CHANGE
Underlying EBITDA Ex property revaluations and sales	402	387	(4%)
Property revaluations and sales	381	(231)	(160%)
Total Underlying EBITDA	784	157	(80%)
Depreciation & amortisation	74	91	22%
EBIT	709	66	(91%)
Borrowing costs	(53)	(79)	(48%)
Underlying income tax	(148)	74	150%
Underlying NPAT (from continuing operations)	508	61	(88%)
Significant items & discontinued items	(114)	(180)	NA
Statutory NPAT	395	(119)	(130%)

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Financials – Significant Items

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- A non-cash impairment of \$135 million (net of tax) based on AASB 136. This includes an impairment of \$55 million (net of tax) to Austral Masonry and an impairment of \$69 million (net of tax) to Brickworks North America.
- \$11 million restructuring and site closure costs, primarily relating to severance payments associated with restructuring within Building Products
- \$10 million plant commissioning costs
- \$11 million in legal costs
- A \$15 million benefit relating to significant items from Investments
- A \$16 million tax cost arising from the carrying value of WHSP
- Other costs include advisory and IT implementation costs

\$MILLION	GROSS	TAX	NET
Impairment of non-current assets	(189)	54	(135)
Restructuring and site closure costs	(16)	5	(11)
Plant commissioning costs	(14)	4	(10)
Legal costs	(11)	-	(11)
Significant items relating to Investments	15	-	15
Income tax from the carrying value of SOL	-	(16)	(16)
Other costs, including advisory and IT implementation	(15)	4	(11)
TOTAL	(230)	51	(178)

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Financials – Cash Flow

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- Increase in operating cash flow
 - Higher Building Products EBITDA
 - Offset by higher borrowing costs, plant commissioning and restructuring expenses and increase in working capital
- M7 Hub sale delivered \$117 million in gross proceeds
- Capital expenditure of \$73 million for the year, primarily related to construction of the new brick plant in Sydney and upgrade to Rocky Ridge in North America
 - Major capital program now largely completed
- Dividend payments of \$101 million

\$MILLION	FY23	FY24
Statutory net profit after tax	395	(119)
Depreciation, amortisation	75	91
Impairment of non-current assets and assets held for sale	69	189
Net loss on disposal of investments	-	16
Net gains on disposal of property, plant and equipment	(298)	(2)
Non-cash loss on deemed disposal	12	-
Non-cash revaluations within Property Trust	(113)	215
Non-cash development profits within Property Trust	(78)	(75)
Share of (profits) of associates not received as dividends	(87)	(65)
Changes in tax provisions	101	(128)
Inventory movements	20	(28)
Other items	1	10
Operating cash flow	97	104
Proceeds from sale of Investments (M7 Sale in FY24)	-	117
Capital expenditure	(114)	(73)
Dividends paid	(97)	(101)

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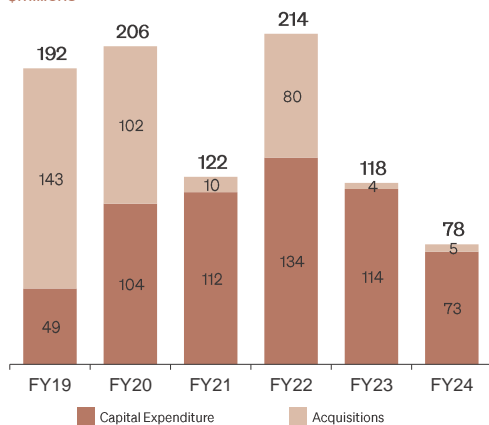
Capital Expenditure & Acquisitions

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Following a period of significant investment, capital expenditure is now moderating

Investment in Capital Projects & Acquisitions¹

\$millions



- Significant investment program over the past six years
- Creation of Building Products North America
 - 4 major acquisitions
 - Significant investment in plant rationalisation / upgrades
- Re-investment Building Products Australia
 - Including Plant 2 project, brought forward to release land and support property growth
- Average capital expenditure circa \$100 million p.a. over FY19-23 period
 - FY24 capital reduced, as major project spend reaches completion
 - Significant further reduction in capital spend forecast in FY25 and FY26
- Depreciation and amortisation of \$37 million, and amortisation of ROU assets of \$54 million

1. Excludes investments / equity injections into Property Trusts

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Financials – Key Indicators

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- Total shareholder equity decreased by \$179 million during the year, or \$1.70 per share
 - Reflects statutory loss and dividend payments
- Net debt increased by \$29 million to \$682 million
- Balance sheet gearing up marginally to 20%
- Bank covenant gearing 15% (vs. covenant of 40%)

	FY23	FY24	CHANGE
NTA per share	\$19.96	\$19.42	(3%)
Shareholder equity	\$3,561m	\$3,382m	(5%)
Shareholder equity per share	\$26.51	\$25.09	(5%)
Return on shareholder equity	11%	(4%)	(132%)
Operating cash flow	\$97m	\$104m	7%
Net debt	\$652m	\$682m	(5%)
Balance sheet gearing (net debt / equity)	18%	20%	(10%)

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Section 04

Outlook



Mark Ellenor



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Outlook

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Investments

- History of long-term outperformance by Soul Patts expected to continue



Property

- Significant growth in net rental income is forecast from the Property Trusts over the coming years (from new developments and lease renewals of existing assets)
- We continue to experience strong lease enquiry for large-sized facilities
- Continuing to evaluate the development potential and / or sale of various development sites



Building Products

- Short term demand outlook is subdued in Australia, particularly in key markets of NSW and VIC
- Demand across key markets in North America has also softened
- Temporary plant closures throughout FY25 to undertake maintenance and control inventory
- Beyond the short-term weakness, conditions are forecast to improve significantly in both countries
- Well placed to deliver strong returns when market conditions improve, following re-structuring, portfolio rationalisation and plant investments



Group

- Following a period of significant investment, our short-term priority is to maximise cash generation
- With a diversified portfolio of high-quality assets and low gearing, Brickworks is well placed to meet future opportunities and challenges

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Section 05

Questions



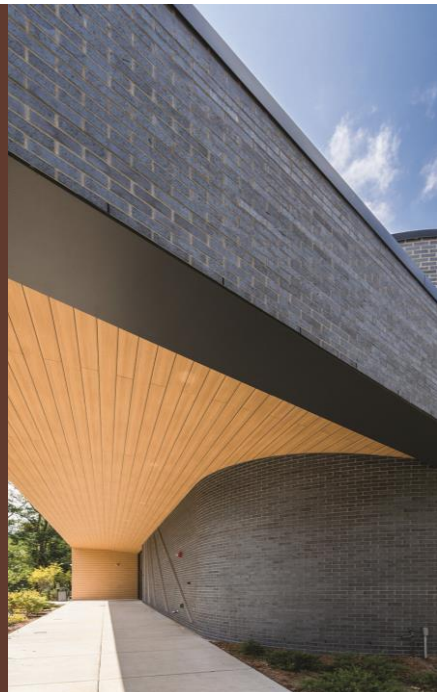
Mark Ellenor



Grant Douglas



Megan Kublins



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

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