

Half Year Ending December 2004

Robert Millner, Chairman

Lindsay Partridge, Managing Director

BRICKWORKS
LIMITED

Presentation outline

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Chairman

- Overview of Performance including investments

Managing Director

- Review of operations

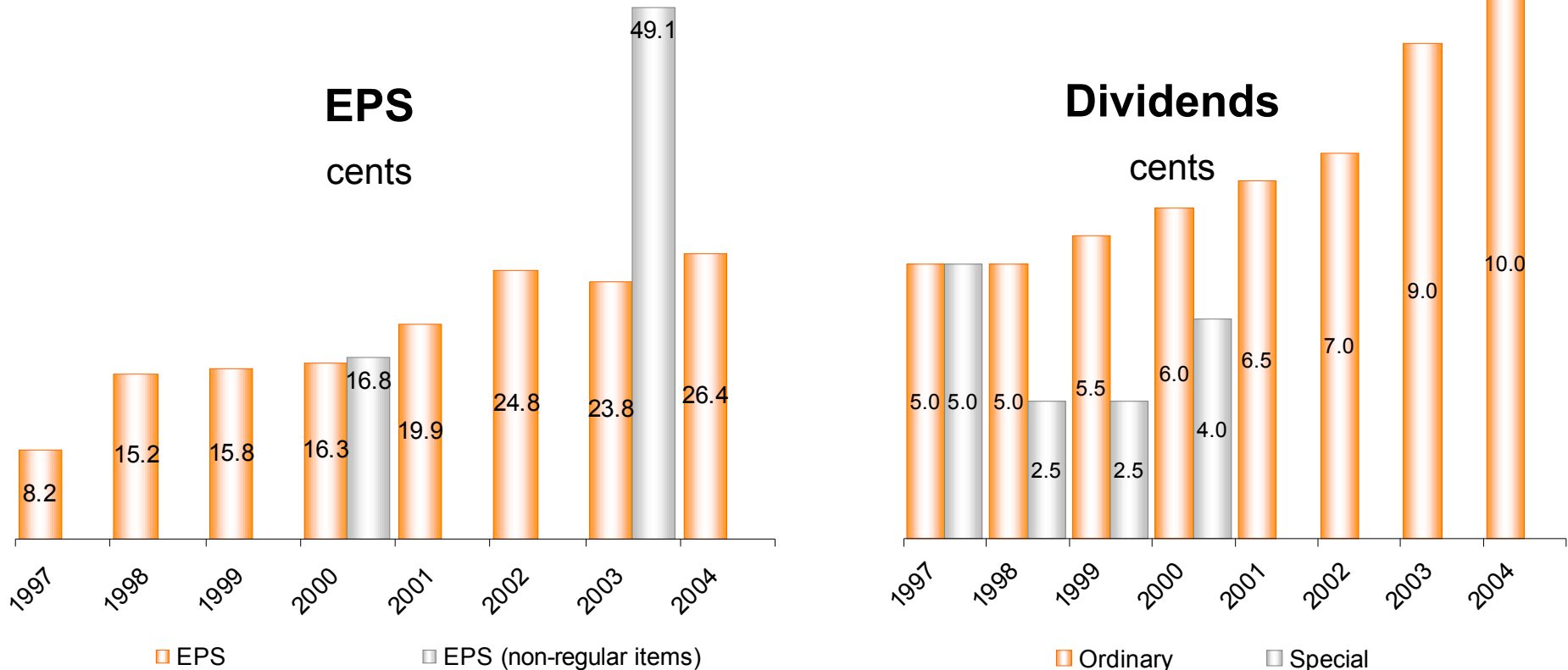
Questions

- Questions

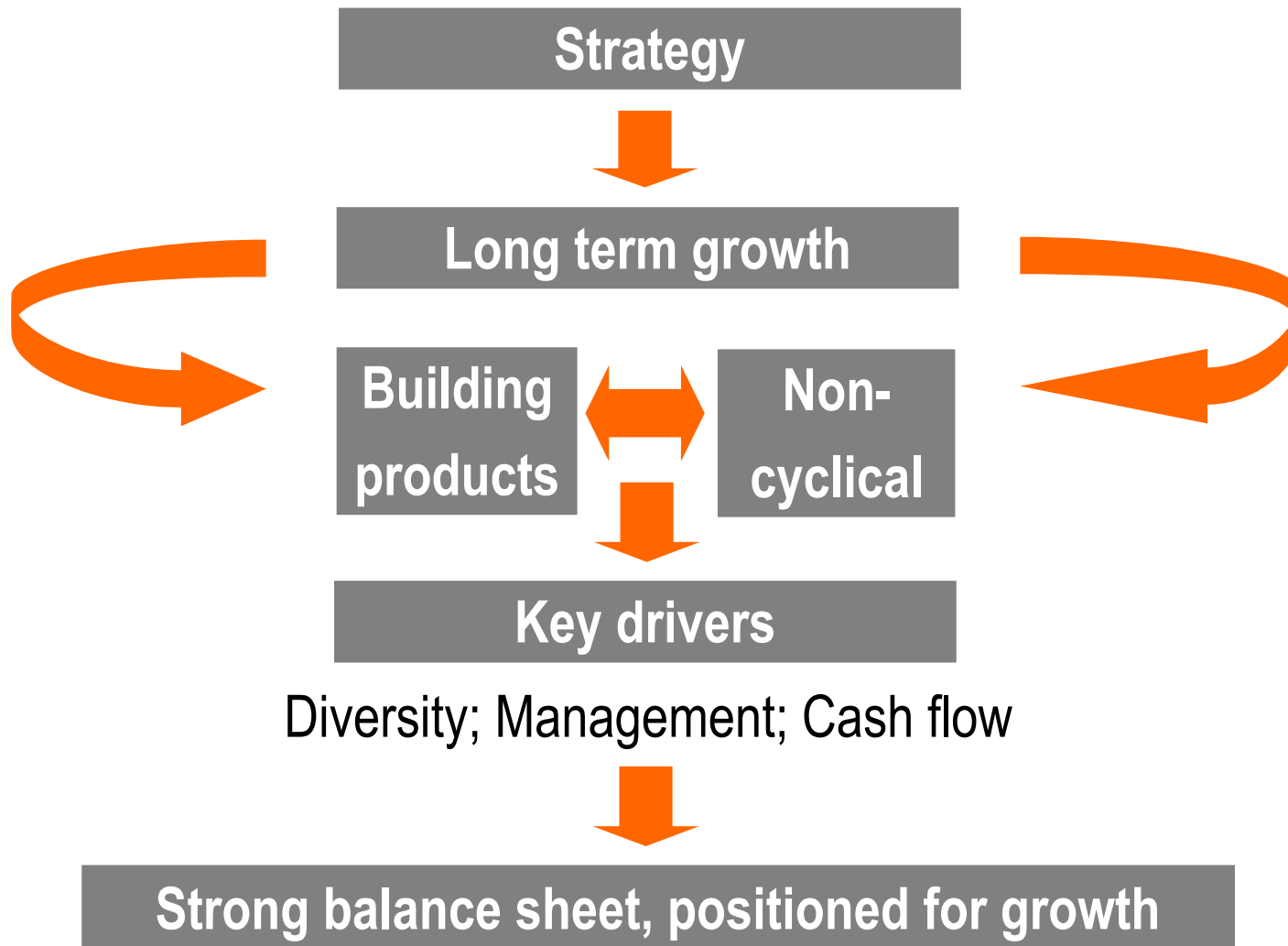
Solid result in challenging conditions

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- Normalised NPAT up 6.0% to \$38.3 million
- Diluted EPS 26.4 cents per share up 10.9% on pcp (excl non-regulars)
- Interim Dividend 10 cents per share up 11.1% on pcp



Chairman's overview



WHSP adds value, growth, stability

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Business

- Investment house – coal, pharmaceuticals, media, telecoms, food, industrial products
- Market Cap increased 47% for the half to \$2.39b (\$1.62b at 30 June)
- BKW owns 42.85% - value \$1.02b (\$695m at 30 June)

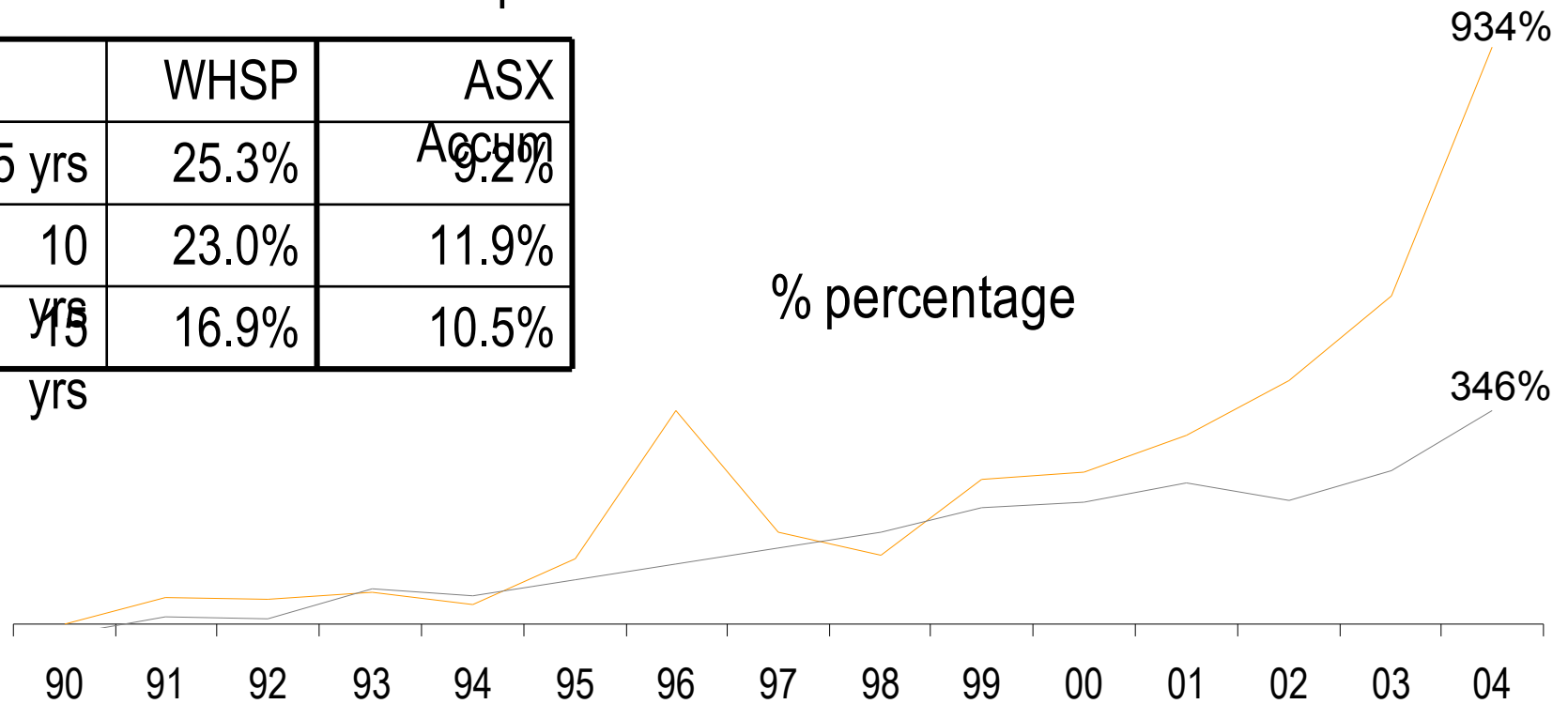
Performance

- Equity accounted contribution \$18.4m, up 40%
- Dividends received \$22.5m, fully franked (incl special)
- Two special 10 cent dividends, Nov 04 & Nov 05

WHSP's long term out-performance

Total Shareholder Return per annum

	WHSP	ASX
5 yrs	25.3%	9.2%
10	23.0%	11.9%
15	16.9%	10.5%



— Washington H. Soul Pattinson

— ASX All Ords Accum Index

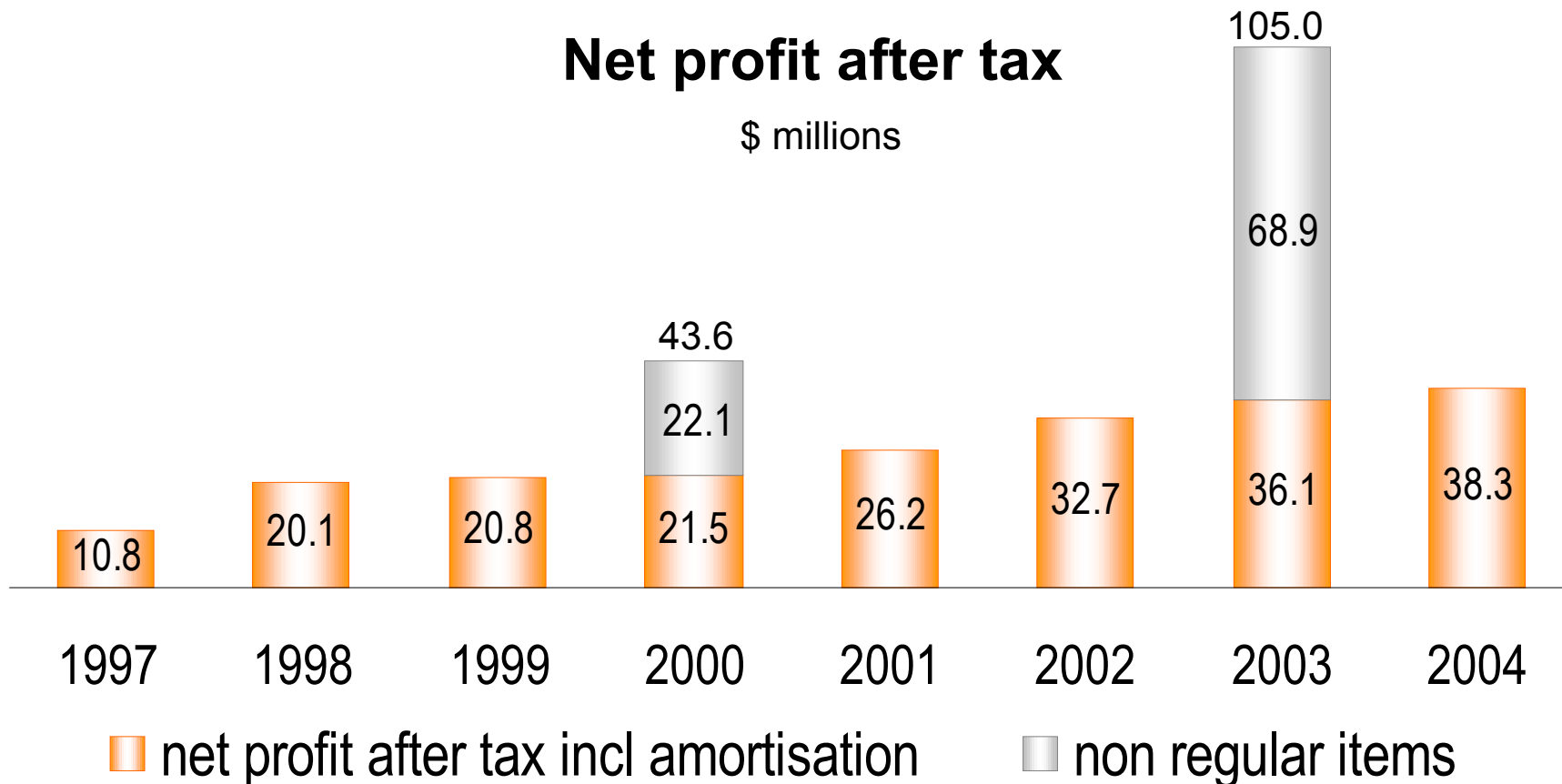
Managing Director's Review

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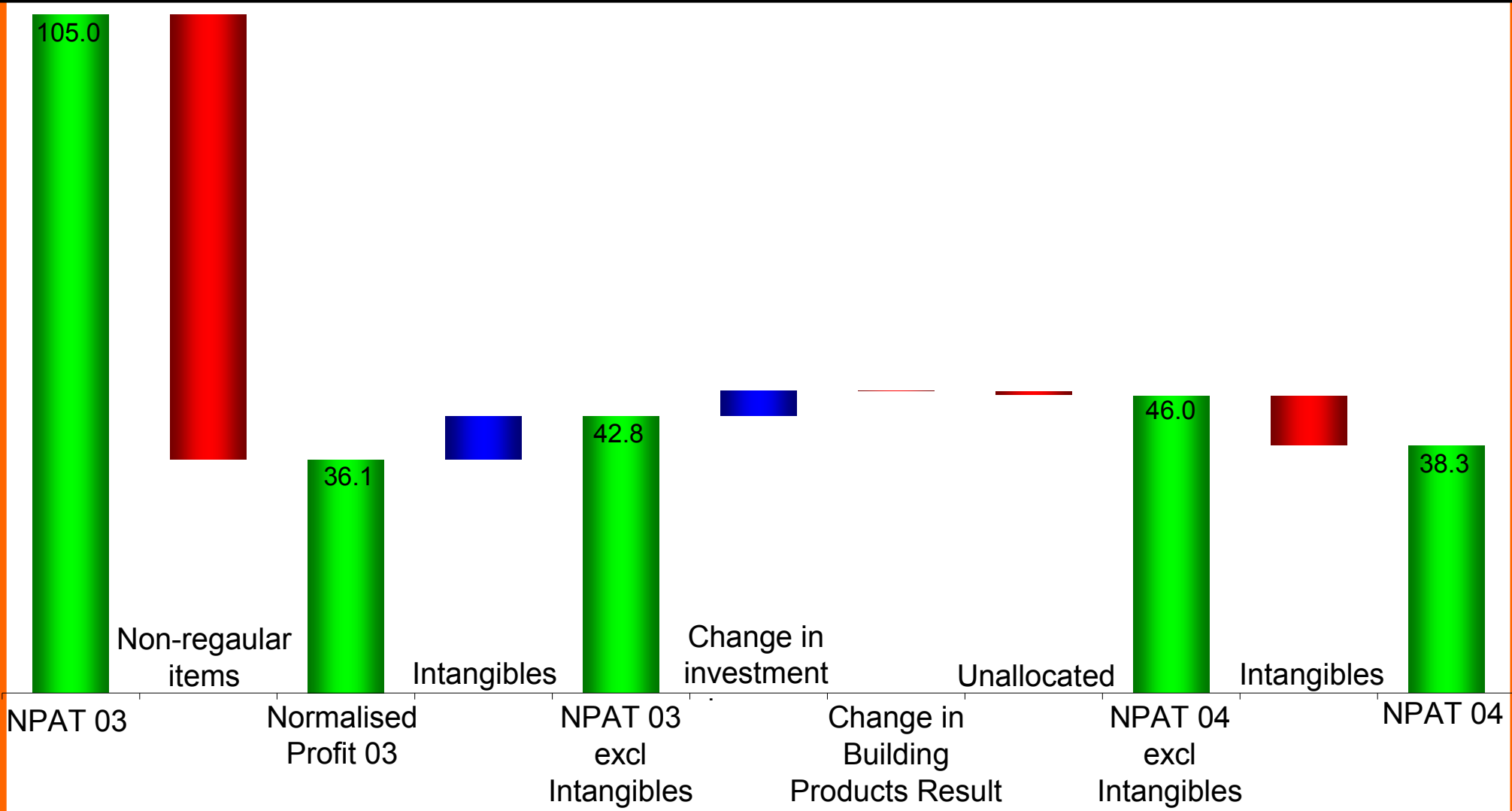
Solid Profit Result

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- Record Normalised NPAT \$38.3m - 8th consecutive increase
- Normalised NPAT up 6.0% on pcp



Favourable Half Year Comparison



Finance: retained strong balance sheet

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	DEC 2004	JUN 2004
NTA	\$703m	\$647m
Shareholder's equity	\$937m	\$895m
Return on equity (annualised)	8.2%	8.3%
Net debt	\$250m	\$270m
Net debt/capital employed	21.0%	23.2%
Interest cover	6.8	5.1
	DEC 2004	DEC 2003
Operating cash flow	\$50.7m	\$37.2m

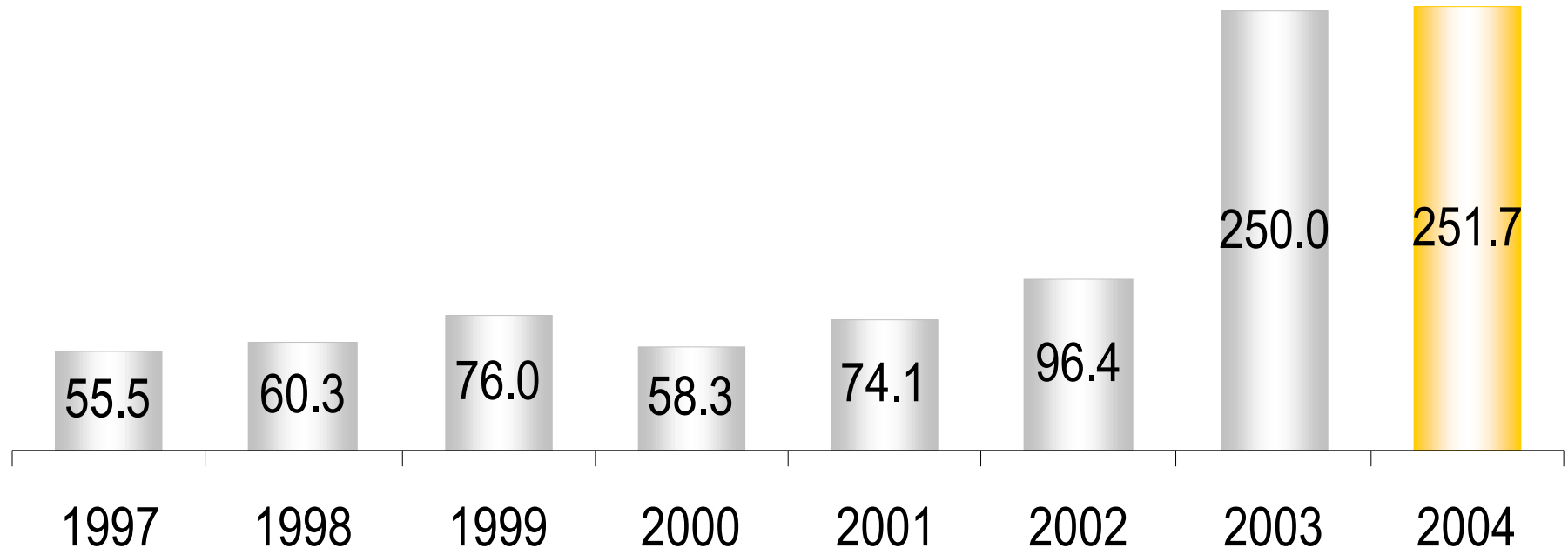
Building products sales steady

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- Building products sales steady at \$251.7m

Sales Revenue

\$ millions



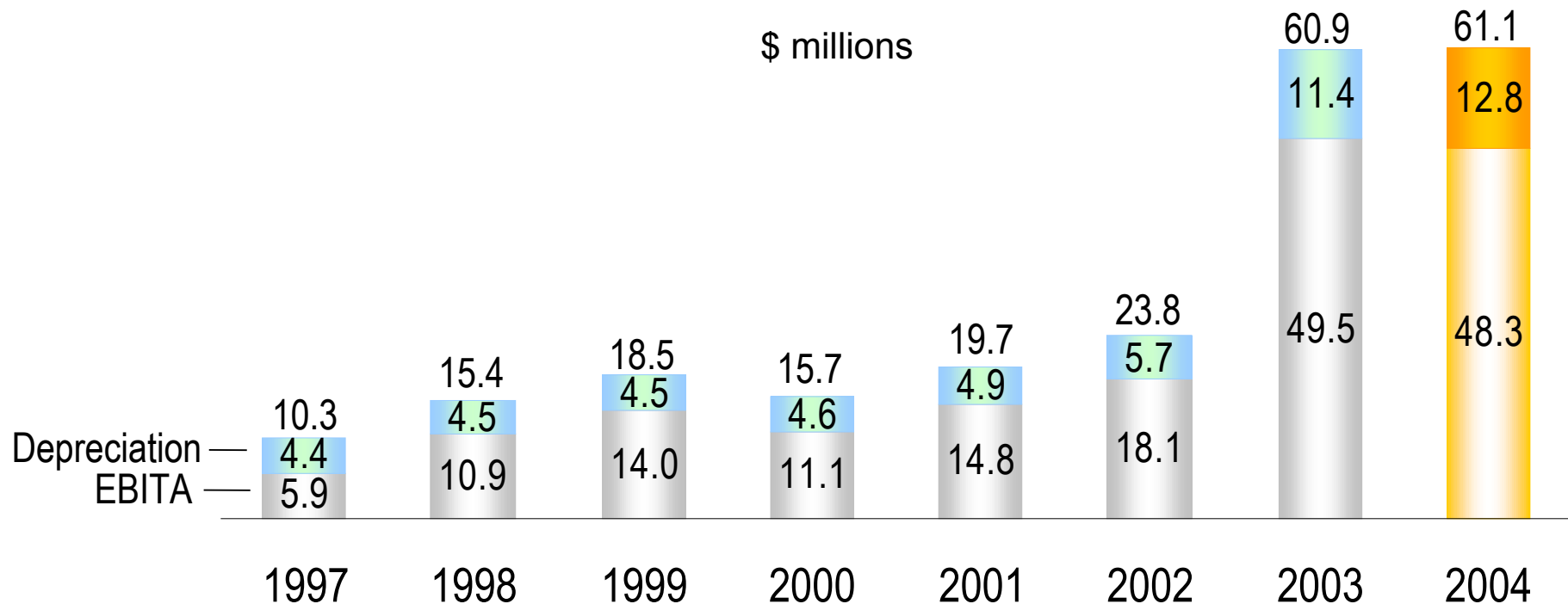
Building Products EBITDA steady

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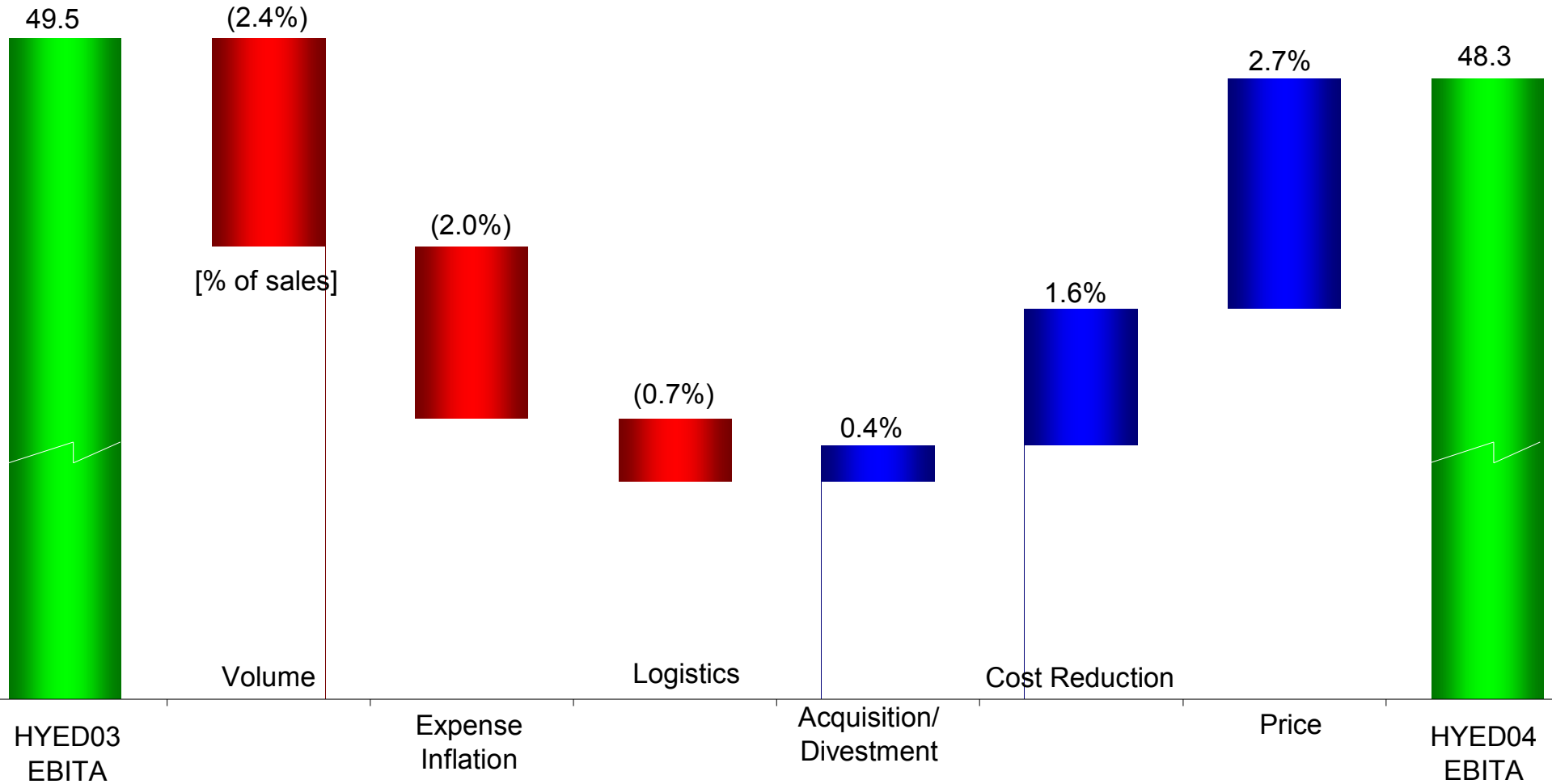
- EBITDA up by 0.3% to \$61.1m (\$60.9m pcp)
- EBITDA 5 yr period growth of 40.5% (CAGR)

EBITDA

\$ millions



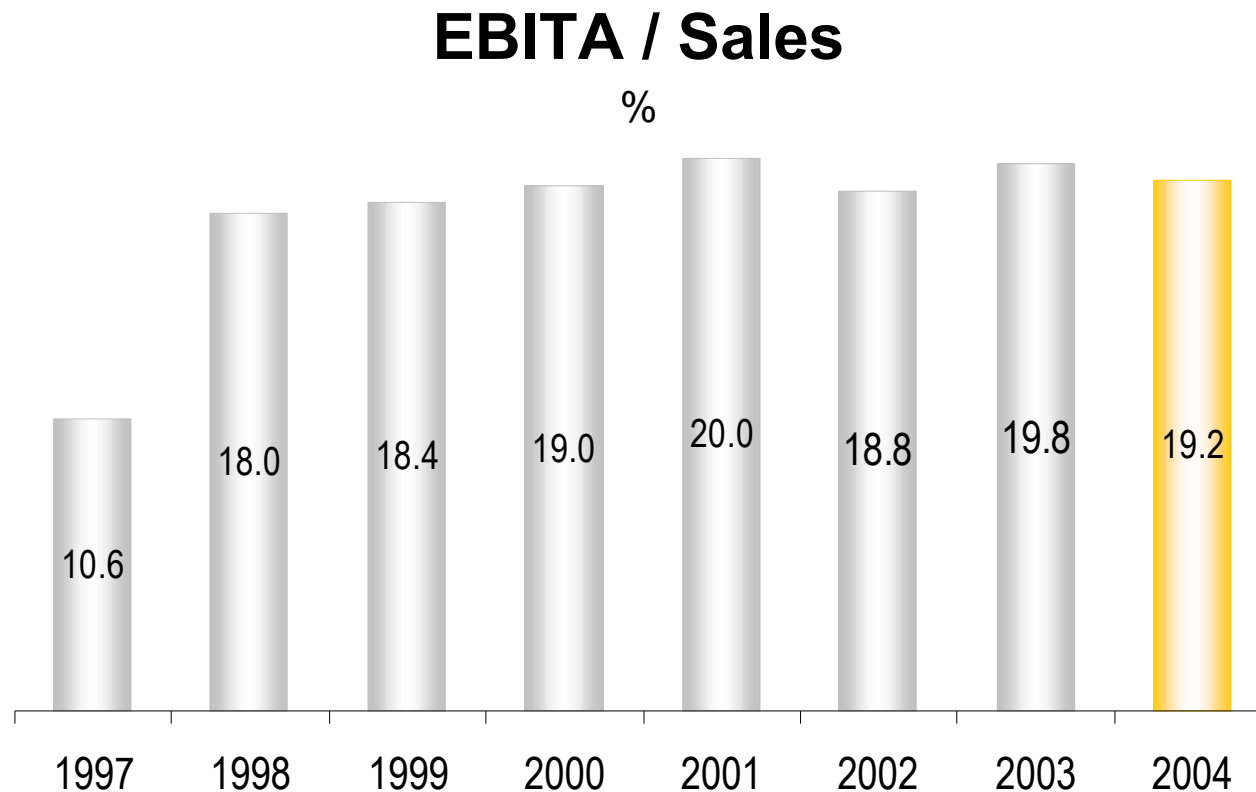
Building Products Comparison



Building products margins steady

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- EBITA to Sales margin 19.2% (19.8% pcp)
- EBITDA to Sales margin 24.3% (24.4% pcp)



Building product sales steady nationally

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Activity

- Approvals down 28% from October 2003 peak
- Commencements down 12% from December 03 (Q) peak
- Caused decline of up to 10% in East Coast divisions

Clay Bricks & Pavers

- Stronger: WA
- Weakening: VIC, SA, TAS
- Soft: QLD, NSW

Roof Tiles

- Re-negotiation of roof tiler rates caused disruption

Floor Tiles

- Chinese imports remain a major concern
- New Maitland based competitor destabilising market

High production output

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Output

- Maximum capacity, but 10 of 20 kilns stopped during Christmas for much needed maintenance & delayed capital works (none in WA)
- Record output for a number of plants

Stock Levels

- Stock increase \$4.9 million to \$84.5 million
- Stock shortages virtually eliminated

Margins

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Cost

- Many plants unit costs down in actual \$
- Redundancy expense of \$1m having short term impact
- Employee numbers reduced from 1566 to 1422 since Bristle acquisition
- Numerous cost reduction projects in progress

Price

- Pricing momentum maintained with nearly every division achieving at least inflation

Bricks and pavers

- Disciplined approached achieving price results

Roofing

- Biggest single impact was Roof Tiler rates
- Margins returning as cost passed on to customers which will impact positively in second half

Floor tiles

- Significantly lower manufacturing cost driving significant profit improvement

Investing capital to improve returns & safety

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Ongoing commitment

	HYED04	YEJ04
Plant & Equipment	\$22.7m	\$33.6m
Land, acquisition & development	\$2.6m	\$6.8m
Total	\$25.3m	\$40.4m
Depreciation	\$12.8m	\$22.8

New Melbourne plant, site consolidation

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Size

- 85m SBE per annum
- Construction cost of \$44m

Consolidation

- To be built on Wollert site, adjacent to Craigieburn and Summerhill
- Scoresby will be closed, land sold

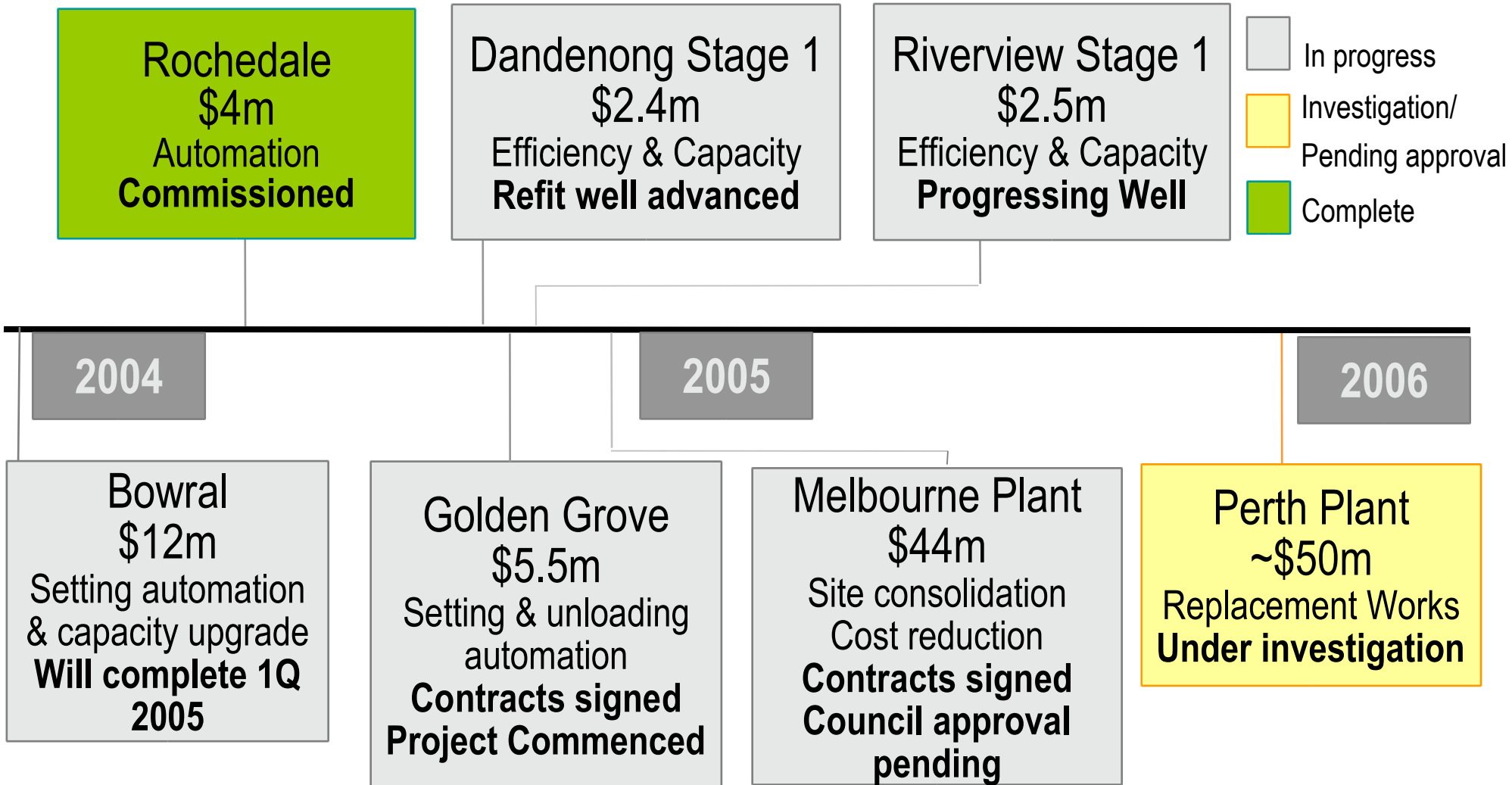
Benefits

- High labour efficiency
- Substantial reduction in cost of manufacture
- Secures Victoria for the future
- Land sale funds capital cost

Risks

- Subject to achievement of satisfactory council approvals

Capital works timeline



Bowral upgrade

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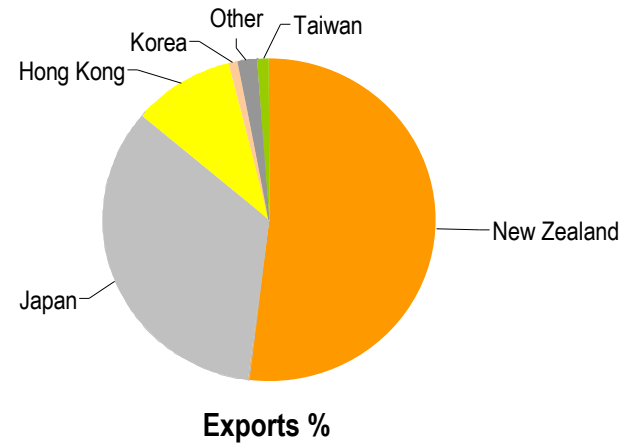


Cost and safety benefits from improved setting



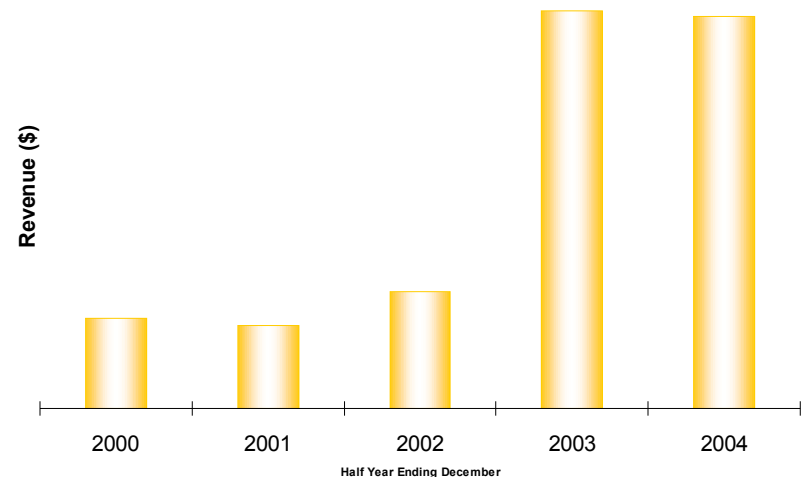
Exports remain strong

- Revenue steady, volume down 11%
- Higher prices in foreign currency
- Higher shipping costs
- Shipping capacity tight
- Developing markets in China and Middle East

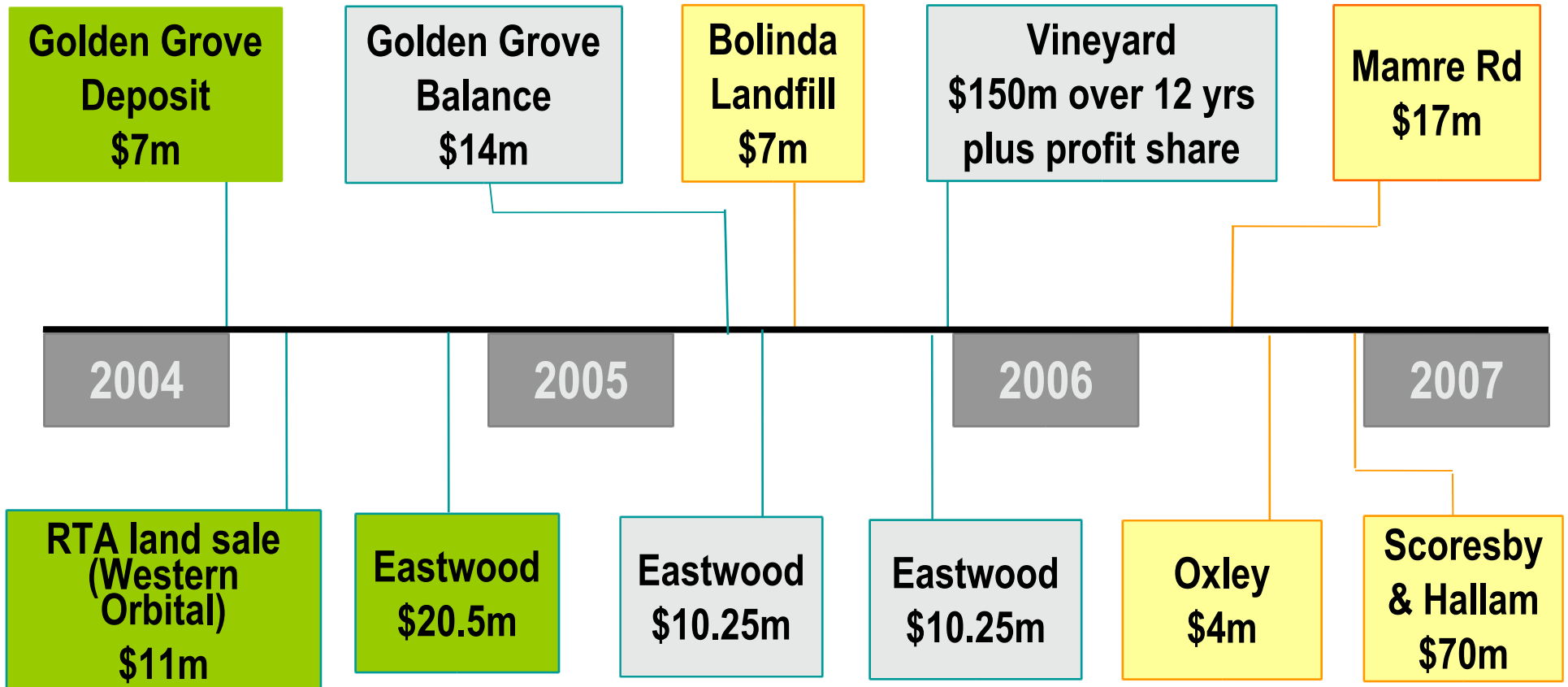


■ New Zealand ■ Japan ■ Hong Kong ■ Korea ■ Other ■ Taiwan

Brickworks Export Revenue



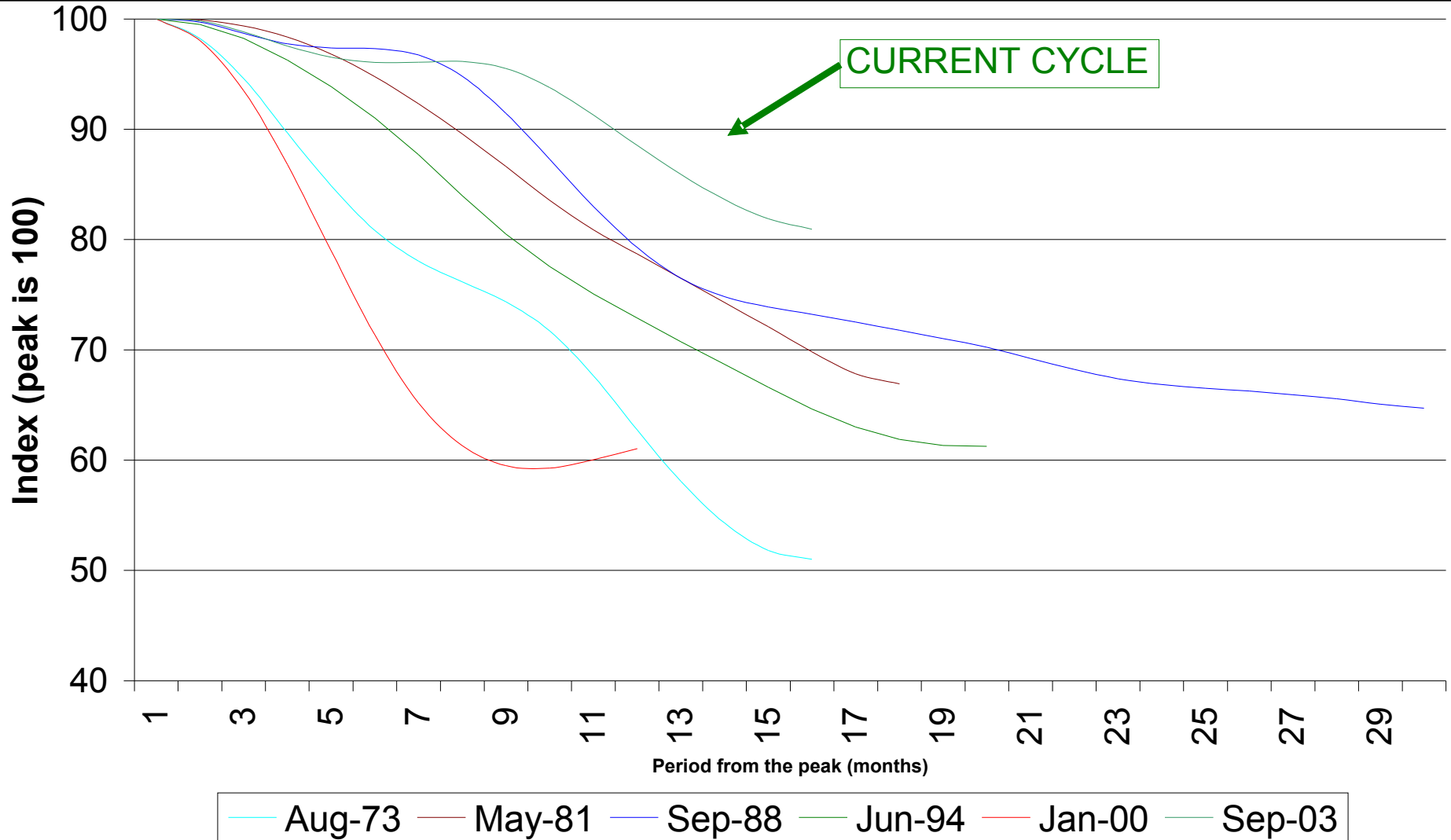
Property timeline



Sustainable revenue and profit in the pipeline

- Received
- Contracted/ Heads of Agreement
- Future sales

Benign Housing Cycle



Building products outlook

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Economy

Activity

- National variation in commencements & approvals
- Shows value of geographical diversity

Building outlook

- Forecasters divided
- Modest slowdown
- Economy robust
- Vacancy rates low

Building products

Sales

- Traditional soft January sales

Production costs/vol

- Maintenance, capex

Corporate outlook, continued growth

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Balance sheet

- Debt reducing
- Balance sheet improved

Cash flow

- Strong operating cash flow
- Substantial contracted land sales

Dividends

- Continued growth while decreasing debt

Management

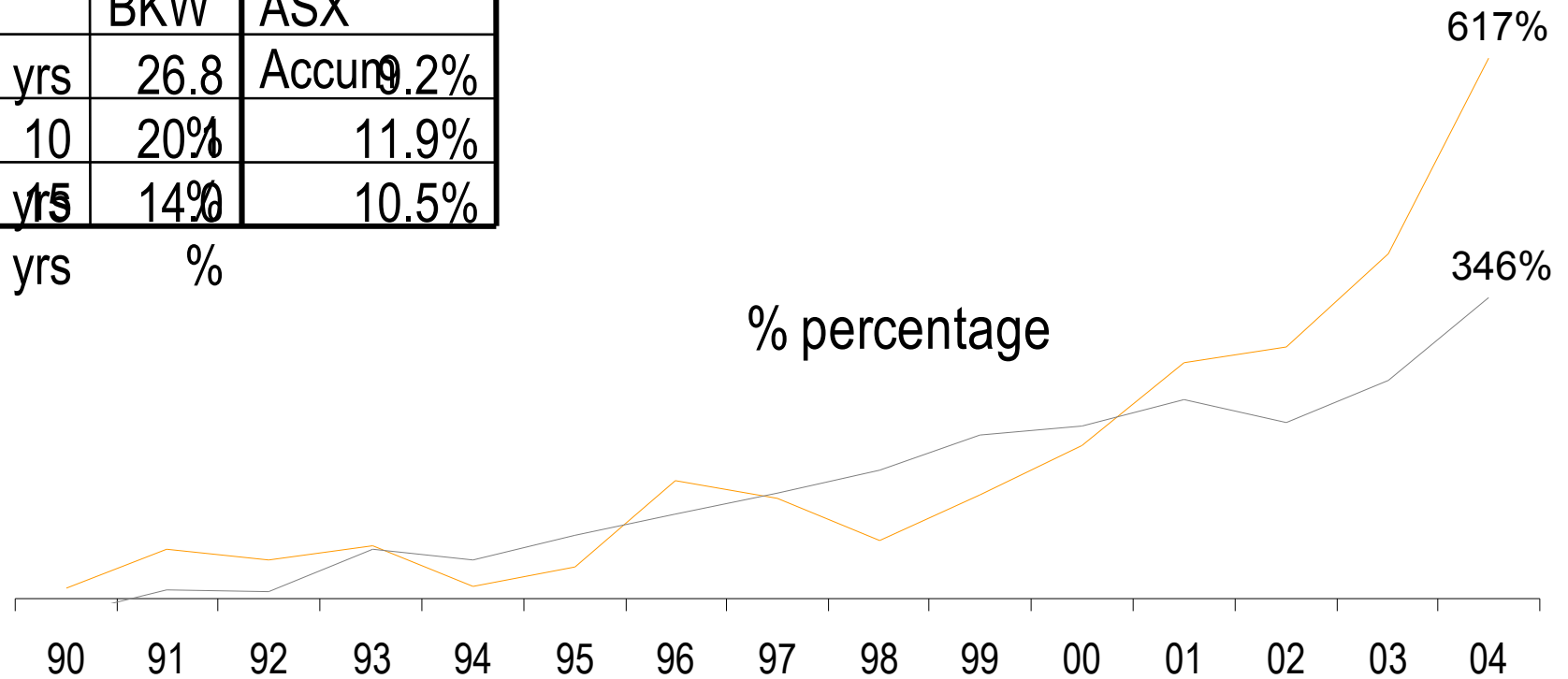
- Strong and experienced team
42% of employees are shareholders

Future

- Positioned for expansion should opportunities arise

Total Shareholder Return

	BKW	ASX
5 yrs	26.8%	Accum 9.2%
10 yrs	20%	11.9%
15 yrs	14%	10.5%



— Brickworks Limited

— ASX All Ords Accum Index

Marketing

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Nicky Buckley TVC