

# ASX CEO Connect

12 October 2021

Mr. Lindsay Partridge  
Managing Director

**BRICKWORKS**



# Investment Proposition

## Asset Backing

---

Brickworks' current inferred asset backing is \$32 per share<sup>1</sup>

## Dividend Growth & Value Creation

---

Brickworks' has delivered superior shareholder returns and has a long history of dividend growth

## Major shareholding in WHSP

---

Brickworks' is the largest shareholder of Australia's leading publicly listed investment house. The current value of Brickworks stake is \$3.4 billion<sup>1</sup>

## Pipeline of Property Development

---

Brickworks' is a 50% shareholder in an industrial property trust with gross assets >\$2.5 billion and a long development pipeline

## Expansion to North America

---

Brickworks has established itself as the largest brickmaker in the northeast of the United States

## Domestic Housing Exposure

---

Brickworks is Australia's leading brickmaker and holds strong positions in other building products

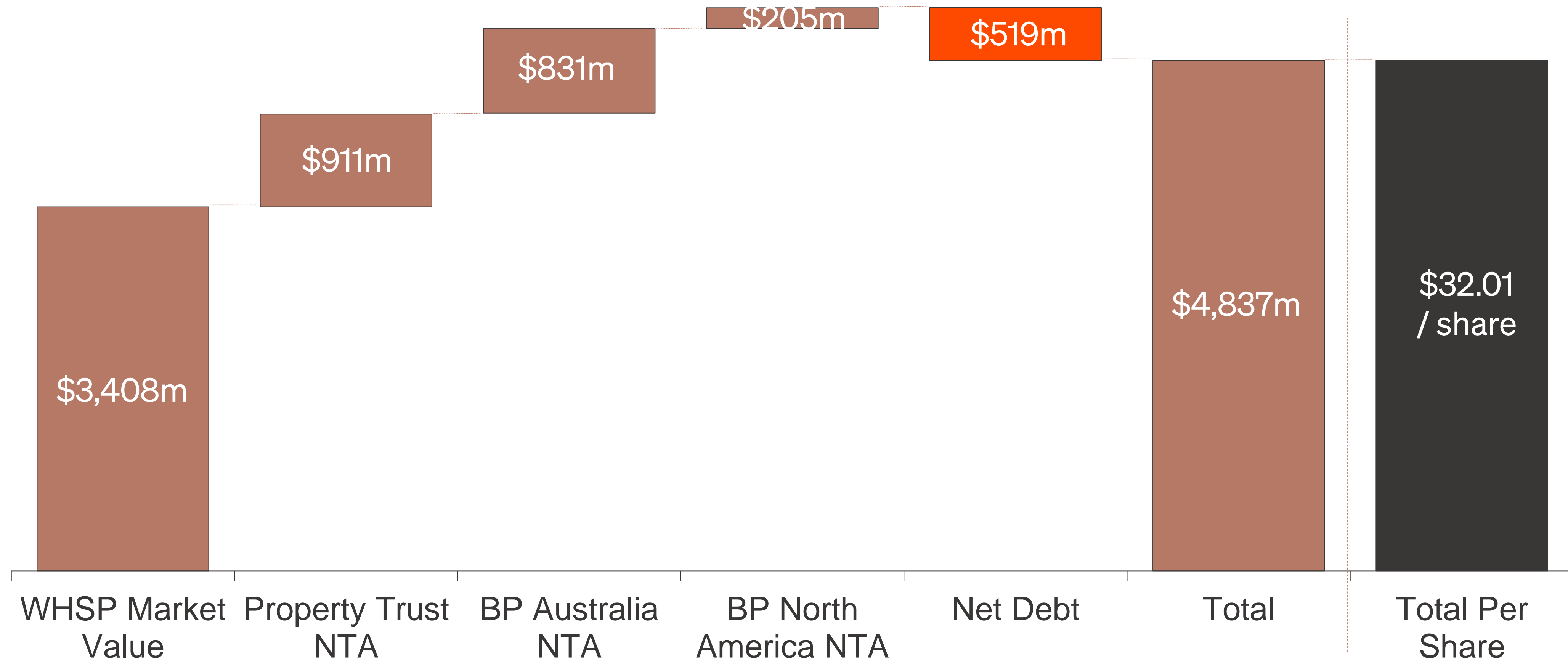
<sup>1</sup>. As at the close of trade on 7 October, 2021

# Asset Backing

Brickworks' current inferred asset backing is \$32.01 per share

## Inferred Asset Value<sup>1,2</sup> (Current, as at 7 Oct 2021)

\$million



1. WHSP market value as at market close on 7 October 2021. Other asset values as at 31 July 2021. Building Products NTA includes AASB 16 (Leases) right-of-use assets

2. Based on a cost base of \$3.44 per share, capital gains tax of around \$925 million would be payable if Brickworks sold its entire shareholding in WHSP at the current market price

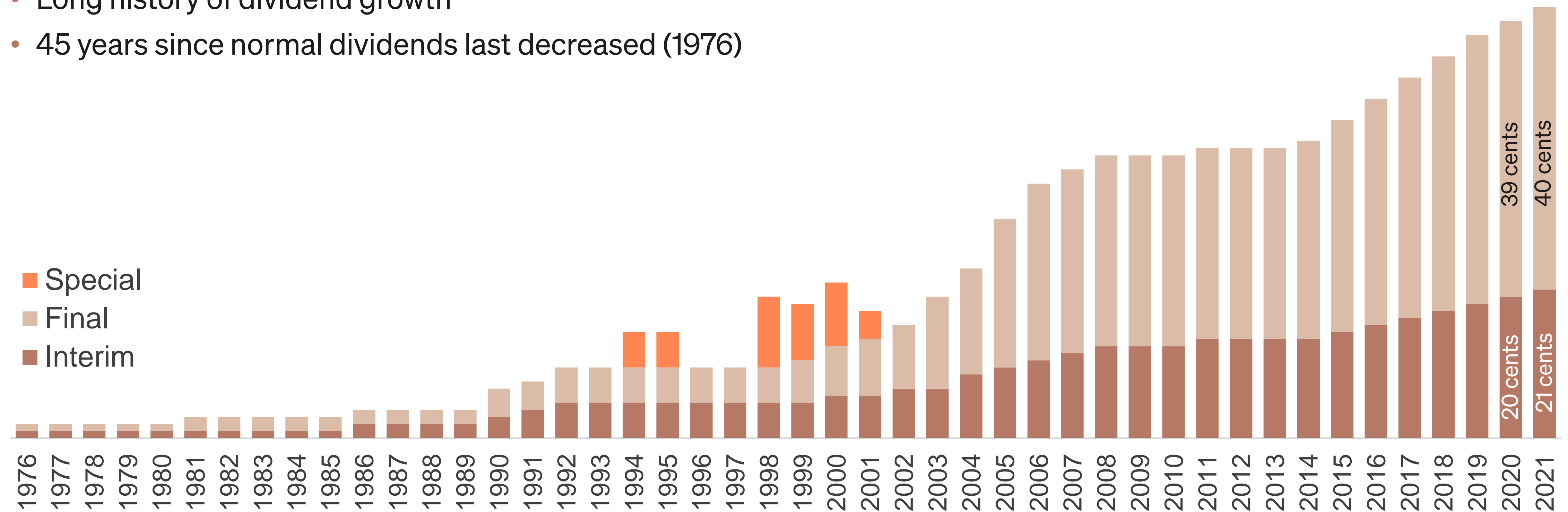
# Dividend Growth

Brickworks normal dividend has been maintained or increased since 1976

## Brickworks Dividend History

Cents per share

- 40 cents per share fully franked final dividend, up 3% (Record date 3 Nov, payment 24 Nov)
- Long history of dividend growth
- 45 years since normal dividends last decreased (1976)



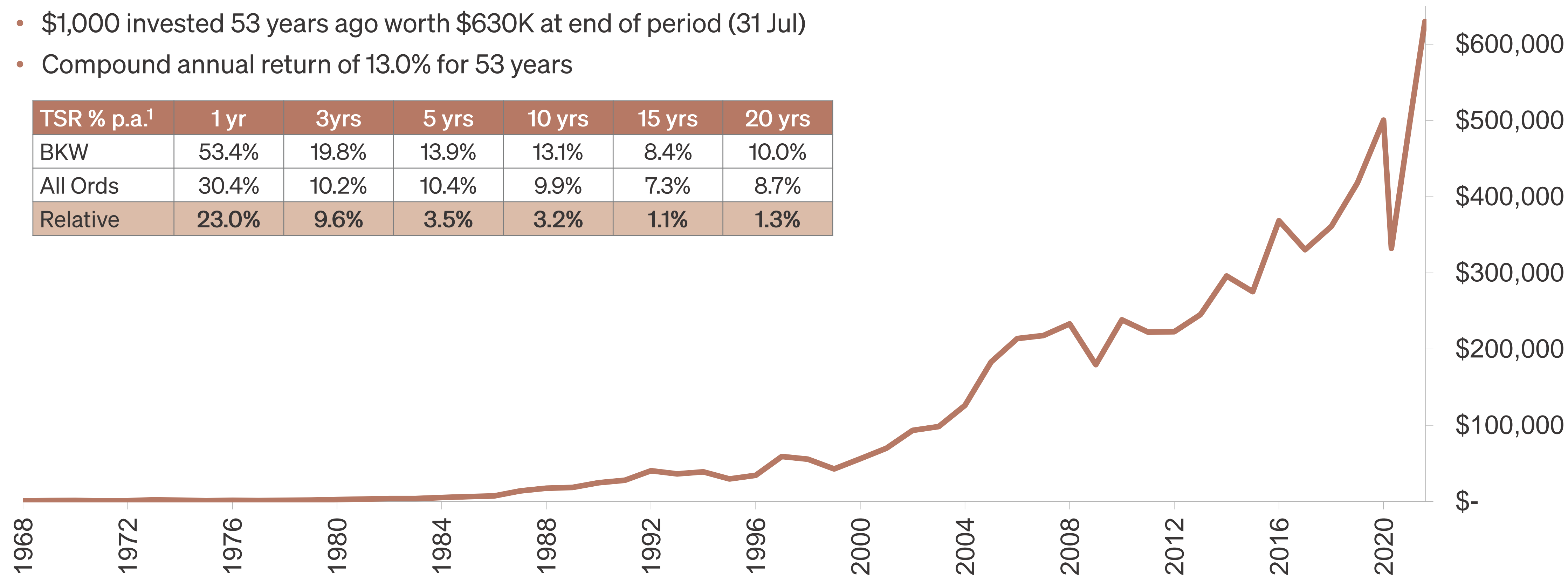
# Total Value Creation

Brickworks has created significant shareholder value over the long term

## Value of \$1,000 invested in 1968

- \$1,000 invested 53 years ago worth \$630K at end of period (31 Jul)
- Compound annual return of 13.0% for 53 years

TSR % p.a. <sup>1</sup>	1 yr	3yrs	5 yrs	10 yrs	15 yrs	20 yrs
BKW	53.4%	19.8%	13.9%	13.1%	8.4%	10.0%
All Ords	30.4%	10.2%	10.4%	9.9%	7.3%	8.7%
Relative	23.0%	9.6%	3.5%	3.2%	1.1%	1.3%



1. Total shareholder return to 31 July 2021, assuming dividends re-invested

# Investments - Major Shareholder in WHSP

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

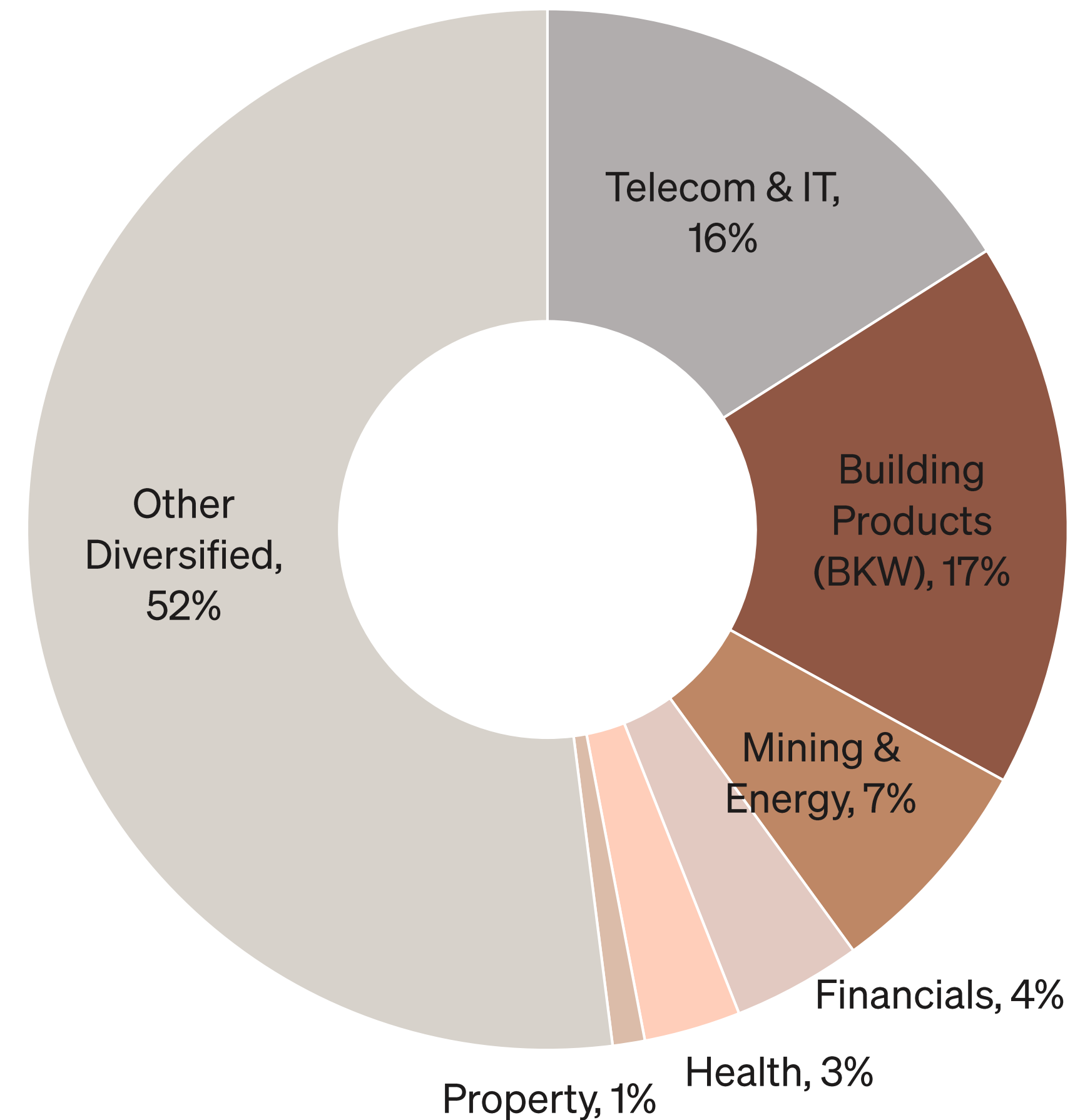
# \$97m

FY21 Underlying EBITDA

## Investment in WHSP

- Brickworks investment in WSHP (ASX: SOL) dates back to 1968
- The stake in WHSP has delivered outstanding returns, steadily increasing dividends and diversification
- WHSP has recently merged with Milton (ASX: MLT). As a result, Brickworks is now the major shareholder in Australia's leading publicly listed investment house
  - Brickworks shareholding is 26.1%
  - Total pre-tax net assets of WHSP post merger is ~\$10 billion
  - Top 50 ASX listed company
- Brickworks holds 94.3 million shares, with a market value of \$3.4 billion (as at 7 October, 2021)
- The merger will provide WHSP with increased scale, diversification and liquidity to pursue additional investment opportunities

## WHSP Asset Exposure<sup>1</sup>



1. As at 30 June 2021 (source: Scheme Booklet for WHSP and Milton merger)

# Property - Long Pipeline of Further Development

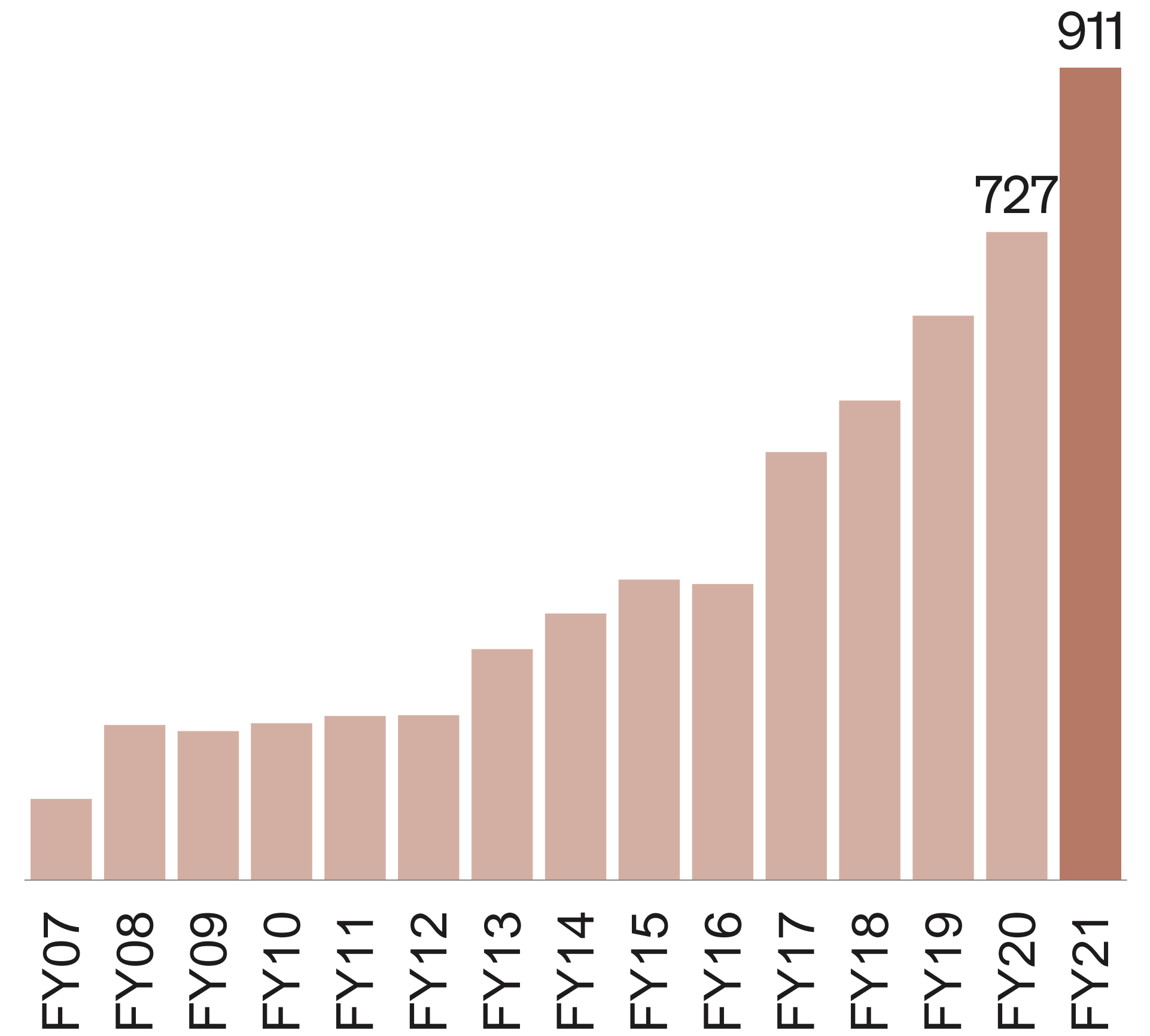
Brickworks' is a 50% shareholder in an industrial property trust with gross assets of \$2.7 billion and a long development pipeline

**\$253m**  
FY21 Underlying EBITDA

## Overview of Property Trust

- The Property Trust was established in 2006 and is a 50/50 joint venture between Brickworks and Goodman
- Mutually beneficial partnership
- Prime industrial property in western Sydney and Brisbane
- Total gross assets \$2.7 billion
  - Leased assets of \$2.0 billion + \$0.7 billion development land
  - After including debt, Brickworks 50% share of net assets is valued at \$911 million (as at 31 Jul 21)
- Structural tailwinds, driven by industry trends to online shopping
- Long pipeline of further development
  - Pre-committed developments to be completed over the next 2 years will drive an increase in leased asset value and rent of circa 60%

## BKW 50% share of Property Trust Assets \$millions



Construction of Amazon Facility at Oakdale West  
As at 17 August 2021





# Domestic Housing Exposure Through Building Products Australia

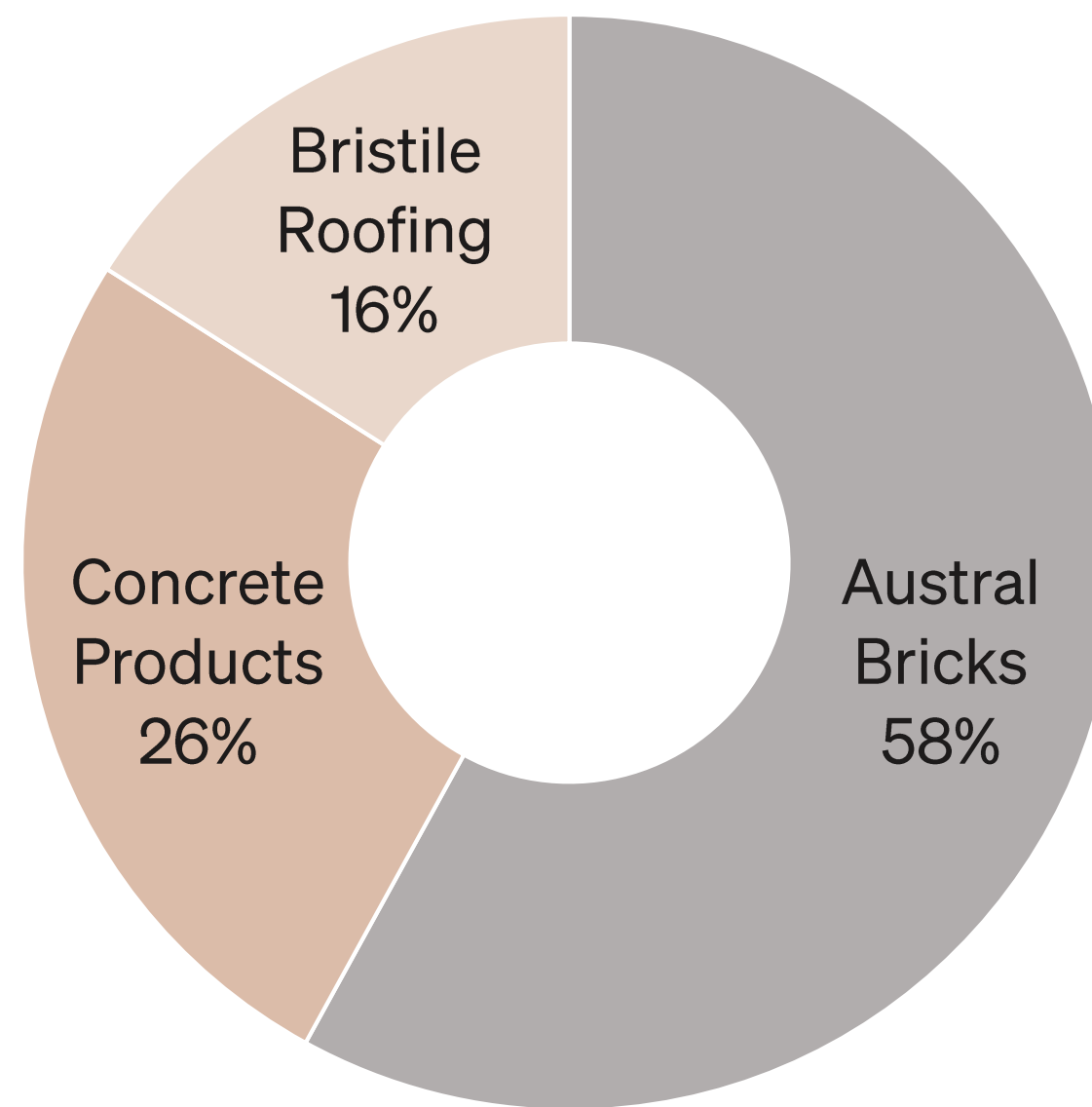
Brickworks is Australia's leading brickmaker and holds strong positions in other building products

# \$97m

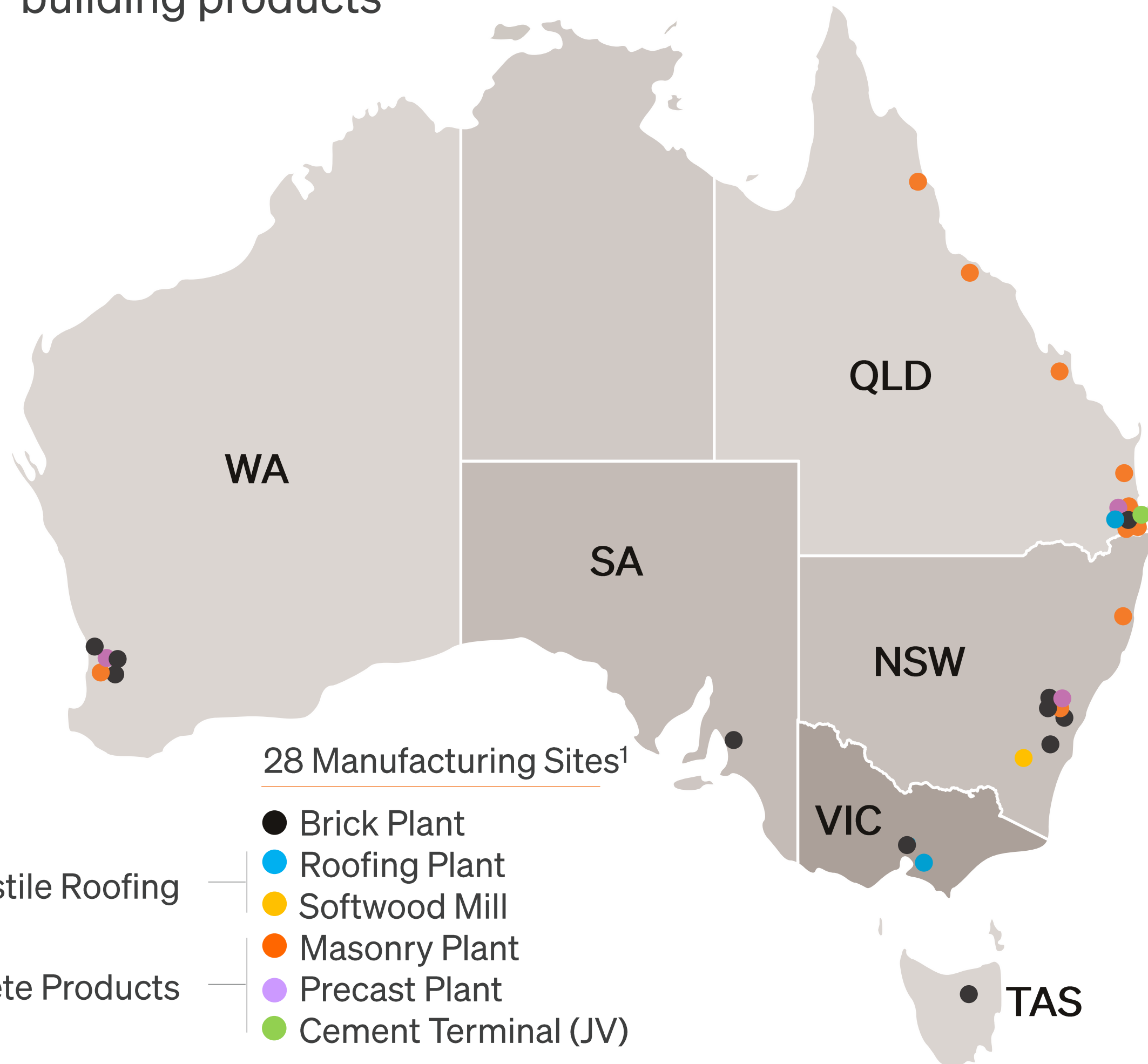
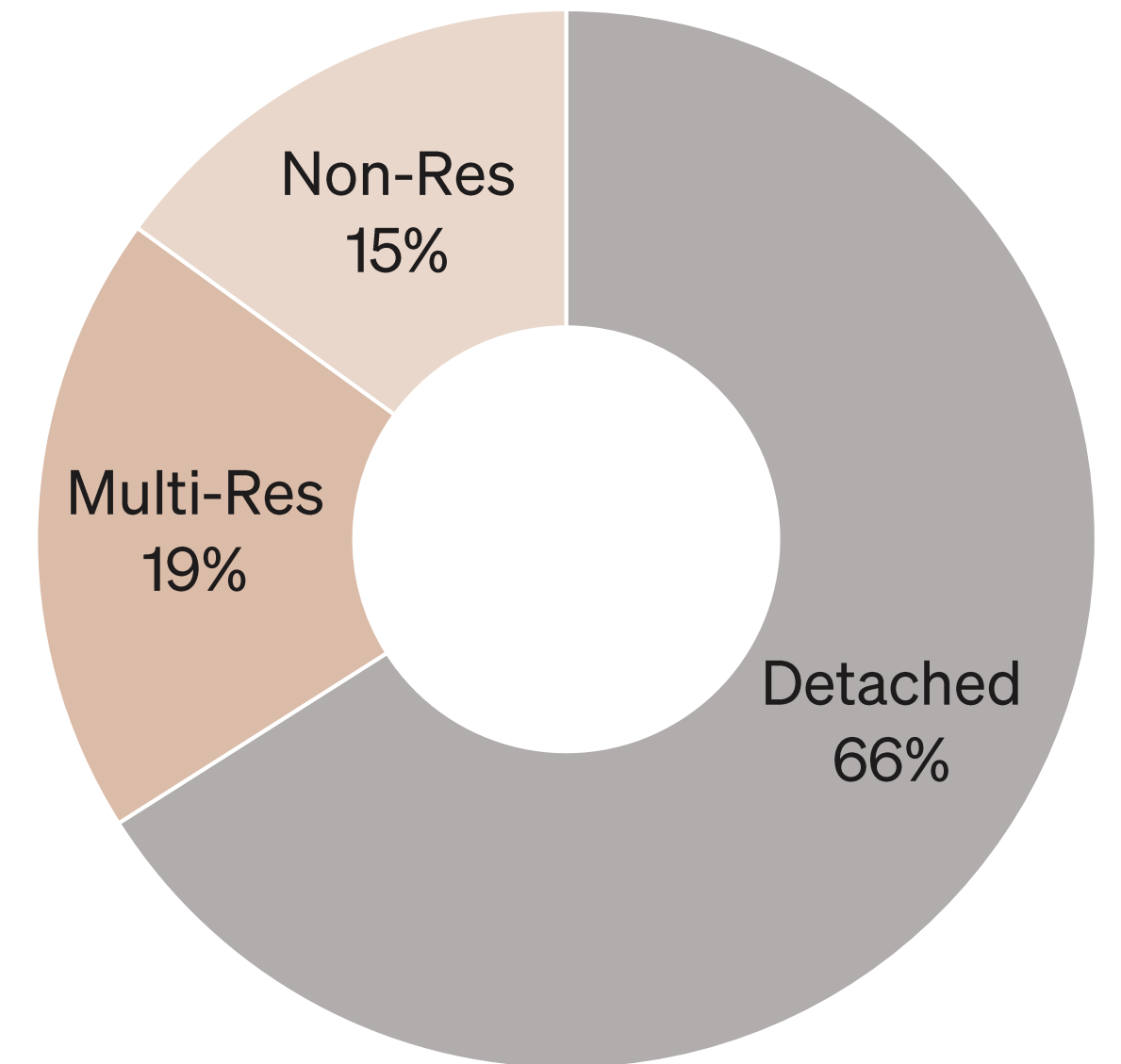
FY21 Underlying EBITDA

## Building Products Australia FY2021 Revenue \$687 million

### By Division



### By End-Market



1. As at 31 July 2021

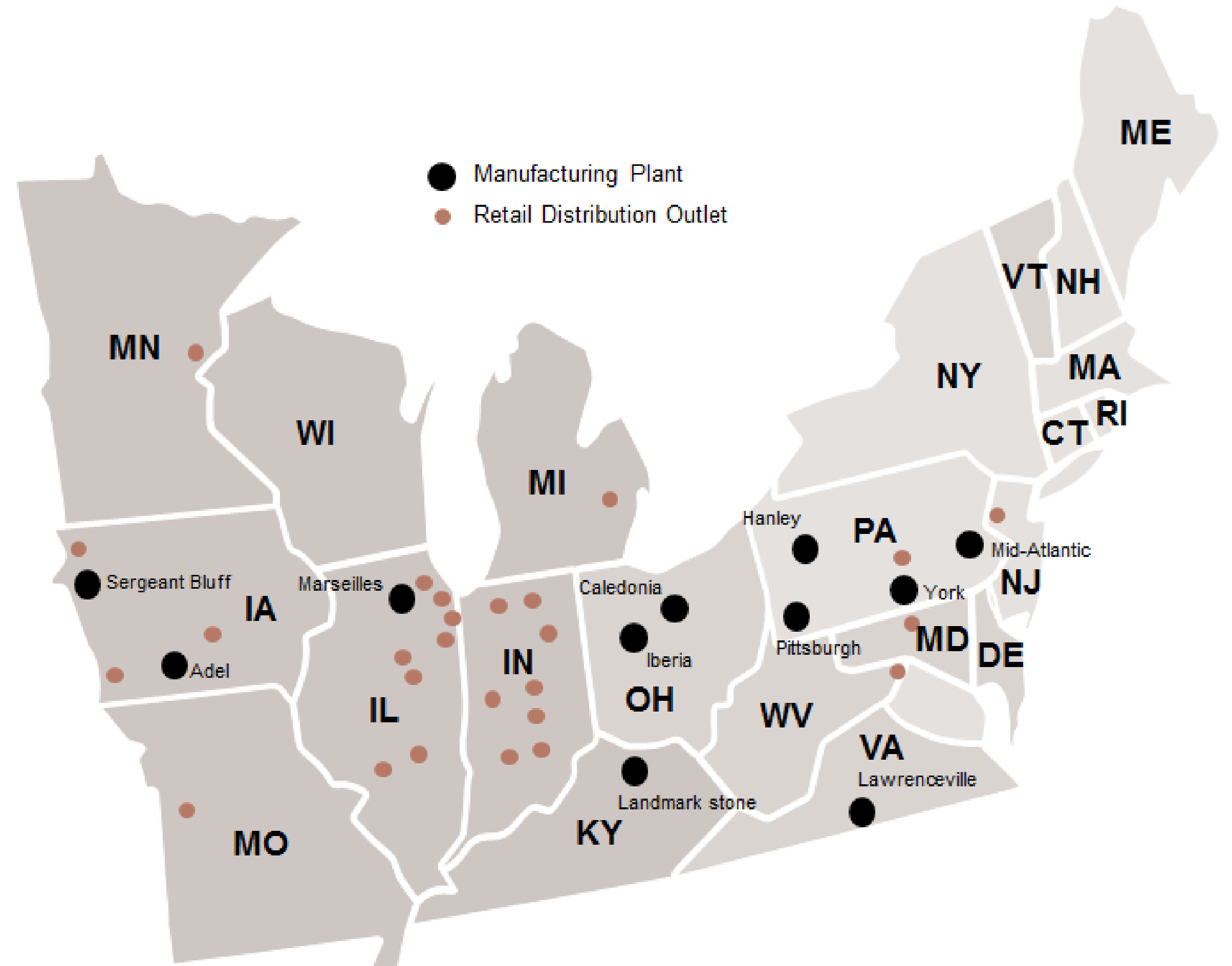
# Expansion to North America

Brickworks has established itself as the largest brickmaker in the northeast of the United States

# \$26m

FY21 Underlying EBITDA

- Initial market entry in 2018 with the acquisition of Glen-Gery
- 3 additional bolt-on acquisitions since then
- Market share leadership in key states across Northeast, Midwest and Mid-Atlantic regions
- Portfolio of well recognised, premium brands
- Over 1,000 employees
- 10 operating brick plants and one manufactured stone plant
- 27 retail distribution outlets + design studios in New York & Pennsylvania
- Strong growth prospects, following recent acquisitions, capital projects and investment in sales and marketing



# Outlook

## Investments

63% of Group assets

- Merger with Milton provides increased scale, diversification and liquidity to pursue additional investment opportunities. History of long-term outperformance expected to continue
- BKW stake in the larger entity reduces to 26.1%

## Property

19% of Group assets

- Development activity within the Property Trust continues at unprecedented scale
- Completion of pre-committed facilities over the next two years will result in a significant uplift in rental income and asset value
- Trend towards online shopping, and demand for more sophisticated facilities to drive growth

## Building Products Australia

14% of Group assets

- Strong demand and significant pipeline of work within detached housing across the country – translating into higher brick and roof tile sales in states unaffected by COVID-19 restrictions
- Sales in NSW and VIC temporarily impacted by construction restrictions during 1Q22
- Major capital projects will improve competitive position in key markets
- Medium term uncertainty, post stimulus induced surge

## Building Products North America

5% of Group assets

- Sales momentum has recommenced following the summer holiday period
- Integration of IBC, prior period plant rationalisation and upgrades, and investment in sales and marketing initiatives will support future earnings

# Questions



Thank you

**BRICKWORKS**

Sydney

Tel. 02 9611 4216

Lvl 9, 60 Carrington St

Sydney NSW 2000



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

# Disclaimer

The Managing Director 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.