

BRICKWORKS™

LIMITED

Chairman's Overview



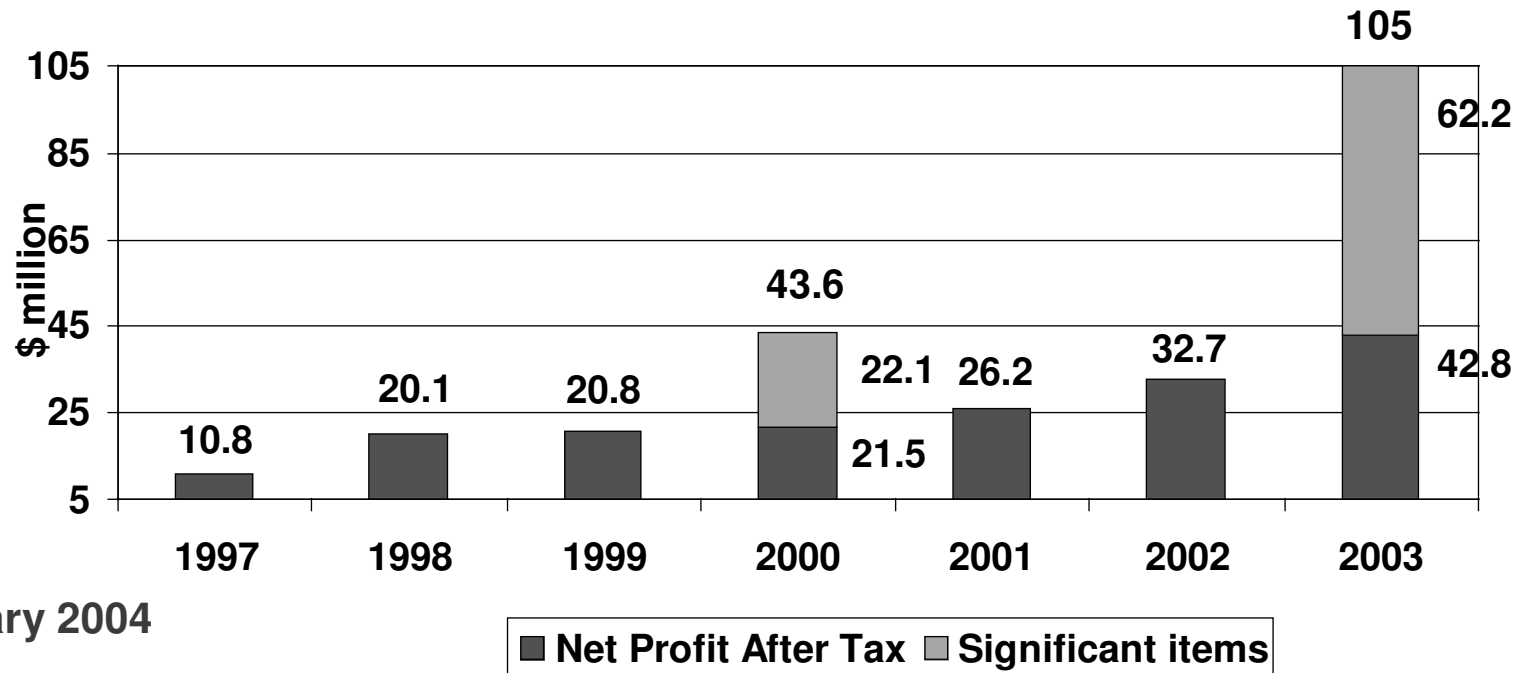
BRISTILE

 **australbricks**

 **eurekatiles™**
AUSTRALIA

CHAIRMAN'S REPORT

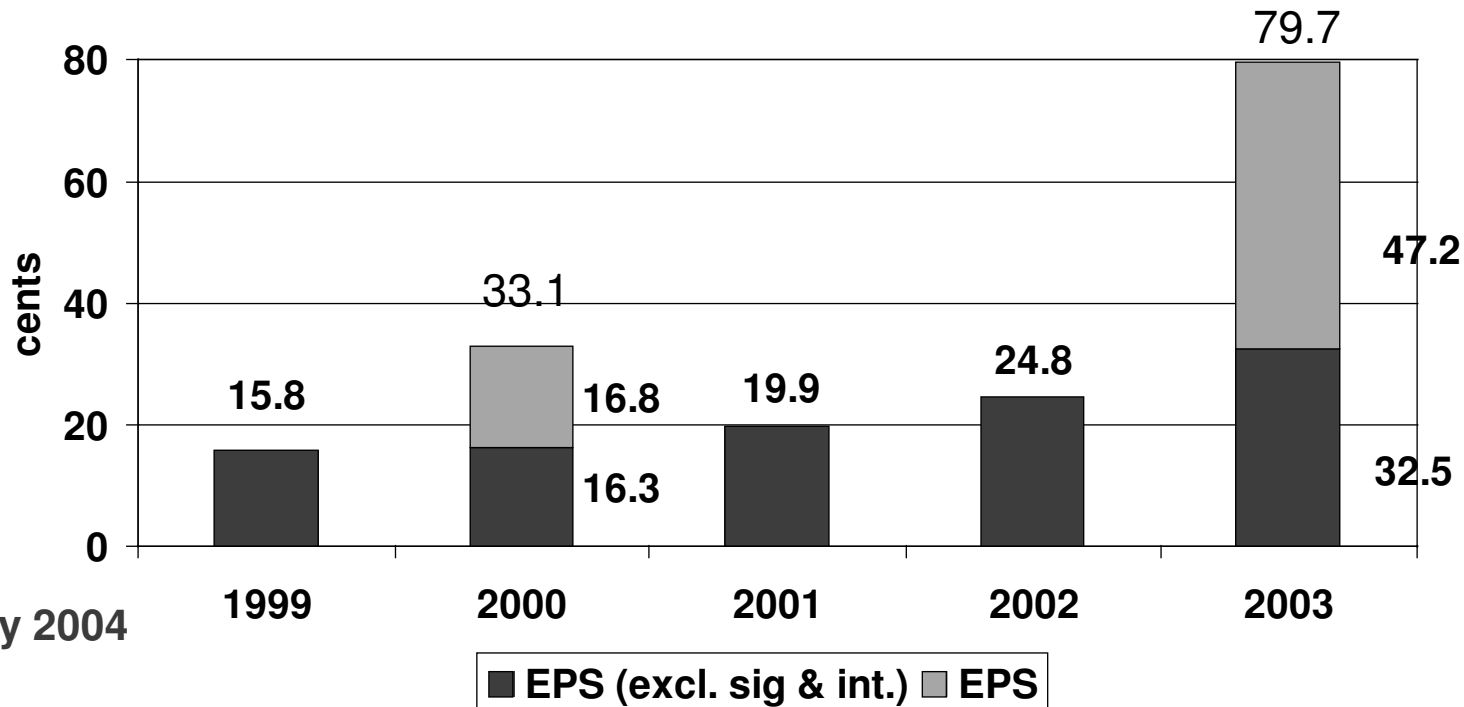
- Seventh straight first half increase
- NPAT \$105M up 221%
- Up 31% to \$42.8M before significant items & intangibles



February 2004

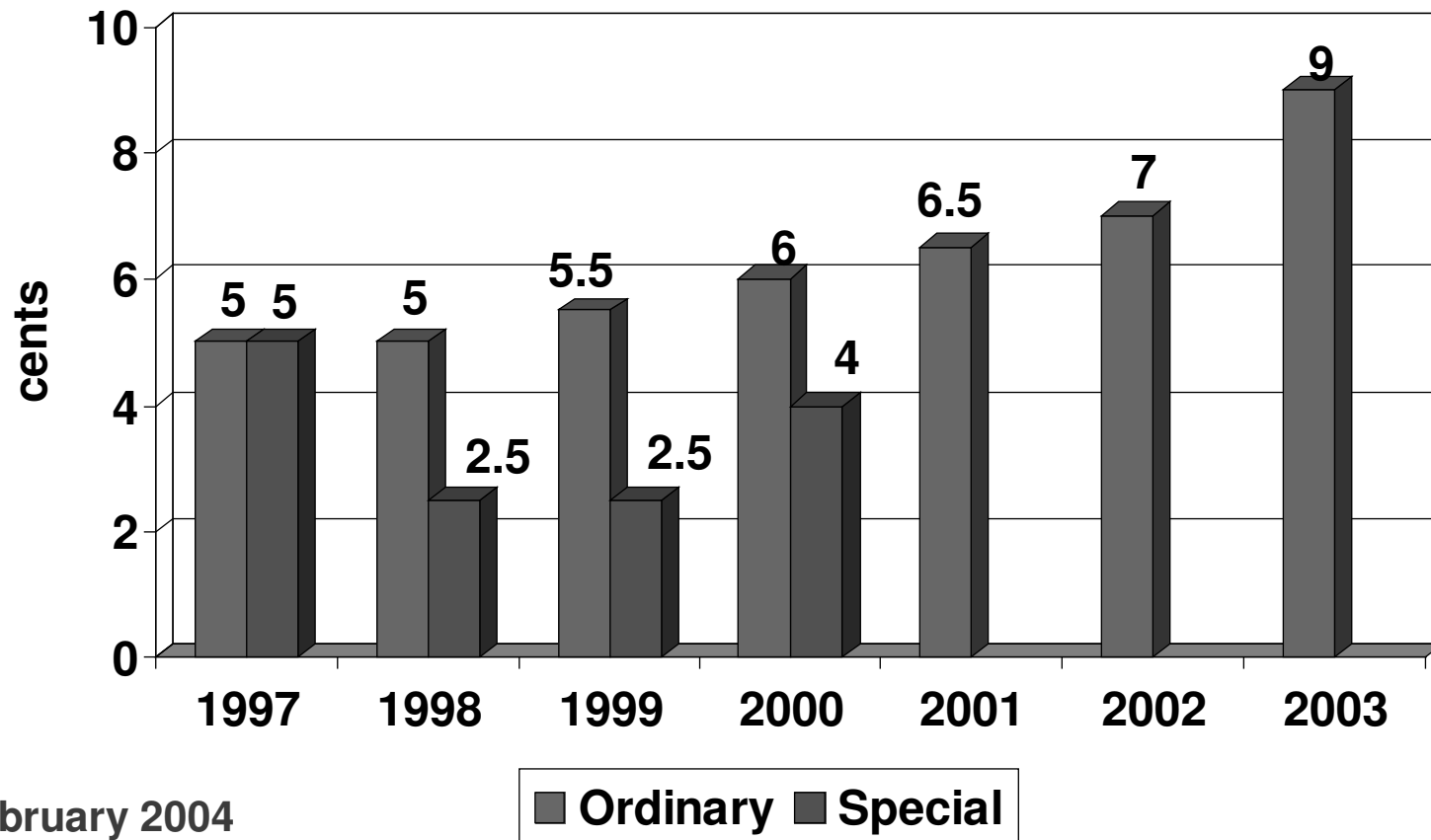
EARNINGS PER SHARE

- EPS increased to 79.7cents
- Up 221% from 24.8 cents previously
- Up 31% to 32.5 cents (excl. significant items & intangibles)

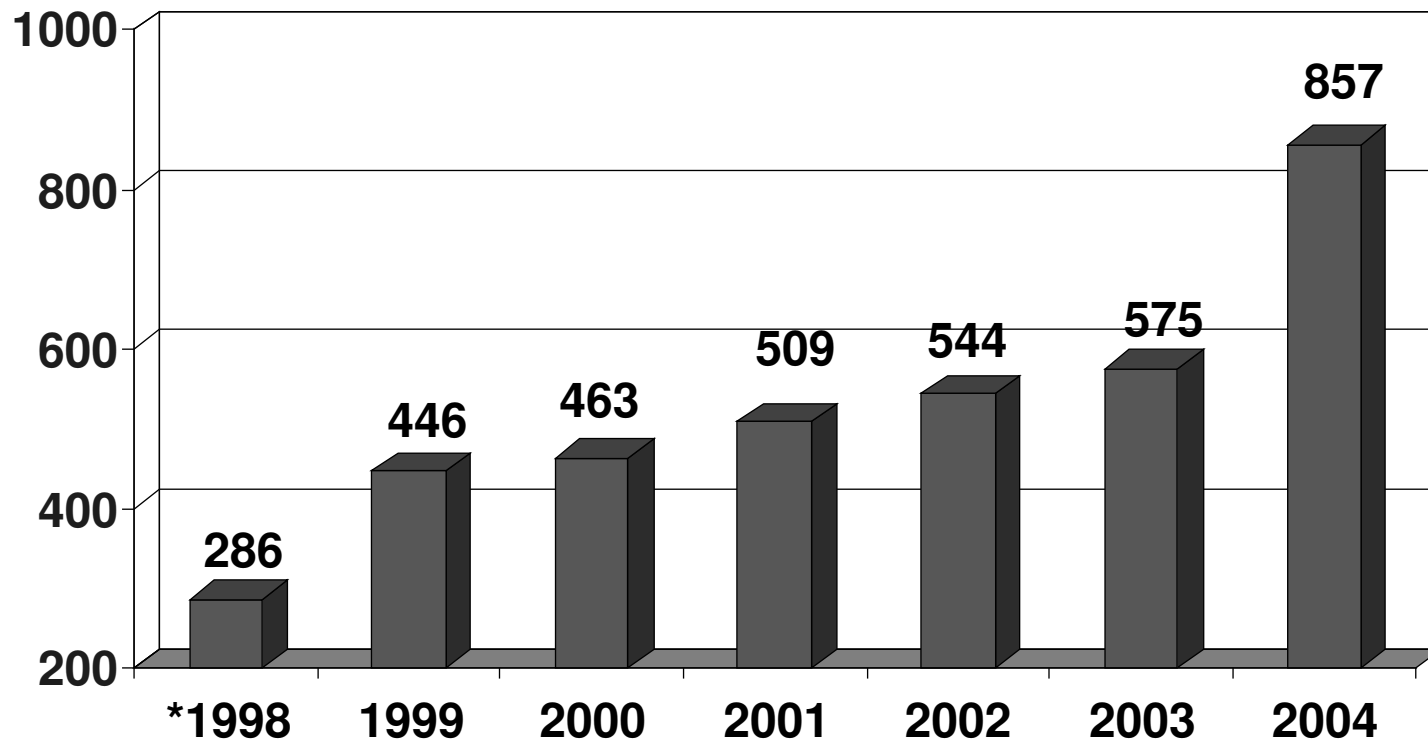


February 2004

Increased Interim ordinary dividend – 9 cents per share



SHAREHOLDERS EQUITY (\$ million)



February 2004

*'98 Not Equity Accounted

WHSP OVERVIEW

- Market cap \$1.53 billion (\$6.40/share)
- Investment House – coal, pharmaceuticals, media, telecoms, food and industrial products
- Market value Dec 03 \$659M, up \$61M from June 03
- Equity accounted contribution \$13.1 million
- Dividends of \$15.3 million received
- Total return 12.8% for half
- 15yr compound return 16.3%, 9.5% ASX All Ords Accum



INVESTMENT PORTFOLIO

- **Dividend and gains received up 30% to \$5.5M**
- **\$88.3M (before tax) from sale of the investment portfolio to Brickworks Investment Company (BIC)**
- **Portfolio valued at \$156.5M at time of sale**
- **Brickworks' 25.2% in BIC valued at \$41.8M at Dec 03**

BRICKWORKS™

LIMITED

Managing Director's Presentation



BRICKWORKS OVERVIEW

- **Building products / investment company**
- **Building products, mainly clay-based**
- **Financially conservative debt to equity < 35%**
- **12 month share price range - \$6.50 to \$9.13**
- **131.7 million shares on issue**
- **Market Cap - \$1073.4 million (12/02/03 - \$8.15)**
- **Net assets - \$857 million**
- **Net assets / share - \$4.62**



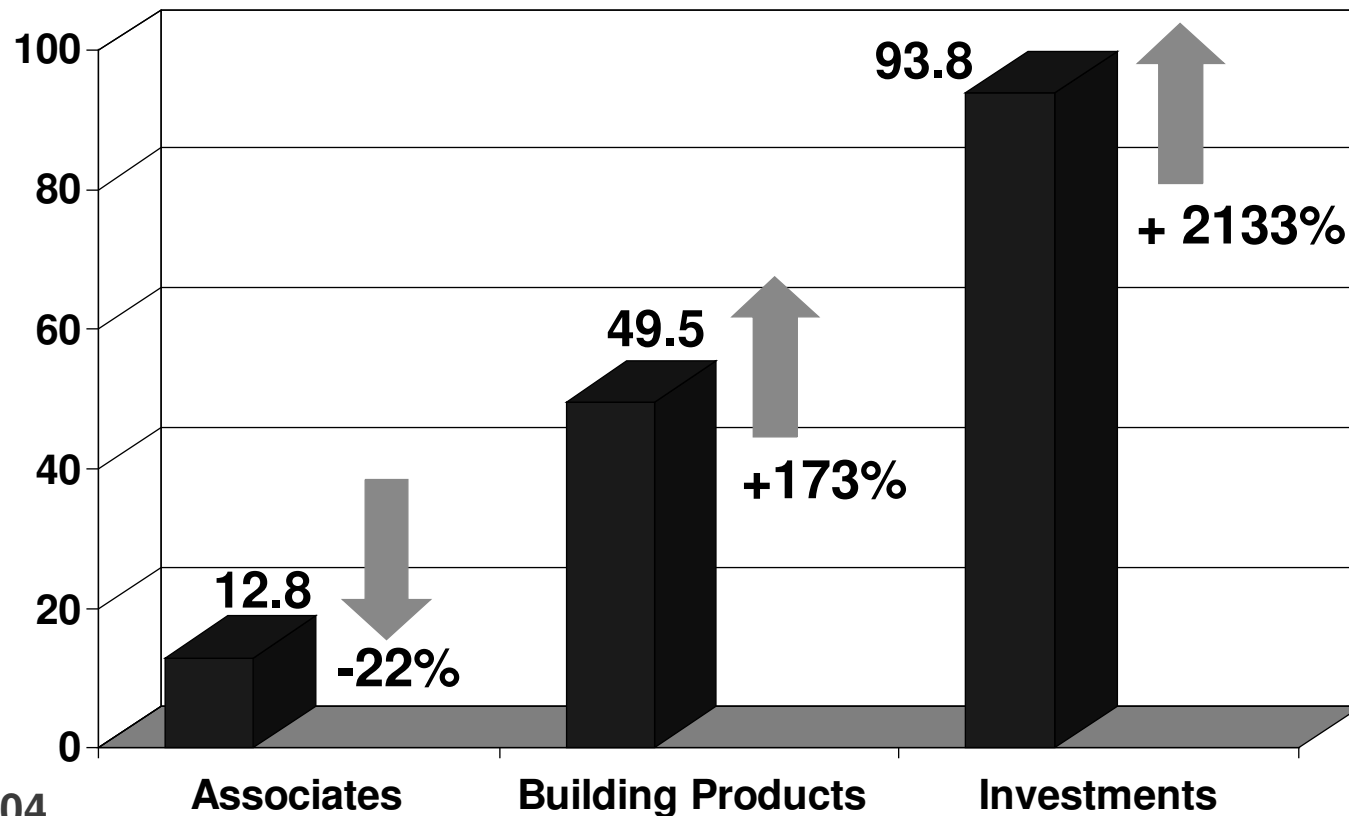
- **Grow shareholders equity, increase EPS by working “lazy” assets and balance sheet harder,**
 - i.e. move capital in surplus land into core building product operations
- **Work land harder by landfill and/or redevelopment**
- **Building cycle offset by WHSP & BIC**

OPERATIONS OVERVIEW

- **22 factories nationally**
- **Total capacity 1 billion standard brick equivalents p.a.**
- **80 million clay/cement roof tiles**
- **2 million metres² floor tiles per annum**
- **1500 employees, 500 of which are shareholders**
- **All plants modern and automated**
- **Mainly fired on natural gas**
- **Most plants substantial on site clay reserves**

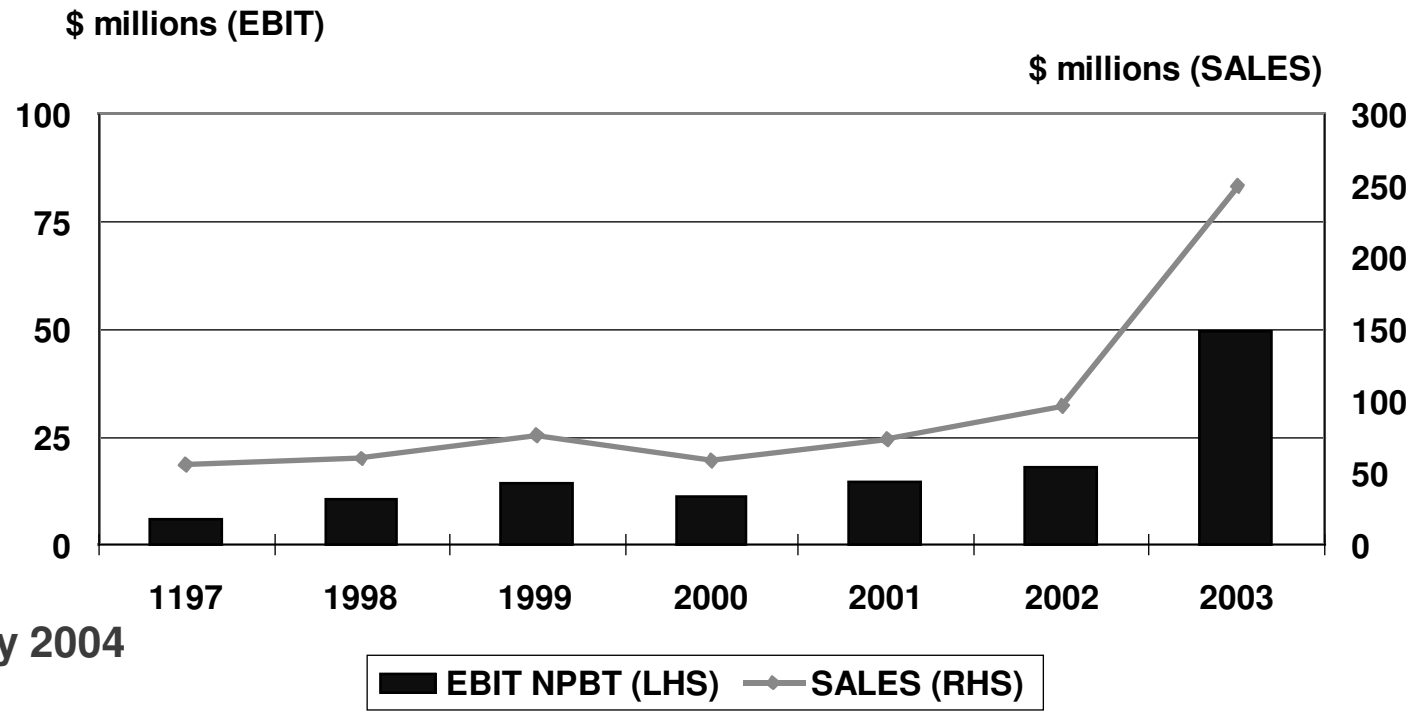
TOTAL EBITA \$155.1M

MAJOR CONTRIBUTORS TO EBITA



February 2004

- Building products sales **↑ 159% to \$250 million**
- EBITA **↑ by 173% to \$49.5 million**
- EBITA to Sales Margin **↑ to 19.8%**



BRISTILE INTEGRATION

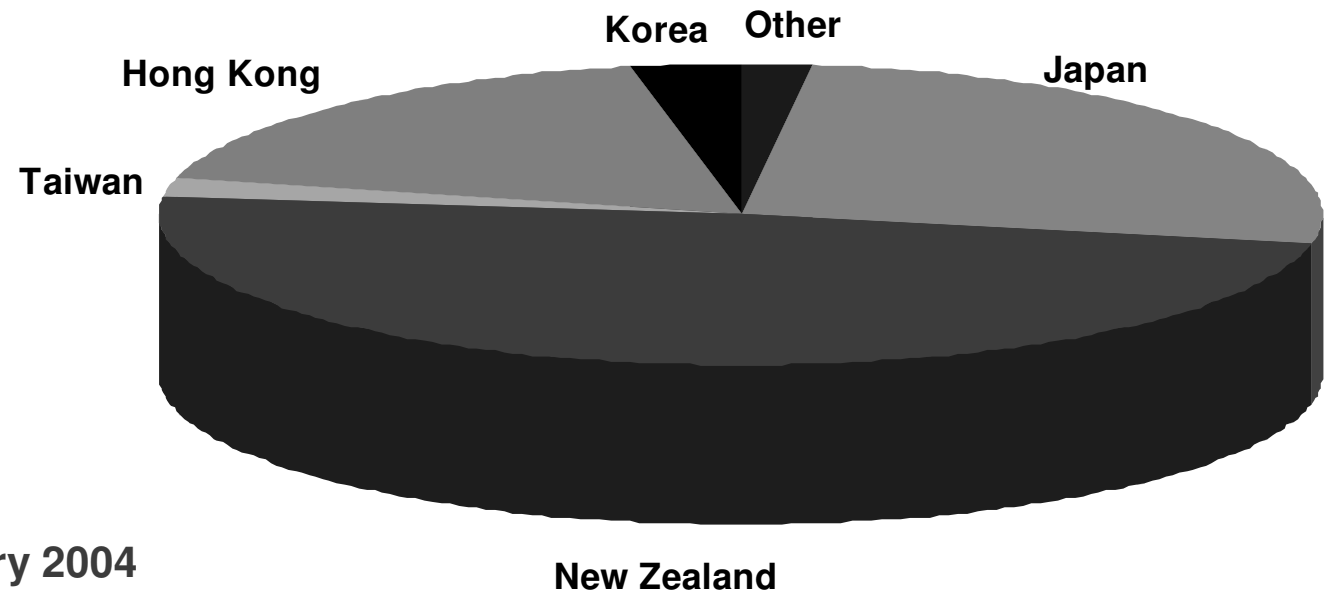
- **Hitch free**
- **Integrated strong management team**
- **National Austral Bricks brand launched**
- **Bristile national roof tile brand**
- **Strong customer support (no losses)**
- **Accepted well by staff**
- **Complete harmonisation in the balance of the year**
- **500 staff shareholders**

YEAR IN REVIEW

- **All factories operated at maximum capacity**
- **Stock shortage in all states, except Victoria**
- **Shortage has limited sales**
- **Steady price rises**
- **Production and efficiency steadily improving**
- **Eastwood closed 31 Oct 03 (total capacity maintained)**
- **Awards – Horbury Hunt for Pymble Ladies College**

EXPORTS

- Export sales doubled compared to last year
- New Zealand continues very strongly
- Total exports equal to full capacity of one factory



February 2004

- **Strategy – *efficiency, product expansion, market position***
- **\$16.9M building products CAPEX (\$5.1 million 02)**
- **\$11.4M Depreciation (\$5.7 million 02)**
- **Riverview upgrade**
 - **Approx. 60,000 interstate & overseas immigrants p.a.**
 - **Queensland forecast to have highest underlying housing demand**
 - **Bricks exported and dispatched interstate**
 - **Production to be doubled to 80 million**
- **Western Australian expansion being considered**

EASTWOOD

- **Development agreement unconditional**
- **DA for pit filling approved**
- **Truck movements going to L&A court**
- **Profit deferred until land sold**
- **\$8.2M payment received**
- **Next payment \$10.25M, June 2004**

THE VINEYARD - MACQUARIE GOODMAN DEAL

- 3. Deal to develop 'The Vineyard' - 22 December**
- 4. Estimated \$150M guaranteed (\$1.14 per share)**
- 5. Substantial proportion to be received in first 3 years**
- 6. Plus 50% profit share of all future profits**

MAMRE ROAD

- **Progress on subdivision of Mamre Road slowed**
- **Biodiversity plan lodged with council**
- **Working with landowner group to progress**

ORBITAL M7 & OTHER PROPERTIES

- **RTA negotiating to buy land**
- **Part of Vineyard and main site will be sold**
- **\$7 million received for Golden Grove, SA**
- **Rezoning progressing steadily**

WASTE MANAGEMENT

- Division continues strongly
- \$886,000 royalties
- Next 2 cells handed over
- Bolinda Road in Campberfield, Melbourne
- Approval from EPA continues



DEBT POSITION (JUNE 03 – DEC 03)

- **Debt to capital employed < 25%**
- **Cost of Bristle - \$522M**
- **Total borrowings reduced from \$566M to \$295M**
- **Contributors to debt reduction**
 - **PAVERS = \$162M**
 - **BIC = \$120M**
 - **Property = \$15M**

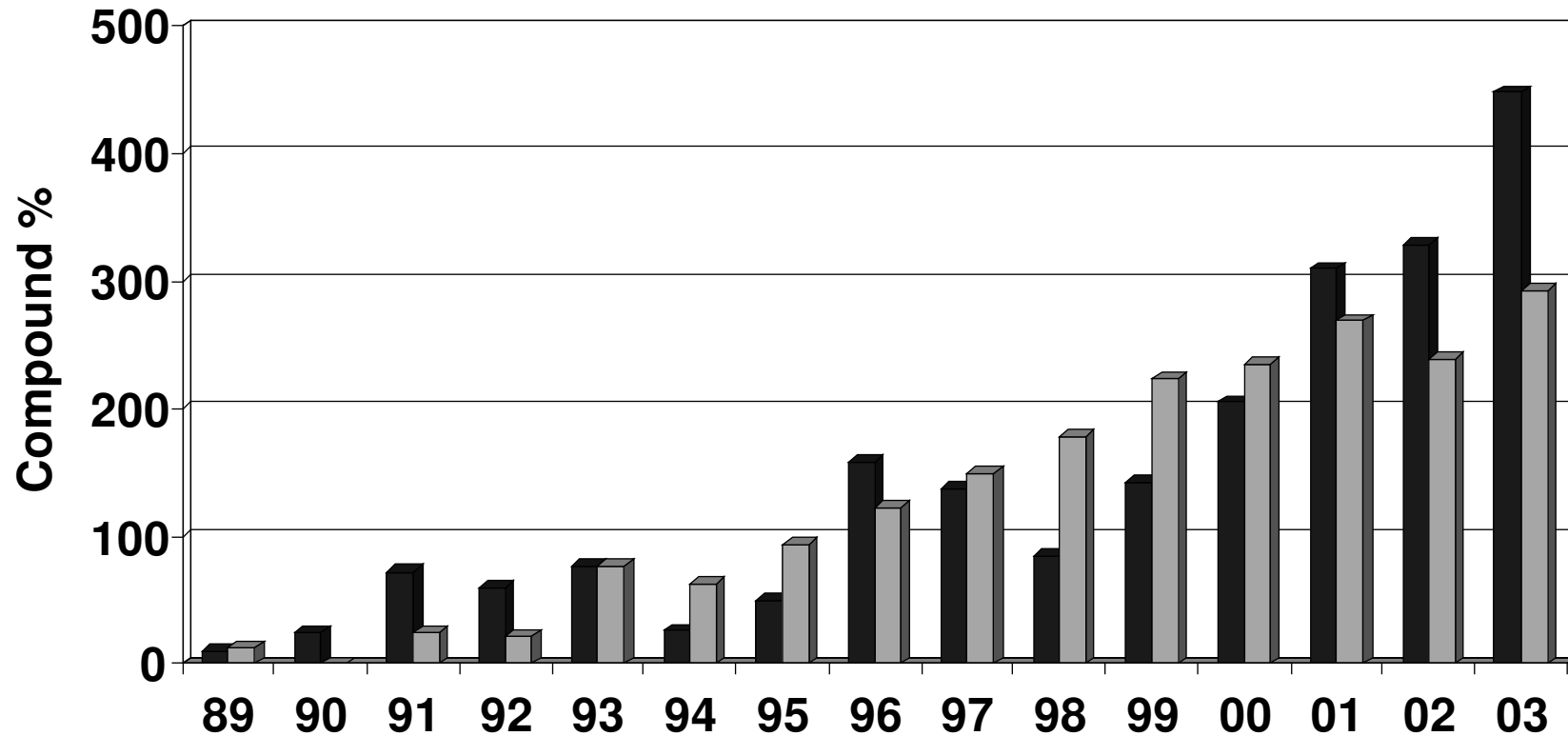
FUTURE – BUILDING PRODUCTS

- **Substantial pipeline of work**
- **Most divisions have substantial order backlog**
- **Stock levels improved slightly in Dec/Jan**
- **Sydney land shortage, slowing sales of new homes**
- **Trade supply very tight nationally**
- **All plants, except in Victoria, operated over Christmas period**
- **Strong investment in plant & equipment over next 2 years**

FUTURE BRICKWORKS

- **Debt substantially reduced in six months**
- **\$200M in contracted land sales**
- **Strong & experienced management team**
- **Looking for more strategic opportunities**

BRICKWORKS LIMITED – 15 YEAR COMPOUND RETURN = 12%



February 2004

■ Brickworks Ltd Shares ■ ASX All Ords Accum Index