

# BRICKWORKS

LIMITED

26 September 2024

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 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**

ABN: 17 000 028 526

738 – 780 Wallgrove Road,  
Horsley Park, NSW 2175

PO Box 6550  
Wetherill Park, NSW 1851

(02) 9830 7800

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

For personal use only

PROUDLY SUPPORTS



# 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

Good Afternoon Ladies and Gentlemen and welcome to the Brickworks analyst briefing for the year ended 31 July 2024.

With me today is Grant Douglas, our CFO, and Megan Kublins, Executive General Manager Property and Development.

Grant joined Brickworks in 2011 and was appointed CFO in 2022. Among a range of senior positions held over the years, he played a key role in the establishment and growth of our operations in North America.

Megan has been with the Company for 23 years, managing all aspects of our Property business. She has been instrumental in establishing and growing the Property Trust, including fostering the strong relationship we have with Goodman.

Before getting started, I'd like to acknowledge and give thanks to Lindsay Partridge who recently retired as Managing Director, after a remarkable 39 years of service to Brickworks, 25 as leader. Lindsay made an extraordinary contribution to Brickworks and to the wider Australian building, construction and housing industry. On a personal note, I'd like to thank Lindsay for the guidance and support he has provided to me since I joined the company as a young graduate 25 years ago.

# Agenda

Overview and FY24 Highlights	01
Divisional Review	02
Financials	03
Outlook	04
Questions	05

Moving on to today's agenda.

I will start by providing an overview of our results and key achievements for the year.

I will then provide an overview of performance for our Building Products operations and Investments.

Megan will provide an update on the Property division and Grant will then take you through the financials in more detail.

I will later return to discuss the outlook for Brickworks.

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

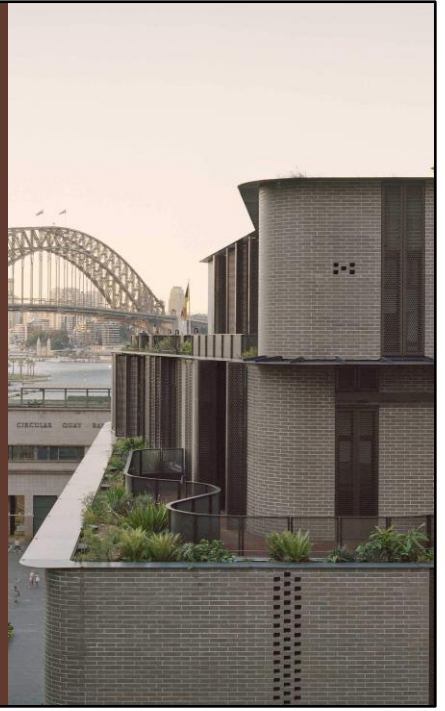
For personal use only

Section 01

# Overview & FY24 Highlights



Mark Ellenor



For personal use only

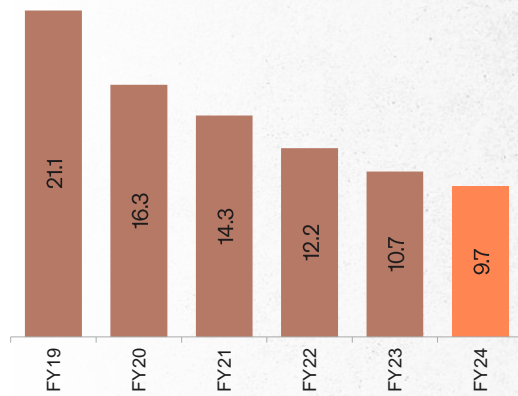
## Safety

BRICKWORKS

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 Rate<sup>1</sup>  
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).

BKW FY24 Results 26.09.2024

4

For personal use only

We continue to make steady progress on improving workplace safety. The total recordable injury rate (injuries per million hours worked) has decreased to 9.7 in FY24, down from 10.7 in the prior year.

A sustained decrease in injuries has been achieved, through disciplined implementation of safety management systems and procedures, together with behavioural leadership and safety training programs.

Across our operations there were six lost time injuries during the year – one in Australia, in line with the prior year, and five in North America, down from ten last year.

The improvement in injury rates across North American operations is particularly pleasing. This continues to be a key focus, as we seek to ensure safety outcomes are reduced to levels comparable with our Australian operations.

# 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)



BKWFY24 Results 26.09.2024

5

For personal use only

At Brickworks, we understand our long-term responsibilities, and the impact and influence we have on the environment, our customers, employees, communities, and shareholders. We take great pride in manufacturing our products in a sustainable way and we integrate sustainability and innovation into product design, resulting in greater energy and resource efficiency over the operational lifetime of a building.

We recognise that our manufacturing process is emissions intensive and as such, we are focussed on leading our industry in reducing emissions.

In Australia, carbon emissions have followed a general downward trend, with a 56% decrease compared to FY2006 for Scope 1 and 2 emissions. Our progress in this area is supported by product redesign, increased use of recycled materials, utilisation of renewable bioenergy such as sawdust and landfill gas in some of our kilns, and capital investments into modern, fuel-efficient production processes.

Within our Property business, we aim to be leaders in sustainable industrial property design and development.

A number of significant achievements are outlined on screen and further details are provided in our Sustainability Report, released today. Our efforts are being recognised externally, such as by proxy advisors Sustainalytics who recognised Brickworks as ESG industry top-rated in 2024 within the Asia-Pacific Construction Materials category.

Whilst we have made significant progress already, we are committed to achieving more. In FY23, we announced a new carbon target: 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.

For personal use only

## FY24 Overview

BRICKWORKS

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

20% gearing

\$682m net debt

\$61m

NPAT ↓ 88%  
Underlying

\$157m

EBITDA ↓ 80%  
Underlying

Continuing operations

43 cents

Final Dividend ↑ 2%

Fully franked

Increase in  
Building Products  
EBITDA

In both Australia and North  
America

14.1%

1-year total shareholder return

+0.7% vs All Ordinaries Accumulation Index

BKW FY24 Results 26.09.2024

6

Turning now to financial performance.

As we announced at our half year results, we incurred a significant non-cash devaluation within our Property Trusts during the first half, and a small loss on the sale of the M7 Hub Estate. And, as we announced earlier this month, we have recorded a non-cash impairment within our Austral Masonry and Brickworks North American business units, as part of the year end financial close process. Grant will talk more about the impairment later.

This has resulted in the Group recording a statutory loss of \$119 million for the year.

The property devaluations are also included in our underlying result. This resulted in underlying NPAT and EBITDA both declining significantly, to \$61 million and \$157 million respectively.

Pleasingly, EBITDA increased across our Building Products operations in both Australia and North America.

Net debt increased by \$29 million to \$682 million, with gearing increasing slightly to 20%.

For personal use only

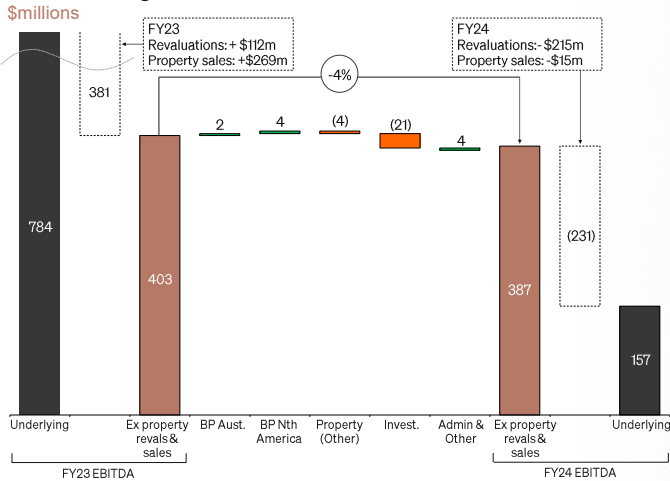


## Earnings Analysis – FY24 Underlying EBITDA Bridge

BRICKWORKS

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%
<b>EBITDA ex property revals / sales</b>	<b>403</b>	<b>387</b>	<b>(4%)</b>
Property revaluations	112	(215)	(292%)
Property sales	269	(15)	(106%)
<b>Underlying EBITDA</b>	<b>784</b>	<b>157</b>	<b>(80%)</b>

BKW FY24 Results 26.09.2024 7

The slide on screen provides further detail on underlying earnings across the Group.

The property revaluations, a large positive in FY23 and a large negative in FY24, distort the relative operational performance across the two periods.

Last year also benefitted from the sale of Oakdale East Stage 2 into the Industrial Property Trust, delivering a significant profit.

Excluding the impact of the property revaluations and property sales, Group EBITDA was \$387 million, down 4%.

Across the operating divisions, Building Products Australia EBITDA was up 2% and Building Products North America was up 9%.

Within Property, net trust income and development profit was relatively steady compared to the prior year.

Investments earnings were down, due primarily to a lower contribution from New Hope Corporation to Soul Patts earnings.

## Dividends

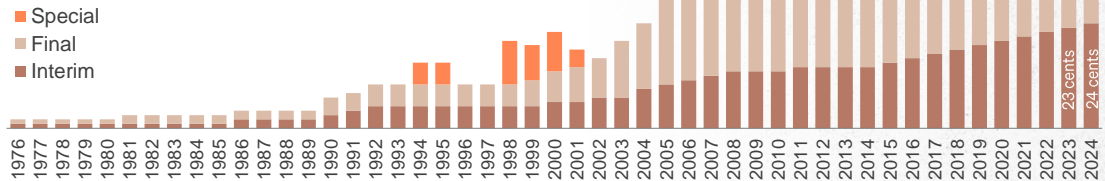
BRICKWORKS

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
- 1<sup>th</sup> year in a row of increased dividends
- 48 years since normal dividends last decreased (1976)



BKW FY24 Results 26.09.2024 8

We now have 27,500 shareholders, which is almost three times as many as five years ago.

We believe in providing returns through dividends and are proud of our long history of dividend growth, and the stability this provides to our shareholders.

Therefore, I am happy to announce that the Board has declared a final fully franked dividend of 43 cents per share. This is an increase of 1 cent, or 2%, compared to the previous final dividend.

The record date for the dividend is 5 November, with payment on the 27 November.

As shown on screen, this year represents the eleventh year in a row of increased dividends, and we have now maintained or increased dividends for the last 48 years.

For personal use only

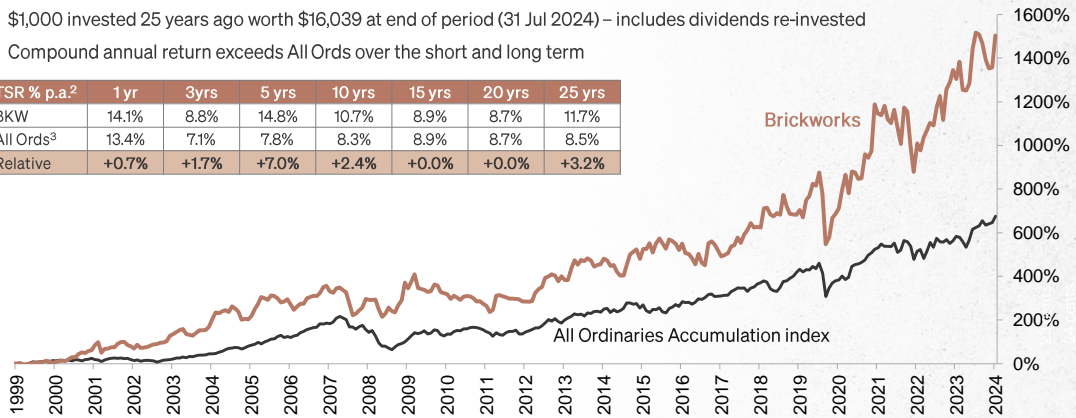
# Total Shareholder Returns

Brickworks has created significant shareholder value over the long term

## Total Shareholder Return (25 Years)<sup>1</sup>

- \$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. <sup>2</sup>	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 <sup>3</sup>	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

For personal use only

In addition to dividend growth, we have achieved superior long-term returns for shareholders.

Based on the share price at the end of the period, the Company has delivered total shareholder returns of 11.7% per annum for 25 years, incorporating both dividends and share price appreciation.

This means that \$1,000 invested in Brickworks in 1999 would be worth over \$16,000 at the end of the period.

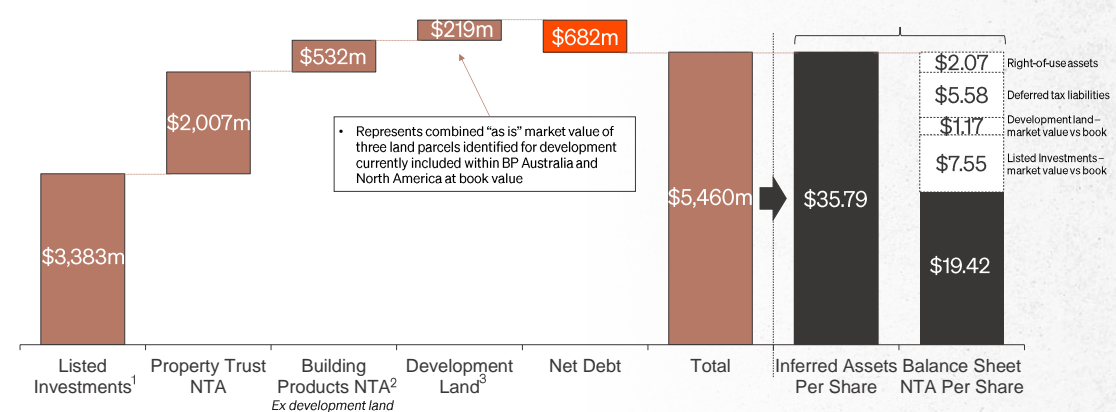
Performance over a range of periods is also shown on the slide, with Brickworks' performance matching or exceeding the index over all time frames.

## Asset Backing

BRICKWORKS

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.

BKW FY24 Results 26.09.2024

10

Our strong shareholder returns are supported by long term asset growth.

Our assets include:

- Investments in Soul Patts and FBR, with a market value of almost \$3.4 billion;
- Property Trusts, with a net asset value of just over \$2.0 billion;
- Building Products operations in Australia and North America, with net tangible assets, based on book value, of \$532 million; and
- 3 parcels of land held within Building Products that are identified for potential development. Based on independent market valuations, these development sites have a current "as is" value of \$219 million.

So, adding this up and subtracting our net debt of \$682 million, the total inferred asset backing is currently around \$5.5 billion.

On a per share basis, this equates to almost \$36 per share.

On the right-hand side of the chart, we have reconciled this value with the balance sheet net tangible assets per share of \$19.42. The key difference is due to the balance sheet not recognising the full market value of development land and our Investments, as well as deferred tax liabilities.

Section 02

# Divisional Review



Mark Ellenor



Megan Kublins (Property)



For personal use only

Turning now to divisional performance.

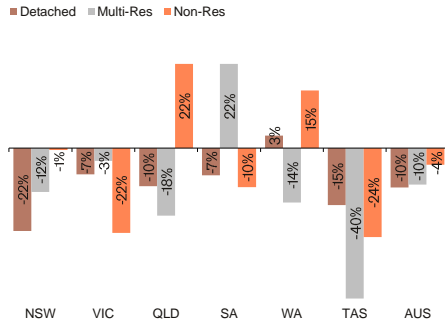
# Building Products Australia – Market Conditions

BRICKWORKS

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

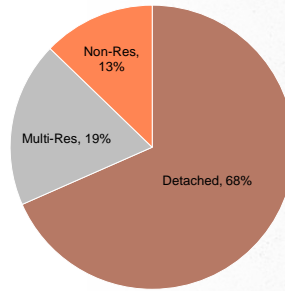
## Building Activity by State<sup>1</sup>

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



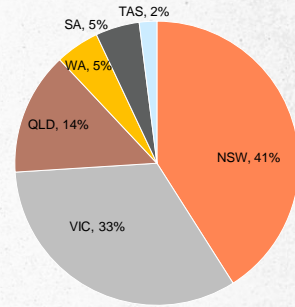
## Segment Exposure

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.

Looking first at Building Products Australia.

Residential commencements continued to decline during FY24, with total starts of 155,700 for the year being the lowest level since 2012.

Nationally, detached house commencements were down 10% on the prior year. Across the states, the steepest decline was in New South Wales, down 22%, with the other major east coast markets of Victoria and Queensland also down by around 10%.

Multi-residential commencements were also down by 10% in FY24, with broad-based weakness across all major states.

The decline in multi-residential starts has been driven by a 50% fall in high rise apartment construction over the past five years. This segment has been severely impacted by higher interest rates and the approximate 40% rise in construction costs since the start of the pandemic. These cost impacts, together with government levies and taxes, have made apartment construction unfeasible in many areas of the major capital cities.

The decline in high rise residential construction accelerated in the second half, particularly in Sydney, and has had a significant impact on Austral Masonry sales, which have a high exposure to this segment.

Non-residential building activity has varied significantly across the country, with increases in Western Australia and Queensland offset by declines in Victoria and New South Wales.



## Building Products Australia FY24 Result

BRICKWORKS

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%

BKW FY24 Results 26.09.2024 13

The decreased building activity resulted in a 12% decline in revenue to \$646 million. EBIT was \$41 million for the period, and EBITDA was \$102 million, up 2%.

An increase in EBITDA margin was achieved, driven by the implementation of price increases and productivity improvements across most operations. However, the Austral Masonry margin was adversely impacted by the decline in demand and lower plant utilisation, particularly at the new Oakdale facility in Sydney.

We have implemented a range of re-structuring initiatives, to remove costs as we move through the cyclical low.

These initiatives included the consolidation of Austral Bricks and Austral Masonry into one operating division, a restructure of Bristle Roofing and a rightsizing of divisional support functions. In total, these initiatives are expected to deliver annualised savings of \$15 million.

Over the year, headcount in our Australian operations reduced by 139 staff.

During the second half of the year, the commissioning process at Plant 2 in New South Wales was substantially completed. This represents a significant milestone for the Company, following five years of hard work, with the project having commenced in 2019. The plant is now operating at design capacity, and will surpass any other brick factory in Australia in terms of automation, fuel efficiency and output.

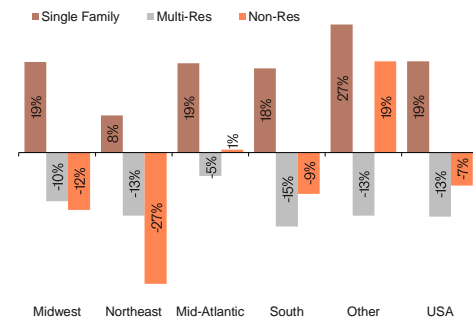
## Building Products North America – Market Conditions

BRICKWORKS

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

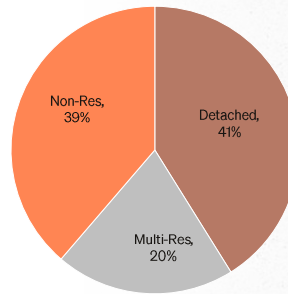
### Building Activity by Region<sup>1</sup>

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



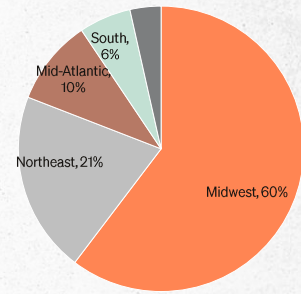
### Segment Exposure

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

BKW FY24 Results 26.09.2024

14

Building Products North America's key regional exposure is in the Midwest, Northeast and Mid-Atlantic. Combined, these three regions make up around 91% of total sales revenue.

There is a broad end-market exposure, with the non-residential segment making up 39% of sales, detached houses 41% and multi-residential 19%.

During FY24 there has been a decline in non-residential and multi-residential activity across the country. This was most severe in the key Northeastern region where non-residential activity was down by 27% year on year and multi-residential activity was down by 13%. A surplus of multi-residential construction following the pandemic in 2021 and 2022 led to oversupply in this market and a subsequent decline, while non-residential building has stalled, despite resilience in some pockets, such as the education sector.

By contrast, there was relative strength within the single-family residential segment, where building activity was up by 19% nationwide, albeit this is not the core market for our products.

For personal use only



## Building Products North America FY24 Result

BRICKWORKS

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 <sup>1</sup>	FY23	FY24	CHANGE
Revenue	447	442	(1%)
EBITDA	40	43	9%
EBIT	13	13	-
EBITDA (Ex Land Sales) <sup>2</sup>	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

BKW FY24 Results 26.09.2024 15

Brick sales volume in North America was lower during the period, due primarily to a significant reduction in sales to the oversupplied southern home builder market, such as Texas. Despite the decline in sales volume, revenue of \$442 million was relatively steady, due to a combination of price increases and a mix shift towards higher value products.

EBITDA for the year was up 9% to \$43 million. Last year's result included a \$7 million profit from the sale and leaseback of a retail outlet, and this year's result includes a \$300K profit on the sale of a surplus quarry. Excluding the impact of these property sales, EBITDA was up 29% and EBIT was up 113%.

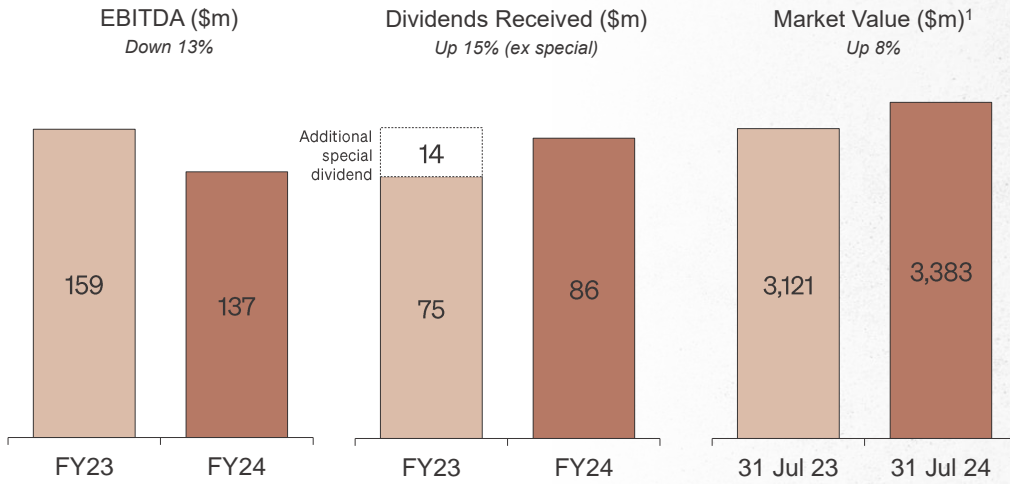
Margins continue to improve on the back of price increases and improved factory utilisation, following the completion of our five-year plant rationalisation program. However, the slowdown in building activity across core markets has delayed the full realisation of the efficiency benefits that we expect to deliver from this program.

The Rocky Ridge plant in Maryland is in the final stages of re-commissioning and will produce a range of moulded bricks specifically tailored for the UK market. The first shipments to the UK, as part of our supply agreement with Brickability for 10 million bricks per annum, are now underway

## Investments – FY24 Result

BRICKWORKS

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



1. Includes market value of Soul Patts and FBR holdings

BKW FY24 Results 26.09.2024

16

Turning to Investments, which includes a 26.1% interest in Soul Patts and a 15.3% interest in FBR Limited.

Investments delivered an underlying contribution of \$137 million for the year, down 13%.

During the year normal cash dividends of \$86 million were received from Soul Patts, up 15% on the prior year.

The combined market value of our investments was \$3.383 billion at the end of July, up by 8% or \$263 million.

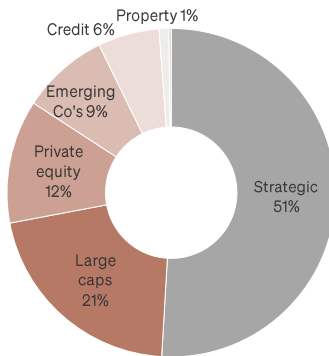
For personal use only

## Major Shareholder in Soul Patts (ASX: SOL)

BRICKWORKS

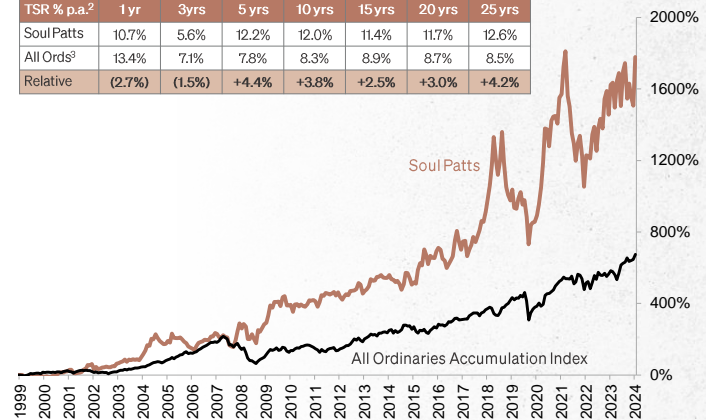
Brickworks is the largest shareholder in Australia's leading publicly listed investment house

Soul Patts Asset Exposure<sup>1</sup>



Soul Patts Total Shareholder Returns

TSR % p.a. <sup>2</sup>	1 yr	3yrs	5 yrs	10 yrs	15yrs	20 yrs	25 yrs
Soul Patts	10.7%	5.6%	12.2%	12.0%	11.4%	11.7%	12.6%
All Ords <sup>3</sup>	13.4%	7.1%	7.8%	8.3%	8.9%	8.7%	8.5%
Relative	(2.7%)	(1.5%)	+4.4%	+3.8%	+2.5%	+3.0%	+4.2%



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

BKW FY24 Results 26.09.2024

17

For personal use only

Our shareholding in Soul Patts dates back to 1968. Soul Patts is now Australia's leading publicly listed investment house, with a broad asset exposure as shown by the chart on the left of screen.

Soul Patts has delivered outstanding returns, with annualised total returns including dividends of 12.6% per annum for the past 25 years. This represents outperformance of 4.2% per annum versus the ASX All Ordinaries Accumulation Index.

I will now hand over to Megan, to talk through the Property division.

## Property – FY24 Earnings Analysis

BRICKWORKS

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 2<sup>nd</sup> 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%)

BKW FY24 Results 26.09.2024 18

Thankyou Mark.

Strong demand is continuing to drive growth in market rent for industrial property, particularly in Western Sydney. Rental income across the portfolio during the year was up 9% to \$163 million, driven by lease renewals and new developments. This was offset by the sale of the M7 Hub in January, which impacted rental income in the second half.

Higher interest rates and debt levels resulted in a significant increase in borrowing costs. After including this, net trust income was \$98 million (100% share). Brickworks' 50% share of this income was \$49 million, down marginally on the prior year.

A highlight of the year was the completion of 7 new facilities at Oakdale West, providing around 69,000m<sup>2</sup> of gross lettable area. This included the completion of facilities for Maersk, EBOS and Luxottica. These completions resulted in a development profit of \$75 million being recorded.

A non-cash devaluation of \$215 million was recorded on Property Trust assets in FY24, reflecting an increase in capitalisation rates across the portfolio to 5.2%, up from 4.1% at July 2023. The majority of capitalisation rate expansion was incurred in the first half, with conditions stabilising over the past 6 months. In the most recent valuation, completed in June, a positive revaluation of \$18 million was recorded, with market rental growth more than offsetting capitalisation rate expansion of 17 basis

points.

Including the revaluations and property sales, Property delivered an EBITDA loss of \$110 million for the year, compared to a profit of \$506 million in the prior corresponding period.

For personal use only

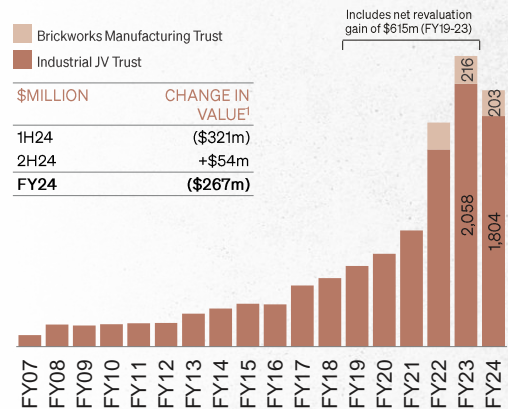
## Property Trust Asset Value

BRICKWORKS

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%)
<b>Total Property Trust assets</b>	<b>5,786</b>	<b>5,397</b>	<b>(7%)</b>
Borrowings	(1,239)	(1,383)	(12%)
Net Property Trust assets	4,547	4,013	(12%)
BKW 50% share	2,274	2,007	(12%)
<b>Gearing</b>	<b>21%</b>	<b>26%</b>	<b>24%</b>

### BKW share of Net Property Trust Assets \$millions



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

For personal use only

The total value of leased assets held across the Property Trusts was \$4.5 billion at the end of the year.

The Trusts also hold a further \$872 million in land that is currently under development.

After including borrowings of \$1.4 billion, total net asset value is \$4.0 billion. Brickworks' 50% share of net asset value is just over \$2.0 billion.

Gearing within the trusts was 26% at the end of the year, up from 21%. The gearing within the Industrial JV Trust increased following the devaluation of the portfolio and the sale of the M7 Hub Estate, with the sale proceeds being distributed to Brickworks and existing debt maintained within the Trust.

Additional borrowings were also used to fund the ongoing development activity at Oakdale West.



## Oakdale East Stage 2 (Amazon Facility)

August 2024



A key highlight for the year was securing development approval for our Oakdale East Stage 2 Estate, and the start of construction at this site, including a cornerstone facility for Amazon.

A photo of construction progress for this 58,000m<sup>2</sup> facility is shown on screen.

This building is due for completion in the third quarter of calendar year 2025.

As one of the few large-scale “shovel ready” development estates in western Sydney, strong demand exists for the next available site, which will accommodate a 38,000m<sup>2</sup> facility. The remaining 155,000m<sup>2</sup> of gross lettable area will be released progressively as earthworks and servicing is completed across the estate. Given the strong demand, the estate is expected to be fully built out within four to five years.

## Rochedale Site, Brisbane (Indicative)



Development opportunities are also being pursued in the Brickworks Manufacturing Trust.

During the year, a 13-hectare site adjoining the Rochedale brick factory was purchased by the Trust.

When consolidated with adjacent surplus land at the Rochedale site (already held within the Trust), the site could provide 22 hectares of industrial land, delivering up to 115,000m<sup>2</sup> of gross lettable area. This project is currently in planning stages, with the aim of lodging development applications in 2025.

An indicative masterplan is shown on screen, with the new development opportunity shown in the foreground, with the existing state-of-the-art Rochedale brick plant and Industrial JV Trust estate in the background. This estate was completed in 2022 and has a lettable area of 126,000m<sup>2</sup> and current value of \$320 million (100% share).



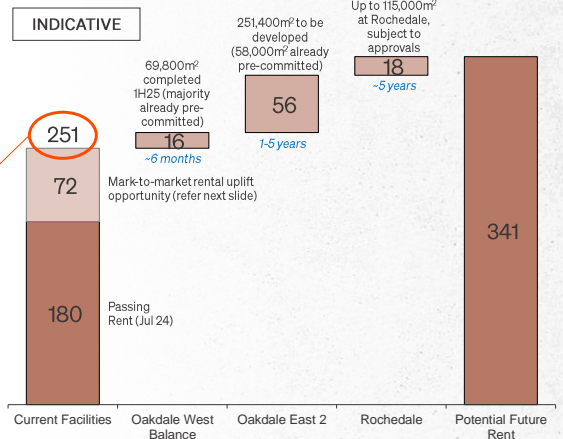
# Property Trust – Future Growth<sup>1</sup> (Existing Trust Assets)

BRICKWORKS

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

	GLA 000m <sup>2</sup>	Current Passing Rent		Current Market Rent	
		\$/m <sup>2</sup>	\$m	\$/m <sup>2</sup>	\$m
<b>CURRENT FACILITIES</b>					
Western Sydney Estates	957	\$152	\$146m	\$223	\$213m
Rochedale Estate (Brisbane)	126	\$126	\$16m	\$160	\$20m
BKW Manufacturing Trust	NA		\$18m		\$18m
<b>Subtotal-Current Facilities</b>	<b>1,083</b>		<b>\$180m</b>		<b>\$251m</b>
<b>DEVELOPMENTS</b>					
Oakdale West (Western Syd)	70			\$223	\$16m
Oakdale East 2 (Western Syd)	251			\$223	\$56m
Rochedale (Brisbane)	115			\$160	\$18m
<b>Subtotal-New Developments</b>	<b>436</b>				<b>\$90m</b>
<b>Total</b>	<b>1,519</b>				<b>\$341m</b>

## Potential Growth of Property Trust Net Rent (100%)<sup>1</sup>



1. Forecasts assume market rent of \$223/m<sup>2</sup> in western Sydney and \$160/m<sup>2</sup> in Brisbane (Rochedale), representing management's estimate of current average market rent for Trust facilities in those locations. BKW FY24 Results 26.09.2024 22

For personal use only

Over the last few years, land supply challenges have also been exacerbated by increasing construction and financing costs, and a range of planning and approvals issues. All these factors have driven up rent for prime industrial property in western Sydney by 80% in the past three years. We estimate that the current passing rent within the Industrial JV Trust is 31% below average market rent.

Including the Brickworks Manufacturing Trust, the current annualised rent across our portfolio is \$180 million.

At current market rates, the rent potential of Property Trust assets once fully developed is around \$341 million.

This includes a mark-to-market rental uplift on currently leased assets of \$72 million.

In addition, the existing development pipeline will deliver around \$90 million in new rent. This includes:

- \$16 million from the completion of Oakdale West, to be realised over the next 6 months as this Estate is completed;
- \$56 million in rent is expected from Oakdale East Stage 2. This will be realised over the next five years as this estate is built out; and
- \$18 million in rent from the development opportunity at Rochedale that I just discussed.

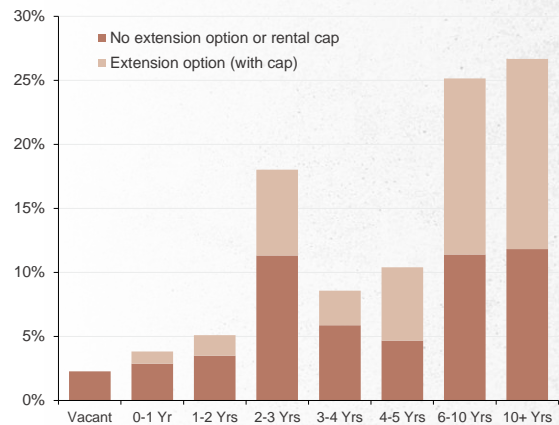
## Realisation of Mark-to-Market Rental

BRICKWORKS

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



BKWFY24 Results 26.09.2024 23

Looking more closely at the significant mark-to-market rental opportunity of existing leased facilities and the expected timing of this uplift.

The chart on screen shows the lease expiry profile of the Industrial JV Trust.

This shows that at least 30% of the uplift can be achieved within the next five years. This is the sum of the dark brown columns on the chart within that time period, representing vacancies and leases that do not have extension options and rental caps. As such, these leases should revert to market rent at the end of the current lease term.

An additional 18% of leases (by rent) expire within the next five years, but have an extension option with a rental cap.

The uplift on these leases will depend on whether the tenant exercises the extension option.

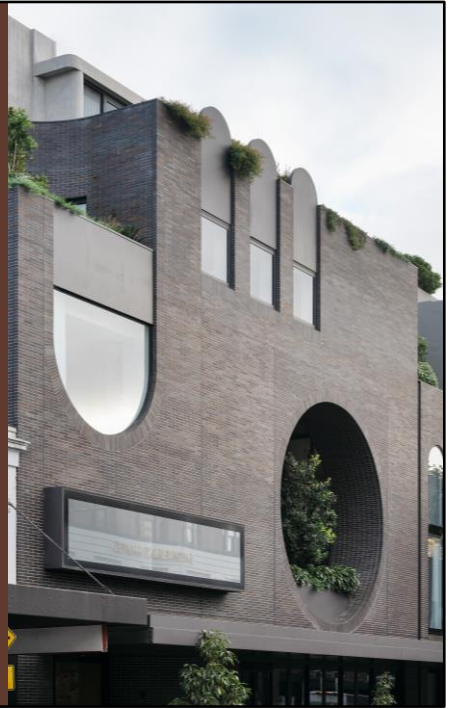
I will now hand over to Grant to run through the financials in more detail.

Section 03

# Financials



Grant Douglas



For personal use only

Thankyou Megan.

## Financials – P&L

BRICKWORKS

- 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%)
<b>Total Underlying EBITDA</b>	<b>784</b>	<b>157</b>	<b>(80%)</b>
Depreciation & amortisation	74	91	22%
<b>EBIT</b>	<b>709</b>	<b>66</b>	<b>(91%)</b>
Borrowing costs	(53)	(79)	(48%)
Underlying income tax	(148)	74	150%
<b>Underlying NPAT (from continuing operations)</b>	<b>508</b>	<b>61</b>	<b>(88%)</b>
Significant items & discontinued items	(114)	(180)	NA
<b>Statutory NPAT</b>	<b>395</b>	<b>(119)</b>	<b>(130%)</b>

BKW FY24 Results 26.09.2024 25

As Mark mentioned, the underlying Group EBITDA, excluding revaluations and land sales, was \$387 million for the year.

The underlying EBITDA was \$157 million, after including the large non-cash property devaluation and the loss on the M7 Hub sale.

After depreciation and amortisation, the underlying Group EBIT was \$66 million.

Total borrowing costs were \$79 million, and there was a tax benefit of \$74 million. This resulted in an underlying net profit after tax from continuing operations of \$61 million.

Significant items decreased NPAT by \$178 million and I will discuss those in more detail in a moment.

In addition, discontinued operations contributed an after-tax loss of \$2 million for the period. This primarily relates to closure costs within Austral Precast.

This resulted in statutory net loss after tax of \$119 million for the year.

## Financials – Significant Items

BRICKWORKS

- 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)
<b>TOTAL</b>	<b>(230)</b>	<b>51</b>	<b>(178)</b>

BKW FY24 Results 26.09.2024 26

The table on the screen shows the significant items in more detail.

We have recorded a non-cash impairment of \$135 million (net of tax) based on AASB 136, impacting the carrying value of intangibles, right-of-use assets and plant and equipment. This consists largely of the impairment we announced to the market earlier this month in relation to Austral Masonry and Brickworks North America. Both of these businesses have been impacted by a deterioration in building activity in key markets during the past 6 months, and a weaker short-term outlook. This has resulted in a delay in the expected realisation of efficiency benefits associated with recent major investments and plant rationalisation, following scaled back production in response to the lower demand. Both businesses have also been impacted by higher unit costs that are yet to be fully recovered by price increases. In the case of Austral Masonry this includes land tax and raw materials, while in North America, unit labour costs are up by around 12% on the prior year.

Other key items are:

- Restructuring and site closure costs of \$11 million (net of tax), primarily relating to employee severance payments associated with restructuring activities within Building Products;
- Plant relocation and commissioning costs of \$10 million, associated with the new Horsley Park brick plant in Sydney and the Rocky Ridge plant in North America;

- \$11 million in legal costs;
- A \$15 million cost in relation to deferred taxes on our Soul Patts holding;
- A \$16 million benefit, representing our share of significant items relating to our holding in Soul Patts; and
- Other costs primarily include advisory costs and IT related items.

For personal use only

## Financials – Cash Flow

BRICKWORKS

- 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
<b>Operating cash flow</b>	<b>97</b>	<b>104</b>
Proceeds from sale of Investments (M7 Sale in FY24)	-	117
Capital expenditure	(114)	(73)
Dividends paid	(97)	(101)

BKW FY24 Results 26.09.2024 27

Turning to cashflow.

The total operating cash inflow for the year was \$104 million, up 7% from \$97 million in the prior year. Although higher, cash generation was adversely impacted by the significant plant commissioning and restructuring costs, higher borrowing costs and an increase in working capital.

In addition, \$117 million in gross sales proceeds were received, following the sale of the M7 Hub Estate from the Industrial Property Trust. This is reported as a sale of investments, within investing cash flows.

Capital expenditure of \$73 million was incurred, including the final stages of construction of the new brick plant in Sydney and major projects at Rocky Ridge and Adel in North America.

Dividend payments of \$101 million were made during the year.



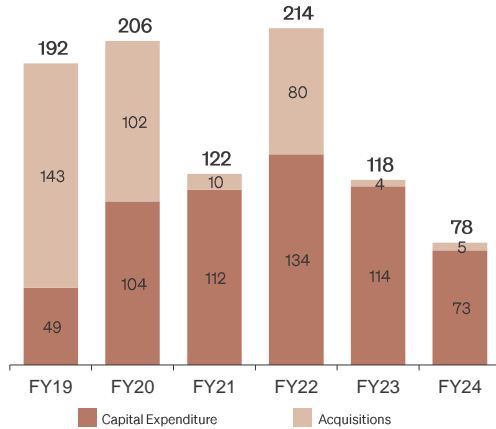
## Capital Expenditure & Acquisitions

BRICKWORKS

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

### Investment in Capital Projects & Acquisitions<sup>1</sup>

\$millions



1. Excludes investments / equity injections into Property Trusts

- 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

BKW FY24 Results 26.09.2024 28

As Mark has mentioned, we have made significant investments in recent years.

This has included 4 major acquisitions to establish a strong position in North America.

To support our North American entry, we have selectively invested in facilities to upgrade and enhance the efficiency of our rationalised plant network.

We have also made significant investments in Australia, with the construction of Australia's most advanced brick and masonry plants. Importantly, the brick plant investment, at Horsley Park in Sydney, brought forward the release of valuable land at Oakdale East, to extend the Property Trust development pipeline and meet strong tenant demand.

During the five-year period between FY19 and FY23, the average capital expenditure across the business was around \$100 million per annum. With the planned major investment program now largely complete, capital spend has reduced in FY24 and we expect a significant further reduction in spend in FY25 and FY26.

For personal use only



## Financials – Key Indicators

BRICKWORKS

- 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%)

BKW FY24 Results 26.09.2024 29

Looking now at a range of key financial indicators.

Net tangible assets per share was down 3% over the period, to \$19.42. This reflects the statutory loss and dividend payments made.

Shareholders equity decreased by \$179 million to \$3.4 billion, which represents \$25.09 per share.

Net debt increased to \$682 million, up by \$29 million over the year.

Taking into account the reduced equity, balance sheet gearing increased slightly to 20%.

Covenant gearing, as defined by bank facility agreements is 15%, and remains well below the covenant level of 40%.

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

For personal use only

Section 04

# Outlook



Mark Ellenor



For personal use only

Thankyou Grant.



## 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

For personal use only

Looking now at the outlook.

Our investment in Soul Patts is expected to continue to deliver a stable and growing stream of earnings and dividends over the long term.

Within Property, market conditions appear to have stabilised over the past six months. Structural trends towards e-commerce and the digital economy will continue to drive demand for our prime industrial facilities for many years to come. We are focused on meeting this demand by continuing to identify opportunities within our portfolio to expand our development pipeline.

Our Building Products business in Australia and North America is facing challenges in the short term, with subdued building activity across most of our key markets over the next 12 months. As such, we are planning temporary plant closures throughout FY25 to undertake maintenance and control inventory. Looking beyond the short-term weakness, we are well placed to deliver strong returns when market conditions improve, following our recent plant investments, re-structuring and portfolio rationalisation activities.

Following a period of significant investment, our short-term priority is to maximise cash generation. With our diversified portfolio of high-quality assets, Brickworks is well placed to meet any future opportunities and challenges and continue to deliver good performance for shareholders.

Section 05

# Questions



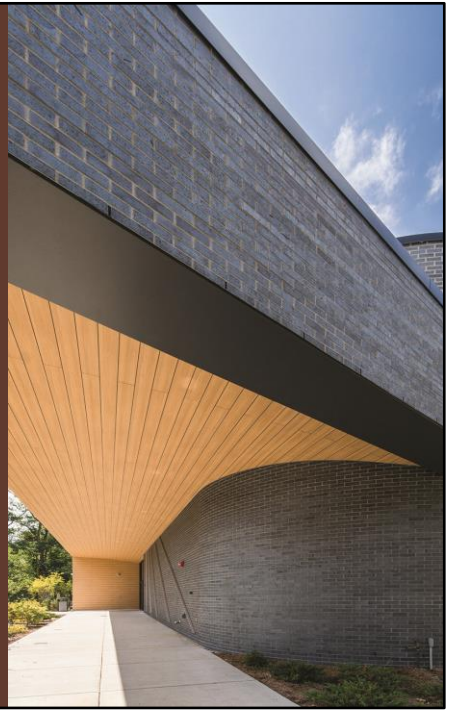
Mark Ellenor



Grant Douglas



Megan Kublins



For personal use only

We will now take questions.

Thank you

**BRICKWORKS**

Sydney  
Tel. 02 9611 4216  
Lvl 9, 60 Carrington St  
Sydney NSW 2000

Follow us @Brickworks



Visit

[Brickworks.com.au](http://Brickworks.com.au)

For personal use only

## Disclaimer

BRICKWORKS

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

IMPORTANT: The information in this document has been provided to you for information only by Brickworks Limited ("BKW") and is subject to change without notice. Nothing contained in this document constitutes investment, legal, tax or other advice. The information in this does not take into account your investment objectives, financial situation or particular needs. Before making an investment decision, you should consider, with or without the assistance of a professional securities adviser, whether an investment in BKW is appropriate in the light of your particular investment needs, objectives and financial circumstances.

Nothing in this document should be considered a solicitation, offer or invitation to buy, subscribe for or sell any security in any jurisdiction. The distribution of this document outside Australia may be restricted by law. Persons who come into possession of this document who are not in Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Neither this document nor any copy hereof may be transmitted in the United States of America ("US") or distributed, directly or indirectly, in the US or to any US person including (1) any US resident, (2) any partnership or corporation or other entity organised or incorporated under the laws of the US or any state thereof, (3) any trust of which any trustee is a US person, or (4) an agency or branch of a foreign entity located in the US.

By accepting this document you agree to be bound by these limitations. BKW has prepared this document based on information available to it. Although reasonable care has been taken to ensure that the facts stated and opinions given in this document are fair and accurate, the information provided in this document has not been independently verified. Accordingly, no representation or warranty, expressed or implied is made as to the reliability, fairness, accuracy, completeness or correctness of the information and opinions contained in this document. To the fullest extent permitted by law, none of BKW, its related bodies corporate, directors, employees or agents nor any other person accepts any liability for any loss whatsoever arising from any use of this document or its contents, or otherwise arising in connection therewith.